Compagnie Financière Tradition

ANNUAL REPORT 08

Contents

With a presence in 27 countries, Compagnie Financière Tradition is the world's top three IDB (Inter Dealer Broker) (money market products, bonds, interest rate, currency and credit derivatives, equities, equity derivatives, interest rate futures and index futures) and non-financial products (precious metals, energy and environmental products, and pulp and paper). The Company (CFT) is listed on the Swiss Exchange.

This document is an English translation of the French text and has been prepared for information purposes only. While we have made every effort to ensure a reliable translation, we make no representation that it is accurate or complete in any way. It is therefore not the intention of Compagnie Financière Tradition that it be relied upon in any material respect. The original French version is the only valid text.

Chairman's message

The turmoil in the financial sector gradually morphed into a major financial crisis in 2008. Against this backdrop, Compagnie Financière Tradition posted robust growth in turnover, to CHF 1.5 billion, representing a year-on-year rise of 22.3% at constant exchange rates.

We pressed ahead with our organic growth policy during the year, recruiting new teams for our core businesses and opening four new desks in financial centres in emerging markets. These included Shenzhen, China, in partnership with a leading Chinese insurance company, and Makati City, in the Philippines.

Profit before tax on continuing operations was CHF 190.2 million, giving a pre-tax return of 12.2%, and net profit was CHF 106.0 million. Net profit attributable to shareholders of the parent was CHF 85.5 million. Consolidated shareholders' equity totalled CHF 340.8 million at 31 December 2008, of which CHF 285.6 million was attributable to shareholders of the parent.

We will maintain our focus on organic and external growth in 2009, with the aim of improving profitability in constant terms, in order to strengthen our leadership position in the interdealer broker (IDB) sector.

I would like to extend my warmest thanks to all our shareholders for their continued trust and loyalty, as well as our teams for their dedication and their dynamic contribution to the success of our Company.

In view of the results and the outlook for our Company, the Board of Directors will be seeking shareholder approval at the Annual General Meeting in May 2009 for a dividend payment of CHF 8.0 per share.

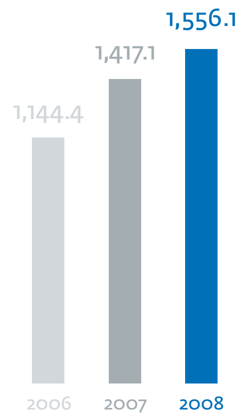
Patrick Combes

Key figures

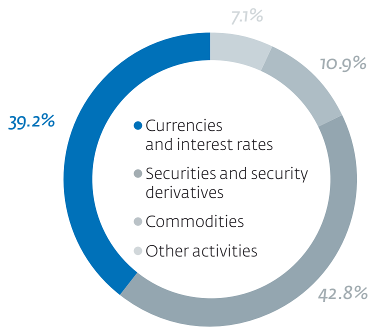
Turnover of CHF 1,556.1 million, up 9.8%

Operating profit of CHF 149.4 million. Net profit attributable to Company shareholders rose to CHF 85.5 million

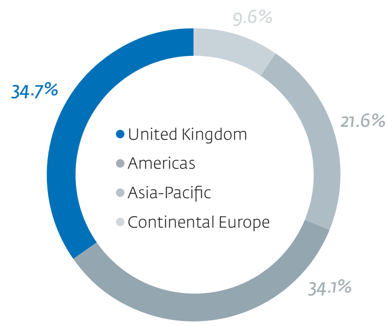
Consolidated Turnover
CHF m



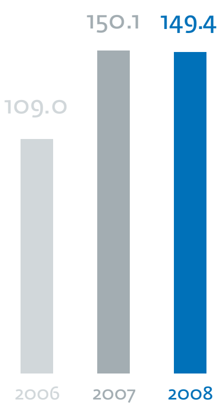
Turnover in 2008
by product segment



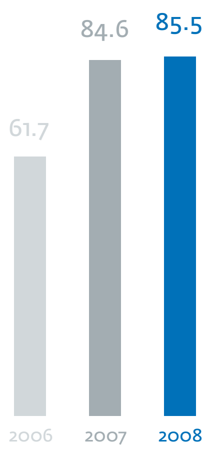
Turnover in 2008
by geographic region



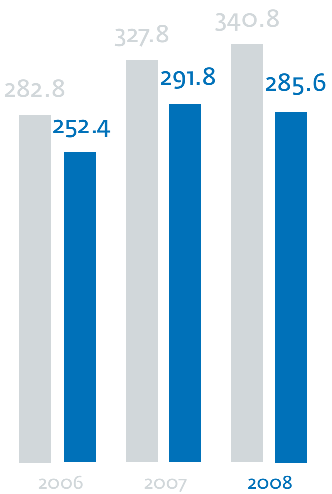
Consolidated operating profit
CHF m



Net profit attributable to Company shareholders - CHF m



Consolidated equity
CHF m

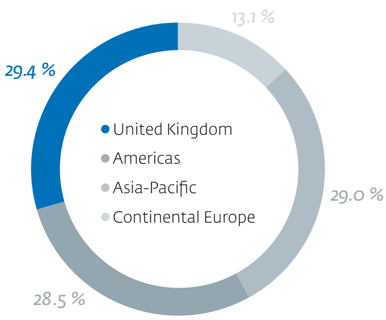


Company shareholders'equity of CHF 340.8 million confirms Compagnie Financière Tradition's sound financial position

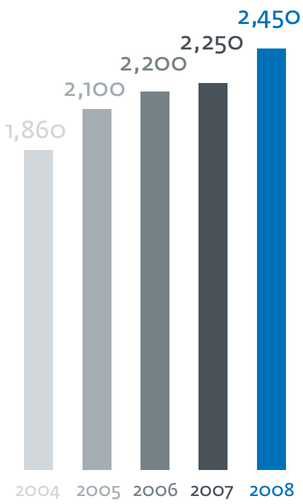
● Consolidated equity attributable to company shareholders
● Total consolidated equity

Return on equity in 2008: 29.3%

Headcount at 31 December 2008
by geographic region



Headcount
at 31 December



Information for shareholders

Compagnie Financière Tradition's shares performed strongly in 2006 and 2007, and have risen 57-fold since 1996, the year the Company's majority shareholder took control. In 2008, a year marked by unprecedented turmoil in the global stock markets, the shares fell by 66%. Compagnie Financière Tradition's benchmark indexes, The Swiss Market Index (SMI)® and the SPI EXTRA®, were down 35% and 42% over the same period.

Share performance

The shares started the year at their 2007 levels, at a price of CHF 200.0 on 3 January; this was to be the highest closing price of 2008. They reached their peak on 4 January, when they hit an intraday high of CHF 203.0. The price remained relatively stable throughout the first half, varying between CHF 165.0 and 200.0. October marked the beginning of the downward slide, with the shares hitting their lowest closing price of CHF 60.9 on 25 November. They ended the year down 66%, at CHF 69.0.

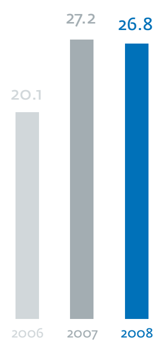
CFT's had a market capitalisation of CHF 387.7 million on 31 December 2008.

Stock market data

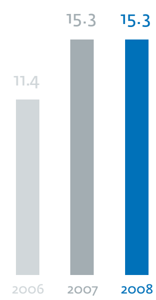
	2008	2007
Number of shares at 31 December	**5,619,451**	5,594,451
Market capitalisation at 31 December	**CHF 387,742,000**	CHF 1,136,233,000
Highest price	**CHF 200.0**	CHF 226.0
Lowest price	**CHF 60.9**	CHF 180.0
Closing price at year-end	**CHF 69.0**	CHF 203.1
Average daily volume of shares	**3,314**	1,538
PER* at 31 December	**4.5**	13.4
PTB** at 31 December	**1.4**	3.9
Operating profit per share***	**CHF 26.8**	CHF 27.2
Net profit attributable to Company shareholders per share***	**CHF 15.3**	CHF 15.3
Dividend per share	**CHF 8.0**	CHF 8.0

* *Price earnings ratio*
** *Price to book - Group share*
*** *Based on the weighted average number of shares outstanding during the period, after deducting the average number of treasury shares.*

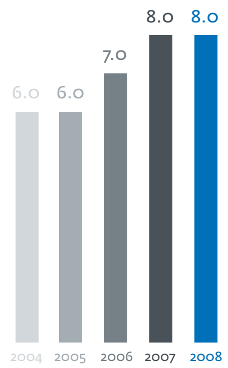
Consolidated operating profit per share
CHF



Net profit attributable to Company shareholders per share
CHF



Dividend per share
CHF



Simplified Group structure at 31 December 2008

Fact file

Financial year runs from 1 January to 31 December
ISIN Code: CH0014345117
Unit of trade: 1 share
Nominal value: CHF 2.50
Shares are traded on the SIX Swiss Exchange and on the third compartment of the Frankfurt Stock Exchange

Provisional Financial Calendar

29 January	Announcement of 2008 FY consolidated turnover
19 March	Announcement of 2008 FY consolidated results
28 April	Announcement of 1st quarter 2009 consolidated turnover
13 May	Annual General Meeting
30 July	Announcement of 1st half 2009 consolidated turnover
25 August	Announcement of 1st half 2009 consolidated results
29 October	Announcement of 3rd quarter 2009 consolidated turnover

A detailed financial calendar is updated regularly on **www.traditiongroup.com**.

Contacts

General enquiries:

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Investor relations
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Tél. : 41 (0)21 343 52 66 - Fax : 41 (0)21 343 55 00

Website: **www.traditiongroup.com**

A dedicated communication platform for Compagnie Financière Tradition's shareholders:
Share price - Announcements - Calendar of events - Key figures - Presentations

Contact us: **actionnaire@tradition.ch**

Compagnie Financière Tradition's business

Compagnie Financière Tradition (CFT) is one of the world's top interdealer broking firms, with a presence in 27 countries. In the last ten years, the Company's turnover has grown by 17% (at constant exchange rates), primarily through organic growth.
Acting as a marketplace and an intermediary, CFT facilitates transactions between financial institutions and other professional traders in the capital markets. These transactions vary in scale and liquidity, from the simplest to the most sophisticated, the most liquid to the most illiquid.
The key to our success has been our ability to understand the evolving needs of our extensive and long-established network of clients, together with our strong capabilities in derivative markets.

