CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

COMPANY REGISTRATION NUMBER: 03045295

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

Board of Directors

Gerhard O. Lohmann
Robert J. Parker
Remy Kawkabani
Mark S. Tickle – (alternate director to Robert J. Parker)

Company Secretary

Paul E. Hare

Registered Office

One Cabot Square
London E14 4QJ

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report and the audited Financial Statements for the year ended 31 December 2008.

International Financial Reporting Standards

Credit Suisse Asset Management (UK) Holding Limited's 2008 annual accounts have been prepared in accordance with International Financial Reporting Standards and its interpretations ('IFRS') as adopted for use in the European Union ('EU').

Business review

Profile

Credit Suisse Group AG ('CSG'), a company domiciled in Switzerland, is the ultimate parent of a worldwide group of companies (collectively referred to as the Credit Suisse group) specialising in Investment Banking, Private Banking and Asset Management.

CSG prepares Financial Statements under US Generally Accepted Accounting Principles ('US GAAP'). These accounts are publicly available and can be found at www.credit-suisse.com.

Credit Suisse group, a leading financial services provider, is committed to delivering its combined financial experience and expertise to corporate, institutional and government clients and high-net-worth individuals worldwide, as well as to retail clients in Switzerland. The Credit Suisse group serves its diverse clients through three divisions, Investment Banking, Private Banking and Asset Management, which cooperate closely to provide holistic financial solutions based on innovative products and specially tailored advice. Founded in 1856, the Credit Suisse group has a truly global reach today, with operations in over 50 countries and a team of more than 47,000 employees from approximately 100 different nations.

Global banking divisions

- Through its Investment Banking division, the Credit Suisse group supplies investment banking and securities products and services to corporate, institutional and government clients around the world. Its products and services include debt and equity underwriting, sales and trading, mergers and acquisitions (M&A), divestitures, corporate sales, restructuring and investment research.
- Through its Private Banking division, the Credit Suisse group offers comprehensive advice and a broad range of wealth management solutions, including pension planning, life insurance products, tax planning and wealth and inheritance advice, which is tailored to the needs of high-net-worth individuals worldwide. In Switzerland, it supplies banking products and services to high-net-worth, corporate and retail clients.
- Through its Asset Management division, the Credit Suisse group supplies products from the full range of investment classes (money market, fixed income, equities, balanced and alternative investments) to meet the needs of institutional, government and private clients globally.

These global divisions are supported by the Shared Services division, which provides corporate services and business support.

Credit Suisse Asset Management (UK) Holding Limited (the 'Company'), a wholly owned subsidiary of CSG, is a limited liability company.

Credit Suisse Asset Management (UK) Holding Limited Group (the 'Group') consists of the Company and its subsidiaries.

The principal activity of the Company is that of a holding company. The Company's subsidiaries provide global investment management services for institutional and retail clients.

Future Strategy

An agreement was entered into on 31 December 2008 to sell the majority of the Group's assets under management to Aberdeen Asset Management (AAM). The business sold comprises assets under management of £31.6 billion as of the end of the fourth quarter, 2008. The sale to AAM was closed on 1 July 2009 and the proceeds from the transaction, of £120.5 million have been received. From this date AAM has taken over management of the assets included in the agreement and a number of staff have transferred to AAM. The revenues earned on these assets will also be transferred to AAM from 1 July 2009.

The 2008 financial statements have been prepared on the basis that the businesses transferring to AAM are a discontinued operations. The global investors business sold to Aberdeen, including the costs associated with the transaction and restructuring, have been presented as discontinued operations and therefore has not been included in the profit of continuing operations. The 2007 Financial Statements have been restated to conform to the current presentation.

After the close of the transaction, the Group will continue to manage part of the remaining assets not transferred to AAM in addition to the management of a cost base which services the local, regional and global Asset Management division of Credit Suisse group.

Performance

The net operating loss from continuing operations for 2008 was £3.7 million (2007: £4.1 million). The Group's operating expenses from continuing operations for the year were £49.4 million (2007: £41.5 million).

The net operating income from discontinued operations for 2008 was £88.8 million (2007: £117.0 million). The Group's operating expenses from discontinued operations for the year were £84.4 million (2007: £182.6 million). See Note 8.

The loss attributable to equity holders for the year was £47.5 million (2007: £104.9 million). The Group made a loss during the year as business was affected by declining assets under management and adverse market conditions.

As at 31 December 2008, the Group had total assets of £781.3 million (2007: £988.0 million) and total shareholders' equity of £77.3 million (2007: £13.8 million).

Combined assets under management of the Company's subsidiaries were £38.6 billion at the year end representing a decrease of 18.4% from the figure of £47.3 billion at the end of 2007. As part of the strategic collaboration with AAM, the majority of the Company's assets under management were sold (refer to Note 8).

Capital resources

In 2008, there was an increase in authorised and issued share capital. On 27 February 2008, 30,000,000 additional ordinary shares of £1.00 each were authorised and issued. On 28 February 2008, these shares were issued at par and fully paid in cash on application. On 17 October 2008, 15,000,000 further additional ordinary shares of £1.00 each were authorised and issued. These shares were issued at par and fully paid in cash on application. On 22 December 2008, 60,000,000 further additional ordinary shares of £1.00 each were authorised and issued. On 23 December 2008, these shares were issued at par and fully paid in cash on application. Refer to Note 21 to the Financial Statements.

The Company maintains an actively managed capital base to support the risks inherent in the business.

Dividends

No dividends have been paid for the year ended 31 December 2008 (2007: £nil).

Risk management

The Group's financial risk management objectives and policies and the exposure of the Group to credit risk, liquidity risk and market risk are outlined in Note 27 to the Financial Statements.

Subsequent Events

On 31 December 2008 an agreement was entered between Credit Suisse, as agent for the Company and AAM relating to the sale of the entire issued share capital of the following direct and indirect subsidiaries:

Credit Suisse Pooled Pensions Limited
Courts Nominees Limited
Cockspur Property (General Partner) Limited
Cockspur Property Nominee (No.1) Limited

The sale date was 1 July 2009 and the sale proceeds were received on that date. See note 2 d) for going concern assumptions.

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 2007 and up to the date of this report are as follows:

Appointments

Gerhard O. Lohmann	01 July 2008	
David A. Norman	29 October 2008	
Mark S. Tickle	22 June 2009	- (alternate director to Robert J. Parker)
Remy Kawkabani	30 June 2009	

Resignations

Lawrence D. Haber	31 May 2008
Sarah J. Houghton	29 October 2008
David A. Norma	17 December 2008
Gary N. Withers	30 June 2009

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.

Directors of the Company benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

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

Employee involvement and employment of disabled persons

The Credit Suisse group gives full and fair consideration to disabled persons in employment applications, training and career development including those who become disabled during their period of employment.

The Credit Suisse group has a Disability Interest Forum in place as a UK initiative. This forum:

- provides a support network;
- facilitates information sharing for those with a disability or those caring for a family member or friend with a disability; and
- invites all those who want to participate and who have an interest.

The forum raises awareness of issues related to disability and promotes an environment where disabled employees are supported and are given the opportunity to reach their full potential.

Donations

In the course of the year the Company did not make any charitable donations (2007: £Nil).

By Order of the Board

Paul E. Hare
Company Secretary

One Cabot Square
London E14 4QJ
1 October 2009

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and 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 Company Financial Statements in accordance with IFRS as adopted by the EU and applicable laws.

The Financial Statements are required by law and IFRS to present fairly the financial position of the Company and the performance for that year, 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 these Group and 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 Group and 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 Group and Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Directors' Report and a business review.

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the Board of Directors on 1 October 2009 by:

Mark S. Tickle

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

We have audited the Group and Company Financial Statements of Credit Suisse Asset Management (UK) Holding Limited for the year ended 31 December 2008 which comprise the Group Income Statement, the Group and Company Balance Sheets, the Group and Company Cash Flow Statement, the Group and Company 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 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 7.

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 judgements made by the directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Group's and 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 Group Financial Statements give a true and fair view, in accordance with IFRS as adopted by the EU, of the state of the Group's affairs as at 31 December 2008 and of its loss for the period then ended;
- the Company 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 2008;
- 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
1 October 2009

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 £000	2007 (restated)[1] £000
Interest income	4	4,730	5,551
Interest expense	4	(4,927)	(5,465)
Net interest (loss) / income		**(197)**	**86**
Net commissions and fees	5	(3,586)	(3,981)
Net trading revenue / (loss)	6	104	(156)
Net non-interest revenue		**(3,482)**	**(4,137)**
Net operating loss		**(3,679)**	**(4,051)**
Operating expenses	5	(49,370)	(41,496)
Total operating expenses		**(49,370)**	**(41,496)**
Net (losses) / gains on foreign currency and foreign currency related transactions		(7,621)	1,403
Loss before tax from continuing operations		**(60,670)**	**(44,144)**
Profit/ (loss) from discontinued operations, net of tax	8	18,563	(61,197)
Income tax (charge)/ credit	7	(5,436)	392
Loss after tax		**(47,543)**	**(104,949)**
Loss attributable to equity holders of the Company		**(47,543)**	**(104,949)**

[1] On 1 January 2008, the Group adopted IFRIC 11. Comparative information has been restated accordingly. See Note 2 v).

The notes on pages 16 to 54 are an integral part of these Financial Statements.

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	2008 £000	2007 (restated)[1] £000
Assets			
Cash and cash equivalents	9	175,141	121,984
Other loans and receivables	10	101,148	47,547
Financial assets held at fair value through profit and loss	6	96	796,299
Deferred tax assets	7	4,484	7,066
Current tax assets		7,943	5,753
Fixed assets	11	1,135	1,329
Intangibles	12	383	3,187
Capital work-in-progress	13	-	4,877
Held for sale assets	8	490,920	-
Total assets		**781,250**	**988,042**
Liabilities			
Overdraft	15	19,444	-
Loans payable	16	79,750	79,750
Financial liabilities held at fair value through profit and loss	6	-	777,149
Current tax liabilities		330	-
Third party interests in consolidated funds	17	4,883	28,164
Other liabilities at amortised cost	18	116,263	85,096
Provisions for liabilities and charges	19	752	4,102
Held for sale liabilities	8	482,509	-
Total liabilities		**703,931**	**974,261**
Shareholders' equity			
Called-up share capital	21	144,199	39,199
Other reserves – share based compensation		15,936	9,855
Share premium account		23,198	23,198
Capital reserve		88,838	88,838
Retained earnings		(194,852)	(147,309)
Total shareholders' equity		**77,319**	**13,781**
Total liabilities and shareholders' equity		**781,250**	**988,042**

[1] On 1 January 2008, the Group adopted IFRIC 11. Comparative information has been restated accordingly. See Note 2 v).

The notes on pages 16 to 54 are an integral part of these Financial Statements.

Approved by the Board of Directors on 1 October 2009 and signed on its behalf by

Mark S. Tickle

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	2008 £000	2007 (restated)[1] £000
Assets			
Cash and cash equivalents	9	87,307	42,631
Other loans and receivables	10	83,970	27,114
Deferred tax assets		4,306	6,932
Fixed assets	11	1,135	1,329
Intangibles	12	383	3,187
Capital work-in-progress	13	-	4,877
Investment in subsidiaries	14	145,422	122,991
Investment in subsidiaries – held for sale	14	4,058	-
Total assets		**326,581**	**209,061**
Liabilities			
Loans payable	16	70,000	70,000
Current tax liabilities		330	5,309
Other liabilities at amortised cost	18	95,604	51,733
Provisions for liabilities and charges	19	752	4,102
Total liabilities		**166,686**	**131,144**
Shareholders' equity			
Called-up share capital	21	144,199	39,199
Other reserves – share based compensation		15,936	9,855
Share premium account		23,198	23,198
Capital reserve		88,000	88,000
Retained earnings		(111,438)	(82,335)
Total shareholders' equity		**159,895**	**77,917**
Total liabilities and shareholders' equity		**326,581**	**209,061**

[1] On 1 January 2008, the Company adopted IFRIC 11. Comparative information has been restated accordingly. See Note 2 v).

The notes on pages 16 to 54 are an integral part of these Financial Statements.

Approved by the Board of Directors on 1 October 2009 and signed on its behalf by

Mark S. Tickle

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

	Called-up share capital	Share premium	Capital reserve	Retained earnings	Share based payment reserve	Total shareholders' equity
	£000	£000	£000	£000	£000	£000
Balance as at 1 January 2008	39,199	23,198	88,838	(147,309)	9,855	13,781
Share-based compensation – pre tax	-	-	-	-	7,892	7,892
Share-based compensation – tax	-	-	-	-	(1,811)	(1,811)
Net income recognised directly in equity	-	-	-	-	6,081	6,081
Net loss for the year	-	-	-	(47,543)	-	(47,543)
Share capital issued during the year	105,000	-	-	-	-	105,000
Balance as at 31 December 2008	**144,199**	**23,198**	**88,838**	**(194,852)**	**15,936**	**77,319**

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

	Called-up share capital	Share premium	Capital reserve	Retained earnings (restated)[1]	Share based payment reserve	Total shareholders' equity (restated)[1]
	£000	£000	£000	£000	£000	£000
Balance as at 1 January 2007	14,199	23,198	68,838	(52,373)	-	53,862
Transition adjustment for IFRIC 11 – pre tax (Note 2v)	-	-	-	11,774	10,214	21,988
Transition adjustment for IFRIC 11 – tax	-	-	-	(1,761)	1,496	(265)
Balance as at 1 January 2007, restated	14,199	23,198	68,838	(42,360)	11,710	75,585
Share-based compensation – pre tax	-	-	-	-	(2,170)	(2,170)
Share-based compensation – tax	-	-	-	-	315	315
Net income recognised directly in equity	-	-	-	-	(1,855)	(1,855)
Net loss for the year	-	-	-	(104,949)	-	(104,949)
Share capital issued during the year	25,000	-	-	-	-	25,000
Capital contribution	-	-	20,000	-	-	20,000
Balance as at 31 December 2007	**39,199**	**23,198**	**88,838**	**(147,309)**	**9,855**	**13,781**

[1] On 1 January 2008, the Group adopted IFRIC 11. Comparative information has been restated accordingly. See Note 2 v).

The notes on pages 16 to 54 are an integral part of these Financial Statements.

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

	Called-up share capital	Share premium	Capital reserve	Retained earnings	Share based payment reserve	Total shareholders' equity
	£000	£000	£000	£000	£000	£000
Balance as at 1 January 2008	39,199	23,198	88,000	(82,335)	9,855	77,917
Share-based compensation – pre tax	-	-	-	-	7,892	7,892
Share-based compensation – tax	-	-	-	-	(1,811)	(1,811)
Net income recognised directly in equity	-	-	-	-	6,081	6,081
Net loss for the year	-	-	-	(29,103)		(29,103)
Share capital issued during the year	105,000	-	-	-	-	105,000
Balance as at 31 December 2008	**144,199**	**23,198**	**88,000**	**(111,438)**	**15,936**	**159,895**

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

	Called-up share capital	Share premium	Capital reserve	Retained earnings (restated)[1]	Share based payment reserve	Total shareholders' equity (restated)[1]
	£000	£000	£000	£000	£000	£000
Balance as at 1 January 2007	14,199	23,198	68,000	(3,041)	-	102,356
Transition adjustment for IFRIC 11 – pre tax (Note 2v)	-	-	-	11,774	10,214	21,988
Transition adjustment for IFRIC 11 – tax	-	-	-	(1,761)	1,496	(265)
Balance as at 1 January 2007, restated	14,199	23,198	68,000	6,972	11,710	124,079
Share-based compensation – pre tax	-	-	-	-	(2,170)	(2,170)
Share-based compensation – tax	-	-	-	-	315	315
Net income recognised directly in equity	-	-	-	-	(1,855)	(1,855)
Net loss for the year	-	-	-	(89,307)	-	(89,307)
Share capital issued during the year	25,000	-	-	-	-	25,000
Capital contribution	-	-	20,000	-	-	20,000
Balance as at 31 December 2007	**39,199**	**23,198**	**88,000**	**(82,335)**	**9,855**	**77,917**

[1] On 1 January 2008, the Company adopted IFRIC 11. Comparative information has been restated accordingly. See Note 2 v).

The notes on pages 16 to 54 are an integral part of these Financial Statements.

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008	2007 (restated)[1]
		£000	£000
Cash flows from operating activities			
Loss before taxation		(60,670)	(44,144)
Items not requiring cash included in loss for the year:			
Net interest expense/(income)		197	(86)
Depreciation		30	88
Foreign exchange movements		7,621	(1,403)
Share-based compensation[1]		7,892	19,818
		15,740	18,417
Adjustments for:			
Net (increase)/decrease in other loans and receivables		(53,601)	24,629
Net decrease in financial assets held at fair value through profit or loss and held for sale assets		305,283	77,395
Net (decrease) in financial liabilities designated at fair value through profit or loss and held for sale liabilities		(294,640)	(46,458)
Net (decrease) in third party interests in consolidation funds		(23,281)	(21,261)
Net increase/(decrease) in other liabilities		31,167	(36,700)
		(35,072)	(2,395)
Interest received		4,730	5,551
Interest (paid)		(4,927)	(5,465)
Income tax received/(paid)		8,205	(5,468)
Net cash (used)/generated in operating activities		(71,994)	(33,504)
Cash flows from investing activities			
Net decrease/(increase) in capital work-in-progress		4,877	(4,877)
Net (increase) in fixed assets		(967)	(258)
Net cash flow provided in investing activities		3,910	(5,135)
Cash flows from financing activities			
Issuance of shares		105,000	25,000
Capital contribution		-	20,000
Net cash flow provided in financing activities		105,000	45,000
Net cash flows from operating activities of discontinued operations		4,418	(65,543)
Goodwill write-off included in discontinued operations		-	84,190
Net cash flows from discontinued operations		4,418	18,647
Net increase in cash and cash equivalents		**41,334**	**25,008**
Cash and cash equivalents at 1 January		**121,984**	**95,573**
Effect on exchange rate fluctuations on cash held		**(7,621)**	**1,403**
Cash and cash equivalents at 31 December		**155,697**	**121,984**

Cash and cash equivalents at 31 December comprise of:

	Note	2008	2007
		£000	£000
Cash and cash equivalents	9	175,141	121,984
Overdrafts	15	(19,444)	-
Cash and cash equivalents at 31 December		**155,697**	**121,984**

[1] On 1 January 2008, the Group adopted IFRIC 11. Comparative information has been restated accordingly. See Note 2 v).

The notes on pages 16 to 54 are an integral part of these Financial Statements.

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

COMPANY CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 £000	2007 (restated)[1] £000
Cash flows from operating activities			
Loss before taxation		(35,547)	(2,055)
Items not requiring cash included in loss for the year:			
Net interest income		1,880	1,786
Depreciation		30	88
Foreign exchange movements		7,549	(785)
Share-based compensation[1]		7,892	19,818
		17,351	20,907
Adjustments for:			
Net (increase)/decrease in other loans and receivables		(56,856)	2,024
Net (increase) in investment in subsidiaries		(26,489)	(25,150)
Net increase/(decrease) in other liabilities		43,871	(40,840)
		(39,474)	(63,966)
Interest received		2,292	3,009
Interest (paid)		(4,172)	(4,795)
Income tax (paid)		(6,079)	(45)
Net cash (used)/generated in operating activities		**(65,629)**	**(46,945)**
Cash flows from investing activities			
Net decrease/(increase) in capital work-in-progress		4,877	(4,877)
Net (increase) in fixed assets		(967)	(258)
Net cash flow provided in investing activities		3,910	(5,135)
Cash flows from financing activities			
Issuance of shares		105,000	25,000
Capital contribution		-	20,000
Net cash flow provided in financing activities		105,000	45,000
Net cash flows from operating activities of discontinued operations		8,944	(83,323)
Goodwill write-off included in discontinued operations		-	84,190
Net cash flows from discontinued operations		8,944	867
Net increase/(decrease) in cash and cash equivalents		**52,225**	**(6,213)**
Cash and cash equivalents at 1 January		**42,631**	**48,059**
Effect on exchange rate fluctuations on cash held		**(7,549)**	**785**
Cash and cash equivalents at 31 December	9	**87,307**	**42,631**

[1] On 1 January 2008, the Company adopted IFRIC 11. Comparative information has been restated accordingly. See Note 2 v).

The notes on pages 16 to 54 are an integral part of these Financial Statements.

1. General

Credit Suisse Asset Management (UK) Holding Limited is a company domiciled in England and Wales. The address of the Company's registered office is One Cabot Square London E14 4QJ.

2. Accounting policies

a) Statement of compliance

Following the adoption of Regulation EC 1606/2002 on the 19 July 2002 by the European Parliament, the Company is entitled to prepare consolidated Financial Statements in accordance with IFRS as adopted by the European Union ('EU') ('Adopted IFRS'), including the standards (International Accounting Standards ('IAS')), 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 for financial periods beginning 1 January 2006.

Pursuant to the exemption provided under the Companies Act 1985 VII Section 230, a separate income statement of the parent company has not been included as part of these Financial Statements.

b) Basis of preparation

The Financial Statements are presented in Great British Pounds ('£'), rounded to the nearest thousand. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments held for trading and financial instruments designated by the Company as at fair value through profit and loss.

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. Critical accounting estimates and judgements applied to these Financial Statements are set out in Note 3.

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.

The Company has incurred losses during 2008 and received additional capital from CS group as required to ensure it maintained sufficient capital to meet UK regulatory requirements. In addition, in respect of liquidity risk, as explained in Note 27, the Company has unrestricted and direct access to funding sourced by CS group. After making enquiries of CS group, the directors of the Group have received confirmation that CS group will ensure that the Company maintains a sound financial position and is able to meet its debt obligations for the foreseeable future. Accordingly, the directors have prepared these accounts on a going concern basis.

Standards and interpretations effective in the current period

The Group adopted the following interpretations as of 1 January 2008,

- Amendments to IAS 39 'Financial Instruments; Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' regarding reclassification of financial assets (refer to Note 2&3).
- IFRIC 11 'IFRS 2 - Group and Treasury Share Transactions' (refer to Note 2v).
- IFRIC 14 'The Limits on a Defined Benefit Asset Minimum Funding Requirements and their Interaction' (refer to 'Retirement Benefit Costs' in Note 3)

As a result of the adoption of the above mentioned revised accounting standards and interpretations, certain reclassifications have been made to the prior year Consolidated Financial Statements of the Group to conform to the current year's presentation.

2. Accounting policies (continued)

Standards and Interpretations in issue but not yet effective

The Group is not required to adopt the following 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);
- Amendments to IAS 23 relating to borrowing costs (effective for annual periods on or after 1 January 2009 - expected adoption date 1 January 2009);
- Amendments (revised presentation) to IAS 1 'Presentation of Financial Statements', - (effective for annual periods beginning on or after 1 January 2009 - expected adoption date 1 January 2009);
- IFRIC 13 'Customer Loyalty Programmes' (effective for annual periods beginning on or after 1 July 2008 - expected adoption date 1 January 2009);
- Amendment to IFRS 2 'Share-based Payment' relating to vesting conditions (effective for annual periods on or after 1 January 2009 - expected adoption date 1 January 2009);
- Revised IFRS 3 'Business Combinations' and an amendment to IAS 27 'Consolidated and Separate Financial Statements', (effective for annual periods beginning on or after 1 January 2009 - expected adoption date 1 January 2009);
- Amendment to IAS 32 'Financial Instruments: Presentation' and IAS 1 'Presentation of Financial Statement' regarding Puttable Financial Instruments and Obligations Arising on Liquidation'(effective for annual periods beginning on or after 1 January 2009 - expected adoption date 1 January 2009);
- IFRIC 16 'Hedges of a Net investment in a Foreign Operation' (effective for annual periods beginning on or after 1 January 2009 - expected adoption date 1 January 2009);
- Amendment to IAS 39 'Financial Instruments: Recognition and Measurement' regarding Eligible Hedged Items (effective for annual periods beginning on or after 1 January 2009 - expected adoption date 1 January 2009);

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

The accounting policies have been applied consistently by Credit Suisse group entities.

c) Basis of consolidation

The consolidated Financial Statements include the results and positions of the Company and its subsidiaries (including special purpose entities). The consolidated Financial Statements include the Income Statement, Balance Sheets, Cash Flow Statements, Statements of Changes in Equity and the related notes of the Group.

A subsidiary is an entity in which the Company holds, directly or indirectly, more than 50% of the outstanding voting rights, or which it otherwise has the power to control. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The results of subsidiaries acquired are included in the consolidated Financial Statements from the date that control commences until the date that control ceases.

The Company also consolidates subsidiaries when the substance of the relationship between the Company and the subsidiary indicates that the subsidiary is controlled by the Company in accordance with IAS 27 'Consolidated and Separate Financial Statements'. The effects of intercompany transactions and balances have been eliminated in preparing the consolidated Financial Statements.

2. Accounting policies (continued)

d) Going concern

The financial statements have been prepared on a going concern basis, the parent has confirmed by a letter of support its intention to provide the necessary financial support to the Group to continue operations and meet its liabilities as and when they fall due.

e) Segment reporting

The Group has decided to not disclose segmental information (IAS 14) as they are not entities whose equity or debt securities are publicly traded, or entities that are in the process of issuing equity or debt securities in public securities markets, and therefore are not required to apply the standard.

f) Assets held for sale and discontinued operations

Assets and groups of assets and liabilities which comprise disposal groups are classified as 'held-for-sale' when all the following criteria are met: a decision has been made to sell, the assets are available for sale immediately, the assets are being actively marketed, and a sale has been or is expected to be concluded with 12 months of the balance sheet date. Assets and disposal groups 'held-for-sale' are valued at the lower of book value or fair value less disposal costs. Assets held for sale are not depreciated. Disposal groups are classified as discontinued operations where they represent a major line of business or geographical area of operations. The income statement for the comparative period has been re-presented to show the discontinued operations separate from the continuing operations.

g) Revenue

Fee revenue is recognised from a diverse range of services provided to its customers.

For investment management services contracts in the insurance business, fees are recognised as revenue based on the stage of completion of the contracts. Recurring fees (including front-end fees received on regular contribution contracts) are recognised as earned on an accrual basis. Other fees received at the inception of a contract are deferred and recognised on a straight-line basis over the expected term of the contract since there is no evidence that any other method better represents the stage of completion of a contract.

For the asset management business, revenue represents net management fees plus net dealing income from the sale of units in the Group's range of unit trusts and OEICs. Recurring fees are recognised on an accrual basis. Initial fees received at the inception of a contract are recognised as revenue when earned. Net dealing income is defined as the gross initial charge receivable from investors into the Group's range of unit trusts and OEICs net of discounts and includes any box profits arising from short term holding of units.

h) Dividends

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

i) Cash and cash equivalents

For the purpose of the balance sheet and the cash flow statement, cash and cash equivalents include cash at bank and in hand and bank overdrafts. Cash and cash equivalents are defined as short-term, highly liquid instruments with original maturities of three months or less and that are held for the purpose of cash management. Bank overdrafts are shown within liabilities in the balance sheet.

j) Loans payable and other liabilities

Loans payable and other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

2. Accounting policies (continued)

k) Income tax

Income tax on the 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 or recoverable 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 depreciation of property, plant and equipment, employee compensation and benefits and other short term temporary differences. 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.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A deferred tax liability is recognised on taxable temporary differences arising on un-remitted earnings of subsidiaries except to the extent that it is probable that such temporary differences will not reverse in the foreseeable future.

Information as to the calculation of income tax on the profit or loss for the periods presented is included in Note 7.

l) Foreign currency

The Company's functional currency is GBP. 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 GBP 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.

m) Interest income and finance charge

Interest income and expense is recognised for all financial assets and liabilities measured at amortised cost using the effective interest method.

n) Other loans and receivables

Other loans and receivables are recognised when cash is advanced to borrowers. They are initially recorded at fair value plus any directly attributable transaction costs and subsequently are amortised on an effective yield basis, less impairment losses. In the event of an impairment loss the effective yield will be re-estimated. When calculating the effective yield, the Group estimates cash flows considering all contractual terms of the financial instruments including premiums, discounts, fees and transactions costs but not future credit losses.

2. Accounting policies (continued)

o) Property, plant & equipment

Property, plant and equipment are stated at historical cost less depreciation and any recognised impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.
Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Furniture and equipment	3 years
Leased assets	3 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

p) Intangibles

The intangible asset arising on the purchase of the Retail Fund of Fund business from Artemis Investment Management Limited has been impaired as majority of the global investors business has been sold AAM. See Note 8.

Intangibles are subject to an annual impairment review and the amounts of the balance sheet represent cost less accumulated amortisation and impairment.

Other intangible assets such as internally developed software are stated at cost less accumulated amortisation and impairment losses, and are depreciated over an estimated useful life of 3 years using the straight-line method upon completion or utilisation.

The amortisation of the intangible assets is included in the 'operating expenses' in the income statement.

q) Goodwill

Goodwill on the acquisition of Credit Suisse Pooled Pensions Limited, Credit Suisse Asset Management (UK) Limited and Credit Suisse Asset Management Unit Manager Limited was capitalised in 2001. All goodwill was written off in 2007.

r) Capital work-in-progress

Capital work-in-progress assets consist of internally developed software. Costs associated with the development of software for internal use are capitalised only if the software is technically feasible and the Group has both the intent and sufficient resources to complete the development. In addition, costs are capitalised only if the asset can be reliably measured, will generate future economic benefits and there is an ability to use or sell the asset.

2. Accounting policies (continued)

Only costs that are directly attributable to bringing that asset into working condition for its intended use are included in its measurement. These costs include all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in a manner intended by management. Other development expenditure, including software research development costs, are recognised in the income statement as an expense is incurred.

Capital work-in-progress is transferred to property, plant and equipment / intangible assets when the internally developed software is put into use.

s) Leased assets - lessee

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

The corresponding liability owed to the lessor is included in the balance sheet in "other liabilities at amortised cost" as a finance lease obligation. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

t) Investment contracts

Classification

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder are classified as insurance contracts. Insurance risk is risk other than financial risk that is transferred from the holder of a contract to the issuer. Insurance risk is significant if, and only if, an insured event could cause the Group to pay significant additional benefits. Once a contract is classified as an insurance contract it remains classified as an insurance contract until all rights and obligations are extinguished or expire.

Contracts under which the transfer of insurance risk to the Group from the policyholder is not significant are classified as investment contracts. All of the Group contracts are classified as investment contracts.

Recognition and measurement

Investment contracts are recognised as financial liabilities in the balance sheet at fair value when the Group becomes party to their contractual provisions. Contributions received from policyholders are not recognised in profit or loss but are accounted for as deposits. Amounts paid to policyholders are recorded as deductions from the investment contract liabilities.

All investment contracts issued by the Group are designated by the Group on initial recognition as at fair value through profit or loss. This designation eliminates or significantly reduces a measurement inconsistency that would otherwise arise if these financial liabilities were not measured at fair value since the assets held to back the investment contract liabilities are also measured at fair value.

Changes in the fair value of investment contracts are included in profit or loss in the period in which they arise. The change in fair value represents reflect the excess of amounts paid over the investment contract liability released and the investment return credited to policyholders.

The fair value is determined as in Note 2 u).

2. Accounting policies (continued)

Linked contracts:
The fair value of linked investment contract liabilities is based on the fair value of the financial assets held within the appropriate unit-linked funds.

Investment management service contracts:
The unit-linked investment contracts issued by the Group involve the provision of investment management services.

Investment contract receivables and payables:
Amounts due from and to policyholders and agents in respect of investment contracts are included in other receivables and payables.

Fair value is defined as the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction other than an involuntary liquidation or distressed sale. Quoted market prices are used when available to measure fair value.

u) Financial instruments designated as held at fair value through profit and loss

Designated at fair value
The Group has adopted the EU endorsed Fair Value Option amendment of IAS 39 "Financial Instrument Recognition and Measurement" which allows an entity to designate financial assets and liabilities as held at fair value through profit and loss either at transition to Adopted IFRS on 1 January 2006 or at the inception of the trade from that date forward. Financial assets and liabilities are only designated as held at fair value through profit and loss if the instruments contain a substantive embedded derivative, or when doing so results in more relevant information, because either:

(i) it eliminates or significantly reduces an inconsistency in measurement or recognition (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. This election is used for instruments that would otherwise be accounted for under an accrual method of accounting where their economic risks are hedged with derivative instruments that require fair value accounting. This election eliminates or significantly reduces the measurement mismatch between accrual accounting and fair value accounting;

(ii) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel. This election is used for instruments purchased or issued by business units that manage their performance on a fair value basis. For all instrument elected under this criterion, the business maintains a documented strategy that states that these instruments are risk managed on a fair value basis. Additionally, management rely upon the fair value of these instruments in evaluating the performance of the business.

The measurement bases for the investment contracts reflect changes in the fair value of the financial assets backing the contracts. Changes in the value of all investment contract liabilities are included in profit or loss.

v) Share based payments

The Group adopted IFRIC 11 'IFRS 2 - Group and Treasury Share Transactions' from 1 January 2008. IFRIC 11 requires that when a parent entity grants rights to equity instruments of itself directly to the employees of its subsidiary, such subsidiary should classify the share-based arrangement as equity-settled. As Credit Suisse

2. Accounting policies (continued)

Group, ie the Company's ultimate parent company, is the grantor of the awards, all share-based arrangements will be classified as equity-settled from 1 January 2008. Historically these arrangements have been classified as cash-settled and IFRIC 11 requires retrospective application, the prior year comparative financial statements have been restated to reflect the revised classification. Equity-settled arrangements are fair valued on grant date and subsequently amortised through income statements. The expense for share-based payments is determined by treating each tranche as a separate grant of share awards unless the employee is eligible for early retirement or retirement before the end of the vesting period, in which case recognition of the expense would be accelerated over the shorter period.

The revised accounting policy differs from the previous method as it doesn't require the awards to be fair valued through income statement every balance sheet. A transition adjustment has been recognised in retained earnings on 1 January 2007 for the amount of £11.8m and income statement for the year ended 31 December 2007 has been decreased by £0.6m.

w) Provisions

Provisions are recognised if they are present obligations which can be reliably measured, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

x) Operating leases

The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any early termination payment required to be made to the lessor is recognised as an expense in the period in which termination takes place.

y) Investment in subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The Financial Statements of subsidiaries are included in the consolidated Group Financial Statements from the date that control commences until the date that control ceases.

