FIXED INCOME DIAMOND COLLECTION LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2008

Ref: 93132
Sims: 1619551

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 2008.

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.

RESULTS AND DIVIDENDS

The results for the year are set out on page 5. The directors do not recommend that a final ordinary dividend be paid for the year ended 31st December 2008 (2007: €nil).

DIRECTORS

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

G. Essex-Cater	
D.J. Le Blancq	
D. Godwin	
J. Chapman	(resigned 15th May 2009)
F.Chesnay	(appointed 15th May 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: 15·07·09

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.

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.

PRICEWATERHOUSECOOPERS

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 2008, the profit and loss account, 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 2008, 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 directors' report.

In our opinion the information given in the directors' report 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 110 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.

PricewaterhouseCoopers CI LLP

PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands

17 **July 2009**

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 1 confirm to the best of their knowledge that the Financial Statements for the year to 31st December 2008 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.

Gareth Essex-Cater
Director

Signed on behalf of the Board of Directors

Director:

Date: 15-07-09

FIXED INCOME DIAMOND COLLECTION LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2008

	Notes	2008	2007
FIXED ASSETS		€	€
Financial assets at fair value through profit or loss	2	75,614,514	300,580,689
Financial derivatives at fair value through profit or loss	3	49,173	-
		75,663,687	300,580,689
CURRENT ASSETS			
Financial assets at fair value through profit or loss	2	226,686,191	-
Debtors	4	5,447,221	5,535,703
Cash	5	995	1,267
		232,134,407	5,536,970
CREDITORS: (Amounts due within one year)			
Financial liabilities at fair value through profit or loss	7, 18	(222,137,413)	-
Creditors	6	(5,447,476)	(5,535,958)
		(227,584,889)	(5,535,958)
NET CURRENT ASSETS		4,549,518	1,012
TOTAL ASSETS LESS CURRENT LIABILITIES		80,213,205	300,581,701
CREDITORS: (Amounts due in more than one year)			
Financial derivatives at fair value through profit or loss	3	(13,821,994)	(3,839,206)
Financial liabilities at fair value through profit or loss	7, 18	(66,390,471)	(296,741,483)
TOTAL NET ASSETS		€ 740	€ 1,012
CAPITAL AND RESERVES			
Share capital	8	14	14
Profit and loss account		726	998
EQUITY SHAREHOLDER'S FUNDS		€ 740	€ 1,012

The financial statements were approved by the Board of Directors on the 15th day of July 2009 and were signed on its behalf by:

Director: [signature]

(The notes on pages 7 to 19 form part of these financial statements)

FIXED INCOME DIAMOND COLLECTION LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2008

	2008	2007
	€	€
INCOME:		
Investment income receivable	3,149,750	3,149,750
Asset swap amounts receivable	10,530,000	10,530,000
Credit default swap amounts receivable	3,170,000	3,170,000
Deposit interest receivable	11,240,258	9,557,014
Gain on financial liabilities at fair value through profit or loss	8,213,599	6,958,276
Gain on financial assets at fair value through profit or loss	1,720,016	-
	38,023,623	33,365,040
EXPENDITURE:		
Limited Recourse Note interest payable	13,700,000	13,700,000
Asset swap amounts payable	14,389,970	12,706,713
Loss on financial assets at fair value through profit or loss	-	1,280,059
Loss on financial derivatives at fair value through profit or loss	9,933,615	5,678,217
Realised loss on exchange	310	112
	38,023,895	33,365,101
OPERATING LOSS	(272)	(61)
BALANCE BROUGHT FORWARD	998	1,059
BALANCE CARRIED FORWARD	€ 726	€ 998

Continuing operations

All items dealt with in arriving at the result for the year ended 31st December 2008 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 7 to 19 form part of these financial statements)

FIXED INCOME DIAMOND COLLECTION LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2008

	2008 €	2007 €
Net cash flow from operating activities	(272)	(61)
Movement in cash	€ (272)	€ (61)

Reconciliation of net cash flow to movement in net debt	2008	2007
Decrease in cash in the year	(272)	(61)
Movement in fair value	8,213,599	6,958,276
Change in net debt	8,213,327	6,958,215
Opening net debt	(296,740,216)	(303,698,431)
Closing net debt	€ (288,526,889)	€ (296,740,216)

Reconciliation of the result for the year to net cash flow from operating activities	2008	2007
Operating loss for the year	(272)	(61)
Decrease/(Increase) in debtors	88,482	(227,373)
(Decrease)/Increase in creditors	(88,482)	227,373
Gain on financial liabilities at fair value through profit and loss	(8,213,599)	(6,958,276)
(Gain)/Loss on financial assets at fair value through profit and loss	(1,720,016)	1,280,059
Loss on financial derivatives at fair value through profit and loss	9,933,615	5,678,217
Net cash flow from operating activities	€ (272)	€ (61)

Analysis of changes in net debt	1st Jan 08	Cash flows/other	31st Dec 08
Cash at bank	1,267	(272)	995
Notes in issue	(296,741,483)	8,213,599	(288,527,884)
Total	€ (296,740,216)	€ 8,213,327	€ (288,526,889)

(The notes on pages 7 to 19 form part of these financial statements)

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 (IAS 39) 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

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 income statement. 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.

1. ACCOUNTING POLICIES - (CONTINUED)

Fair Value Estimation - (continued)
The Company may invest in financial instruments that are not traded in an active market. The fair value of such instruments is determined by 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.

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.

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.

Swap amounts receivable and swap amounts payable

Swap amounts receivable and swap amounts payable 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 ABN AMRO Bank N.V. ("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
Bank interest receivable and transaction fees receivable are recognised on an accruals basis.

2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND 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 19 May 2009 and the Series 3 Notes are due to be redeemed on 19 May 2013.

2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS - CONTINUED

	2008	2007
Current: Investments (relating to Series 2 Notes) - See further Note 17	31,418,523	-
ABN AMRO deposits	195,267,668	-
	€ 226,686,191	€ -
Fixed: Investments (relating to Series 3 Notes)	29,628,627	61,834,812
ABN AMRO deposits	45,985,887	238,745,877
	€ 75,614,514	€ 300,580,689
	302,300,705	300,580,689

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 ABN AMRO. 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 ABN AMRO 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 ABN AMRO bear interest at the 6 month Euribor rate, receivable on a 6 monthly basis in arrears each 19th May and 19th November.

3. FINANCIAL DERIVATIVES AT FAIR VALUE THROUGH PROFIT AND LOSS

	2008	2007
Asset Swaps	€ 49,173	€ (3,115,186)
Credit Default Swaps	€ (13,821,994)	€ (724,020)

The Company has entered into a separate CDS, with ABN AMRO 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 ABN AMRO 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, Series 2 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 (ABN AMRO) 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"). To date of signing this report, the Directors are not aware of any credit events.

3. FINANCIAL DERIVATIVES AT FAIR VALUE THROUGH PROFIT AND 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 2	0.30%	25	4.0000%
Brilliant Series 3	0.41%	25	4.0000%
Oval Series 2	0.65%	25	4.0000%
Oval Series 3	0.71%	25	4.0000%
Emerald Series 2	2.15%	50	8.0000%
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 (ABN AMRO) 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, ABN AMRO 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 ABN AMRO.

4. DEBTORS

	2008	2007
Investment income receivable	2,744,178	2,744,178
Amounts receivable on asset swaps	1,199,250	1,199,250
Amounts receivable on credit default swaps	361,028	361,028
Deposit interest receivable	1,142,765	1,231,247
	€ 5,447,221	€ 5,535,703

5. CASH AND CASH EQUIVALENTS

	2008	2007
Royal Bank of Scotland International	809	1,022
Mourant & Co. - GBP client account	186	245
	€ 995	€ 1,267

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2008

6. CREDITORS

		2008		2007
Note interest payable		1,560,278		1,560,278
Amounts payable on asset swaps		3,886,943		3,975,425
Sundry creditor		255		255
	€	5,447,476	€	5,535,958

7. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

		2008		2007
Limited Recourse Notes Payable - see further Note 18	€	288,527,884	€	296,741,483

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 ABN AMRO from the fair value of the financial assets and derivatives using market valuation techniques commonly used by market participants.

8. SHARE CAPITAL

		2008		2007
AUTHORISED SHARE CAPITAL 10,000 ordinary shares of £1 each	£	10,000	£	10,000
ISSUED AND FULLY PAID: 10 ordinary shares of £1 each	€	14	€	14

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2008

9. TRANSACTION FEES RECEIVABLE

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

10. TAXATION

The Company has been granted exempt status for Jersey taxation purposes and therefore only suffers an annual exempt company fee of £ 600. This expense is borne by ABN AMRO and is 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 will be subject to tax at the rate of 0%.

11. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2008	2007
Result for the year	(272)	(61)
Net addition to equity shareholders' funds	(272)	(61)
Opening equity shareholders' funds	1,012	1,073
Closing equity shareholders' funds	€ 740	€ 1,012

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. G. Essex-Cater is a shareholder of Mourant Limited. D.J. Le Blancq, G. Essex-Cater, D. Godwin, J. Chapman and F.Chesnay 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.

14. EXPENSES

All of the Company's general expenses are met by ABN AMRO 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.

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.

All short-term debtors and creditors have been excluded from the following disclosures:

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:

		2008		2007	
	Interest charging basis	Effective interest rate	Amount	Effective interest rate	Amount
		%		%	
Financial assets:					
Investments	Fixed	5.16%	61,047,150	5.09%	61,834,812
Debtors	n/a	0%	5,447,221	0%	5,535,703
ABN AMRO deposits	Floating	4.66%	241,253,555	4.00%	238,745,877
Cash at bank	Floating	0.60%	995	0.47%	1,267
			€ 307,748,920		€ 306,117,659
Financial liabilities:					
Limited Recourse Notes payable	Floating	4.75%	€ (288,527,884)	4.62%	€ (296,741,483)

Currency rate risk
All of the Company's assets and liabilities are denominated in Euro, with the exception of £962 (2007: £931) held in GBP bank accounts. Therefore the Directors believe that there is no significant currency risk to the Company.

16. FINANCIAL INSTRUMENTS (CONTINUED)

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 intsruments.

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

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. As at 31st December 2008, ABN AMRO has a credit rating of A+ from Standard & Poor's, AA- from Fitch, AA from DBRS and Aa2 from Moody's. Given these ratings the Directors do not expect the counterparty to fail to meet its obligations.

The Company's maximum exposure to credit risk at the balance sheet date is as follows:	2008	2007
Investments with Depfa Bank and Eurohypo AG	61,047,150	61,834,812
ABN AMRO deposits	241,253,555	238,745,877
Investment income receivable	2,744,178	2,744,178
Amounts receivable on asset swaps	1,199,250	1,199,250
Amounts receivable on credit default swaps	361,028	361,028
Deposit interest receivable	1,142,765	1,231,247
Financial derivatives	49,173	-
Cash and cash equivalents	995	1,267
	307,798,093	306,117,659

Counterparty risk

As noted above ABN AMRO has a credit rating of A+ from Standard & Poor's, AA- from Fitch, AA from DBRS and Aa2 from Moody's. Given these ratings the Directors believes that the possibility of default by the Guarantor is remote. Consequently, the Directors believes that there is no significant counterparty risk to the Company.

16. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

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

	2008		2007	
	Book value	Fair value	Book value	Fair value
Primary financial instruments held:				
Investments	€ 61,300,000	€ 61,047,150	€ 61,300,000	€ 61,834,812
Fixed Deposits	€ 303,400,000	€ 241,253,555	€ 303,400,000	€ 238,745,877
Limited Recourse Notes payable	€ (300,000,000)	€ (288,527,884)	€ (300,000,000)	€ (296,741,483)
Derivative financial instruments held:				
Credit default swaps	€ -	€ (13,821,994)	€ -	€ (724,020)
Asset Swaps	€ -	€ 49,173	€ -	€ (3,115,186)

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 ABN AMRO and the derivate financial intsruments 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.

16. FINANCIAL INSTRUMENTS (CONTINUED)

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:

	2008		2007	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
In one year or less	275,448,215	(225,000,000)	244,236,970	-
In more than two years but not more than five years	30,000,000	(75,000,000)	31,300,000	(225,000,000)
In more than five years	-	-	30,000,000	(75,000,000)
	€ 305,448,215	€ (300,000,000)	€ 305,536,970	€ (300,000,000)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2008

17. INVESTMENTS

Related Series	Maturity Date	Cur	Nominal Amount	Security description	ISIN number	2007 Book value	2007 Fair Value	2008 Book value	2008 Fair Value
Brilliant Series 2	04/03/2009	EUR	10,433,335	DEPFA BANK 04.03.09 5.75%	DE0002474798	10,433,335	10,590,250	10,433,335	10,472,841
Brilliant Series 3	21/01/2013	EUR	10,000,000	EUROHYPO AG 21.01.13 4.50%	DE0003611885	10,000,000	10,021,356	10,000,000	9,876,209
Oval Series 2	04/03/2009	EUR	10,433,330	DEPFA BANK 04.03.09 5.75%	DE0002474798	10,433,330	10,590,244	10,433,330	10,472,841
Oval Series 3	21/01/2013	EUR	10,000,000	EUROHYPO AG 21.01.13 4.50%	DE0003611885	10,000,000	10,021,356	10,000,000	9,876,209
Emerald Series 2	04/03/2009	EUR	10,433,335	DEPFA BANK 04.03.09 5.75%	DE0002474798	10,433,335	10,590,250	10,433,335	10,472,841
Emerald Series 3	21/01/2013	EUR	10,000,000	EUROHYPO AG 21.01.13 4.50%	DE0003611885	10,000,000	10,021,356	10,000,000	9,876,209
						€ 61,300,000	€ 61,834,812	€ 61,300,000	€ 61,047,150

The total Investments with fair value of €31,418,523 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2008

18. LIMITED RECOURSE NOTES PAYABLE

Series	Issue Date	Maturity Date	Cur	Nominal Amount	Note description	Coupon	2007 Book Value	2007 Fair Value	2008 Book Value	2008 Fair Value
Notes outstanding as at year end										
Brilliant Series 2	19/05/2003	19/05/2009	EUR	75,000,000	Secured Credit-linked Variable	3.6500%	75,000,000	74,301,624	75,000,000	74,712,443
Brilliant Series 3	19/05/2003	19/05/2013	EUR	25,000,000	Secured Credit-linked Variable	4.4000%	25,000,000	24,542,816	25,000,000	23,652,948
Oval Series 2	19/05/2003	19/05/2009	EUR	75,000,000	Secured Credit-linked Variable	4.0000%	75,000,000	74,523,743	75,000,000	74,418,164
Oval Series 3	19/05/2003	19/05/2013	EUR	25,000,000	Secured Credit-linked Variable	4.7000%	25,000,000	24,409,027	25,000,000	22,929,692
Emerald Series 2	19/05/2003	19/05/2009	EUR	75,000,000	Secured Credit-linked Variable	5.5000%	75,000,000	74,769,726	75,000,000	73,006,806
Emerald Series 3	19/05/2003	19/05/2013	EUR	25,000,000	Secured Credit-linked Variable	6.2500%	25,000,000	24,194,547	25,000,000	19,807,831
							€ 300,000,000	€ 296,741,483	€ 300,000,000	€ 288,527,884

Post balance sheet event

The Brilliant Series 2, Oval Series 2 and Emerald Series 2 Notes with a total fair value of €222,137,413 all matured and were fully redeemed at par on their respective scheduled maturity above with all obligations under the relevant agreements being fully discharged.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2008

19. REFERENCE ENTITIES

ENTITY	APPLICABLE SERIES		
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	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 Moet 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