INTERDEALER BROKING: A CRITICAL ROLE IN THE CAPITAL MARKETS

Adding value, always independent

An interdealer broker (IDB) is a neutral intermediary that facilitates transactions between buyers and sellers in a wide variety of financial instruments. Purely focused on matching trades, an IDB helps clients source both prices and counterparties, and provides execution services. An IDB's revenues come from commissions earned by bringing together commercial banks, investment banks and other market participants. By using an IDB, clients benefit from access to in-depth market intelligence, a pool of liquidity, and anonymity that reduces the market impact of placing orders.

Revenue growth: driven by cyclical and structural factors

Growth in the IDB sector is driven by trading volumes, which, in turn are influenced by a range of factors: macroeconomic performance, budget imbalances, the interest-rate environment, corporate and government bond issuance, credit cycles, market volatility and emerging economies.
Financial and technical innovations also boost volumes in the capital markets. In the last few years, volumes have grown in many asset classes, due to the emergence of new and more sophisticated products, and clients' increasing need to source the best pools of liquidity.
The underlying trend for banks, other financial institutions and corporates to offload risk, as well as the demand for yield, have also fuelled growth.

COMPAGNIE FINANCIÈRE TRADITION: GLOBAL LEADERS

A global and diverse product offering

We provide brokerage services in a comprehensive range of financial and commodity-related markets.
The financial markets we cover include money markets, interest rate and currency derivatives, equities and equity derivatives, bonds and repurchase agreements, and credit derivatives.
Our commodity-related markets include derivatives in oil, natural gas, power, coal, freight, weather, emissions, precious metals, pulp and paper, and property.
We are a member of several exchanges, operating in both exchange-traded and over-the-counter markets. While we are a leading specialist in derivatives, we have also expanded our brokerage offering in cash bonds and equities.

Matching clients across five continents

We have developed a worldwide network of offices spanning 27 countries. We cover all the key financial centres around the globe, where we have close and long-term relationships with a wide range of counterparties. We can therefore provide clients with a liquidity hub, as well as intimate knowledge of local markets and products.

A STRATEGY BASED ON A LONG-TERM VIEW OF THE INDUSTRY

Recent industry trends

Since the end of the 1990s, IDBs have been consolidating around a few major international groups that have become quasi exchanges. Exchanges themselves are also consolidating and expanding into the over-the-counter space.
In recent years, increasing globalisation and the convergence of clients and markets have led to increased interest in market structure issues.
The short- and long-term impact of the unprecedented credit crisis that started in 2007 is likely to lead to further shifts in the organisation of the markets and may provide new opportunities for global transactional platforms.

Well positioned to respond to fast-changing markets

We'll continue to anticipate the convergence and globalisation of the markets by growing our business. Indeed, with our sizeable market share, diversified revenues across time zones and asset classes, and a balance sheet reflecting our strategy of organic growth, we have the ability to respond quickly to changing customer needs. What's more, we have an established track record of responding to the evolving needs of our customers by creating new products, launching internal start-ups and forging strategic partnerships.

For example, in 1997, we were the first brokers to establish a representative office in China. Back in 2001, we launched the first hybrid voice and electronic brokerage service in the currency options markets. We were also the first broker to establish a presence in Dubai in 2006. In 2007, one of our subsidiaries, TFS Energy, brokered the first Clean Development Mechanism (CDM) project approved in Singapore. We are also pioneering the brokerage of green products around the globe and are consistently voted top in industry surveys. In 2008, we established a joint venture with Ping An Trust & Investment Co Ltd that obtained a brokerage licence in China. The office opened in February 2009.

KEY DEVELOPMENTS

2008	Office opened in Philippines JV established in China with Ping An Trust & Investment Co Ltd Bruce Collins, ex CEO of Tullett Liberty and Head of Asia at ICAP, appointed Deputy Chairman
2007	4 new locations (India, Malaysia, South Korea, Columbia)
2006	Office opened in Dubai
2005	1st weather derivative trade broker
2002	Launch of Gaitame.com, since then has become a market leader in Japan in online retail FX Buyout of minority partner in Singapore
2001	Successfully pioneered the 1st hybrid brokerage model in a JV with banks and ICAP (FX options)
1997	1st IDB to open a representative office in China One of the 1st brokers member of the GSCC (now FICC) Becomes a majority shareholder in its Japanese wholesale operations

Corporate governance

Compagnie Financière Tradition is and has always been committed to the highest standards of corporate governance. As part of this ongoing commitment, the Company adopted and developed a number of measures to enhance transparency in its shareholder relations, and it fully complies with the provisions of the "Directive on Information Relating to Corporate Governance" (DCG) published by the SIX Swiss Exchange in July 2002, and the revised Directive which entered into effect on 1 January 2007.

Capital structure

The Company's capital consists entirely of a single class of bearer shares. All shares carry the right to a dividend. Capital structure, authorised capital, conditional capital, as well as changes in share capital over the past three years, and information concerning options issued by Compagnie Financière Tradition on it shares, are disclosed on pages 80 and 81. Compagnie Financière Tradition had no dividend-right certificates or participation certificates, and the Company had no convertible loans outstanding at 31 December 2008.

Group structure and major shareholdings

The Group's organisational overview is presented in summary form on page 5 and the basis of consolidation is set out on pages 73 and 74. Major shareholders are shown on page 80. To the best of our knowledge, no other shareholder held over 3.00% of the voting rights at 31 December 2008. There were no shareholders' agreements and there were no cross-shareholdings exceeding 5.00% of the voting rights or share capital at that date.

General Meeting and shareholder rights

In accordance with Article 18 of the Articles of Association, each share carries the right to one vote. The Company's Articles of Association do not provide for any restriction on shareholders' statutory rights, other than in respect of attendance at a general meeting. Article 17 of the Articles stipulates that "a shareholder may only be represented at the General Meeting by his legal representative or by another shareholder attending that Meeting, in possession of an instrument of proxy". Furthermore, Article 20 provides that "a resolution of the General Meeting shall require the affirmative vote of no less than two-thirds of the votes attached to the shares represented and an absolute majority of the nominal values of the shares represented at a General Meeting where no less than 51% of the nominal value of all shares is represented, for the purpose of: (a) an alteration to the corporate object; (b) the extension or restriction of the circle of corporate operations; (c) the introduction of voting right shares; (d) a restriction on the transferability of registered shares; (e) an authorised or conditional increase in share capital; (f) an increase in share capital by means of equity, against investments in kind or with a view to a takeover of assets and the granting of special advantages; (g) a restriction or abrogation of a pre-emptive right; (h) the transfer of the registered office of the Company; (i) a merger with another company; (j) the dissolution of the Company without winding up.

Pursuant to Sec. 699(3) of the Swiss Code of Obligations (CO), shareholders whose shares together represent a nominal value of one million Swiss francs, may request in writing the inclusion of an item of business on the agenda. According to Article 14(2) of the Articles of Association, an Extraordinary General Meeting of shareholders must convene within forty days following the request for a meeting. The General Meeting is convened at least twenty days prior to the appointed date, by notice published in the "Feuille Officielle Suisse du Commerce". The notice convening the meeting must indicate the items of business on the agenda, as well as any motions of the Board of Directors and shareholders who have requested the convening of the meeting or an item of business to be included on the agenda, and, in case of elections, the names of the candidates standing for election.

Corporate governance

Board of Directors and Executive Board

Board of Directors

The Board of Directors is composed of eleven Directors.

The Chairman, Patrick Combes, is an executive director. He heads the Executive Board. David Pinchin, who is also a member of the Executive Board and President of TFS, and Pierre-Yves Bournet, an executive member, is Secretary-General and President of Tradition Service Holding S.A. The other Directors are non-executive and independent, and have not previously belonged to any governing bodies of Compagnie Financière Tradition or of any of its subsidiaries. No directors had any business relations with Compagnie Financière Tradition or any of its subsidiaries at 31 December 2008, with two exceptions. Robert Pennone is Vice-President of Banque Bénédict Hentsch & Cie S.A., with which Compagnie Financière Tradition concluded a liquidity contract on 18 May 2007. Under this contract the bank was appointed market maker for Compagnie Financière Tradition shares. Moreover, the Group uses the services of François Carrard's law firm as and when necessary. A detailed career history and the terms of office of each of the directors are shown on pages 15 to 17. The members of the Board of Directors are elected en bloc for a term of three years, which commences at the Annual General Meeting at which the directors are elected and terminates at the Annual General Meeting following the expiry of their term. Directors are eligible for re-election. When a director ceases to hold office, irrespective of the reason, a new director is elected for the remainder of the term of the outgoing director.

The Board of Directors is invested with powers and obligations under the law (Sec. 716(a) of the Code of Obligations (CO)), the Articles of Association and the Company by-laws. In particular, it takes all decisions in all areas that are not reserved to the General Meeting or any other governing body. It exercises at all times the highest level of management and strict control over the Management and people empowered to represent the Company, to ensure they comply with the law, the memorandum and articles of association, the by-laws, and issued instructions. The Board of Directors may at any time appoint and dismiss the persons responsible for managing and representing the Company. It may at any time and with immediate effect, withdraw their right to represent the Company in dealings with third parties, subject to their rights under an employment contract.

The Board of Directors has the following non-transferable and inalienable powers and duties:

- exercise the highest level of management of the Company and issue the necessary instructions;
- establish the organisation;
- establish the accounting and financial control principles and the financial plan;
- appoint and dismiss the persons responsible for managing and representing the Company;
- exercise strict control over those persons responsible for managing and representing the Company to ensure, in particular, that they comply with the law, the articles of association, the by-laws, and issued instructions;
- prepare the annual report, the Company accounts and Group accounts;
- prepare the General Meeting and carry out its resolutions
- determine the method of payment of the dividend;
- create and close subsidiaries and branches;
- inform the Court in the event of over indebtedness.