In the Financial Statements for the Company, investments in subsidiaries are recorded at cost and are assessed for impairment on an annual basis. Any charges relating to the impairment of investments in subsidiaries are recognised in the income statement in the period in which the impairment occurs. When investments are disposed, the profit or loss resulting from the disposal is recognised in the income statement.

Pre-acquisition dividends received from subsidiary undertakings are treated as a reduction in the value of the subsidiary.

3. Critical accounting estimates and judgements

Deferred tax valuation

Deferred tax assets and liabilities are recognised to reflect the estimated amounts of income tax recoverable/payable in future periods in respect of temporary differences and unused carry forward of tax losses and credits. For temporary differences, a deferred tax asset is recognised to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilised. Similarly, a deferred tax asset is recognised on unused carry forward tax losses and credits to the extent that it is probable that future taxable profits will be available against which the unused carry forward tax losses and credits can be utilised.

3. Critical accounting estimates and judgements (continued)

Periodically, the Group's management evaluates the probability that taxable profits will be available against which the deductible temporary differences and unused carry forward tax losses and credits can be utilised. Within this evaluation process, the Group's management also considers tax-planning strategies. The evaluation process requires significant management judgement, primarily with respect to projecting future taxable profits.

Tax contingencies

Significant judgement is required in determining the effective tax rate and in evaluating certain tax positions. The Group may accrue for tax contingencies despite the belief that positions taken in tax returns are always fully supportable. Tax contingency accruals are adjusted due to changing facts and circumstances, such as case law, progress of audits or when an event occurs requiring a change to the tax contingency accruals. The Group's management regularly assesses the appropriateness of provisions for income taxes. The Group's management believes that it has appropriately accrued for any contingent tax liabilities.

Share-Based Payments

For share-based payment transactions, the Group may receive a tax deduction related to the compensation paid in shares. The amount deductible for tax purposes may differ from the cumulative compensation expense recorded. At any reporting date, the Group must estimate the expected future tax deduction based on the current share price. If the amount deductible, or expected to be deductible, for tax purposes exceeds the cumulative compensation expense, the excess tax benefit is recognised in equity. If the amount deductible, or expected to be deductible, for tax purposes is less than the cumulative compensation expense, the shortfall is recognised in the Group's income statement for the period.

Retirement Benefit Costs

The following relates to the assumptions Credit Suisse Securities (Europe) Limited ('CSS (Europe) Ltd'), the sponsor of the defined benefit plan, has made in arriving at the valuations of the various components of the defined benefit plan, of which the Group is a participant.

The calculation of the expense and liability associated with the defined benefit pension plans requires the extensive use of assumptions, which include the discount rate, expected return on plan assets and rate of future compensation increases as determined by CSS (Europe) Ltd. Management determines these assumptions based upon currently available market and industry data and historical performance of the plans and their assets. Management also consults with an independent actuarial firm to assist in selecting appropriate assumptions and valuing its related liabilities. The actuarial assumptions used by CSS (Europe) Ltd may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of the participants. Any such differences could have a significant impact on the amount of pension expense recorded in future years.

CSS (Europe) Ltd is required to estimate the expected return on plan assets, which is then used to compute pension cost recorded in the consolidated statements of income. Estimating future returns on plan assets is particularly subjective since the estimate requires an assessment of possible future market returns based on the plan asset mix and observed historical returns. These estimates are determined together with the plan investment and actuarial advisors. The Group uses the calculated value of assets in calculating pension expense and in determining the expected rate of return.

The discount rate used in determining the benefit obligation is based either upon high quality corporate bond rates or government bond rates plus a premium in order to approximate high-quality corporate bond rates. In estimating the discount rate, CSS (Europe) Ltd takes into consideration the relationship between the corporate bonds and the timing and amount of the future cash outflows on its benefit payments.

3. Critical accounting estimates and judgements (continued)

In July 2007, the International Financial Reporting Interpretations Committee ("IFRIC") issued interpretation IFRIC 14, "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" ("IFRIC 14"). IFRIC 14 provides general guidance on how to assess the limit in IAS 19, "Employee Benefits", on the amount of a pension fund surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement. No additional liability need be recognised by the employer under IFRIC 14 unless the contributions that are payable under the minimum funding requirement cannot be returned to the company. IFRIC 14 was endorsed by the EU in December 2008, hence the Company adopted the new requirements on 1 January 2008. As the Company is the settler, it will have an unconditional right to any residual surplus once all the liabilities under the fund have been met, accordingly there is no impact on the Company's IAS19 results in respect of the scheme.

Transfer pricing

Tax transfer pricing charges are determined based on arm's length pricing principles. These net charges are adjusted as required due to evolving facts and changes in tax laws, progress of tax authority audits as well as tax authority negotiated arrangements for current and prior periods. Management continuously assesses these factors and makes adjustments as required.

Fair Value

As is the normal practice in the industry, the carrying values the Group reports in the financial statements with respect to financial instruments owned and financial instruments sold not yet purchased are in most cases based on fair value, with related unrealised and realised gains or losses included in the Income Statement. Fair value may be objective, as is the case for exchange-traded instruments, for which quoted prices in active and liquid markets generally exist, or as is the case where a financial instrument's fair value is derived from actively quoted prices or pricing parameters or alternative pricing sources with a reasonable level of price transparency. For financial instruments that trade infrequently and have little price transparency, fair value may be subjective and require varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Uncertainty of pricing assumptions and liquidity are features of both derivative and non-derivative transactions. These features have been considered as part of the valuation process. Certain financial instrument classes have become increasingly inactive throughout 2008 resulting in reduced observability of either transactions in the instruments or inputs used to value instruments. As such, the level of judgement being applied has increased substantially, and fair values are reliant upon a greater range of assumptions, which can lie within a range.

Control processes are applied to ensure that the fair value of the financial instruments reported in the consolidated financial statements, including those derived from pricing models, are appropriate and determined on a reasonable basis. These control processes include the review and approval of new instruments, review of profit and loss at regular intervals, risk monitoring and review, price verification procedures and reviews of models used to estimate the fair value of financial instruments by senior management and personnel with relevant expertise who are independent of the trading and investment functions.

For more details to the fair value of financial instruments and the assumptions on valuation models, see note 27e 'Fair Value of Financial Instruments'.

4. Net interest income

The following table sets forth the details of interest income and interest expenditure:

	2008 £000	2007 £000
Interest income on cash and cash equivalents	4,730	5,551
Interest expense	(4,927)	(5,465)
Net Interest income	**(197)**	**86**

5. Non-interest revenues and total operating expenses

The following table sets forth the details of commissions and fees:

	2008 £000	2007 £000
Net commissions and fees	(3,586)	(3,981)
Net commissions and fees	**(3,586)**	**(3,981)**

The following table sets forth the details of compensation and benefits:

	2008 £000	2007 £000
Salaries and bonuses	15,709	16,312
Social security	1,843	1,910
Pensions	611	448
Other	568	194
Net compensation and benefits	**18,731**	**18,864**

The following table sets forth the details of other expenses:

	2008 £000	2007 £000
Occupancy	944	1,175
IT and machinery	617	132
Depreciation	30	88
Amortisation	1,594	435
Commission	(5,154)	(10,774)
Provisions	498	2,926
Travel and entertainment	1,101	606
Professional services	5,106	1,669
Information	345	312
Other	25,558	26,063
Net other expenses	**30,639**	**22,632**
Total operating expenses	**49,370**	**41,496**

6. Trading activities

The following table sets forth the details of trading revenues:

	2008 £000	2007 £000
Investment income on trading assets	104	(156)
Net trading revenue / (loss)	**104**	**(156)**

Financial assets held at fair value through profit and loss

	Group 2008 £000	Group 2007 £000
Investment contracts:		
Debt instruments	-	487,144
Equity instruments	-	252,495
Other instruments	96	56,660
Total financial assets held at fair value through profit and loss	**96**	**796,299**
Held for sale- financial assets held at fair value through profit and loss. See note 8	**454,023**	-
Total financial assets held at fair value through profit and loss including held for sale	**454,119**	**796,299**

Financial liabilities held at fair value through profit and loss

	Note	Group 2008 £000	Group 2007 £000
Linked investment contracts		-	777,149
Third party interests in consolidated funds	17	4,883	28,164
Total financial liabilities held at fair value through profit and loss		**4,883**	**805,313**
Held for sale- financial assets held at fair value through profit and loss. See note 8		**469,577**	-
Total financial assets held at fair value through profit and loss including held for sale		**474,460**	**805,313**

The financial assets and liabilities have been designated at fair value to alleviate an accounting mismatch.

7. Income tax

Group	2008 £000	2007 £000
Current tax		
Current tax on losses for the period	(9,283)	(7,273)
Adjustments in respect of previous periods	(197)	(245)
	(9,480)	(7,518)
Foreign tax		
Foreign tax on profits for the period	-	602
Current tax	**(9,480)**	**(6,916)**
Current tax on discontinued operations (refer to Note 8)	14,145	4,346
Total current tax charge/(benefit) relating to continuing operations	**4,665**	**(2,570)**
Deferred tax		
Origination and reversal of temporary differences	78	525
Adjustments in respect of previous periods	693	1,187
Effect of changes in tax rate or the imposition of new taxes	-	466
Total deferred tax	**771**	**2,178**
Income tax charge/ (benefit)	**5,436**	**(392)**

The income tax benefit for the year can be reconciled to the loss per the income statement as follows:

Group	2008 £000	2007 £000
Loss before tax	(56,260)	(109,687)
Loss before tax multiplied by the UK statutory rate of corporate tax at the rate of 28.5% (2007:30%)	(16,030)	(32,907)
Other permanent differences	4,018	26,367
Adjustments to current tax in respect of previous periods	(206)	(245)
Adjustments to deferred tax in respect of previous periods	702	1,187
Excess foreign taxes suffered	-	437
Tax effect of utilising tax losses on which no deferred tax previously recognised	-	(43)
Effect on deferred tax resulting from changes to tax rates	-	466
Share based compensation	2,760	-
Other (change in tax rate on 2008 timing movements)	47	-
Income tax benefit	**(8,709)**	**(4,738)**
Current tax on discontinued operations (refer to Note 8)	**14,145**	**4,346**
Income tax charge / (benefit) relating to continuing operations	**5,436**	**(392)**

Deferred taxes not recognised

Deferred tax assets are recognised on deductible temporary differences, tax loss carry forwards and tax credits only to the extent that realisation of the related tax benefit is probable. The Group had estimated tax losses as at 31 December 2008 of £1.9 million (2007: £1.9 million). The benefit of these losses has not been recognised in these financial statements due to the uncertainty of their recoverability. These losses do not have an expiry date.

7. Income tax (continued)

Deferred taxes
Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 28% (2007: 28%).

Group	2008 £000	2007 £000
Deferred tax assets	4,484	7,066
Net position	**4,484**	**7,066**

The movement for the year on the deferred tax position was as follows:

Group	2008 £000	2007 £000
Balance at the beginning of the year	7,066	8,930
Benefit to income for the year	(78)	(525)
Adjustments in respect of previous periods	(693)	(1,187)
Movement through equity	(1,811)	314
Effect of change in tax rate	-	(466)
At end of year	**4,484**	**7,066**

Deferred tax assets are attributable to the following items:

Group	2008 £000	2007 £000
Deferred tax assets		
Decelerated tax depreciation	1,671	1,015
Stock based compensation	2,813	5,868
Other short term temporary differences	-	183
At end of year	**4,484**	**7,066**

8. Assets and liabilities held for sale and discontinued operations

Strategic collaboration with Aberdeen Asset Management

Credit Suisse group continues to implement its strategy to focus on high-margin, scalable businesses and to reduce its cost base. As part of this strategy Credit Suisse group announced on 31 December 2008 the sale of the majority of its global investors business in Europe (excluding Switzerland), the US and Asia Pacific in a strategic collaboration with AAM, one of the UK's leading institutional asset managers, for up to a maximum of 24.9% of the share capital of AAM. Credit Suisse group will have a seat on the Board of Directors of AAM.

The transaction was closed on 1 July 2009. A direct subsidiary, Credit Suisse Pooled Pensions Limited has been sold in its entirety and a majority of the assets under management relating to other subsidiaries have also been sold to AAM.

The strategic collaboration between AAM and Credit Suisse group will allow its clients to benefit from superior investment performance in core traditional products, and enable it to benefit from AAM's proven capability as a business consolidator.

8. Assets and liabilities held for sale and discontinued operations (continued)

The global investors business to be sold to AAM, including the costs associated with the transaction and restructuring, has been presented as discontinued operations and therefore has not been included in the profit of continuing operations. Prior periods have been restated to conform to the current presentation.

Profit/ (loss) from discontinued operations

	2008 £000	2007 £000
Profit/ (loss) from discontinued operations		
Net revenues	88,835	117,034
Total expenses	(84,417)	(182,577)
Profit/ (loss) from discontinued operations before tax	**4,418**	**(65,543)**
Income tax credit	14,145	4,346
Profit/ (loss) from discontinued operations, net of tax	**18,563**	**(61,197)**

	2008 £000	2007 £000
Assets held for sale		
Cash and cash equivalents	32,773	-
Other financial assets held at fair value through profit and loss	450,651	-
Other loans and receivables	6,006	-
Current tax assets	1,490	-
Total assets held for sale	**490,920**	**-**
Liabilities held for sale		
Other financial liabilities held at fair value through profit and loss	469,577	-
Current tax liability	522	-
Other liabilities at amortised cost	12,410	-
Total liabilities held for sale	**482,509**	**-**

9. Cash and cash equivalents

	Group 2008 £000	Group 2007 £000
Cash at bank and in hand	175,141	121,984
Cash and cash equivalents	**175,141**	**121,984**
Held for sale - cash and bank balance	32,773	-
Cash and cash equivalents - including held for sale	**207,914**	**121,984**

9. Cash and cash equivalents (continued)

	Company 2008 £000	Company 2007 £000
Cash at bank and in hand	87,307	42,631
Cash and cash equivalents	**87,307**	**42,631**

Cash at bank earns interest at floating rates based on daily bank deposit rates. The book value of cash and cash equivalents approximates its fair value. The Company's exposure to credit risk is represented by the carrying value of the assets.

10. Other loans and receivables

	Group 2008 £000	Group 2007 £000
Linked fund receivables	-	3,860
Interest and fees receivable	10,071	13,792
Amounts owed by Credit Suisse group companies	83,298	17,039
Trade and other receivables	7,779	12,856
Total other loans and receivables	**101,148**	**47,547**
Held for sale- other loans and receivable	6,006	-
Total other loans and receivable- including held for sale	**107,154**	**47,547**

	Company 2008 £000	Company 2007 £000
Amounts owed by Credit Suisse group companies	80,656	25,913
Interest and other receivables	3,314	1,201
Total other loans and receivables	**83,970**	**27,114**

The directors consider that the carrying amount of trade and other receivables approximates to its fair value.

Ageing of past due receivables

Group 2008	1-30 days	31-90 days	Over 90 days
Accounts receivable	5,085	888	472

10. Other loans and receivables (continued)

2007	1-30 days £000	31-90 days £000	Over 90 days £000
Accounts receivable	6,263	452	285

All Company receivables are inter-company and interest receivables.

No receivables are deemed impaired therefore no provision for doubtful debt has been made.

11. Fixed assets

Group and Company

2008	Furniture and equipment £000	Leased assets £000	Total £000
Cost			
Cost as at 1 January 2008	9,953	1,101	11,054
Additions	586	150	736
Retirement	(157)	-	(157)
Cost as at 31 December 2008	10,382	1,251	11,633
Accumulated depreciation			
As at 1 January 2008	8,838	887	9,725
Charge for the period	409	364	773
Accumulated depreciation as at 31 December 2008	9,247	1,251	10,498
Net book value			
As at 1 January 2008	1,115	214	1,329
As at 31 December 2008	**1,135**	**-**	**1,135**

Group and Company

2007	Furniture and equipment £000	Leased assets £000	Total £000
Cost			
Cost as at 1 January 2007	9,616	1,180	10,796
Additions	337	-	337
Other	-	(79)	(79)
Cost as at 31 December 2007	9,953	1,101	11,054
Accumulated depreciation			
As at 1 January 2007	7,978	576	8,554
Charge for the period	860	311	1,171
Accumulated depreciation as at 31 December 2007	8,838	887	9,725
Net book value			
As at 1 January 2007	1,638	604	2,242
As at 31 December 2007	**1,115**	**214**	**1,329**

12. Intangibles

Group and Company	2008 £000	2007 £000
Cost		
Cost as at 1 January	4,347	4,347
Additions	636	-
Cost as at 31 December	4,983	4,347
Accumulated amortisation		
Accumulated amortisation as at 1 January	1,160	724
Charge for the period	253	436
Impairment loss	3,187	-
Accumulated amortisation as at 31 December	4,600	1,160
Net book value 1 January	3,187	3,623
Net book value 31 December	**383**	**3,187**

The Artemis intangible asset was impaired due to the sale of majority of global investors business. See Note 8.

13. Capital work-in-progress

Group and Company	2008 £000	2007 £000
Cost		
Cost as at 1 January	4,877	-
Additions	-	4,877
Impairment	(4,877)	-
Cost as at 31 December	**-**	**4,877**

Internally developed software was impaired due to the sale of majority of global investors business. See Note 8.

14. Investment in subsidiaries

The Company's subsidiaries are all wholly owned and incorporated in England and Wales. The subsidiary undertakings, direct and indirect, of the Company at 31 December 2008, which are consolidated in these Financial Statements, are as follows:

Direct subsidiaries:	Nature of Business	Status
Credit Suisse Asset Management Funds (UK) Limited	Management of Open Ended Investment Companies and Unit Trusts	-
Credit Suisse Asset Management Limited	Provision of asset management	-
Credit Suisse Pooled Pensions Limited	Provision of pooled Corporate Pensions	Sold to Aberdeen Asset Management Plc on 1 July 2009.
Credit Suisse Property Investment Management Limited	Provision of specialist property asset management and consultancy services	-

14. Investment in subsidiaries (continued)

Indirect subsidiaries:		
Courts Nominees Limited	Provision of nominee services	Sold to Aberdeen Asset Management Plc on 1 July 2009.
Cockspur Property (General Partner) Limited	Provision of property management services to a limited partnership	Sold to Aberdeen Asset Management Plc on 1 July 2009.
Cockspur Property Nominee (No.1) Limited	Provision of nominee services	Sold to Aberdeen Asset Management Plc on 1 July 2009.
Mare Nominees Limited	Provision of nominee services	-

	2008	2007
	£000	£000
Cost at 1 January	122,991	182,031
Authorised and issued share capital	-	25,000
Increase in the investment in subsidiaries	35,000	20,000
Liquidation of subsidiaries	-	(19,850)
Impairment	(8,511)	(84,190)
Cost at 31 December	**149,480**	**122,991**
Investment in subsidiaries held for sale (included above)	4,058	-
Investment in subsidiaries- without held for sale	**145,422**	**122,991**

In 2008, two direct subsidiaries, CSAM Nominees Limited and CSAM MM Nominees Limited were dissolved.

There was an increase in authorised and issued share capital for Credit Suisse Asset Management Limited. On 17 October 2008, 100,000,000 additional ordinary shares of £0.10 each were authorised and issued. On 23 December 2008, 100,000,000 additional ordinary shares of £0.10 each were authorised and issued. There was also an increase in authorised and issued share capital for Credit Suisse Asset Management Funds (UK) Limited. On 17 October 2008, 5,000,000 additional ordinary shares of £1.00 each were authorised and issued. On 23 December 2008, 10,000,000 additional ordinary shares of £1.00 each were authorised and issued. These shares were issued at par and fully paid in cash on application.

Impairment of investment in subsidiaries

On 31 December 2008 an agreement had been entered between Credit Suisse and AAM relating to the sale of the majority of their global investors business in Europe (excluding Switzerland), the US and Asia Pacific. The following legal entities were also sold in entirety to AAM on 1 July 2009:

- Credit Suisse Pooled Pensions Limited
- Cockspur Property (General Partner) Limited
- Cockspur Property Nominee (No.1) Limited
- Courts Nominees Limited

The investment in subsidiaries balance was reviewed for impairment in the year as a result of the ongoing losses experienced by a number of the subsidiary entities. The respective positions have been impaired in accordance with the requirements of IFRS.

14. Investment in subsidiaries (continued)

Direct subsidiaries:	Particulars:	£000
Credit Suisse Property Investment Management Limited	Cash received does not exceed the recognise cost value of the investment in subsidiary.	8,511
Indirect subsidiaries:		
Courts Nominees Limited	Sold to Aberdeen Asset Management Plc on 1 July 2009 and no consideration received.	-
Cockspur Property (General Partner) Limited	Sold to Aberdeen Asset Management Plc on 1 July 2009 and no consideration received.	-
Cockspur Property Nominee (No. 1) Limited	Sold to Aberdeen Asset Management Plc on 1 July 2009 and no consideration received.	-

15. Overdraft

	Group 2008 £000	Group 2007 £000
Overdrafts with banks	19,444	-
Total overdraft	**19,444**	**-**

The Group opened inter-company cash accounts with CS Zurich during the year.

16. Loans payable

	Group 2008 £000	Group 2007 £000
Loans payable	79,750	79,750
Loans payable	**79,750**	**79,750**

Credit Suisse London Branch advanced the Group £70.0 million as a three month rolling loan on 7 December 2007. The interest rate is LIBOR + 48bps. This loan replaced the subordinated loan facility from the Credit Suisse Asset Management division of Credit Suisse group originally advanced on 29 December 1999.

The Credit Suisse Asset Management division of Credit Suisse group, advanced to the Group £9.75 million as a subordinated loan facility on 29 December 1999. The loan is repayable upon the expiry of one month's written notice given by Credit Suisse to the Group. The loan is fixed with 6 months LIBOR plus 30 basis points; the average interest rate for 2008 was 6.52% (2007: 6.14%).

16. Loans payable (continued)

	Company 2008 £000	Company 2007 £000
Loans payable	70,000	70,000
Loans payable	**70,000**	**70,000**

Credit Suisse London Branch advanced the Company £70.0 million as a three month rolling loan on 7 December 2007. The interest rate is LIBOR + 48bps. This loan replaced the subordinated loan facility from Credit Suisse Asset Management division of Credit Suisse group originally advanced on 29 December 1999.

17. Third party interests in consolidation of funds

	Group 2008 £000	Group 2007 £000
Third party interests in consolidation of funds at the beginning of the year	28,164	49,425
Fund interest (decrease)	(23,281)	(21,261)
Third party interests in consolidation of funds at the end of the year	**4,883**	**28,164**

18. Other liabilities at amortised cost

	Note	Group 2008 £000	Group 2007 £000
Linked fund payables		-	13,614
Amounts owed to Credit Suisse group companies		79,337	22,885
Finance lease obligations	20	-	274
Other liabilities at amortised cost		36,926	48,323
Total other liabilities at amortised cost		**116,263**	**85,096**
Held for sale-Other Liabilities at amortised cost	8	**12,410**	**-**
Other Liabilities at amortised cost-held for sale		**128,673**	**85,096**

18. Other liabilities at amortised cost (continued)

	Note	Company 2008 £000	Company 2007 £000
Amounts owed to Credit Suisse group companies		67,264	18,149
Finance lease obligations	20	-	274
Other liabilities at amortised cost		28,340	33,310
Total other liabilities at amortised cost		**95,604**	**51,733**

The directors consider that the carrying amount of liabilities at amortised cost approximates to their fair value.

19. Provision for liabilities and charges

Group and Company

	Restructuring £000	Unoccupied space £000	Total £000
Balance as at 1 January 2008	3,174	928	4,102
Utilised during the year	(3,157)	(248)	(3,405)
Additional/(release) provision	251	(196)	55
Balance as at 31 December 2008	**268**	**484**	**752**

Group and Company

	Pension £000	Restructuring £000	Unoccupied space £000	Total £000
Balance as at 1 January 2007	100	3,961	1,603	5,664
Utilised during the year	(100)	(680)	(1,552)	(2,332)
Additional/(release) provision	-	(107)	877	770
Balance as at 31 December 2007	**-**	**3,174**	**928**	**4,102**

Restructuring
The restructuring provision covers property related costs as a result of the acquisition of the three principal UK asset management businesses of Sun Life Financial of Canada in 2001. The final lease on the property at 75 King William Street was surrendered to the landlord during the year. The remaining provision balance for the property relates to a potential service charge payment for a lease on which an option to break was exercised in 2004.

Unoccupied space
This relates to an estimated shortfall in rental income on floor space in Beaufort House which became vacant in early 2007. The lease expires in 2015 and payments will continue to be made until 30 December 2015. The Group has signed a sub-letting agreement for which rental income was receivable from April 2009 onwards.

20. Obligations under finance lease

Group and Company	2008 £000	2007 £000
Less than one year	-	274
Between two and five years	-	-
	-	**274**

21. Called-up share capital

	Group and Company 2008 £000	Group and Company 2007 £000
Authorised:		
150,000,000 ordinary shares of GBP £1 each	150,000	45,000
Called up, allotted, fully paid:		
144,198,587 ordinary shares of GBP £1 each	144,199	39,199

In 2008, £105 million share capital was received from the Group parents. A £81.4 million share capital was received from Credit Suisse Group and a £23.6 million from Credit Suisse Asset Management Holding Europe (Luxembourg) to fund the losses incurred during 2008. £35 million capital contribution was passed down to the subsidiaries Credit Suisse Asset Management Limited and Credit Suisse Asset Management Funds (UK) Limited. See note 14.

In 2008, there was an increase in authorised and issued share capital. On 27 February 2008, 30,000,000 additional ordinary shares of £1.00 each were authorised and issued. On 28 February 2008, these shares were issued at par and fully paid in cash on application. On 17 October 2008, a further 15,000,000 additional ordinary shares of £1.00 each were authorised and issued. These shares were issued at par and fully paid in cash on application. On 22 December 2008, 60,000,000 additional ordinary shares of £1.00 each were authorised and issued. On 23 December 2008, these shares were issued at par and fully paid in cash on application.

The capital of the Company is represented by 144,198,587 ordinary shares.

The Group's regulator, the Financial Services Authority ('FSA'), sets and monitors capital requirements for the Group. In implementing current capital requirements the FSA requires the Group to have capital in excess of its capital requirements.

Capital is calculated in three 'Tiers'. Tier 1 is share capital, share premium, non-cumulative preference shares and audited reserves, adjusted to reflect differences in regulatory treatments for certain asset portfolios. Tier 2 is other preference shares and long term subordinated debt and Tier 3 is trading book profits and short term subordinated debt adjusted for illiquid assets and qualifying property. The capital requirements are calculated and split into expenditure, risk, foreign exchange and other asset requirements.

The capital balances and capital requirements are monitored on a monthly basis by the regulatory reporting departments of the Credit Suisse group and the directors of the Company. Funding from the parent companies Credit Suisse and Credit Suisse Asset Management Holding Europe (Luxembourg) is provided when necessary to meet capital requirements and is approved by the Credit Suisse group Treasury Department.

The CSG's policy is to maintain a strong capital base so as to provide returns to the shareholders and sustain future development of the business. The directors of the Company monitor the capital base and the return of capital to investors.

22. Related party transactions

The Company is ultimately wholly owned by CSG, which is incorporated in Switzerland. Copies of the accounts of the ultimate parent company 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 following table sets forth the details of related party balances and transactions:

a) Related party assets

Group

	2008 £000 Fellow Credit Suisse group Companies	2007 £000 Fellow Credit Suisse group Companies
Assets		
Amounts owed by Credit Suisse group companies	83,298	17,039
Cash & bank with Credit Suisse group companies	4,806	-
Other financial assets held at fair value through profit and loss	-	568,414
Corporation tax recoverable – group relief	11,814	16,503
Total assets	**99,918**	**601,956**
Liabilities		
Loans payable	79,750	79,750
Third party interest in consolidation of funds	4,883	28,164
Amounts owed to Credit Suisse group companies	79,337	22,885
Overdraft with Credit Suisse group companies	19,270	-
Total liabilities	**183,240**	**130,799**

Company

	2008 £000 Fellow Credit Suisse group Companies	2007 £000 Fellow Credit Suisse group Companies
Assets		
Investment in the Group subsidiaries	149,480	122,991
Amounts owed by Credit Suisse group companies	80,656	25,913
Cash & bank with Credit Suisse group companies	4,806	-
Corporation tax recoverable – group relief	3,871	-
Total assets	**238,813**	**148,904**
Liabilities		
Loans payable	70,000	70,000
Amounts owed to Credit Suisse group companies	67,264	18,149
Total liabilities	**137,264**	**88,149**

22. Related party transactions (continued)

b) Related party revenues and expenses

Group

	2008 £000 Fellow Credit Suisse group Companies	2007 £000 Fellow Credit Suisse group Companies
Interest expense	(4,808)	(5,325)
Advisory and service fees	1,207	437
Other revenues	(230)	-
Net operating loss	**(3,831)**	**(4,888)**
Other expenses	3,332	1,992
Global cost allocation	(6,187)	(4,939)
Total operating expenses	**(2,855)**	**(2,947)**

Company

	2008 £000 Fellow Credit Suisse group Companies	2007 £000 Fellow Credit Suisse group Companies
Interest expense	(4,173)	(4,727)
Other Revenues	(230)	-
Net operating loss	**(4,403)**	**(4,727)**
Other expenses	3,047	1,337
Global cost allocation	(4,368)	(4,939)
Cost allocation recharge to subsidiaries	(4,772)	8,104
Total operating expenses	**(6,093)**	**4,502**

c) Remuneration of directors

	2008 £000	2007 £000
Directors' emoluments	2,725	4,912
Amounts receivable under long term incentive schemes	1,085	2,294
Compensation for loss of office	597	77
	4,407	**7,283**
Company contributions to money purchase pension schemes	194	180
	4,601	**7,463**

Under IFRS the aggregate value of compensation provided in the accounts for 2008 for directors was £7,918,102 (2007 restated: £8,219,019). All director costs for the subsidiaries are borne by the Credit Suisse Asset Management (UK) Holding Limited and these costs are allocated to the subsidiaries, they are included in the costs disclosed above. Where directors and key management personnel perform services for a number of companies within the CSG, the total emoluments payable to each director have been apportioned to the respective entities. Included in amounts receivable under long term incentive schemes is £288,706 (2007: £99,279) relating to cash schemes.

22. Related party transactions (continued)

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £1,071,534 (2007: £1,317,088). The individual was a member of a money purchase pension scheme and the contribution paid during the year for the money purchase pension scheme was £12,545 (2007: £16,971). During the year the highest paid director received an entitlement to shares under a long term incentive scheme.

Retirement benefits are accruing to the following number of directors under:	Number of directors 2008	Number of directors 2007
Money purchase schemes	14	12
Defined benefit schemes	-	-
Both money purchase and defined benefit	3	4
The number of directors who exercised share options	-	2
Directors in respect of whose services shares were received or receivable under long term incentive schemes	16	19

The total number of directors includes all directors of the Group (including parent and the subsidiary companies).

d) Remuneration of key management personnel

	2008 £000	2007 £000
Emoluments	2,716	6,754
Amounts receivable under long term incentive schemes	4,403	3,645
Compensation for loss of office	597	77
	7,716	**10,476**
Company contributions to money purchase pension schemes	194	245
	7,910	**10,721**

Key Management Personnel include all Directors, the Investment Banking Committee (EMEA - Europe, Middle East and Africa) of Credit Suisse Group and significant management responsible for the business.

23. Share awards

Payment of share-based compensation and other compensation benefits is determined by the nature of the business, role, location and performance of the employee. Unless there is a contractual obligation, share-based compensation and other compensation benefits is solely at the discretion of the Company and CSG.

Compensation and benefits for a given year include fixed components, such as salaries, benefits and the expense from share-based and other deferred compensation from prior-year awards, and a variable component. The variable component reflects the performance-based and retention compensation for the current year. The portion of the variable compensation for the current year deferred through share-based and other awards is expensed in future periods and subject to vesting and other conditions.

Share-based compensation is an important part of the overall compensation package for selected employees and senior executives. Share-based compensation is designed to promote employees' focus on long-term performance, align the interests of employees and shareholders and foster retention. The majority of share-based compensation is granted as part of the annual incentive performance bonus subsequent to the fiscal year to which

23. Share awards (continued)

the incentive performance bonus relates. Share-based compensation is generally subject to restrictive features such as vesting, forfeiture and blocking rules.

Total compensation expense for equity-settled share based plans recognised during 2008 and 2007 was £14,333,538 and £8,518,478 respectively. The average weighted fair value of awards granted in 2008 was CHF 65.59 (2007: CHF88.54).

Incentive Share Unit (ISU)
Since 2007, CSG has granted ISUs as the main form of share-based deferred variable compensation. An ISU is a unit that is similar to shares, but offers additional upside depending on the development of the CSG share price. For each ISU granted, the employee will receive at least one CSG share (ISU Base Unit) and could receive additional CSG shares (ISU Leverage Unit) if the monthly average CSG share price increases during the three-year contractual term of the award as compared to the baseline CSG share price determined on the grant date. The number of ISU Leverage Units to be converted to CSG shares will be determined by multiplying the total number of ISU Base Units granted, less forfeitures, by the leverage payout ratio defined in the terms and conditions of the award. Each ISU Base Unit will vest at a rate of one-third of a share per year over three years, with the ISU Leverage Units vesting on the third anniversary of the grant date, depending on the development of the CSG share price. Settlement of ISUs is subject to continued employment with CSG and certain retirement arrangements.

Movements in the number of ISUs outstanding were as follows:

		2008		2007
		Thousands		Thousands
ISU Awards	Base	Leverage	Base	Leverage
As at 1 January	72	72	-	-
Granted	378	378	100	100
Share transferred out	(7)	(7)	-	-
Delivered	(38)	-	(13)	-
Forfeited	(45)	(143)	(15)	(28)
As at 31 December	**360**	**300**	**72**	**72**

Performance Incentive Plan units (PIPs)
As part of its annual incentive performance bonus process for 2004 and 2005, CSG granted PIP share units during 2005 and 2006, respectively. PIP units are long-term retention incentive awards requiring continued employment with CSG, subject to restrictive covenants and cancellation provisions, and vest evenly over a five-year period. Each PIP unit will settle for a specified number of registered CSG shares subsequent to the fifth anniversary of the grant date based on the achievement of: (i) earnings performance as compared to predefined targets (performance conditions); and (ii) CSG share price performance compared to predefined targets and CSG share price performance relative to peers (market conditions). The performance conditions will determine the multiplier, ranging between zero and three, for the final number of PIP units. The market conditions will determine the number of CSG shares that each PIP unit will convert into at settlement.

23. Share awards (continued)

Movements in the number of PIP units outstanding were as follows:

	2008 Thousands	2007 Thousands
PIP Units		
As at 1 January	93	90
Granted	-	7
Shares transferred out	(1)	-
Delivered	-	-
Forfeited	(6)	(4)
As at 31 December	**86**	**93**

Share Awards
CSG's share-based compensation as part of the yearly discretionary performance bonus in prior years included three different types of share awards: phantom shares, LPA and special awards. These share awards entitle the holder to receive one registered CSG share subject to continued employment with CSG, restrictive covenants and cancellation provisions, and generally vest between zero and three years. In 2007, CSG introduced the ISU share-based plan described above to replace the PIP, phantom share and LPA awards granted in prior years. Phantom shares vest in three equal installments on each of the first, second and third anniversaries of the grant date and convert to registered CSG shares. LPAs vest in full on the third anniversary of the grant. Special awards are generally CSG shares, which may be granted to new employees. These special awards may contain vesting conditions, depending on the terms of employment.

Movements in the number of share awards outstanding were as follows:

	2008 Thousands	2007 Thousands
Share awards		
As at 1 January	253	243
Granted	40	151
Shares Transferred Out	(20)	0
Delivered	(124)	(112)
Forfeited	(10)	(29)
As at 31 December	**139**	**253**

Cash Retention Awards (CRA)
In connection with the 2008 compensation awards, a portion of the variable compensation was granted in the form of Cash Retention Awards (CRA). These CRA payments, which were made in the first quarter of 2009, are subject to vesting ratably over a two-year period and to other conditions and any unvested CRA will have to be repaid if a claw-back event, such as voluntary termination of employment, occurs. The recognition of compensation expense for the CRA granted in January 2009 began in 2009 and thus had no impact on the 2008 consolidated financial statements.

24. Retirement Benefit Obligations

The following disclosures contain the balances for the entire defined benefit plan sponsored by CSS (Europe) Ltd, of which the Company is one of many participants, who are all related parties under common control. The Company accounts for its share of the plan using defined contribution accounting. During 2008 the Company expensed £2,802,000 (2007: £4,268,000) in respect of its contributions to the UK defined benefit scheme.

The following table shows the changes in the defined benefit obligation and the fair value of plan assets during 2008 and 2007, and the amounts included in the consolidated balance sheets for the CSG's defined benefit pension and other post-retirement defined benefit plans as at 31 December 2008 and 2007 respectively:

24. Retirement Benefit Obligations (continued)

	Defined benefit pension plans	
	2008	2007
	£000	£000
Defined benefit obligation – 1 January	691,418	699,457
Plan participant contributions	-	-
Current service cost	3,982	1,919
Interest cost	39,838	35,566
Actuarial losses - assumptions	(133,562)	(32,375)
Actuarial losses - experience	20,835	(8,916)
Benefit payments	(9,242)	(4,233)
Past service cost	462	-
Curtailment costs	(948)	-
Defined benefit obligation - 31 December	**612,783**	**691,418**
Fair value of plan assets – 1 January	686,472	508,275
Actual return on plan assets	(50,344)	37,620
Contributions	75,477	144,810
Benefit payments	(9,242)	(4,233)
Fair value of plan assets - 31 December	**702,363**	**686,472**

CSS (Europe) Ltd has agreed the valuation and funding of the UK defined benefit pension plan with the Pension Fund Trustees as at 31 December 2005. Lump sum contributions were paid by CSS (Europe) Ltd of £140m in March 2007 and £70m in January 2008. Additional annual tail contributions of £2m paid in April 2009 and £2m are expected in April of each year from 2010 until 2015, subject to the results of the next formal valuation, due as at 31 December 2008.

Assumptions

The weighted average assumptions used in the measurement of the benefit obligation and net periodic pension cost for the defined pension plan as at 31 December were as follows:

31 December	2008 %	2007 %
Benefit obligations		
Discount rate	6.25	5.80
Inflation	2.85	3.20
Pension increases *	2.85	3.20
Salary increases	4.10	4.95
Net periodic pension cost		
Discount rate	5.80	5.10
Salary increases	4.95	4.60
Expected long-term rate of return on plan assets	7.75	7.35

* Pension earned before 6 April 1997 is subject to pension increases on a discretionary basis.

Mortality Assumptions

The assumptions for life expectancy in the 2008 benefit obligation calculations pursuant to IAS 19 are based on 00 series year of birth mortality tables with a scaling factor of 85% projected to date with allowance for the

24. Retirement Benefit Obligations (continued)

medium cohort and then projected forwards with allowance for the medium cohort but subject to an underpin to longevity improvement rates of 0.5% p.a. for females and 1% p.a. for males.
On this basis the post-retirement mortality assumptions are as follows:

	2008 Years	2007 Years
Life expectancy at age 60 for current pensioners aged 60		
- Males	28	28
- Females	30	30
Life expectancy at age 60 for future pensioners currently aged 40		
- Males	31	30
- Females	32	31

Sensitivity Analysis

Changes in the principal assumptions used to measure the benefit obligation and total periodic pension cost would have had the following effects:

	Increase £000	Increase %	Decrease £000	Decrease %
Benefit obligation				
One-percentage point change				
- Discount rate	176,728	29	(134,357)	(22)
- Inflation	148,897	24	(117,350)	(19)
- Salary increases	9,725	2	(9,155)	(1)
1 year to life expectancy at 60	11,272	2	(11,213)	(2)
Total periodic pension cost				
One-percentage point change				
- Expected return on assets	7,547	57	(7,546)	(57)

Plan assets and investment strategy

CSS (Europe) Ltd defined benefit pension plan employs a total return investment approach, whereby a diversified mix of equities, fixed income investments and alternative investments is used to maximise the long term return of plan assets while incurring a prudent level of risk. The intention of this strategy is to outperform plan liabilities over the long run in order to minimise plan expenses. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. Furthermore, equity investments are diversified across UK and non-UK stocks as well as between growth, value and small and large capitalisation stocks. Other assets such as hedge funds are used to enhance long term returns while improving portfolio diversification. Derivatives may be used to take market exposure, but are not used to leverage the portfolio beyond the market value of the underlying investments. Investment risk is measured and monitored on an ongoing basis through annual liability measurements, periodic asset/liability studies and quarterly investment portfolio reviews. To limit investment risk, CSS (Europe) Ltd pension plans follow defined strategic asset allocation guidelines. Depending on the market conditions, these guidelines are even more limited on a short-term basis.

24. Retirement Benefit Obligations (continued)

CSS (Europe) Ltd employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at the 31 December 2008.

		2008		2007
	Fair value £000	% of total fair value of scheme assets	Fair value £000	% of total fair value of scheme Assets
Equity securities	337,505	48.1	440,344	64.1
Debt securities	175,430	25.0	135,007	19.7
Alternative Investments (primarily Hedge funds)	187,891	26.7	110,070	16.0
Cash	1,537	0.2	1,051	0.2
Fair value of plan assets	702,363	100	686,472	100

Defined Contribution Pension Plans

The Company also contributes to various defined contribution pensions primarily in the United Kingdom. The contributions in these plans during 2008 and 2007 were £2,939,000 and £2,917,000 respectively.

25. Commitments

The Group leases office space under non-cancellable operating lease arrangements. The lease terms are 15 years and the majority of the lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Group	2008 £000	2007 £000
No later than one year	651	637
Later than one year and no later than 5 years	2,604	2,548
Later than 5 years	1,299	1,908
At 31 December	**4,554**	**5,093**

26. Auditors' remuneration

	2008 £000	2007 £000
Audit fee	162	140
Other advisory services	119	212
Auditors' remuneration	**281**	**352**

27. 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. Credit Suisse group's risk management framework is based on the following principles, which apply universally across all businesses and risk types.

- Protection of financial strength: Credit Suisse group manages risk in order to limit the impact of potentially adverse events on Credit Suisse group's capital and income. Credit Suisse group's risk appetite is to be consistent with its financial resources.
- Protection of reputation: The value of the Credit Suisse group franchise depends on its reputation. Protecting a strong reputation is both fundamental and an overriding concern for all staff members.
- Risk transparency: Risk transparency is essential so that risks are well understood by senior management and members of the CSG Board of Directors and can be balanced against business goals.
- Management accountability: Credit Suisse group is organised into segments that own the comprehensive risks assumed through their operations. Management of each segment is responsible for the ongoing management of their respective risk exposures and earning a sufficient long term return for the risks taken.
- Independent oversight: Risk management is a structured process to identify, measure, monitor and report risk. The risk management, controlling and legal and compliance functions operate independently of the front office to ensure the integrity of the Credit Suisse group's control processes. The risk management functions are responsible for implementing all relevant risk policies, developing tools to assist senior management to determine risk appetite and assessing the overall risk profile of Credit Suisse group.

Risk management oversight

Risk management oversight is performed at several levels in the organisation. Key responsibilities lie with the following management bodies and committees.

<u>Risk management oversight at the Credit Suisse group management level</u>

- 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:
    - Strategic Risk Management ('SRM'): SRM is responsible for assessing the overall risk profile on a Credit Suisse group-wide, portfolio level and for individual businesses, and recommending corrective action where necessary.
    - Risk Measurement and Management ('RMM'): RMM is responsible for the measurement and reporting of credit risk, market risk, operational risk and economic risk capital data, managing risk limits and establishing policies on market risk and economic risk capital.

27. Financial risk management (continued)

- o Credit Risk Management ('CRM'): CRM is headed by the Chief Credit Officer with responsibility for approving credit limits, monitoring and managing individual exposures and assessing and managing the quality of the segment and business area's credit portfolios and allowances.
- o Bank Operational Risk Oversight ('BORO'): BORO is responsible for oversight of Credit Suisse group's operational risk, including governance and policy aspects, development and reporting of key risk indicators as well as operational risk capital management and allocation.

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

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

- Credit risk
- Liquidity risk
- Market risk

b) Credit risk

Overview
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 Group does not undertake lending activity as part of its business. Its debtors typically consist of amounts which arise incidentally to its business, for example, management fee income receivable and inter company receivables. With regards the financial assets held at fair value, the majority of the credit risk is borne by the underlying unit holders who hold all the units in the Group subsidiary, Credit Suisse Pooled Pension Limited funds. The credit risk to Credit Suisse Pooled Pensions is amounts which arise incidentally to its business, for example, management fee income receivable and inter company receivables. For debtors it should be noted that the Group has a mandate to debit fees directly from the client portfolio in the majority of cases. This would further mitigate the credit risk exposure in relation to the fee income receivable. The Group only deposits cash with reputable banks of good credit rating. The Group monitors these banks for any charges to their credit rating.

27. Financial risk management (continued)

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

	Group 2008 £000	Group 2007 £000
Cash and cash equivalents	207,914	121,984
Financial assets held at fair value through profit or loss. See note 6.	454,119	796,299
Other loans and receivables	107,154	47,547
Total financial assets	**769,187**	**965,830**

	Company 2008 £000	Company 2007 £000
Cash and cash equivalents	87,307	42,631
Other loans and receivables	83,970	27,114
Total financial assets	**171,277**	**69,745**

The amounts in the above table are based on carrying value. For disclosure on past due receivables refer note 10.

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities. In the ordinary course of business the Group enters into transactions which result in financial liabilities. In addition, the Group has a loan payable on demand with a related party. The Treasury department manages the day-to-day liquidity position of the Credit Suisse group. The Group is managed within the framework below.

Liquidity is managed as a central Credit Suisse group function to ensure that sufficient funds are either on hand or readily available at short notice. These funds are raised directly by Credit Suisse group and its branches, with access to stable deposit-based core funds and the inter-bank markets. The following table sets out details of the remaining undiscounted contractual maturity for financial liabilities.

Group
2008

	On demand £000	Due within 3 months £000	Due between 3 and 12 months £000	Due between 1 and 5 years £000	Due after 5 years £000	Total £000
Overdraft	19,444	-	-	-	-	19,444
Loans payable	79,750	-	-	-	-	79,750
Other financial liabilities designated at fair value through profit and loss	469,577	-	-	-	-	469,577
Third party interest in consolidated funds	4,883	-	-	-	-	4,883
Other liabilities at amortised cost	-	128,673	-	-	-	128,673
Total financial liabilities	**573,654**	**128,673**				**702,327**

The Group has disclosed the total of the linked liabilities balance as being "on demand" as the unit holders receive their funds on the day or in one day's time should they be called.

27. Financial risk management (continued)

2007

	On demand £000	Due within 3 months £000	Due between 3 and 12 months £000	Due between 1 and 5 years £000	Due after 5 years £000	Total £000
Loans payable	79,750	-	-	-	-	79,750
Other financial liabilities designated at fair value through profit and loss	777,149	-	-	-	-	777,149
Third party interest in consolidated funds	28,164					28,164
Other liabilities at amortised cost	-	85,096	-	-	-	85,096
Total financial liabilities	**885,063**	**85,096**	-	-	-	**970,159**

The Group has disclosed the total of the linked liabilities balance as being "on demand" as the unit holders receive their funds on the day or in one day's time should they be called.

Company
2008

	On demand £000	Due within 3 months £000	Due between 3 and 12 months £000	Due between 1 and 5 years £000	Due after 5 years £000	Total £000
Loans payable	70,000	-	-	-	-	70,000
Other liabilities at amortised cost	-	95,604	-	-	-	95,604
Total financial liabilities	**70,000**	**95,604**	-	-	-	**165,604**

2007

	On demand £000	Due within 3 months £000	Due between 3 and 12 months £000	Due between 1 and 5 years £000	Due after 5 years £000	Total £000
Loans payable	70,000		-	-	-	70,000
Other liabilities at amortised cost	-	51,733	-	-	-	51,733
Total financial liabilities	**70,000**	**51,733**	-	-	-	**121,733**

d) Market risk

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and other price risk.

Currency risk
Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group may enter into transactions denominated in currencies other that its functional currency. Consequently the Group is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse affect on the value of that portion of the Group's assets or liabilities denominated in currencies other than Sterling.

27. Financial risk management (continued)

A process for managing foreign exchange risk related to accrued net income and net assets was implemented in early 2008. The new process is to centrally and systematically manage foreign exchange risk with a focus on risk reduction and diversification. Any currency risk that materialises will be managed centrally by the Credit Suisse group through the Foreign Currency Exposure Management ('FCEM') process, utilising currency hedges at the Credit Suisse group level. As at 31 December, the Group had CHF (0.7) million, EUR 0.4 million, USD (4.2) million foreign currency exposure on net assets. Company had CHF (2.4) million, USD 1.1 million foreign currency exposure on net assets.

A change of 25 basis points in the foreign exchange rates at the balance sheet date would have increased / (decreased), equity and profit or loss by the following:

Group

	CHF +25bps £000	CHF -25bps £000	EUR +25bps £000	EUR -25bps £000	USD +25bps £000	USD -25bps £000
Change in equity and profit or loss with foreign currency fluctuation	94	(157)	(78)	130	578	(963)
Total	94	(157)	(78)	130	578	(963)

Company

	CHF +25bps £000	CHF -25bps £000	EUR +25bps £000	EUR -25bps £000	USD +25bps £000	USD -25bps £000
Change in equity and profit or loss with foreign currency fluctuation	310	(516)	-	-	(154)	256
Total	310	(516)	-	-	(154)	256

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group and Company are subject to interest rate risk based on the variable interest earned/charged on the bank balances and loan. The exposure of this balance for the Group is £108.720 million (2007: £42.234 million). The exposure of this balance for the Company is £17.307 million (2007: (£27.369) million). The Group does not actively manage this risk.

A change of 50 basis points in interest rates at the balance sheet date would have increased / (decreased), Group equity and profit or loss by £391,394 / (£391,394) (2007: £147,822 / (£147,822)). A change of 50 basis points in interest rates at the balance sheet date would have increased / (decreased), Company equity and profit or loss by £62,305 / (£62,305) (2007: (£95,790) / £95,790). This calculation assumed that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date and is stated net of income tax assuming the corporation tax rate of 28% (2007: 30%).

e) Fair value of financial instruments

The following table details the fair value of financial instruments for which it is practicable to estimate that value, whether or not this is reported in the Company's Financial Statements. All non-financial instruments are excluded.

Quoted market prices, when available, are used as the measure of fair value.

For cash and other liquid assets and money market instruments maturing within three months, the fair value is assumed to approximate to book value, given the short term nature of these instruments. For those items with a stated maturity exceeding three months, fair value is calculated using a discounted cash flow analysis.

27. Financial risk management (continued)

The Group is subject to price risk on its investment in the Credit Suisse Cash Fund. The total exposure of the investment is £0.96 million. Management does not actively monitor this risk as they do not believe there is a reasonable possibility that the price of the units will move.

Group

2008	Fair value	Book value
	£000	£000
Financial assets held at fair value through profit and loss	454,119	454,119
Other loans and receivables	107,154	107,154
Financial assets	**561,273**	**561,273**
Loans payable	79,750	79,750
Linked financial liabilities held at fair value through profit and loss	469,577	469,577
Other liabilities at amortised cost	128,673	128,673
Financial liabilities	**678,000**	**678,000**

2007	Fair value	Book value
	£000	£000
Financial assets held at fair value through profit and loss	796,299	796,299
Other loans and receivables	47,547	47,547
Financial assets	**843,846**	**843,846**
Loans payable	79,750	79,750
Linked financial liabilities held at fair value through profit and loss	777,149	777,149
Other liabilities at amortised cost	85,096	85,096
Third party interests in consolidated of funds	-	-
Financial liabilities	**941,995**	**941,995**

Company

2008	Fair value	Book value
	£000	£000
Other loans and receivables	83,970	83,970
Financial assets	**83,970**	**83,970**
Loans payable	70,000	70,000
Other liabilities at amortised cost	95,604	95,604
Financial liabilities	**165,604**	**165,604**

27. Financial risk management (continued)

2007	Fair value	Book value
	£000	£000
Other loans and receivables	27,114	27,114
Financial assets	**27,114**	**27,114**
Loans payable	70,000	70,000
Other liabilities at amortised cost	51,733	51,733
Financial liabilities	**121,733**	**121,733**

f) Country risk

Country risk is the risk of a substantial, systemic loss of value in the financial assets of a country or group of countries, which may be caused by dislocations in the credit, equity, and/or currency markets. Credit Suisse group's major operating divisions all assume country risk in a variety of ways. The setting of limits for this risk is the responsibility of CARMC based on the recommendations of CRM, SRM and Credit Suisse group's economists.

Country limits for emerging markets are approved annually by the Board of Directors of CSG, following recommendations from CARMC. The measurement of exposures against country limits is undertaken by RMM with weekly reports to senior management and monthly reports to CARMC. For trading positions, country risk is a function of the mark-to-market exposure and currency of the position, while for loans and related facilities country risk is a function of the amount and currency that Credit Suisse group has lent or committed to lend. The day-to-day management of country exposure is assigned to each of the core businesses in accordance with its business authorisations and limit allocations. RMM and CRM provide independent oversight to ensure that the core businesses operate within their limits. CRM is responsible for periodically adjusting these limits to reflect changing credit fundamentals and business volumes.

g) Legal risk

The Group faces significant legal risks in its businesses. Legal risks include, among other things, disputes over the terms of trades and other transactions in which the Group acts as principal; the unenforceability or inadequacy of the documentation used to give effect to transactions in which the Group participates; investment suitability concerns; compliance with the laws and regulations (including change in laws or regulations) of the many countries in which the Group does business; and disputes with its employees. Some of these transactions or disputes result in potential or actual litigation that the Group must incur legal expenses to defend.

The Group is subject to extensive regulation in the conduct of its investment business. A failure to comply with applicable regulations could result in regulatory investigations, fines and restrictions on some of the Group's business activities or other sanctions. The Group seeks to minimise legal risk through the adoption of compliance and other policies and procedures, continuing to refine controls over business practices and behaviour, employee training sessions, the use of appropriate legal documentation, and the involvement of the Legal and Compliance department and outside legal counsel.

h) 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.

27. Financial risk management (continued)

Operational risk is inherent in most aspects of the 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 ownership by the management responsible for the relevant business process. Operational risk is thus controlled through a network of controls, procedures, reports and responsibilities.

Within the Credit Suisse group, each individual business area and management level takes responsibility for its own operational risks and provides adequate resources and procedures for the management of those risks. Each segment takes responsibility for its own operational risks and has a dedicated operational risk function. In addition, Credit Suisse group has established a central team within the Chief Risk Officer function 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 responsible for the overall operational risk measurement methodology and capital calculations. Knowledge and experience are shared throughout Credit Suisse group to maintain a coordinated approach.

In addition to the quarterly Credit Suisse group CARMC meetings covering operational risk, regular risk committees meet at the divisional level, where operational risk exposures are discussed, with representation from senior staff in 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.

Credit Suisse group has employed the same methodology to calculate the economic risk capital for operational risk since 2000, and plans to use a similar methodology for the Advanced Measurement Approach under the Basel II Accord. This methodology is based upon the identification of a number of key risk scenarios that describe all of the major operational risks that Credit Suisse group currently faces. Groups of senior staff review each scenario and discuss how likely it is to occur and the potential severity of loss if it were to happen.

Internal and external loss data, along with certain business environment and internal control factors (for example self-assessment results, key risk indicators) are considered as part of this process. Based on the output from these meetings, Credit Suisse group enters the scenario probabilities and severities into an event model that generates a loss distribution. Insurance mitigation is included in the capital assessment where appropriate, by considering the level of insurance coverage for each scenario, incorporating haircuts as appropriate. Based on the loss distribution, the level of capital required to cover operational risk can then be calculated.

i) Reputational risk

Credit Suisse group's policy is to avoid any action or transaction that brings with it a potentially unacceptable level of risk to its reputation. Reputational risk may arise from a variety of sources, including the nature or purpose of a proposed transaction, the identity or nature of a potential client, the regulatory or political climate in which the business will be transacted or significant public attention surrounding the transaction itself. Where the presence of these or other factors gives rise to potential reputational risk for Credit Suisse group, the relevant business proposal is required to be submitted to Credit Suisse group's Reputational Risk Review Process. This involves a vetting of the proposal by senior business management, and its subsequent referral to one of Credit Suisse group's Reputational Risk Approvers, each of whom is independent of the business divisions and has authority to approve, reject, or impose conditions on Credit Suisse group's participation.