

FIXED INCOME DIAMOND COLLECTION LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2009

FIXED INCOME DIAMOND COLLECTION LIMITED

CONTENTS

	<u>Pages</u>
Report of the Directors	2
Statement of Director's responsibilities	3
Statement of Persons responsible within the issuer	3
Independent Auditors' Report	4
Balance sheet	5
Profit and loss account	6
Cash flow statement	7
Notes to the financial statements	8 to 21

FIXED INCOME DIAMOND COLLECTION LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31st December 2009.

INCORPORATION

Fixed Income Diamond Collection Limited (the "Company") is incorporated in Jersey, Channel Islands.

ACTIVITIES

The principal activity of the Company is the issue of Limited Recourse Notes (the "Notes") in separate series. The proceeds from the issue of the Notes are used to acquire underlying assets (the "Charged Assets") and, in the case of certain series of Notes, to enter into asset swap transactions ("AS") and credit default swap transactions ("CDS"). The Notes are intended only for highly sophisticated and knowledgeable investors who are capable of understanding and evaluating the risks involved in investing in the Notes. The Pricing Supplement for each series specifies certain factors (there may be others) that may, alone or collectively, result in a reduction of the return on the Notes and could result in the loss of all or a proportion of a Noteholder's investment in the Notes. The Notes are listed on the Euronext Amsterdam stock exchange.

During 2008 Royal Bank of Scotland took over ABN Amro Bank N.V. who is the Counterparty to the financial assets and the derivatives as described in Notes 2 and 3 to the financial statements. From 8th February 2010 ABN AMRO Bank N.V. ("ABN AMRO") was renamed "The Royal Bank of Scotland N.V. ("RBS NV").

RESULTS AND DIVIDENDS

The results for the year are set out on page 6. The directors do not recommend a dividend for the year ended 31st December 2009 (year ended 31st December 2008: € nil).

DIRECTORS

The Directors who held office during the year and subsequently were:-

G. Essex-Cater
D.J. Le Blancq (resigned 15th July 2009)
D. Godwin
J. Chapman (resigned 15th May 2009)
F. Chesnay (appointed 15th May 2009)
C. Ruark (appointed 15th July 2009)

AUDITORS

PricewaterhouseCoopers CI LLP have expressed their willingness to continue in office.

REGISTERED OFFICE

22 Grenville Street, St. Helier, Jersey, Channel Islands, JE4 8PX.

BY ORDER OF THE BOARD

Authorised Signatory

Mourant & Co. Secretaries Limited

Secretary

Date: 30/04/2010

FIXED INCOME DIAMOND COLLECTION LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Jersey company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

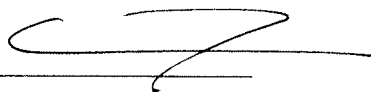
The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF PERSONS RESPONSIBLE WITHIN THE ISSUER

With regard to Regulation 2004/109/EC of the European Union (the "EU Transparency Directive"), the Directors of the Company whose names appear on page 2 confirm to the best of their knowledge that the audited financial statements for the year ended 31st December 2009 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by the applicable accounting standards. The Report of the Directors gives a fair review of the development of the Company's business, financial position and the important events that have occurred during the the financial year and their impact on the financial statements. The principal risks and uncertainties faced by the Company are disclosed in Note 16 of these financial statements.

Signed on behalf of the Board of Directors

Director: _____



Date: _____

30/04/2010

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIXED INCOME
DIAMOND COLLECTION LIMITED**

Report on the financial statements

We have audited the accompanying financial statements of Fixed Income Diamond Collection Limited which comprise the balance sheet as of 31 December 2009 and the profit and loss account and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with United Kingdom Accounting Standards and with the requirements of Jersey law. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and its cash flows for the year then ended in accordance with United Kingdom Accounting Standards and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Report on other legal and regulatory requirements

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the report of the directors, the statement of directors' responsibilities and the statement of persons responsible within the issuer.