The Board of Directors delegates all day-to-day management of the Company to the Executive Board. The Board of Directors supervises the Executive Board, and at each of its meetings it is briefed by the Chairman and the executive directors on the Executive Board's management of the Company. The Board of Directors meets when the half-year and annual accounts are closed, at each General Meeting, and as required by Company business. The Board held four meetings in 2008, with an average attendance of 10.75 directors. These meetings lasted an average of three hours.

The Audit Committee consists of four members: Robert Pennone (Chairman), Christian Baillet, Jean-Marie Descarpentries and Pierre Languetin. All the members are independent and non-executive. They all have the required experience and knowledge in matters of accounting standards, finance, and auditing to carry out their remit. The role of the Audit Committee is to assist the Board of Directors in its task of supervising the financial reporting process, the internal control of financial reporting, the auditing process, and Company procedures aimed at ensuring compliance with the law, regulations and code of best practice.

The Audit Committee also reviews the performance, efficiency and fees of the external auditors, and ensures that they maintain their independence. Lastly, it examines the effectiveness of the financial and risk management departments' cooperation with the external auditors.

The Committee has the power and authority to carry out or approve investigations into all areas relating to its sphere of competence. A senior financial officer as well as the Heads of Risk Management, Compliance, and Internal Audit attend Committee meetings as necessary. The auditors are invited to attend all meetings at which the Committee reviews the half-year and annual accounts. They submit a report on the accounts at each of these meetings. Minutes of the Audit Committee meetings are forwarded to the Board of Directors. The Committee held four meetings in 2008, which lasted an average of three and a half hours.

The Remuneration Committee is made up of three independent, non-executive members:
Christian Baillet (Chairman), François Carrard and Christian Goecking. The Committee makes recommendations to the Board of Directors regarding remuneration schemes and policies and, more specifically, regarding the remuneration of members of the Executive Board, share option schemes and other incentive schemes. It held one meeting in 2008, which lasted an average of two hours.

Board Committees have an advisory role; they have no decision-making powers. Their responsibility is to make recommendations to the Board of Directors, which then takes decisions.

The Board of Directors and its committees are fully supported in their tasks by the Executive Board, which attends meetings of the Board of Directors when invited. At these meetings the Executive Board briefs the directors on its management, business operations, important events affecting the Company, and subsidiaries in which the Company holds a direct or indirect interest. Depending on the agenda set by the Chairmen of each of the Committees, one or more Executive Board members or department heads are invited to attend Committee meetings, to provide information required by the Committee and to answer questions. Outside these meetings, the Chairman of the Board of Directors is kept regularly informed on the day-to-day management of the Company. In particular, performance is regularly monitored by means of a Management Information System (MIS), and compared with objectives. This control is carried out on a daily, monthly, quarterly or annual basis, depending on the criteria, and encompasses all Group subsidiaries. It entails comparisons with the previous year's results and, more particularly, comparisons with budgets and objectives for the current year.

The Chief Legal Officer is Secretary to the Board of Directors and its committees.

Executive Board

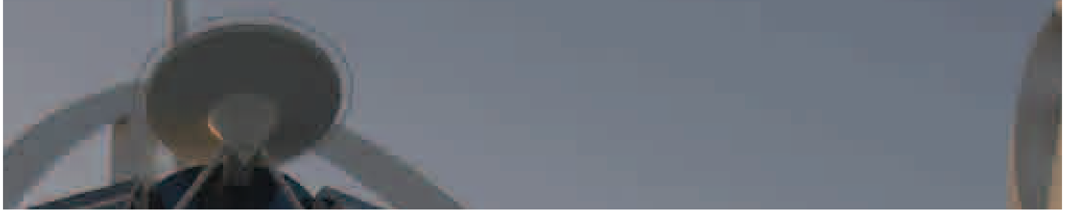
The Executive Board is made up of eight people, including the Executive Chairman of the Board of Directors. They meet on a regular basis and exercise the powers conferred on them by the by-laws. The Board of Directors delegates all day-to-day management of the Company to the Executive Board. The members of the Executive Board report individually to the Chairman of the Board of Directors on the everyday management of the Company, and provide him with timely information on all material events and changes within the Group.

The Executive Board meets as an Executive Committee at least once each quarter, under the chairmanship of the Chairman of the Board of Directors. This Committee is joined by the Chief Legal Officer (Secretary to the Board and Secretary to the Executive Committee), and the Head of Controlling department. Biographical details of each of the Executive Board members, including their education, career history, and positions within Compagnie Financière Tradition are shown on page 17. With the exception of Michael Leibowitz, who was appointed to the Federal Foreign Exchange Committee (FXC) in January 2007, none of the members of the Executive Board holds any other positions in governing or supervisory bodies of any large public or private, Swiss or foreign corporations, foundations or institutions. None of the members hold any directorships or perform any consultancy functions for any significant Swiss or foreign interest groups, and none have any official duties or any political mandates.

There were no management contracts between Compagnie Financière Tradition and any companies outside the Group at 31 December 2008.

Shareholdings of members of the Board of Directors and Executive Board

Shareholdings in the Company, conversion rights and share options held at 31 December 2008 by members of the Board of Directors, the Executive Board, and others in a close relationship with them, are disclosed on pages 84 and 85, pursuant to Section 663c(3) of the Swiss Code of Obligations.



Corporate governance

Remuneration of members of the Board of Directors and Executive Board

Compensation paid, and guarantees, loans, advances or credit granted by Compagnie Financière Tradition or any of its subsidiaries to members of the Board of Directors, the Executive Board, and others in a close relationship with them, are disclosed on pages 83 and 84, pursuant to Section 663^{b}bis of the Swiss Code of Obligations.

No member of the Board of Directors received any share allocation in 2008. 75,000 options were granted to members of the Executive Board. No members of the Board of Directors or the Executive Board received in 2008 any additional fees from Compagnie Financière Tradition amounting to or exceeding half of their ordinary remuneration.

Remuneration of members of the Board of Directors is determined by the Board on the recommendation of the Remuneration Committee. It is presently defined in the form of directors' fees. The annual remuneration for each director comprises a fixed fee of CHF 20,000 and a variable fee of up to CHF 10,000 related to attendance at Board meetings during the year. In addition, four non-executive directors receive additional remuneration of CHF 20,000 each for their duties on the Audit Committee, and three non-executive directors receive an additional fee of CHF 10,000 each for their duties on the Remuneration Committee.

Remuneration of members of the Executive Board members is determined by the Chairman of the Board of Directors, in consultation with the Remuneration Committee, on the basis of a multi-year employment contract. Operational members receive a fixed salary and a performance-related bonus aligned on the performance of the subsidiaries they manage, while functional members receive a fixed salary and a discretionary bonus. Profit-sharing schemes for members of the Executive Board are determined by the Board of Directors, in consultation with the Remuneration Committee. All existing schemes are subject to the executive still being in the Group's employ on the exercise date. The Company did not use the services of outside consultants for determining remuneration.

Takeovers and defensive measures

The Articles of Association contain no "opting out" or "opting up" clause. The employment contracts of Executive Board members and senior executives of the Group do not generally contain any specific provision concerning a change in control of Compagnie Financière Tradition, with the exception of the employment contracts of two members of the Executive Board. Both these contracts contain a clause providing for the executives to retain office, under identical employment conditions, in the event that the Company changes hands, or, for one of them, a right to terminate the contract early.

Information policy

Compagnie Financière Tradition announces consolidated turnover figures on a quarterly basis, and consolidated results on a half-yearly and annual basis. It also discloses all price-sensitive facts in accordance with the requirements of Article 72 of the SIX Listing Rules.

A Company Fact File and contact addresses can be found on page 5 of this Report and on our website at www.traditiongroup.com.

Risks

General risks involved in broking operations conducted by Compagnie Financière Tradition and its subsidiary undertakings

The Group's exposure to the principal risks inherent in broking operations, and the methods it uses to measure risk are disclosed on pages 66 and 67.

Compliance and Internal Audit

Compagnie Financière Tradition implements strict risk management policies throughout its operations.

Three independent bodies are responsible for managing the financial risks, compliance and periodical auditing of the Group's businesses:

- the Risk Management Department is responsible for risk analysis, establishing methodologies, and controlling the financial risks taken by Group entities. The Department analyses counterparties, recommends limits to the Credit Committee, sets up reporting tools and ensures that the traders respect the risk appetite levels defined by the Board of Directors;
- the Compliance Department is responsible for proactively identifying, assessing and preventing compliance risks;
- the Internal Audit Department performs its missions using a methodology that complies with international best practices.

These Departments, which report directly to the Audit Committee, reinforce the Group's corporate governance.

External auditors

The external auditors for the consolidated and statutory accounts are Ernst & Young S.A., Lausanne. They were first appointed in 1996, and were re-elected by the Annual General Meeting of 15 May 2008, for a term of one year. The firm is represented by Hans Isler, auditor in charge, who took up his duties during the audit of the 2003 accounts, and Julien Meylan. Ernst & Young earned fees of CHF 4,329,000 for fiscal 2008, CHF 406,000 of which was for services other than auditing the accounts of the Compagnie Financière Tradition Group. This compares with fees of CHF 5,301,000 and CHF 1,153,000 respectively in 2007.

Corporate governance

The auditors' remuneration criteria are examined by the Audit Committee together with senior financial management. To safeguard the independence of the external auditors, fees for services other than auditing the Group's accounts must not exceed 10% of the auditing fees, except with justification and prior approval. The auditors are invited to attend all meetings of the Audit Committee and the Board of Directors that review the half-year and annual accounts. On these occasions they present a report on the accounts. The auditors attended three meetings of the Audit Committee in 2008.

The Board of Directors recommends that the General Meeting of Shareholders elect its auditors from among the "big four" international auditing firms.

Board of Directors

Patrick Combes - *French national, aged 56 - Chairman of the Board of Directors/Executive Director*

Appointment at Compagnie Financière Tradition: First elected on 7 January 1997. Re-elected on 25 April 2007 for a three-year term.
Offices held in governing and supervisory bodies of large public or private, Swiss or foreign corporations, foundations or institutions at 31 December 2008: Chairman of the Boards of Directors of VIEL & Cie (France), VIEL et Compagnie Finance (France), and Financière Vermeer N.V. (Netherlands), Director of Bourse Direct (France) and of Swiss Life Banque Privée (France). Member of the Steering Committee of Paris Europlace (France), the Board of Directors of Planet Finance (France), and the International Strategy Committee of Columbia Business School, New York (USA).
Operational management appointments within the Group at 31 December 2008: Heads the Executive Board of Compagnie Financière Tradition.
Education: Ecole des Affaires Européennes (ESCP-EAP), Paris. MBA from Columbia University.
Career history: On his return from New York in 1979, Patrick Combes took over VIEL & Cie, gradually transforming the Company through organic and external growth, first in France and then on the international level, into a global player on the world's financial markets. In 1996, when VIEL & Cie took control of Compagnie Financière Tradition, he became Chairman of the Board of Directors. Patrick Combes is Chevalier de la Légion d'Honneur.

Christian Baillet - *French national, aged 58 - Director/Chairman of the Remuneration Committee and member of the Audit Committee*

Appointment at Compagnie Financière Tradition: First elected on 7 January 1997. Re-elected on 25 April 2007 for a three-year term.
Offices held in governing and supervisory bodies of large public or private, Swiss or foreign corporations, foundations or institutions at 31 December 2008: President of Quilvest France and Anglo-Française (France). Director of VIEL & Cie (France), VIEL et Compagnie Finance (France), Director and Vice Chairman of Quilvest S.A. (Luxembourg), Chairman of Quilvest Switzerland (Switzerland) and Vice Chairman of the Supervisory Board of Quilvest Banque Privée (France).
Education: Graduate of the Ecole Centrale de Lyon; MBA from Wharton School, University de Pennsylvania.
Career history: Christian Baillet joined the Corporate banking division of Citicorp in New York in 1975. Since 1978, he has been with the Bemberg Group, based in Paris, where he was Manager of French and European Investments before becoming Group Finance Director. In 1994, he was appointed Chief Executive of Quilvest S.A. Luxembourg, in charge of global investments. Since 1 January 2009, he is Vice Chairman of the Quilvest Group and holds a number of consulting and Board appointments in subsidiaries or affiliates.

Pierre-Yves Bournet - *French national, aged 44 - Executive Director*

Appointment at Compagnie Financière Tradition: First elected on 25 April 2007 for a three-year term.
Offices held in governing and supervisory bodies of large public or private, Swiss or foreign corporations, foundations or institutions at 31 December 2008: None.
Operational management appointments within the Group at 31 December 2008: Secretary-General of Compagnie Financière Tradition, Lausanne, and President of Tradition Service Holding S.A., Lausanne.
Education: Institut Supérieur de Commerce, Paris.
Career history: Pierre-Yves Bournet joined the Bouygues Group in Paris in 1987 as Finance Director of SCREG groupe et travaux publics. In 1994, he joined the Finance Department of Losinger AG, Bern, where he held the position of Finance Director until the end of 1999. He was appointed assistant to the Group CFO at Compagnie Financière Tradition in 2000, and in 2004 was made Secretary-General.

Hervé de Carmoy - *French national, aged 71 - Director*

Appointment at Compagnie Financière Tradition: First elected on 29 September 1997. Re-elected on 25 April 2007 for a three-year term.
Offices held in governing and supervisory bodies of large public or private, Swiss or foreign corporations, foundations or institutions at 31 December 2008: Executive Chairman of the Supervisory Boards of Sydney & London Properties (U.K) and Etam Développement (France).
Education: Graduate of the Institut d'Etudes Politiques, Paris. MBA from Cornell University.
Career history: Hervé de Carmoy joined Chase Manhattan Bank in 1963, where he was Chief Executive for western Europe. In 1978, he joined Midland Bank Plc, and in 1984 was appointed Chief Executive, Director and member of the Executive Committee of the Midland Plc Group, London. From 1988 to 1991, he was Deputy Director of Société Générale of Belgium. In 1992 he was appointed President and Chief Executive of the BIMP, and then in 1998, he became Managing Partner of Rhône Group LLC, New York. He was appointed Executive Chairman and then Chairman of the Supervisory Board of Almatis GmbH Frankfurt, world leader in alumina chemical products, thenExecutive Chairman of Almatis Holding B.V. (Netherlands). He is presently Chairman of the Supervisory Boards of Sydney & London Properties (U.K) and Etam Développement (France).

François Carrard - *Swiss national, aged 70 - Director/Member of the Remuneration Committee*

Appointment at Compagnie Financière Tradition: First elected on 29 september 1997. Re-elected on 25 April 2007 for a three-year term.
Offices held in governing and supervisory bodies of large public or private, Swiss or foreign corporations, foundations or institutions at 31 December 2008: Chairman of the Boards of Directors of Beau-Rivage Palace S.A. Lausanne (Suisse), and Groupe Vaudoise Assurances (Switzerland). Vice Chairman of the Board of Directors of ING Bank (Suisse) S.A. (Switzerland), member of the Board of Directors of Bank of China (Suisse) S.A., and member of the Supervisory Board of Lieken A.G. (Germany).
Education: LL.D., University of Lausanne.
Career history: François Carrard has been a practicing attorney since 1967. He is a partner in the law firm of Carrard & Associés, Lausanne. He is a specialist in corporate law, particularly banking and finance, and sports law - he is legal counsel to the International Olympic Committee, and was its former Director General from 1989 to 2003. He also specialises in international arbitration and mediation.

Jean-Marie Descarpentries *- French national, aged 72 - Director/Member of the Audit Committee*

Appointment at Compagnie Financière Tradition: First elected on 7 January 1997. Re-elected on 25 April 2007 for a three-year term.
Offices held in governing and supervisory bodies of large public or private, Swiss or foreign corporations, foundations or institutions at 31 December 2008: Honorary President of the FNEGE (France), President of the Observatoire de l'Immatériel (France), Director of Assurances et Conseils St-Honoré (France), Banque de Vizille (France), VIEL & Cie (France), GINGER (France), Censeur de Parsys (France), member of the Strategy Committee of Bolloré (France), and member of the Advisory Board of British Telecom (UK).
Education: Graduate of the Ecole Polytechnique (Paris).
Career history: Jean-Marie Descarpentries has been a senior executive of some of Europe's major industrial groups (Shell, Danone, St Gobain, Interbrew). From 1982 to 1991, he was CEO of Carnaud Metalbox. From 1994 to 1997, he was CEO of Bull, and was responsible for turning the company around and its privatisation.

Christian Goecking *- Swiss national, aged 65 - Director/Member of the Remuneration Committee*

Appointment at Compagnie Financière Tradition: First elected on 7 January 1997. Re-elected on 25 April 2007 for a three-year term.
Offices held in governing and supervisory bodies of large public or private, Swiss or foreign corporations, foundations or institutions at 31 December 2008: Deputy Director of Berney & Associés S.A. (Switzerland) (member of Horwath International), Vice Chairman of the Board of Directors of CIM Banque (Suisse) S.A. (Switzerland) and Chairman of its Audit Committee.
Education: Graduate of the Ecole des Hautes Etudes Commerciales (HEC) of the University of Lausanne.
Career history: Christian Goecking has spent 41 years in banking and finance, particularly in financial broking. He has worked in senior management and as deputy director at major Swiss banks and English brokerage houses, and was Manager of private asset management at Banque Julius Baer in Geneva and Lugano.

Pierre Languetin *- Swiss national, aged 85 - Director/Member of the Audit Committee*

Appointment at Compagnie Financière Tradition: First elected on 4 May 1995. Re-elected on 25 April 2007 for a three-year term.
Offices held in governing and supervisory bodies of large public or private, Swiss or foreign corporations, foundations or institutions at 31 December 2008: Chairman of the Board of Directors of Rosbank (Switzerland) S.A. (Switzerland).
Education: Degree in economics and business administration and Docteur Honoris Causa from the University of Lausanne.
Career history: Pierre Languetin began his career in Paris at the Secretariat of the Organisation for European Economic Cooperation, from 1949 to 1954. He then moved to Bern, where he worked for the Department of Economic Affairs from 1955 to 1976. He was Ambassador Delegate of the Federal Council for International Trade Agreements from 1966, and a member, then Chairman of the Governing Board of the Swiss National Bank from 1976 to 1988. He was a member of the Board of Directors of the BIS from 1985 to 1988.

Robert Pennone *- Swiss national, aged 64 - Director/Chairman of the Audit Committee*

Appointment at Compagnie Financière Tradition: First elected on 7 January 1997. Re-elected on 25 April 2007 for a three-year term.
Offices held in governing and supervisory bodies of large public or private, Swiss or foreign corporations, foundations or institutions at 31 December 2008: Director of Pennone & Partners S.A. (Switzerland), Vice-President of Banque Bénédict Hentsch & Cie S.A. (Switzerland), President of RSI Securities (Switzerland), Vice Chairman of the Board of Directors of Genolier Swiss Medical Network S.A. (Switzerland). Managing Partner of BBH 360 Holding Sàrl (Switzerland).
Education: Certified accountant.
Career history: Robert Pennone joined Deloitte as a partner in 1975. In 1979, he partnered with Lenz law firm, Geneva, to develop Revex / Audiba until that company merged with Ernst & Whinney in 1987. He then became Deputy Director of the Swiss entity until 1989, when Ernst & Whinney merged with Arthur Young to become Ernst & Young. He was a member of the Board of Directors and the Executive Board of Ernst & Young from 1989 until end-1993. During that time he was also a member of the Worldwide Banking Committee, and Managing Director of Ernst & Young M&A Europe. In 1994, he created Pennone & Partners S.A. and participated in developing the MC Securities Group. More recently, he became co-founder of Banque Bénédict Hentsch & Cie S.A.

David Pinchin *- U.S. national, aged 61 - Executive Director*

Appointment at Compagnie Financière Tradition: First elected on 25 April 2007 for a three-year term.
Offices held in governing and supervisory bodies of large public or private, Swiss or foreign corporations, foundations or institutions at 31 December 2008: None.
Operational management appointments within the Group at 31 December 2008: President of TFS and Managing Director of Compagnie Financière Tradition.
Education: Honours degree in Business Studies from the City of London College, UK.
Career History: David Pinchin, one of the founders of the OTC currency options market in the early eighties, was also one of the two co-founders of TFS in 1985. He was previously Managing Director of International Treasury Management Ltd., a subsidiary of HSBC and Marine Midland bank, where he traded interest rate swaps.

Urs Schneider *- Swiss national, aged 63 - Director*

Appointment at Compagnie Financière Tradition: First elected on 7 January 1997. Re-elected on 25 April 2007 for a three-year term.
Offices held in governing and supervisory bodies of large public or private, Swiss or foreign corporations, foundations or institutions at 31 December 2008: President of Finance Watch (Switzerland) and member of the Foundation Board of the International Social Service (IS) - Swiss Section.
Education: Graduate of the Hochschule für Wirtschafts-, Rechts- und Sozialwissenschaften (HSG) of the University of St. Gallen.
Career history: Urs Schneider spent two years at LEICA, Heerbrugg, before joining the IMI/IMD (International Management Institute), Lausanne, where he held different posts from 1971 to 1984, including Administrative Director and Director of the MBA programme. He was Director of the IFCI Foundation - International Financial Risk Institute from 1985 to 2004. Since 1989, he has been on the academic staff of the Swiss Finance Institute and, since 2006, teaches risk management at the International University, Geneva.

No directors held any official or political positions at 31 December 2008.

Executive Board

Patrick Combes - *French national, aged 56 - Chairman of the Board of Directors*

On his return from New York in 1979, Patrick Combes took over VIEL & Cie, gradually transforming the Company through organic and external growth, first in France and then on the international level, into a global player on the world's financial markets. In 1996, when VIEL & Cie took control of Compagnie Financière Tradition, he became Chairman of the Board of Directors. Patrick Combes is Chevalier de la Légion d'Honneur.

Emil Assentato - *U.S. national, aged 59 - Managing Director TSH Americas*

Emil Assentato graduated in economics from Hofstra University in 1973, and began his career on Wall Street, before joining Tradition in 1986 as Manager of money market and derivatives operations. In 1991, he was appointed Chief Executive of Tradition (North America) Inc. and Tradition Asiel Securities Inc. He is also President of FXDirectDealer LLC, New York.

Adrian Bell - *Australian national, aged 47 - Managing Director TSH Asia-Pacific*

Adrian Bell is a native of Sydney Australia. He studied Japanese and Mandarin after leaving high school, and moved to Tokyo, Japan where, in 1986, he began his career in the money markets. He has experienced first hand many of the changes that have occurred over the past twenty or so years in the money markets throughout Asia. He worked in Singapore in 1991, and has overseen the expansion of Tradition's presence in Asia and Australia, first in Tokyo since 1997, and more recently in Hong Kong, Singapore and Sydney, where he developed operations in interest rate derivatives.

Bruce Collins - *British national, aged 56, Deputy Chairman*

After leaving high school, Bruce Collins began his career in financial services where he has 35 years' experience. He was Managing Director at Tullett and Tokyo (which became Tullett Liberty in 1999), responsible for the Asia-Pacific region and then for operations in London and Continental Europe. He held the position of Global Chief Executive at Tullett Liberty from 2000 to 2004, and in 2005 was appointed CEO of ICAP, responsible for the Asia-Pacific region. He joined Compagnie Financière Tradition in January 2008 as Deputy Chairman.

Donald P. Fewer - *U.S. national, aged 44 - Senior Managing Director of Standard Credit Group, New York*

Prior to joining the Standard Credit Group, Donald Fewer was Senior Managing Director and Head of North America of GFI Group since June 2000. Donald Fewer joined GFI in 1996 to establish the Company's global credit derivatives business. Prior to joining GFI, he was Senior Vice President of Structured Products at Garvin Guy Butler. Donald Fewer was previously Senior Vice President at Prebon Yamane (USA) Inc., where he headed the firm's Treasury Group, responsible for all non-trading operations, and was a member of the firm's North American Executive Committee. Donald Fewer graduated from Pace University and holds a Bachelor of Business Administration. He is a member of Omicron Delta Epsilon - International Economic Honor Society.

Michael Leibowitz - *U.S. national, aged 43 - CEO Europe, Middle East and Africa*

Michael Leibowitz began his career at Tradition Financial Services in 1991, and in 1993 became head of TFS Global Foreign Exchange operations in London. From 2000 to 2005, he was CEO of TFS-ICAP Volbroker, the leading liquidity provider in Global Foreign Exchange Options, and in 2006 he was appointed CEO of TFS Europe and Director of Global Group Equity Products. In November 2007, he was appointed CEO of Tradition Group's combined brokerage operations in London (TFS Europe and Tradition UK). In December 2008, he was appointed CEO of Tradition Group's European operations. He holds a Juris Doctor degree from Hofstra University, New York, and a degree in economics from New York State University. Michael Leibowitz is a member of the Federal Foreign Exchange Committee (FXC).

David Pinchin - *U.S. national, aged 61 - President of TFS and Managing Director of Compagnie Financière Tradition*

David Pinchin, one of the founders of the OTC currency options market in the early eighties, was also one of the two co-founders of TFS in 1985. He was previously Managing Director of International Treasury Management Ltd., a subsidiary of HSBC and Marine Midland bank, where he traded interest rate swaps. He holds an honours degree in Business Studies from the City of London College, UK.

Dominique Velter - *French national, aged 43 - Strategic Marketing Director*

Dominique Velter holds a Master's degree in economics from Paris-Dauphine University (Paris). She joined BATIF, the capital market banking arm of Thomson, when it was formed in 1986. In 1989, she was appointed Director of Financing at the Bernard HAYOT Group, specialists in wholesale and retail distribution. She obtained an MBA from ISAHEC in 1996, and joined VIEL & Cie to assist the Chairman on development projects. In 1999, she created the Group's online broker, Capitol.fr, and was its President until April 2001, when she was appointed Strategic Marketing Director of Compagnie Financière Tradition.

2008 Economic review

Tempo di borea

Johann Sebastian Bach composed a partita with a cold, sad title: tempo di borea, alluding to the grey, icy weather accompanying the north wind. These conditions closely resemble the present state of the world economy. After enjoying a decade of unbridled global growth, the economy was knocked off course by an unusually severe crisis. Many problems erupted at around the same time, and this confluence could well undermine the global economic structures and threaten the very fundamentals of the system. Growth slowed dramatically during the year, bringing one country after another, as well as whole macro-regions, close to the brink. At the same time, the spectre of inflation receded, leading to widespread fears of disinflation, or even deflation.

The catalyst was the famous subprime meltdown. This set off a grim domino reaction that started with the American mortgage system and then spilled over to contaminate the whole local banking structure and then the European financial institutions. The real world economy was strangled as financing dried up and the credit crunch morphed into a more serious phase. Companies were forced to reduce capital investments and jittery consumers cut back on spending. World trade, which had enjoyed an historical boom for a decade or so, was caught in the downdraft. This could have serious repercussions in the future if countries are tempted to resort to protectionism in whatever form. Central banks took to the front, introducing an arsenal of exceptional measures and slashing interest rates repeatedly. Governments took substantial measures to protect their financial systems and shore up their economies. They mobilised hitherto unthinkable volumes of resources and assumed commitments and risks that will seriously reduce their room for manoeuvre over the next few years. Yet even after all these exceptional, draconian measures, nobody can be certain that the global economy will get back on track anywhere soon and, especially, that there will be a return to stability.

Restore confidence and recapitalise

Many of the measures and decisions ease the pain more than they cure the disease, since they fail to attack the root of the problems. The two watchwords are confidence and capital. Restoration of confidence is crucial to get the economy rolling forward again, while action is needed to recapitalise the banking system whose role is vital in financing the economy. The crisis hit an economy which was already ailing from past excesses. The era of cheap, easy credit and indiscriminate lending had been going on for a long time. Uncommon and insane risks were accepted blindly, and were even eagerly sought out by investors. The controls set up by specialised agencies and watchdogs, both public and private, were highly inefficient.

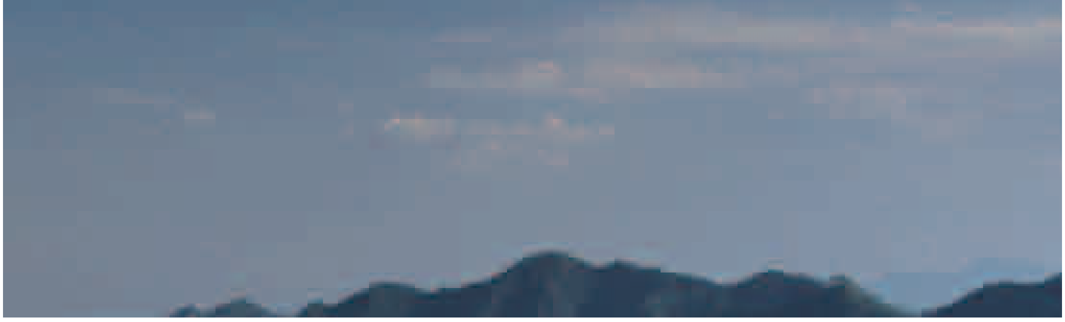
All these factors combined to create extremely dangerous conditions that threatened the stability of the system. Many countries benefited substantially from this gravy train and helped keep it rolling in order to sustain their own development and power their economies, but without creating sound, structured bases. Elsewhere, financial institutions developed without responsible risk management, while unlimited financing fed global overconsumption, particularly in America, creating explosive imbalances.

Running the risk of a global systemic crisis

Several academics as well as professionals from banking and political circles had warned that the system was at risk of implosion. But why spoil the party when the whole world was profiting from the collective euphoria? Even the central bank gurus preferred to remain silent rather than sound the alarm, for fear of undermining the exceptional development of the world economy.

The hard landing came as a surprise to everyone - bankers, politicians, consumers, investors, businessmen, and central bankers. 2008 can be classed as a fundamental date in history, when the world economic, social and political climate changed very rapidly during a dramatic second half. Comparisons with previous crises are meaningless, since globalisation has shifted the goal posts. Whereas it played a very positive role in spreading growth, globalisation is now perversely helping to distribute the recession across all macro-regions of the globe.

Share prices went into freefall, reflecting the new economic reality. Bond prices rose sharply as central banks slashed interest rates, while credit spreads - which compensate investors for higher company or country risk on debt securities - widened substantially. In the forex markets, currencies embarked on a white-knuckle ride, while commodity prices, after hitting historical highs, plummeted on the back of the sharp slowdown in global demand and the flight of speculative capital. A massive unwinding of carry trades sparked further financial turmoil, which characterised the second half of the year. The Cassandras had a field day, bidding up their estimates of the seemingly endless losses suffered by global financial institutions. At the same time, some of the most venerable institutions of the financial word bit the dust, crippled by gargantuan losses that threatened their survival and by a meltdown in their share prices. The events of 2008 have been a long and painful ordeal for international finance, which is now paying a heavy price as the cleanup process gets under way.



A new panorama on the horizon

Clearly, a very different framework is shaping up as measures are taken to absorb the impact of the crisis. Risk aversion will dominate the markets for a long time to come; governmental institutions and central banks will be given more structured and greater powers of regulatory control and supervision. There is the risk of below potential growth over the next few years. Certainly the role of the G20 will become more assertive, making the enlarged group of major countries an operational centre for important political decision-making in times of crisis, and particularly of economic crisis. International institutions, like the IMF and the World Bank, will have a chance to regain their essential role as lender and financier of last resort, and reassert their position as the ideal forum in which to re-discuss and redefine a post-Bretton Woods. Now is the time to recapture the Bretton Woods spirit of international co-operation. As the financial world deals out the cards of power among industrial and business corporations and even among countries, new balances will be created in a great game of Monopoly, in which only the strictest and the most sound can optimise their positions.

Text written by Alessandro Giraudo
Chief Economist TSAF

Activities 2008

Compagnie Financière Tradition is a global interdealer broker in the financial markets. Our role as broker is to facilitate transactions between two or more counterparties by matching supply and demand for financial and non-financial products traded on the regulated markets, and non-standardised products traded over-the-counter. In doing so, we help ensure the most efficient pricing for trades and generate liquidity in the different financial centres, like a real marketplace.

Compagnie Financière Tradition is present in 27 countries. The Group is comprised of two holding companies: Tradition Service Holding (TSH), which specialises in broking money market products, interest rate and credit derivatives, bonds, interest rate futures and index futures; and Tradition Service Holding (TFS), which covers broking activities in currency options, equity derivatives, commodities and precious metals.

The Group delivered solid growth in 2008 with turnover rising 9.8% to CHF 1,556.1 million (2007: CHF 1,1417.1 million). Consolidated turnover was up 22.3% at constant exchange rates.

Business activities were strong across all geographic sectors, with the United Kingdom registering an increase of 10.0%, the Americas 14.0%, and Asia-Pacific 14.1%. Continental Europe was the exception, with activity levels down 10.2%.

Activities remain at 2007 levels in money market products, interest rate and currency derivatives.

Turnover from these activities increased slightly by 0.4% to CHF 610.7 million, and represented 39.2% of total Group turnover.

Most of this volume was generated by the U.K. (38.2%), Asia-Pacific (28.4%) and the American continent (27.1%), while Continental Europe contributed 6.3%.

In the **United Kingdom**, these activities were ahead 2.4% in 2008 and accounted for 43.3% of the region's global turnover.Performance was mixed among the different sectors.Currency activities benefited from widening spreads, brought about by the liquidity squeeze as investor confidence was undermined by the global financial crisis. By contrast, currency options were negatively impacted by extreme volatility in the forex markets during the second half, despite a strengthening of the Group's competitive position in this sector.

In the **United States**, these activities generated revenues of CHF 165.4 million, a rise of 0.4% on the year, representing 31.1% of the region's global turnover. Most of this business is conducted through our **New York** based subsidiary, Tradition (North America) Inc.

The group is already present in South America, with subsidiaries based in **Argentina**, **Colombia**, **Chile** and **Mexico**. These companies operate both in their local markets and with foreign banks, in a rapidly developing environment in which we have substantial market shares.

In the **Asia-Pacific** region, this business segment delivered revenues of CHF 173.3 million, down 1.1% on the year, but still accounts for 51.6% of the region's total activities. All our Asian entities contribute to turnover in this segment, although the bulk of the business is conducted through Meitan Tradition Co. Ltd, **Tokyo**, Tradition (Asia) Ltd, **Hong Kong**, Tradition Singapore (Pte) Ltd, **Singapore**, and Tradition Korea Ltd, **Seoul**.

The Group continued the expansion of its footprint in emerging markets with the opening of a new subsidiary, Tradition Financial Services Philippines Inc. in **Makati City**, and the acquisition of a 33.0% interest in a Chinese company, Ping An Tradition International Money Broking Company Ltd, in **Shenzhen**.

In **Continental Europe**, turnover from money market operations and interest rate products, which account for 25.9% of the region's total business, was down 4.2% on the year. This decline was due to a drop in the number of transactions, brought about by falling interest rates. The Group's activities in this segment are conducted through our subsidiaries in **Brussels**, **Frankfurt**, **Munich**, **Luxembourg**, **Paris**, **Lausanne**, and **Milan**. We continued to expand our presence in Continental Europe, with the opening of a branch in **Zurich** in 2008.

Activities in securities and security derivatives grew strongly during the year, with turnover up by 18.1%. This segment has now become the Group's principal business activity.

Once again, this segment performed strongly across all geographic regions. Turnover rose 18.1%, to close to CHF 665.3 million, and accounted for 42.8% of the Group's business in 2008.

The **Americas** and the **United Kingdom** accounted for 42.5% and 36.3% of total turnover in these operations, while **Continental Europe** and **Asia-Pacific** also contributed significantly with 14.2% and 7.0% of turnover respectively.

The **United Kingdom** and **Continental Europe** generated turnover of CHF 335.9 million, up 5.0% from last year. In **London**, the major part of our business is carried out through subsidiaries Tradition (UK) Ltd and TFS Derivatives Ltd, and through the branch of our French subsidiary, Tradition Securities And Futures S.A.In **Continental Europe**, operations in this sector are conducted under the Finacor brand, through our subsidiaries TSAF OTC S.A. and Tradition Securities And Futures S.A. in **Paris**, and our **Frankfurt** based company, Finacor Wertpapierhandel GmbH.

The Group is a major player in the **United States**, thanks to Tradition (Asiel Securities) Inc., TFS Derivatives Corp and Standard Credit Group LLC (a company created 2008). Turnover in the Americas increased by 28.5% to CHF 282.8 million, or 53.2% of the region's total activities. The liquidity squeeze that followed the subprime meltdown in the U.S. pushed credit spreads wider, and this had a positive impact on revenues. Our new company, Standard Credit Group LLC, a leader in the credit derivatives market, also contributed significantly to these results.

The **Asia-Pacific** region was the strongest growth generator in this business sector, on the back of high trading volumes. Turnover more than doubled its 2007 level to reach CHF 46.6 million, and accounted for 13.9% of the region's total activities.

Turnover in the commodities sector grew by 6.4% in 2008.

The Group's commodities operations are based in the **United States**, the **United Kingdom**, **Australia**, and the **United Arab Emirates**. Turnover in this sector grew by 6.4% in 2008. The two main hubs for these activities are the **United Kingdom** and the **United States**, which are also the main growth generators.

Volumes in commodities in the **United Kingdom** rose by 15.1% in 2008, and accounted for 11.9% of the region's total activities. Much of this increase came from environmental products traded through Tradition Financial Services Ltd., London, where business was up 49.4%, thanks to the Group's leadership position in these markets in the U.K. and the U.S. The sector has received a boost from the growing number of new customers entering the market in order to comply with recent national and supranational environmental objectives.

Turnover from commodities in the **United States** rose by 2.5%, accounting for 15.4% of the region's total business. The metals sector grew by 19.4%, on the back of our strengthened leadership position and new opportunities to develop standardised products for the financial markets. The electricity derivatives sector rose 8.2%, boosted by the promising development of private investor activities. Activities in oil derivatives were down by 10.9%, succumbing to the extreme volatility in oil prices which took its toll on trading volumes and market liquidity.

Strong business growth at Gaitame.com Co. Ltd, Tokyo, with turnover up by over 27%.

Trading volumes at Gaitame.com Co. Ltd improved significantly during the year and its customer base continued to grow.The company offers oline forex trading to a clientele made up predominantly of private investors.It is the market leader in this segment in Japan.

Results 2008

Compagnie Financière Tradition's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

The accounting policies applied in the preparation of the consolidated financial statements are identical to those in effect at 31 December 2007.

Turnover grew to CHF 1,556.1 million in 2008, a rise of 9.8% at current exchange rates.

Consolidated turnover was up 9.8% on year, from CHF 1,417.1 million to CHF 1,556.1 million.

Business volumes increased by 16.5% in the first half of the year, but this growth slowed to 3.7% in the second half as the crisis in the financial markets took its toll.

An analysis of the segmental and geographic breakdown of consolidated turnover is shown below:

	Currencies and interest rates		Securities and security derivatives		Commodities and other activities		Total	
CHF 000	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Europe	**271,992**	268,281	**335,866**	319,969	**80,792**	68,378	**688,650**	656,628
Americas	**165,388**	164,725	**282,835**	220,117	**83,139**	81,090	**531,362**	465,932
Asia-Pacific	**173,286**	175,197	**46,592**	23,023	**116,162**	96,330	**336,040**	294,550
Total	**610,666**	608,203	**665,293**	563,109	**280,093**	245,798	**1,556,052**	1,417,110

Operating profit was CHF 149.4 million, compared with CHF 150.1 million in 2007.

Consolidated operating profit declined slightly to CHF 149.4 million from CHF 150.1 million in 2007; consolidated operating profit from operational activities remained stable. The consolidated operating margin was 9.6% of consolidated turnover, against 10.6% a year ago.

Personnel costs amounted to CHF 1,041.2 million, or 66.9% of consolidated turnover, against CHF 958.0 million and 67.6% respectively in 2007. Variable remuneration was 52.5% of total operational staff compensation (2007: 50.2%). The cost of telecommunications and purchasing financial information, the second biggest expense category after personnel costs, represented 5.5% of consolidated turnover in 2008 (2007: 5.4%).

Net profit attributable to shareholders of the parent rose to CHF 85.5 million from CHF 84.6 million in 2007.

Net financial income was CHF 30.1 million against CHF 3.5 million in 2007. This increase stems mainly from a change in the fair value of a contractual put option on the Group's stake in its associate, Reset Holding (Pte) Ltd. A financial gain of CHF 23.9 million relating to the exercise of this option was recognised in 2008. Net exchange gains reached CHF 4.1 million and net interest income from reinvestment of short-term cash and interest expense amounted to CHF 1.3 million.

The share of the profits of associates was CHF 10.7 million, down from CHF 12.9 million in 2007, and consisted mainly of a share in the profit of Reset Holding (Pte) Ltd, of CHF 7.9 million. The 2007 results included negative goodwill of CHF 6.8 million.

Profit before tax on continuing activities grew to CHF 190.2 million from CHF 166.4 million, giving a pre-tax return of 12.2% (2007: 11.7%). The consolidated tax charge for the year was CHF 81.3 million, or 42.7% of profit before tax, compared with CHF 72.6 million and 43.7% respectively in 2007.

Consolidated net profit remained unchanged at CHF 106.0 million, for a net margin of 6.8% of consolidated turnover (2007: 7.5%). Net profit for the year attributable to minority interests was CHF 20.5 million (2007: CHF 21.4 million).

Net profit attributable to shareholders of the parent rose to CHF 85.5 million from CHF 84.6 million, for a return on consolidated equity of 29.3% (2007: 33.5%).Consolidated shareholders' equity totalled CHF 340.8 million at 31 December 2008, of which CHF 285.6 million was attributable to shareholders of the parent. This reflects the Group's very solid financial situation, with a cash position, financial assets held for trading and financial assets available for sale, net of financial debts, standing at CHF 200.9 million at 31 December 2008 (2007: CHF 215.0 million).

Results 2008

Compagnie Financière Tradition reported a Company profit of CHF 35.9 million.

Compagnie Financière Tradition, a pure holding company, delivered a net profit of CHF 35.9 million, up from CHF 26.6 million in 2007. This result takes account of dividends of CHF 36.5 million received during the year, other operating income of CHF 34.6 million, mainly comprising royalties invoiced to Group companies, and financial income of CHF 5.7 million.

Operating expenses amounted to CHF 37.8 million (2007: CHF 28.7 million). Company shareholders' equity stood at CHF 78.6 million at 31 December 2008 (2007: CHF 85.4 million).

Outlook

Compagnie Financière Tradition will pursue its development in 2008, in order to position the Group as a leading international player in its sector. Our priority will be to ensure solid growth, both organically and by selective acquisition, and to develop a global organisation using new technologies.

Consolidated financial statements

Report of the Group auditors

To the General Meeting of

Compagnie Financière Tradition, Lausanne

Lausanne, 18 March 2009

Report of the statutory auditor on the consolidated financial statements

As statutory auditors, we have audited the accompanying consolidated financial statements of Compagnie Financière Tradition, Lausanne, which comprise the income statement, balance sheet, cash flow statement, statement of changes in equity and notes, included on pages 27 to 74, for the year ended 31 December 2008.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements for the year ended 31 December 2008 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Article 728 CO and Article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with Article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Hans Isler
Swiss Certified Accountant
(Auditor in charge)

Julien Meylan
Swiss Certified Accountant

Consolidated income statement for the year ended 31 December 2008

CHF 000	Notes	**2008**	2007
Continuing operations			
Turnover	1	**1,556,052**	1,417,110
Other net operating income	2	**3,072**	1,679
Operating income		**1,559,124**	**1,418,789**
Personnel costs		**-1,041,165**	-957,988
Other operating expenses	3	**-328,491**	-290,509
Amortisation and depreciation		**-38,864**	-19,387
Impairment losses	8	**-1,158**	-837
Operating expenses		**-1,409,678**	**-1,268,721**
Operating profit		**149,446**	**150,068**
Net financial income	4	**30,088**	3,457
Share of profit of associates	9	**10,692**	12,855
Profit before tax		**190,226**	**166,380**
Income tax	5	**-81,269**	-72,640
Profit for the year from continuing operations		**108,957**	**93,740**
Discontinued operations			
Profit/(loss) after tax from discontinued operations	13	**-2,955**	12,274
Net profit for the year		**106,002**	**106,014**
Attributable to:			
Shareholders of the parent		**85,491**	84,630
Minority interests		**20,511**	21,384
Earnings per share (in CHF):	6		
Basic earnings per share		**15.31**	15.35
Diluted earnings per share		**14.72**	14.62
Earnings per share from continuing operations (in CHF):	6		
Basic earnings per share from continuing operations		**15.84**	13.12
Diluted earnings per share from continuing operations		**15.23**	12.50

Consolidated balance sheet at 31 December 2008

CHF 000 ASSETS	Notes	31.12.2008	31.12.2007
Tangible fixed assets	7	**54,595**	41,342
Intangible fixed assets	8	**103,544**	37,575
Investments in associates	9	**13,047**	17,575
Available-for-sale financial assets	16	**18,282**	484
Other financial assets	10	**9,055**	6,679
Deferred tax assets	5	**26,321**	17,674
Unavailable cash	11	**18,782**	19,868
Total non-current assets		**243,626**	**141,197**
Other current assets		**12,402**	11,946
Derivative financial instruments	26	**23,582**	278
Tax receivables	25	**7,528**	6,720
Trade and other receivables	14	**825,660**	897,602
Available-for-sale financial assets	16	**6,280**	4,863
Financial assets at fair value	15	**2,492**	25,268
Cash and cash equivalents	17	**378,849**	331,059
Total current assets		**1,256,793**	**1,277,736**
Assets held for sale	13	**3,558**	29,012
TOTAL ASSETS		**1,503,977**	**1,447,945**

Consolidated balance sheet at 31 December 2008

CHF 000 EQUITY AND LIABILITIES	Notes	31.12.2008	31.12.2007
Capital	18	14,049	13,986
Share premium		4,310	32,717
Treasury shares	18	-7,135	-
Currency translation		-57,353	-19,387
Consolidated reserves	18	331,761	264,487
Total equity attributable to shareholders of the parent		**285,632**	**291,803**
Minority interests		55,119	36,001
Total equity		**340,751**	**327,804**
Financial debts	21	7,187	9,468
Provisions	22	28,656	23,897
Deferred tax liabilities	5	8,579	3,175
Deferred income		2,277	4,666
Total non-current liabilities		**46,699**	**41,206**
Financial debts	21	184,422	166,818
Trade and other payables	24	895,757	850,609
Tax liabilities	25	21,440	32,557
Derivative financial instruments	26	14,432	2,392
Deferred income		476	2,824
Total current liabilities		**1,116,527**	**1,055,200**
Liabilities directly related to assets held for sale	13	-	23,735
Total liabilities		**1,163,226**	**1,120,141**
TOTAL EQUITY AND LIABILITIES		**1,503,977**	**1,447,945**

Consolidated cash flow statement

CHF 000	Note	2008	2007
Cash flows from operating activities			
Profit before tax on continuing operations		190,226	166,380
Profit/(loss) before tax on discontinued operations		-1,579	8,459
Amortisation and depreciation		38,864	20,183
Impairment losses		1,158	837
Net financial income		-17,682	-27,065
Share of profit of associates		-10,692	-12,855
Increase in provisions		19,288	23,501
Movements in deferred income		-3,119	7,967
Expense related to share-based payments		3,361	694
Net (gains)/losses on disposal of fixed assets		-228	600
(Increase)/decrease in working capital		68,383	-27,765
Interest paid		-10,333	-13,118
Interest received		11,743	19,767
Income tax paid		-93,705	-69,250
Net cash flows from operating activities		**195,685**	**98,335**
Cash flows from investing activities			
Acquisition of financial assets		-18,821	-27,338
Proceeds from sale of financial assets		21,850	425
Acquisition of subsidiaries, net of cash acquired		-10,635	-1,689
Disposal of subsidiaries, net of cash disposed		1,175	9,353
Change in method of consolidation		-	-25,963
Purchases of tangible fixed assets		-37,852	-16,336
Proceeds from disposal of tangible fixed assets		94	17
Purchases of intangible fixed assets		-39,175	-9,090
Proceeds from disposal of intangible fixed assets		-	7
Other investment income		-	157
Dividends received		11,998	1,561
Increase in unavailable cash		-854	-5,504
Net cash flows from investing activities		**-72,220**	**-74,400**
Cash flows from financing activities			
Increase in short-term financial debts		54,000	43,408
Decrease in short-term financial debts		-9,600	-14,712
Decrease in long-term financial debts		-5,367	-4,870
Increase in capital and share premium		2,418	10,596
Acquisition of treasury shares		-9,342	-
Proceeds from disposal of treasury shares		2,207	-
Dividends paid to minority interests		-5,603	-6,763
Dividends paid to shareholders of the parent		-44,915	-38,418
Net cash flows from financing activities		**-16,202**	**-10,759**
Movements in exchange rates		-32,049	-10,459
Increase in cash and cash equivalents		75,214	2,717
Cash and cash equivalents at start of year		293,118	290,401
Cash and cash equivalents at end of year	17	368,332	293,118

Consolidated statement of changes in equity

CHF 000 *(except for number of shares)*	Attributable to shareholders of the parent								
	Number of shares	Capital	Share premium	Treasury shares	Currency translation	Consolidated reserves	**Total**	Minority interests	**Total equity**
At 1 January 2007	**5,468,357**	**13,671**	**22,436**	**-**	**-2,040**	**218,342**	**252,409**	**30,350**	**282,759**
Currency translation differences	-	-	-	-	-17,032	-	**-17,032**	-1,229	**-18,261**
Net loss on cash flow hedges	-	-	-	-	-	-761	**-761**	-	**-761**
Net loss recognised directly in equity	**-**	**-**	**-**	**-**	**-17,032**	**-761**	**-17,793**	**-1,229**	**-19,022**
Transfer of difference to income statement	-	-	-	-	-315	-	**-315**	-	**-315**
Net profit for the year	-	-	-	-	-	84,630	**84,630**	21,384	**106,014**
Total net profit/(loss) for the year	**-**	**-**	**-**	**-**	**-17,347**	**83,869**	**66,522**	**20,155**	**86,677**
Capital increase	126,094	315	10,281	-	-	-	**10,596**	-	**10,596**
Dividends paid	-	-	-	-	-	-38,418	**-38,418**	-6,763	**-45,181**
Effect of changes in basis of consolidation	-	-	-	-	-	-	**-**	-7,741	**-7,741**
Impact of recognition of share options	-	-	-	-	-	694	**694**	-	**694**
At 31 December 2007	**5,594,451**	**13,986**	**32,717**	**-**	**-19,387**	**264,487**	**291,803**	**36,001**	**327,804**
Currency translation differences	-	-	-	-	-36,542	-	**-36,542**	4,389	**-32,153**
Net loss on cash flow hedges	-	-	-	-	-	-3,669	**-3,669**	-	**-3,669**
Net loss on available-for-sale financial assets	-	-	-	-	-	-3,645	**-3,645**	-	**-3,645**
Net profit/(loss) recognised directly in equity	**-**	**-**	**-**	**-**	**-36,542**	**-7,314**	**-43,856**	**4,389**	**-39,467**
Transfer of difference to income statement	-	-	-	-	-1,424	-	**-1,424**	-	**-1,424**
Net profit for the year	-	-	-	-	-	85,491	**85,491**	20,511	**106,002**
Total net profit/(loss) for the year	**-**	**-**	**-**	**-**	**-37,966**	**78,177**	**40,211**	**24,900**	**65,111**
Transfer to the general reserve	-	-	-30,651	-	-	30,651	**-**	-	**-**
Capital increase	25,000	63	2,244	-	-	-	**2,307**	111	**2,418**
Acquisition of treasury shares	-	-	-	-9,342	-	-	**-9,342**	-	**-9,342**
Disposal of treasury shares	-	-	-	2,207	-	-	**2,207**	-	**2,207**
Dividends paid	-	-	-	-	-	-44,915	**-44,915**	-5,603	**-50,518**
Effect of changes in basis of consolidation	-	-	-	-	-	-	**-**	-290	**-290**
Impact of recognition of share options	-	-	-	-	-	3,361	**3,361**	-	**3,361**
At 31 December 2008	**5,619,451**	**14,049**	**4,310**	**-7,135**	**-57,353**	**331,761**	**285,632**	**55,119**	**340,751**

Notes to the consolidated financial statements

General

Compagnie Financière Tradition is a public limited company with its registered office at 11 Rue de Langallerie, 1003 Lausanne. With a presence in 27 countries, the Group is one of the world's leading interdealer brokers of both financial products (money market products, bonds, interest rate, currency and credit derivatives, equities, equity derivatives, interest rate futures and index futures) and non-financial products (precious metals, and energy and environmental products). Its shares are listed on the SIX Swiss Exchange and on the Third Market Segment of the Frankfurt Stock Exchange.
Compagnie Financière Tradition is indirectly owned by VIEL & Cie, which holds a 67.45% controlling interest. VIEL & CIE itself is held by VIEL et Compagnie Finance.
Publication of the consolidated financial statements for the year ended 31 December 2008 was approved by the Board of Directors on 18 March 2009.

Basis of preparation

The consolidated financial statements have been prepared in thousands of Swiss francs except where expressly stated otherwise; the Swiss franc is Compagnie Financière Tradition's functional currency and presentation currency. The consolidated financial statements have been prepared under the historical cost system - with the exception of certains financial instruments revalued at fair value and in accordance with International Financial Reporting Standards (IFRS).

Changes in accounting policies

The accounting policies applied to the 2008 financial year are identical to those applied at 31 December 2007, except for the following Interpretations applied since 1 January 2008:

International Financial Reporting Interpretations Committee (IFRIC)

IFRIC 11	- IFRS 2 - Group and Treasury Share Transactions
IFRIC 12	- Service Concession Arrangements
IFRIC 14	- IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new provisions had no material financial impact for the Group.

Key accounting estimates and judgements

When preparing the consolidated financial statements, the Management makes certain assumptions and estimates in applying its accounting policies. As a result of the uncertainties inherent in the Group's activities, some items in the consolidated financial statements cannot be measured with precision and must therefore be estimated. Estimates involve judgments based on the latest reliable information available.

The key estimates and assumptions concerning the future and other important sources of uncertainty regarding estimates at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Goodwill impairment

The Group tests goodwill half-yearly for impairment. The value in use of goodwill is estimated using discounted cash flow projections on the cash-generating units (CGUs) to which the goodwill has been allocated. Future cash flow projections and the discount rate to be used in calculating their present value are based on estimates made by Management. Total goodwill at 31 December 2008 was CHF 46,566,000 (2007: CHF 28,119,000). Additional information is given in Note 8.

Impairment losses on customer relationships

This intangible asset is reviewed at each balance sheet date to determine whether there is any indication of impairment. Should this be the case, its recoverable amount is estimated using a discounted cash flow method based on estimates of future cash flows over the remaining useful life. Future cash flow projections and the discount rate to be used in calculating their present value are based on estimates made by Management. A total of CHF 46,642,000 (2007: CHF zero) was recognised for customer relationships at 31 December 2008. Additional information is disclosed in Note 8.

Deferred tax assets

Deferred tax assets are recognised for tax loss carryforwards to the extent that it is probable that taxable profits will be available in the foreseeable future against which the temporary differences can be utilised. The Management estimates the deferred tax assets to be recognised, on the basis of forecasts of future taxable profits. Total deferred tax assets relating to tax losses carried forward amounted to CHF 2,347,000 at 31 December 2008 (2007: CHF 832,000). Additional information is given in Note 5.

Employee benefit obligations

The Group's obligations in respect of defined benefit plans are measured each year using actuarial valuations. This type of valuation implies the use of assumptions, the most important of which are the discount rate, expected return on plan assets, future salary and benefit increases, and the mortality rate. Because of the long-term perspective, these estimates involve a degree of uncertainty. Net defined benefit obligations were CHF 5,603,000 at 31 December 2008 (2007: CHF 6,890,000). Additional information is disclosed in Note 23.

Contractual put option

At 31 December 2008, the Group had decided to exercise a put option to sell a 15% interest in an associate, Reset Holding (Pte) Ltd, granted under the terms of a contract. The fair value of this option at 31 December 2008 corresponds to its intrinsic value, which represents the difference between its exercise price and the fair value of the stake. As there was no observable active market, the fair value of the stake was estimated using an appropriate alternative valuation technique based on the sector's average price/earnings ratio. A discount was applied to take account of a number of factors such as the size of the company, product structure, the absence of an active market, and our minority shareholding. Additional information is disclosed in Note 26. Moreover, a sensitivity analysis of the fair value of the stake using various assumptions is described in Note 26.

Significant accounting policies

Basis of consolidation

The consolidated financial statements include Compagnie Financière Tradition, its subsidiaries, associates and joint ventures ("the Group"). A list of consolidated companies, together with the controlling interest, equity interest, and method of consolidation for each one, is shown in Note 35.

Business Combinations

The acquisition of companies is accounted for using the purchase method. Acquisition cost is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the acquired company, plus any costs directly attributable to the acquisition.

Assets acquired and liabilities and contingent liabilities assumed that satisfy the recognition conditions, are recognised at their fair values at the acquisition date. Goodwill is recognised as an asset and initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities so recognised. If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition, the excess is immediately recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill on subsidiaries is shown on the balance sheet under intangible fixed assets. It is allocated to cash-generating units and is tested half-yearly for impairment. Its value in use is estimated using discounted cash flow projections. Minority interests in the acquired company are initially measured according to their proportion of the acquired net fair values.

Consolidation methods

Subsidiaries

All companies in which Compagnie Financière Tradition directly or indirectly holds a controlling interest are fully consolidated in the financial statements. Control is the power to govern, directly or indirectly, the financial and operating policies of the entity so as to obtain benefits from its activities. To determine the existence of control, potential voting rights that are currently exercisable or convertible are taken into consideration.

The financial statements of subsidiaries are incorporated in the consolidated financial statements from the date on which control is obtained until the date on which control ceases. Minority interests in the net assets and in the profit or loss of consolidated subsidiaries are identified and presented separately in the consolidated balance sheet and income statement. Losses applicable to minority interests that exceed their stake in a subsidiary's equity are allocated against the Group's equity except to the extent that the minority shareholders have a binding obligation and are able to make an additional investment to cover the losses.

Joint ventures

The financial statements of jointly controlled companies (joint ventures) are consolidated using the proportionate consolidation method. The consolidated balance sheet and income statement combine, on a line-by-line basis, Compagnie Financière Tradition's equity holding in each of the jointly controlled entities from the date on which it obtains control until the date on which control ceases. The consolidated financial statements of these companies are prepared using the same accounting policies as the parent company; adjustments are made to compensate for any dissimilar accounting policies that may exist.

Associates

Associates in which Compagnie Financière Tradition has a significant but not controlling influence on the financial and operating policies are accounted for using the equity method. Significant influence is presumed when Compagnie Financière Tradition directly or indirectly holds over 20% of the equity voting rights in these companies. The consolidated financial statements include the Group's share in the net assets and the profit or loss of associates. