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MODAL CAPITAL PARTNERS

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

Board of Directors

Nicholas Taylor (Chairman)

Michael G Hajialexandrou

Costas P Michaelides

Andrew W Reid

Kevin L Studd

Company Secretary

Paul Hare

COMPANY REGISTRATION NUMBER. 1595222

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and the financial statements for the year ended 31 December 2007

International Financial Reporting Standards

The 2007 financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted for use in the European Union (EU)

Activities

Modal Capital Partners (the 'Company') trades in equities products The Company is regulated by the Financial Services Authority ('FSA')

Results

The Company's profit after tax for the year was US$240,000 (2006 profit US$204,000) No dividends were paid or are proposed for 2007 (2006 US$nil)

Directors

The names of the directors as at the date of this report are set out on page 2 Changes in the directorate since 31 December 2006 and up to the date of this report are as follows

Appointments	
Andrew W Reid	19 November 2007
Resignations	
Kevin J Burrowes	19 November 2007
Olivier R H Ledoit	15 January 2008

None of the directors who held office at the end of the financial year was beneficially interested, at any time during the year, in the shares of the Company or had any disclosable interest in shares of Credit Suisse group companies

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 ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Share Capital

During the year no additional share capital was issued (2006 US$nil)

Donations

No charitable or political donations were made during the year (2006 US$nil)

MODAL CAPITAL PARTNERS

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

Auditors

Pursuant to Section 386 of the Companies Act 1985, KPMG Audit Plc continues in office as the Company's auditors

By Order of the Board

Paul Hare
Company Secretary

One Cabot Square
London E14 4QJ
28 March 2008

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

UK Company law requires the directors to prepare Company financial statements for each financial year Under that law, the directors have elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU

The Company financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position of the Company and the performance for that period, the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation

In preparing the Company financial statements, the directors are required to
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRS as adopted by the EU, 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 a 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MODAL CAPITAL PARTNERS

We have audited the financial statements of Modal Capital Partners for the year ended 31 December 2007 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity 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 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 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 Directors' Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 5

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 whether the financial statements have been 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 IFRS as adopted by the EU, of the state of the Company's affairs as at 31 December 2007 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
London
31 March 2008

MODAL CAPITAL PARTNERS

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 US$000's	2006 US$000's
Interest income	3	331	303
Interest expense	3	(13)	(14)
Net interest income		**318**	**289**
Other revenues	4	7	17
Total non-interest revenues		**7**	**17**
Net operating income		**325**	**306**
Other expenses	4	(15)	(15)
Total operating expenses		**(15)**	**(15)**
Profit before tax		**310**	**291**
Income tax expense	5	(70)	(87)
Profit after tax		**240**	**204**

All profits for both 2007 and 2006 are from Continuing Operations

The notes on pages 11 to 22 form an integral part of these financial statements

MODAL CAPITAL PARTNERS

BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007 US$000's	2006 US$000's
ASSETS			
Current assets			
Cash and cash equivalents	6	6,322	6,007
Other assets	7	3	3
Total assets		**6,325**	**6,010**
LIABILITIES			
Non current liabilities			
Deferred tax liability	8	288	346
Current liabilities			
Current tax liabilities		254	126
Other liabilities	9	47	42
Total liabilities		**589**	**514**
Shareholders' equity			
Called up share capital	10	3,877	3,877
Retained earnings		1,859	1,619
Total shareholders' equity		**5,736**	**5,496**
Total liabilities and shareholders' equity		**6,325**	**6,010**

The notes on pages 11 to 22 form an integral part of these financial statements

Approved by the Board of Directors on 28 March 2008 and signed on its behalf by

Costas P Michaelides
Director

MODAL CAPITAL PARTNERS

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

	Share Capital	Retained Earnings	Total
	US$000's	US$000's	US$000's
Balance at 1 January 2006	3,877	1,800	5,677
Tax on items taken directly to or transferred from equity	-	(385)	(385)
Net expense recognised directly in equity		(385)	(385)
Net profit for the year	-	204	204
Total recognised income and expense for the year	-	(181)	(181)
Balance as at 31 December 2006	**3,877**	**1,619**	**5,496**

	Share Capital	Retained Earnings	Total
	US$000's	US$000's	US$000's
Balance at 1 January 2007	3,877	1,619	5,496
Net profit for the year	-	240	240
Total recognised income and expense for the year	-	240	240
Balance as at 31 December 2007	**3,877**	**1,859**	**5,736**

The notes on pages 11 to 22 form an integral part of these financial statements

MODAL CAPITAL PARTNERS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 US$000's	2006 US$000's
Operating activities of operations		
Profit before tax for the year	310	291
Adjustments for		
Interest income	(331)	(303)
Interest expense	13	14
(Loss) / profit before tax and after interest for the year	**(8)**	**2**
Adjustments to reconcile net income to net cash provided by/(used in) operating activities		
Net decrease in operating activities		
Other assets	-	1
Net increase in operating liabilities		
Other liabilities	5	-
Net cash flow (used in) / from operating activities	**(3)**	**3**
Investing activities		
Interest received	331	303
Net cash flow from investing activities	**331**	**303**
Financing activities		
Interest paid	(13)	(14)
Net cash flow used in financing activities	**(13)**	**(14)**
Net increase in cash and cash equivalents	**315**	**292**
Cash and cash equivalents at beginning of the year	**6,007**	**5,715**
Cash and cash equivalents at end of the year	**6,322**	**6,007**

The notes on pages 11 to 22 form an integral part of these financial statements

1. General

Modal Capital Partners is a company domiciled in the United Kingdom

2. Significant Accounting Policies

a) Statement of compliance

The Company prepares Financial Statements in accordance with IFRS as adopted by the EU ('Adopted IFRS'), including the standards (International Accounting Standards ('IAS')/IFRS), as well as the interpretations issued by both the Standing Interpretations Committee ('SIC') and the International Financial Reporting Interpretations Committee ('IFRIC') as applicable to the Company

b) Basis of preparation

The Financial Statements are presented in United States dollars (US$) rounded to the nearest thousand They are prepared on the historical cost basis

The preparation of financial statements in conformity with Adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 Actual results may differ from these estimates

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 revision and future periods if the revision has a significant effect on both current and future periods

Standards and Interpretations effective in the current period

As of 1 January 2007, the Company has adopted the provisions of IFRS 7 'Financial Instruments – Disclosures' The new standard addresses financial instrument disclosures and does not change the recognition and measurement of financial instruments Accordingly, it has had no effect on the Income Statement, Balance Sheet, Cash Flow Statement and Statement of Changes in Equity The new standard requires enhanced quantitative and qualitative risk disclosures for all major categories of financial instruments Also, as of 1 January 2007, the amendments (Capital Disclosures) to IAS 1 'Presentation of Financial Statements' have been adopted This amendment focuses on capital disclosures and details the objectives, polices and processes for managing capital

Furthermore the Company adopted the following interpretations as of 1 January 2007,
- IFRIC 7 'Applying the Restatement Approach under IAS 29 'Financial Reporting in Hyperinflationary Economies',
- IFRIC 8 'Scope of IFRS 2',
- IFRIC 9 'Reassessment of Embedded Derivatives', and
- IFRIC 10 'Interim Financial Reporting and Impairment'

The application of these interpretations had no significant effect on the Financial Statements

Certain reclassifications have been made to the prior year Financial Statements of the Company to conform to the current year's presentation These reclassifications had no impact on the Income Statement and Statement of Changes in Equity

Standards and Interpretations in issue but not yet effective

The Company is not required to adopt the following EU endorsed standards and interpretations which are issued but not yet effective

• IFRS 8 'Operating Segments', which replaces IAS 14 'Segment Reporting', (effective for annual periods beginning on or after 1 January 2009 - expected adoption date 1 January 2009), and

• IFRIC 11 'IFRS 2 - Group and Treasury Share Transactions' (effective 1 March 2007 - adoption date 1 January 2008)

The expected impact of the standards and interpretations issued but not yet effective is still being assessed, however, the Company does not anticipate that the above interpretations will have a material impact on the Financial Statements in the period of initial application

c) Foreign currency

The Company's functional currency is United States Dollars Transactions denominated in currencies other than the functional currency of the reporting entity are translated at the foreign exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to US$ at the foreign exchange rate ruling at that date Foreign exchange differences arising from translation are recognised in the income statement Non-monetary assets and liabilities denominated in foreign currencies at the balance sheet date are not revalued for movements in foreign exchange rates

d) Cash and cash equivalents

For the purpose of preparation and presentation of the cash flow statement, cash and cash equivalents are defined as short-term, highly liquid instruments with original maturities of three months or less and that are held or utilised for the purpose of cash management These relate to balances included as part of 'Cash and cash equivalents'

Where cash is received or deposited as collateral, the obligation to repay or the right to receive that collateral is recorded in Other assets or Other liabilities

e) Income taxes

Income tax on the profit and loss for the year comprises current 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 the income tax is recognised in equity For items initially recognised in equity and subsequently recognised in the income statement, the related income tax initially recognised in equity is also subsequently recognised in the income statement

Current tax is the expected tax payable on the taxable income for the year and includes any adjustment to tax payable in respect of previous years Current tax is calculated using tax rates enacted or substantially enacted at the balance sheet date

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax-base The principal temporary differences arise from the following depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities including derivative contracts, and other employee compensation and benefits The amount of deferred tax provided is based on the amount at which it is expected to recover or settle the carrying amount of assets and liabilities in the balance sheet, using tax rates enacted or substantively enacted at the balance sheet date

f) Interest income and expense

Interest includes interest income and expense on the Company's bank deposit, other assets and other liabilities

g) Dividends

Dividends on equity shares are recognised when declared as a reduction of equity along with the corresponding liability equalling the amount payable

3. Interest Income and Interest Expense

	2007 US$000's	2006 US$000's
Interest income on bank deposits and other assets	331	303
Total interest income	**331**	**303**

Interest expense on other liabilities	(13)	(14)
Total interest expense	**(13)**	**(14)**
Net interest income	**318**	**289**

4. Other Revenues and Other Expenses

The following table sets forth the details of other revenues

	2007 US$000's	2006 US$000's
Foreign exchange translation (loss) / gain	(1)	17
Other	8	-
Other revenues	**7**	**17**

The following table sets forth the details of other expenses

	2007 US$000's	2006 US$000's
Auditor's remuneration for the audit of these financial statements	(15)	(15)
Other expenses	**(15)**	**(15)**

5 Taxation

	2007 US$000's	2006 US$000's
Current tax		
Current tax on profits of the period	(128)	(126)
Total current tax	**(128)**	**(126)**
Deferred tax		
Reversal of timing differences	38	39
Effect of changes in tax rate	20	-
Total deferred tax	**58**	**39**
Income tax expense	**(70)**	**(87)**

Further information about deferred income tax is presented in Note 8 The following table is a reconciliation of taxes computed at the UK statutory rate of 30% (2006 30%) to the actual income tax expense

5 Taxation (cont)

	2007	2006
	US$000's	US$000's
Profit before tax	310	291
Tax calculated at a tax rate of 30% (2006 30%)	(92)	(87)
Other permanent differences	2	-
Effect of deferred tax resulting from changes to tax rates	20	-
Income tax expense	**(70)**	**(87)**

The UK corporation tax rate will reduce from 30% to 28% with effect 1 April 2008 Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 28% (2006 30%) Consequently, US$20k was credited to the profit and loss account in 2007 (2006 US$nil)

6. Cash and Cash Equivalents

	2007	2006
	US$000's	US$000's
Cash at bank	150	37
Short-term bank deposits	6,172	5,970
Cash and cash equivalents	**6,322**	**6,007**

The book value of cash and cash equivalents approximates to their fair value

7 Other Assets

	2007	2006
	US$000's	US$000's
Prepayments	3	3
	3	**3**

8. Deferred Tax Liability

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 28% (2006 30%)

The movement on the deferred income tax account is as follows

	2007	2006
	US$000's	US$000's
At 1 January	(346)	-
Adjustments in respect of previous periods transferred directly to equity	-	(385)
Credit to income for the year	38	39
Effect of deferred tax resulting from changes to tax rates	20	-
At 31 December	**(288)**	**(346)**

8 Deferred Tax Liability (cont)

Deferred income tax assets and liabilities are attributable to the following items

Deferred tax liabilities

	2007 US$000's	2006 US$000's
Other short term temporary differences	(288)	(346)
At 31 December	**(288)**	**(346)**

With effect from 1 April 2008, the rate of UK corporation tax will be 28%, see note 5

9. Other Liabilities

	2007 US$000's	2006 US$000's
Other liabilities (Note 12)	(47)	(42)
	(47)	**(42)**

The directors consider that the carrying amount of other liabilities approximates to their fair value

10 Share Capital

	2007 US$000's	2006 US$000's
Allotted, called up and fully paid:		
2,675,000 ordinary voting shares of GB£1 each	3,877	3,877

	2007 GB£000's	2006 GB£000's
Authorised·		
14,980,000 ordinary shares of GB£1 each	14,980	14,980

The holders of Ordinary Shares carry voting rights and the right to receive dividends

During the year the Company has not made a share issue (2006 US$nil)

The Company's capital adequacy and capital resources are managed and monitored based on practices developed by the Basel Committee on Banking Supervision (the 'Basel Committee') and governed by European Union Directives These directives were subsequently implemented in the UK by the Financial Services Authority ('FSA'), the UK regulator, and incorporated within its Prudential Sourcebook for Banks and investments firms

The Company manages equity share capital and retained earnings as regulatory capital

10. Share Capital (cont)

The Company's capital balances and capital requirements are monitored on a daily basis by the regulatory reporting departments of the Credit Suisse group and the directors of the company The capital management framework of Credit Suisse group ensures that our capital resources are sufficient to support the underlying risks of the business activity, to meet the objectives of management and to meet the requirements of regulators, rating agencies and market participants

Under Basel Committee guidelines, an institution must have a ratio of total eligible capital to aggregate risk-weighted assets of at least 8%, although the FSA requires this ratio to exceed the Individual Capital Guidance ('ICG') determined for each institution This ratio can also be expressed as a capital coverage ratio, being the ratio to total eligible capital to total capital resources requirements, which must be at least 100% The capital resources requirements reflect the credit, market and other risks if the firm as set out by the FSA

The Comany must at all times monitor and demonstrate compliance with the relevant regulatory capital requirements of the FSA The Company has put in place processes and controls to monitor and manage the Company's capital adequacy and no breaches were reported to the FSA during the year

11 Preference Shares

	2007 GB£000's	2006 GB£000's
Authorised but not allotted		
20,000 cumulative redeemable preference shares of GB£1 each	20	20

12. Related Party Transactions

The Company is wholly owned by Credit Suisse Investment (UK), incorporated in the UK The ultimate parent of the Company is Credit Suisse Group, which is incorporated in Switzerland

Copies of the accounts of Credit Suisse Investment (UK) and group accounts of the ultimate holding company, which are those of the smallest and largest groups in which the results of the Company are consolidated, are available to the public and may be obtained from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff and Credit Suisse Group, Paradeplatz, P O Box 1, 8070 Zurich, respectively

The Company is involved in financing and other transactions, and has related party balances, with subsidiaries and affiliates of Credit Suisse group The Company generally enters into these transactions in the ordinary course of business and believes that these transactions are generally on market terms that could be obtained from unrelated parties

12 Related Party Transactions (continued)

a) Related party assets and liabilities

	2007			2006		
	Parent	Fellow Group Companies	Total	Parent	Fellow Group Companies	Total
	US$000's	US$000's	US$000's	US$000's	US$000's	US$000's
Liabilities						
Other liabilities	-	47	47	-	42	42
Total liabilities	**-**	**47**	**47**	**-**	**42**	**42**

b) Related party revenues and expenses

	2007			2006		
	Parent	Fellow Group Companies	Total	Parent	Fellow Group Companies	Total
	US$000's	US$000's	US$000's	US$000's	US$000's	US$000's
Interest income	-	15	15	-	8	8
Interest expense	-	(11)	(11)	-	(7)	(7)
Net interest expense	**-**	**4**	**4**	**-**	**1**	**1**
Other revenues	**-**	**8**	**8**	**-**	**-**	**-**
Other operating expenses	**-**	**(15)**	**(15)**	**-**	**(15)**	**(15)**

c) Remuneration of Directors and Key Management Personnel

The directors and key management personnel did not receive any remuneration in respect of their services for the Company (2006 US$nil)

d) Loans and advances to Directors and Key Management Personnel

There were no loans or advances made to directors or key management personnel during the period (2006 $nil)

13 Employees

The Company had no employees during the year (2006 nil) The Company receives a range of administrative services from related companies within the Credit Suisse group Credit Suisse group companies have borne the cost of these services

14 Financial risk management

a) Overview

The Credit Suisse group, of which the Company is a part, manages its risks under global policies The Credit Suisse group risk management process is designed to ensure that there are sufficient controls to measure, monitor and control risks in accordance with Credit Suisse group's control framework and in consideration of industry best practices The primary responsibility for risk management lies with Credit Suisse group's senior business line managers They are held accountable for all risks associated with their businesses, including counterparty risk, market risk, liquidity risk, operational risk, legal risk and reputational risk

Risk management principles

The prudent taking of risk is fundamental to the business of the Credit Suisse group The primary objectives of risk management are to protect the financial strength and the reputation of the Credit Suisse group, while looking to ensure that capital is well deployed to maximise income and shareholder value The risk management framework is based on the Credit Suisse group principles, which apply universally across all businesses and risk types

Risk management oversight

Risk management oversight is performed at several levels in Credit Suisse group Key responsibilities lie with the following management bodies and committees

Risk management oversight at the Credit Suisse group management level

• Credit Suisse Executive Management (Chief Executive Officer and Executive Board) Responsible for implementing the strategy and actively managing its portfolio of businesses and its risk profile with the objective of balancing risk and return appropriately in the prevailing market conditions
• Credit Suisse Chief Risk Officer ('CRO') Responsible for establishing an organisational basis to manage all risk management matters of Credit Suisse group through the four primary risk functions independent of the front office, which are described below
o Strategic Risk Management
o Risk Measurement and Management
o Credit Risk Management
o Bank Operational Risk Oversight

Credit Suisse group risk management committees

• Capital Allocation and Risk Management Committee ('CARMC') is responsible for supervising and directing the Credit Suisse group risk profile on a consolidated basis, recommending risk limits to the CSG Board of Directors and its Risk Committee and for establishing and allocating risk limits within Credit Suisse group CARMC meetings focus on the following three topics on a rotating basis Asset and Liability Management, Position Risk for Market and Credit Risk, and Operational Risk
• Risk Processes and Standards Committee ('RPSC') is responsible for establishing and approving standards regarding risk management and risk measurement, including methodology and parameters
• Credit Portfolio and Provisions Review Committee is responsible for reviewing the quality of the credit portfolio, with a focus on the development of impaired assets and the assessment of related provisions and valuation allowances
• Reputational Risk Review Committee is responsible for setting the policy and reviewing processes regarding reputational risks within Credit Suisse group

14 Financial risk management (cont)

• Divisional Risk Management Committees ('RMC') Within the investment banking, private banking and asset management segments of the Credit Suisse group, the respective divisional RMCs are established to manage risk on a divisional basis

The Company has exposure to the following financial risks from its use of financial instruments

• Credit risk
• Liquidity risk
• Market risk

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation

The Company has no significant concentrations of credit risk It has policies in place to ensure that wholesale sales of products are made to customers with an appropriate credit history Sales to customers are made in cash Cash transactions are limited to high-credit-quality financial institutions The Company has policies that limit the amount of credit exposure to any financial institution

Maximum exposure to credit risk before collateral held or other credit enhancements

	2007	2006
	US$'000	US$'000
Cash and cash equivalents	6,322	6,007
Total financial assets	**6,322**	**6,007**

The amounts in the above table are based on carrying value

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities In the ordinary course of business the Company enters into transactions which results in financial liabilities The Treasury department manages the day-to-day liquidity position of the Credit Suisse group

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available

14. Financial risk management (cont)

2007

	On demand US$'000	Due within 3 months US$'000	Due between 3 and 12 months US$'000	Due between 1 and 5 Years US$'000	Due after 5 years US$'000	Total US$'000
Liabilities at amortised cost	47	-	-	-	-	47
Total financial liabilities	**47**	**-**	**-**	**-**	**-**	**47**

2006

	On demand US$'000	Due within 3 months US$'000	Due between 3 and 12 months US$'000	Due between 1 and 5 Years US$'000	Due after 5 years US$'000	Total US$'000
Liabilities at amortised cost	42	-	-	-	-	42
Total financial liabilities	**42**	**-**	**-**	**-**	**-**	**42**

d) Market risk

Market risk embodies the potential for both losses and gains and includes currency risk and interest rate risk

Currency risk
The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the GB£ Foreign exchange risks arise from future commercial transactions and recognised assets and liabilities

Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency Group Treasury is responsible for managing the net position in each foreign currency by using external forward currency contracts

The foreign currency exposures are as follows

	Total Assets US$'000	Total Liabilities US$'000	Net Assets US$'000
EUR	2	-	2
GB£	28	-	28
Total financial liabilities	30	-	30

Interest rate risk
The Company is subject to interest rate risk based on the variable interest earned/charged on the bank balances The maximum exposure of this balance is $6,322 million (2006 $6,007 million) The Company does not actively manage this risk

A change of 50 basis points in interest rates at the balance sheet date would increase / (decrease), profit or loss by $22k / ($22k) (2006 $21k / ($21k)) This calculation assumed that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date

14. Financial risk management (cont)

e) Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events Credit Suisse group's primary aim is the early identification, recording, assessment, monitoring, prevention and mitigation of operational risks, as well as timely and meaningful management reporting Where appropriate, Credit Suisse group transfers operational risks to third-party insurance companies

Operational risk is inherent in most aspects of Credit Suisse group's activities and comprises a large number of disparate risks While market and credit risk are often chosen for the prospect of gain, operational risk is normally accepted as a necessary consequence of doing business In comparison to market or credit risk, the sources of operational risk are difficult to identify comprehensively and the amount of risk is also intrinsically difficult to measure Credit Suisse group therefore manages operational risk differently from market and credit risk Credit Suisse group believes that effective management of operational risks requires a common group-wide framework with ownership residing with the management responsible for the relevant business process

Additionally, Credit Suisse group has established a central team within the Chief Risk Officer area that focuses on the coordination of consistent policy, tools and practices throughout Credit Suisse group for the management, measurement, monitoring and reporting of relevant operational risks This team is also responsible for the overall operational risk framework, measurement methodology and capital calculations Knowledge and experience are shared throughout Credit Suisse group to maintain a coordinated approach

Within Credit Suisse group, each individual business and management level takes responsibility for its own operational risks and provides adequate resources and procedures for the management of those risks Operational risk is thus controlled through a network of controls, procedures, reports and responsibilities In addition to the quarterly firm-level Capital Allocation and Risk Management Committee ('CARMC') meetings covering operational risk, operational risk exposures are discussed at divisional risk management committees, which have senior staff representatives from all the relevant functions Credit Suisse group utilises a number of group-wide tools for the management, measurement, monitoring and reporting of operational risk These include self-assessments, the collection, reporting and analysis of internal and external loss data, and key risk indicator reporting

15 Corporate Asset and Liability Management

The Treasury department at Credit Suisse group also oversees corporate policy with respect to interest rate and foreign exchange exposure, as well as a range of other important policy areas including debt maturity profile, internal and external capitalisation and intercompany funding Credit Suisse group minimises interest rate and foreign currency exposures from a corporate perspective Trading divisions are authorised to take such risks as part of their business strategies, within limits set by the CARMC