In our opinion the information given in the report of the directors is consistent with the financial statements.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Michael Byrne
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands

FIXED INCOME DIAMOND COLLECTION LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2009

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
		€	€
FIXED ASSETS			
Financial assets at fair value through profit or loss	2	20,683,194	75,614,514
Financial derivatives at fair value through profit or loss	3	1,374,562	49,173
		<u>22,057,756</u>	<u>75,663,687</u>
CURRENT ASSETS			
Financial assets at fair value through profit or loss	2	-	226,686,191
Debtors	4	1,304,232	5,447,221
Cash and cash equivalents	5	1,045	995
		<u>1,305,277</u>	<u>232,134,407</u>
CREDITORS: (Amounts due within one year)			
Financial liabilities at fair value through profit or loss	7, 18	-	(222,137,413)
Creditors	6	(1,304,487)	(5,447,476)
		<u>(1,304,487)</u>	<u>(227,584,889)</u>
NET CURRENT ASSETS		<u>790</u>	<u>4,549,518</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>22,058,546</u>	<u>80,213,205</u>
CREDITORS: (Amounts due after more than one year)			
Financial derivatives at fair value through profit or loss	3	(974,736)	(13,821,994)
Financial liabilities at fair value through profit or loss	7, 18	(21,083,020)	(66,390,471)
TOTAL NET ASSETS		<u>790</u>	<u>740</u>
CAPITAL AND RESERVES			
Share capital	8	14	14
Profit and loss account		776	726
EQUITY SHAREHOLDER'S FUNDS	11	<u>790</u>	<u>740</u>

The financial statements were approved and authorised for issue by the Board of Directors on the 30 day of April 2010 and were signed on its behalf by:

Director: 

(The notes on pages 8 to 21 form part of these financial statements)

FIXED INCOME DIAMOND COLLECTION LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2009

	<u>2009</u>	<u>2008</u>
	€	€
INCOME:		
Investment income receivable	1,570,186	3,149,750
Asset swap amounts receivable	5,659,536	10,530,000
Credit default swap amounts receivable	1,673,377	3,170,000
Deposit interest receivable	2,334,576	11,240,258
Gain on financial liabilities at fair value through profit or loss	-	8,213,599
Gain on financial assets at fair value through profit or loss	-	1,720,016
Gain on financial derivatives at fair value through profit or loss	14,172,647	-
Realised profit on exchange	90	-
	<hr/>	<hr/>
	25,410,412	38,023,623
	<hr/>	<hr/>
EXPENDITURE:		
Limited Recourse Note interest payable	7,332,913	13,700,000
Asset swap amounts payable	3,904,762	14,389,970
Loss on financial assets at fair value through profit or loss	3,081,510	-
Loss on financial derivatives at fair value through profit or loss	-	9,933,615
Loss on financial liabilities at fair value through profit or loss	11,091,136	-
Bank charges payable	41	-
Realised loss on exchange	-	310
	<hr/>	<hr/>
	25,410,362	38,023,895
	<hr/>	<hr/>
PROFIT / (LOSS) FOR THE YEAR	50	(272)
BALANCE BROUGHT FORWARD	726	998
	<hr/>	<hr/>
BALANCE CARRIED FORWARD	776	726
	<hr/> <hr/>	<hr/> <hr/>

Continuing operations

All items dealt with in arriving at the result for the year ended 31st December 2009 relate to continuing operations.

Statement of total recognised gains and losses

There are no recognised gains and losses other than as recognised in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented in these financial statements.

(The notes on pages 8 to 21 form part of these financial statements)

FIXED INCOME DIAMOND COLLECTION LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2009

	<u>2009</u>	<u>2008</u>	
	€	€	
Net cash flow from operating activities	50	(272)	
Acquisitions and disposals			
Redemption of financial assets	278,536,000	-	
Redemption of Notes	(278,536,000)	-	
	50	(272)	
Movement in cash	50	(272)	
Reconciliation of net cash flow to movement in net debt	<u>2009</u>	<u>2008</u>	
	€	€	
Increase / (decrease) in cash and cash equivalents in the year	50	(272)	
Repayment of Notes	278,536,000	-	
Movement in fair value of Notes	(11,091,136)	8,213,599	
	267,444,914	8,213,327	
Change in net debt	267,444,914	8,213,327	
Opening net debt	(288,526,889)	(296,740,216)	
	(21,081,975)	(288,526,889)	
Closing net debt	(21,081,975)	(288,526,889)	
Reconciliation of the result for the year to net cash flow from operating activities	<u>2009</u>	<u>2008</u>	
	€	€	
Profit / (loss) for the year	50	(272)	
Decrease in debtors	4,142,989	88,482	
Decrease in creditors	(4,142,989)	(88,482)	
Loss / (gain) on financial liabilities at fair value through profit or loss	11,091,136	(8,213,599)	
Loss / (gain) on financial assets at fair value through profit or loss	3,081,510	(1,720,016)	
(Gain) / loss on financial derivatives at fair value through profit or loss	(14,172,647)	9,933,615	
	49	(272)	
Net cash flow from operating activities	49	(272)	
Analysis of changes in net debt	<u>1st Jan 09</u>	<u>Cash flows/other</u>	<u>31st Dec 09</u>
	€	€	€
Cash at bank	995	50	1,045
Notes in issue	(288,527,884)	267,444,864	(21,083,020)
Total	(288,526,889)	267,444,914	(21,081,975)

(The notes on pages 8 to 21 form part of these financial statements)

FIXED INCOME DIAMOND COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2009

1. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with United Kingdom generally accepted accounting principles. The more significant accounting policies used are set out below:

Basis of accounting

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets, financial liabilities and derivative financial instruments at fair value through profit or loss.

Financial assets and liabilities held at fair value through profit or loss

The Company has designated its investments held, and Notes issued, as financial assets and financial liabilities at fair value through profit and loss in accordance with FRS 26 Financial Instruments: measurement ("FRS 26").

Purchases and sales of investments are recognised on trade date, the date on which the Company commits to purchase or sell the asset and are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are also recognised on trade date and are derecognised when the Company has transferred substantially all of its financial obligations relating thereto. Financial instruments are initially recognised at fair value, and transaction costs for all financial assets and financial liabilities carried at fair value through profit or loss are expensed as incurred. Gains and losses arising from changes in the fair value of the Company's financial instruments are included in the profit and loss account in the period in which they arise.

Derivative financial instruments

Derivatives are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. All derivatives are carried as assets when fair value is positive, and as liabilities when fair value is negative. Gains and losses arising from changes in the fair value of the Company's derivative financial instruments are included in the profit and loss account in the period in which they arise.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Fair value estimation

Amendment to FRS 29 Financial Instruments Disclosure: "Improving Disclosures about Financial Instruments" ("FRS 29") establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FRS 29 are as follows:

FIXED INCOME DIAMOND COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2009

1. ACCOUNTING POLICIES - (CONTINUED)

Fair value estimation - (continued)

Level I – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the valuation date;

Level II – Inputs other than quoted prices included in Level I that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices), including inputs from markets that are not considered to be active;

Level III – Inputs that are not based upon observable market data.

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

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (ie, the fair value of the consideration given or received). Subsequent changes in the fair value of any financial instrument are recognised immediately in the profit and loss account. The fair value of financial instruments traded in active markets (such as the quoted investments) is based on quoted market prices at the balance sheet date.

The Company may invest in financial instruments that are not traded in an active market. The fair value of such instruments is determined by RBS NV (formerly ABN AMRO) using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

See Note 16 for analysis of fair value hierarchy.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Currency of domicile, functional currency and presentation currency

The currency of domicile is GBP (pounds sterling). Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Euro, which is the Company's functional and presentation currency given that majority of the assets and liabilities of the Company are denominated in Euro. Foreign currency transactions are recorded at the exchange rate ruling at the date of transaction and balances at the year end are retranslated at the closing rate through the profit and loss account.

FIXED INCOME DIAMOND COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2009

1. ACCOUNTING POLICIES - (CONTINUED)

Investment income receivable

Investment income receivable is recognised on an effective interest rate basis.

Limited Recourse Note interest payable

Limited Recourse Note interest payable is recognised on an effective interest rate basis.

Asset swap amounts receivable and Asset swap amounts payable

Asset swap amounts receivable and Asset swap amounts payable are recognised on an effective interest rate basis.

Credit default swap amounts receivable

Credit default swap amounts receivable are recognised on an effective interest rate basis.

Credit events notification, provision and disclosure

Under the terms of the CDS agreements entered into by the Company, and in accordance with the ISDA Master Agreement definitions, it is the sole responsibility of RBS N.V. (formerly "ABN AMRO") to notify the Company immediately of any credit events that have occurred in respect of the reference entities listed in the swap agreements. Any obligations arising under the terms of the credit default swaps are provided for if the associated credit event has occurred prior to the balance sheet date and if notice of such credit event has been received.

Other income and expenditure

Deposit interest receivable and transaction fees receivable are recognised on an accruals basis.

2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The balance sheet totals of financial assets are classified as fixed or current based on the redemption date of the related Notes. Series 2 Notes were redeemed on 19th May 2009 and the Series 3 Notes are due to be redeemed on 19th May 2013.

	<u>2009</u>	<u>2008</u>
	€	€
Current: Investments (relating to Series 2 Notes) - See Note 17	-	31,418,523
RBS NV (formerly ABN AMRO) deposits	-	195,267,668
	<hr/>	<hr/>
	-	226,686,191
	<hr/>	<hr/>
Fixed: Investments (relating to Series 3 Notes)	7,703,225	29,628,627
RBS NV (formerly ABN AMRO) deposits	12,979,969	45,985,887
	<hr/>	<hr/>
	20,683,194	75,614,514
	<hr/>	<hr/>
	20,683,194	302,300,705
	<hr/> <hr/>	<hr/> <hr/>
Movement of investments		
Opening balance	302,300,705	300,580,689
Maturities during the year	(278,536,000)	-
(Loss)/profit on fair value through profit or loss	<u>(3,081,511)</u>	<u>1,720,016</u>
Closing balance	€ 20,683,194	€ 302,300,705
	<hr/> <hr/>	<hr/> <hr/>

FIXED INCOME DIAMOND COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2009

2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - (CONTINUED)

The Company has used the proceeds from the issue of the Notes to acquire underlying assets (the "Charged Assets") and, in the case of certain series of Notes, to enter into asset swap transactions ("AS") and credit default swap transactions ("CDS"). The Charged Assets include the investments referred to above and the cash deposits held at RBS NV. Further details of the investments are set out in Note 17. Further details of the AS and the CDS entered into are set out in Note 3.

The fair value of the investments provided by RBS NV is based on quoted market prices while the fair value of the deposits is based on valuation techniques using market related inputs.

The deposits at RBS NV bear interest at the 6 month Euribor, receivable on a 6 monthly basis in arrears each 19th May and 19th November.

3. FINANCIAL DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2009</u>	<u>2008</u>
	€	€
Asset Swaps	1,374,562	49,173
Credit Default Swaps	(974,736)	(13,821,994)

The Company has entered into a separate CDS, with RBS NV as counterparty, with respect to each of the series of Notes listed below. Under the CDS, the Company receives income, at fixed rates as detailed below, receivable on a 6 monthly basis in arrears each 19th May and 19th November, calculated on a notional amount equal to the notional value of the Notes. In turn, the Company is obliged to make floating payments, up to a maximum amount equal to the notional value of the Notes, upon the occurrence of certain specified credit events within the designated theoretical pools of reference entities (the "Portfolios").

The fair value of the derivatives is derived by RBS NV using valuation models based on market related inputs.

There are 3 different Portfolios. Each separate Portfolio relates to just one of the 3 categories of Notes: Brilliant, Oval or Emerald. Therefore, within each of these categories, the Portfolios are identical for Series 1 and Series 2 which have been redeemed as of 31st December 2009 and Series 3. Each Portfolio consists of the number of reference entities noted below, each having a theoretical notional value equal to the "Reference Entity Weighting" % of the notional amount of the relevant series of Notes. If a credit event occurs in one of the securities, the Calculation Agent (RBS NV) is responsible for notifying the Company that a credit event has occurred and is also responsible for calculating the resulting floating amount payable by the Company (the "Cash Settlement Amount").

On or around 1st November 2009 CIT Group Inc. filed for a prepackaged bankruptcy which constituted a credit event. The entity was in the notional reference portfolio attached to both Emerald Series 3 and Brilliant Series 3 Notes. No payments have been made by the Company under the relevant notional credit default swap as a result of this event. To date of signing the report the Directors are not aware of any other credit events.

FIXED INCOME DIAMOND COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2009

3. FINANCIAL DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS - (CONTINUED)

As stated in Note 18 the Brilliant Series 2, Oval Series 2 and Emerald Series 2 Notes all matured and were fully redeemed at par on 19th May 2009 with all obligations under the CDS being fully discharged and no defaults were reported prior to redemption.

Details of CDS applicable to each series:

	Annual Premium receivable	No. of Reference Entities	Reference Entity Weightings
Brilliant Series 3	0.41%	25	4.0000%
Oval Series 3	0.71%	25	4.0000%
Emerald Series 3	2.26%	50	8.0000%

A full list of the reference entities is listed in Note 19.

The Company has also entered into an AS for each series of Notes in respect of which it has entered into a CDS. Under the terms of the AS, the Company pays to the swap counterparty (RBS NV) all income received on the Charged Assets relating to each series and receives income, at fixed rates, which when aggregated with the premium receivable on the CDS, are equal to the rates payable by the Company on the Notes. These amounts are receivable on a 6 monthly basis in arrears each 19th May and 19th November, calculated on a notional amount equal to the notional value of the Notes. On the redemption of the Notes, RBS NV will pay to the Company an amount equal to the Final Redemption Amount of the Notes and the Company will deliver the Charged Assets to RBS NV.

4. DEBTORS	2009	2008
	€	€
Investment income receivable	1,164,613	2,744,178
Amounts receivable on asset swaps	97,536	1,199,250
Amounts receivable on credit default swaps	26,904	361,028
Deposit interest receivable	15,179	1,142,765
	<u>1,304,232</u>	<u>5,447,221</u>

5. CASH AND CASH EQUIVALENTS	2009	2008
	€	€
Royal Bank of Scotland International	842	809
Mourant & Co. Limited - GBP client account	203	186
	<u>1,045</u>	<u>995</u>

FIXED INCOME DIAMOND COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2009

6. CREDITORS	<u>2009</u>	<u>2008</u>
	€	€
Note interest payable	124,440	1,560,278
Amounts payable on asset swaps	1,179,792	3,886,943
Sundry creditor	255	255
	<u>1,304,487</u>	<u>5,447,476</u>

7. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	<u>2009</u>	<u>2008</u>
	€	€
Limited Recourse Notes Payable - see further Note 18	<u>21,083,020</u>	<u>288,527,884</u>

The Company has issued Limited Recourse Notes (the "Notes") in separate series, as further detailed in Note 18. Certain series of Notes are referenced to a portfolio of synthetic corporate credit exposure reference entities as detailed in Note 3. The Notes have been issued under a €1,000,000,000 Limited Recourse Secured Note Programme (the "Programme"), as established by the Master Trust Deed dated 19th May 2003. The Notes are listed on the Euronext Amsterdam stock exchange.

The Notes are secured by a charge on the assets acquired with the proceeds from each Note issue and, if applicable, any swap transactions entered into, together (the "Collateral"). If the net proceeds from the redemption of the Collateral are insufficient to discharge the obligations of the Company to the Noteholders, the recourse of Noteholders is limited to amounts receivable from the net proceeds from the Collateral. In such event, the Noteholders are not entitled to proceed directly against any other assets of the Company.

The fair value of the Notes is derived by RBS NV from the fair value of the financial assets and derivatives using market valuation techniques commonly used by market participants.

8. SHARE CAPITAL	<u>2009</u>	<u>2008</u>
	£	£
AUTHORISED SHARE CAPITAL		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
	€	€
ISSUED AND FULLY PAID:		
10 ordinary shares of £1 each	<u>14</u>	<u>14</u>

9. TRANSACTION FEES RECEIVABLE

The Company is entitled to receive €100 from RBS NV in respect of each new series of Notes issued.

FIXED INCOME DIAMOND COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2009

10. TAXATION

During the year ended 31st December 2008 the Company had been granted exempt status for Jersey taxation purposes and therefore only suffered an annual exempt company fee of £ 600. This expense was borne by RBS NV and was therefore not recognised within these financial statements.

With effect from the 1st January 2009, Jersey has abolished the exempt company regime for existing companies. Profits arising in the Company for the 2009 year of assessment and future periods are subject to tax at the rate of 0%.

11. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS	1st Jan 09 to 31st Dec 09 €	1st Jan 08 to 31st Dec 08 €
Profit for the year	50	(272)
Net addition to / (deduction from) equity shareholders' funds	50	(272)
Opening equity shareholders' funds	740	1,012
Closing equity shareholders' funds	790	740

12. HOLDING COMPANY

The Company is owned by Mourant & Co. Trustees Limited as Trustee of a charitable trust known as the Fixed Income Diamond Collection Trust. In the opinion of the Directors there is no ultimate controlling party since the criteria contained within the definition of "control" in Financial Reporting Standard No. 8 are not satisfied by any one party.

13. RELATED PARTIES

J. Chapman is a supervisory board member and a shareholder of Mourant Limited. D.J. Le Blancq, G. Essex-Cater, D. Godwin, J. Chapman, F.Chesnay and C.Ruark are employees of a subsidiary of Mourant Limited. Affiliates of Mourant Limited provide ongoing administrative services to the Company at commercial rates. J. Chapman is also a partner of Mourant du Feu & Jeune and should be regarded as interested in any contract in relation to the provision of legal services by Mourant du Feu & Jeune.

On 1st April 2010, Mourant Limited sold its interest in Mourant International Finance Administration to State Street Corporation ("SSC"). Each of J.A.J. Chapman, C. Le Boutillier and C.J. Renault is an employee of a subsidiary of SSC. Affiliates of SSC now provide administrative services to the Company at commercial rates.

14. EXPENSES

All of the Company's general expenses are met by RBS NV under the terms of an agreement dated 19th May 2003 and are therefore not reflected within these financial statements.

15. DERIVATIVE TRANSACTIONS

No derivative transactions are held for trading purposes.

FIXED INCOME DIAMOND COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2009

16. FINANCIAL INSTRUMENTS

As stated in the Directors' Report, the principal activity of the Company is limited to the issue of Limited Recourse Notes (the "Notes") in separate series. The proceeds from the issue of the Notes have been used to acquire the Charged Assets and, in the case of certain series of Notes, to enter into CDS and AS. Therefore the role of financial assets and financial liabilities is central to the activities of the Company; the financial liabilities provided the funding to purchase the Company's financial assets. Financial assets and liabilities (including derivatives) provide the majority of the assets and liabilities of the Company along with all the income.

The strategies used by the Company in achieving its objectives regarding the use of its financial assets and liabilities were set when the Company entered into the transactions. The Company has matched the properties of its financial liabilities to its financial assets to avoid significant elements of risk generated by mis-matches of maturity and interest rate risk.

Interest rate risk

The Company finances its operations through the issue of Notes upon which interest is payable at floating rates and fixed rates. The interest payable under the Notes issued is matched by the aggregate of: the interest receivable from the Charged Assets; fixed income receivable under the CDS; fixed income receivable under the AS, and any interest receivable on the cash held on deposit. Accordingly, the Directors believe that there is no significant net interest rate risk to the Company.

After taking account of the CDS and AS entered into by the Company, the interest rate profile of the Company's financial assets and liabilities is as follows:

		<u>31st December 2009</u>		<u>31st December 2008</u>	
	Interest charging basis	Effective interest rate	Amount	Effective interest rate	Amount
		%		%	
Financial assets:					
			€		€
Investments	Fixed	4.69%	7,703,225	5.16%	61,047,150
Debtors	n/a	0%	1,304,232	0%	5,447,221
RBS NV deposits	Floating	5.18%	12,979,969	4.66%	241,253,555
Cash at bank	Floating	0.10%	1,045	0.60%	995
			<u>21,988,471</u>		<u>307,748,921</u>
Financial liabilities:					
			€		€
Limited Recourse Notes payable	Fixed	5.18%	(21,083,020)	4.75%	(288,527,884)

FIXED INCOME DIAMOND COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2009

16. FINANCIAL INSTRUMENTS (CONTINUED)

Currency rate risk

All of the Company's assets and liabilities are denominated in Euro, with the exception of £928 (31st December 2008: £962) held in GBP bank accounts. Therefore the Directors believe that there is no significant currency risk to the Company.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's investments and derivative financial instruments.

The Company's main financial assets are Charged Assets, cash deposits held with RBS NV and the corresponding interest receivable at year-end. The Company's income derives from these financial assets and from the credit default swaps transactions and asset swap transactions entered into with the Counterparty, RBS NV.

No triggers of impairment have been identified in relation to the Company's financial assets and swap agreements, with interest always received as per the Agreements. In the Directors' opinion the Counterparty is not expected to fail to meet its obligations.

The Company's maximum exposure to credit risk at the balance sheet date is as follows:

	<u>2009</u>	<u>2008</u>
Investments with Eurohypo AG and Depfa Bank	7,703,225	61,047,150
RBS NV deposits	12,979,969	241,253,555
Investment income receivable	1,164,613	2,744,178
Amounts receivable on asset swaps	97,536	1,199,250
Amounts receivable on credit default swaps	26,904	361,028
Deposit interest receivable	15,179	1,142,765
Financial derivatives	1,374,562	49,173
Cash and cash equivalents	1,045	995
	<u>23,363,033</u>	<u>307,798,094</u>

Counterparty risk

With RBS NV as counterparty and their continuing level of operations within the current economic climate, the Directors believe that the possibility of default by the Guarantor is remote. Consequently, in the Directors' opinion there is no significant counterparty risk to the Company.

FIXED INCOME DIAMOND COLLECTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31ST DECEMBER 2009****16. FINANCIAL INSTRUMENTS (CONTINUED)****Fair values**

The fair values of the Charged Assets, Notes, CDS and AS have been supplied by RBS NV. The fair values as at the balance sheet date are as follows:

	<u>31st December 2009</u>		<u>31st December 2008</u>	
	Nominal value	Fair value	Nominal value	Fair value
	€	€	€	€
Primary financial instruments held:				
Investments	8,587,000	7,703,225	61,300,000	61,047,150
Fixed Deposits	12,877,000	12,979,969	303,400,000	241,253,555
Limited Recourse Notes payable	(21,464,000)	(21,083,020)	(300,000,000)	(288,527,884)
	<u>€</u>	<u>€</u>	<u>€</u>	<u>€</u>
Derivative financial instruments held:				
Credit default swaps	-	(974,736)	-	(13,821,994)
Asset Swaps	-	1,374,562	-	49,173

The fair values of the Notes as at 31st December have been disclosed above. The Notes are listed on the Euronext Amsterdam Stock Exchange. The fair values of the investments have been derived using quoted market prices. The cash deposits held with RBS NV and the derivative financial instruments have been determined using valuation techniques using market related inputs. For debt securities in issue the fair values have been derived from the fair values of the financial assets and the derivative financial instruments using market valuation techniques commonly used by market participants.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and significant judgement and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The recourse of the Noteholders of each separate series of Notes is limited to amounts receivable from the net proceeds from the Collateral of that series of Notes.

FIXED INCOME DIAMOND COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2009

16. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values - (continued)

The following table analyses within the fair value hierarchy the Company's financial assets measured at fair value at 31 December 2009.

	Level 1 €	Level 2 €	Level 3 €	Total €
Assets				
Financial assets at FVTPL	20,683,194		-	20,683,194
Financial derivatives at FVTPL	-	1,374,562	-	1,374,562
	<u>20,683,194</u>	<u>1,374,562</u>	<u>-</u>	<u>22,057,756</u>
Liabilities				
Financial derivatives at FVTPL	-	(974,736)	-	(974,736)
Financial liabilities at FVTPL	-	(21,083,020)	-	(21,083,020)
	<u>-</u>	<u>(22,057,756)</u>	<u>-</u>	<u>(21,083,020)</u>

Financial assets that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 3. As level 3 investments are not traded in an active market, valuations are based on expert valuation models.

Fair values-sensitivity analysis

From the perspective of the Company, any change in the fair value of the Company's financial assets and derivative financial instruments would be matched by an equal and opposite change in the fair value of the Notes. Consequently the Company is not exposed to any significant net market price risk.

FRS 29 requires disclosure of "a sensitivity analysis for each type of market risk to which the entity is exposed at the reporting date, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date."

As stated, whilst the financial instruments held by the Company are separately exposed to interest rate risk and market price risk, the profit or loss and equity of the Company are not exposed to any significant net interest rate or market price risk. Therefore, in the Directors' opinion, no sensitivity analysis is required to be disclosed.

Maturity of financial assets and liabilities

The maturity profile of the Company's financial assets and liabilities is as follows:

	<u>31st December 2009</u>		<u>31st December 2008</u>	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
	Nominal (€)	Nominal (€)	Nominal (€)	Nominal (€)
In one year or less	1,305,277	(1,304,487)	275,448,215	(225,000,000)
In more than two years but not more than five years	21,464,000	(21,464,000)	30,000,000	(75,000,000)
	<u>22,769,277</u>	<u>(22,768,487)</u>	<u>305,448,215</u>	<u>(300,000,000)</u>

FIXED INCOME DIAMOND COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2009

17. INVESTMENTS

Related Series	Maturity Date	Cur	Nominal Amount	Security description	ISIN	31st Dec 09		31st Dec 08	
						Nominal value	Fair Value	Nominal value	Fair Value
						€	€	€	€
Brilliant Series 2	04/03/2009	EUR	-	DEPFA BANK 04.03.09 5.75%	DE0002474798	-	-	10,433,335	10,472,841
Brilliant Series 3	21/01/2013	EUR	3,617,000	EUROHYPO AG 21.01.13 4.50%	DE0003611885	3,617,000	3,343,554	10,000,000	9,876,209
Oval Series 2	04/03/2009	EUR	-	DEPFA BANK 04.03.09 5.75%	DE0002474798	-	-	10,433,330	10,472,841
Oval Series 3	21/01/2013	EUR	2,106,000	EUROHYPO AG 21.01.13 4.50%	DE0003611885	2,106,000	1,790,216	10,000,000	9,876,209
Emerald Series 2	04/03/2009	EUR	-	DEPFA BANK 04.03.09 5.75%	DE0002474798	-	-	10,433,335	10,472,841
Emerald Series 3	21/01/2013	EUR	2,864,000	EUROHYPO AG 21.01.13 4.50%	DE0003611885	2,864,000	2,569,455	10,000,000	9,876,209
						<u>8,587,000</u>	<u>7,703,225</u>	<u>61,300,000</u>	<u>61,047,150</u>

The total investments with a fair value of €31,418,523 at 31st December 2008 relating to the Brilliant Series 2, Oval Series 2 and Emerald Series 2 Notes all matured and were fully redeemed at par on 4th March 2009.

FIXED INCOME DIAMOND COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2009

18. LIMITED RECOURSE NOTES PAYABLE

Series	Issue Date	Maturity Date	Cur	Nominal Amount	Note description	Coupon	31st Dec 09		31st Dec 08	
							Nominal value	Fair Value	Nominal value	Fair Value
						€	€	€	€	
Brilliant Series 2	19/05/2003	19/05/2009	EUR	-	Secured Credit-linked Variable	3.6500%	-	-	75,000,000	74,712,443
Brilliant Series 3	19/05/2003	19/05/2013	EUR	9,042,000	Secured Credit-linked Variable	4.4000%	9,042,000	9,032,933	25,000,000	23,652,948
Oval Series 2	19/05/2003	19/05/2009	EUR	-	Secured Credit-linked Variable	4.0000%	-	-	75,000,000	74,418,164
Oval Series 3	19/05/2003	19/05/2013	EUR	5,263,000	Secured Credit-linked Variable	4.7000%	5,263,000	5,311,776	25,000,000	22,929,692
Emerald Series 2	19/05/2003	19/05/2009	EUR	-	Secured Credit-linked Variable	5.5000%	-	-	75,000,000	73,006,806
Emerald Series 3	19/05/2003	19/05/2013	EUR	7,159,000	Secured Credit-linked Variable	6.2500%	7,159,000	6,738,311	25,000,000	19,807,831
							21,464,000	21,083,020	300,000,000	288,527,884

FIXED INCOME DIAMOND COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2009

19. REFERENCE ENTITIES

<u>ENTITY</u>	<u>APPLICABLE SERIES</u>	
1 Accor SA	Emerald	Oval
2 Aegon NV	Emerald	Brilliant
3 Akzo Nobel NV	Emerald	Brilliant
4 Allianz AG	Emerald	Brilliant
5 Allied Domecq PLC	Emerald	Oval
6 American Electric Power Co Inc	Emerald	Oval
7 American Express Company	Emerald	Brilliant
8 AOL Time Warner Inc	Emerald	Oval
9 AT&T Corp	Emerald	Oval
10 BAE Systems PLC	Emerald	Oval
11 Bayer AG	Emerald	Brilliant
12 BHP Billiton Ltd	Emerald	Brilliant
13 The Boeing Company	Emerald	Brilliant
14 Cadbury Schweppes PLC	Emerald	Oval
15 Carrefour SA	Emerald	Brilliant
16 CIT Group - credit event 1/11/09	Emerald	Brilliant
17 Commerzbank AG	Emerald	Brilliant
18 Continental AG	Emerald	Oval
19 DaimlerChrysler AG	Emerald	Oval
20 The Dow Chemical Company	Emerald	Brilliant
21 DSM NV	Emerald	Brilliant
22 Eastman Kodak Co	Emerald	Oval
23 Electrolux AB (Publ)	Emerald	Oval
24 European Aeronautic Defense and Space Company EAD	Emerald	Brilliant
25 Ford Motor Credit Company	Emerald	Oval
26 Fujitsu Limited	Emerald	Oval
27 General Electric Capital Corporation	Emerald	Brilliant
28 Hewlett Packard	Emerald	Brilliant
29 Hilton Group PLC	Emerald	Oval
30 Hutchison Whampoa Limited	Emerald	Oval
31 ICI PLC	Emerald	Oval
32 International Lease Finance Corporation	Emerald	Brilliant
33 Koninklijke Philips Electronics NV	Emerald	Oval
34 Koninklijke KPN NV	Emerald	Oval
35 Lafarge SA	Emerald	Oval
36 LVMH Moët Hennessy Louis Vuitton SA	Emerald	Oval
37 McDonald's Corporation	Emerald	Brilliant
38 Metro AG	Emerald	Oval
39 Motorola Inc	Emerald	Oval
40 Qantas Airways Ltd	Emerald	Oval
41 Rolls Royce PLC	Emerald	Oval
42 Siemens AG	Emerald	Brilliant
43 Suez SA	Emerald	Brilliant
44 Telefonica SA	Emerald	Brilliant
45 The Tokyo Electric Power Company, Inc	Emerald	Brilliant
46 Unilever NV	Emerald	Brilliant
47 VNU NV	Emerald	Oval
48 Vodafone Group Plc	Emerald	Brilliant
49 Volkswagen AG	Emerald	Brilliant
50 Wolters Kluwer NV	Emerald	Brilliant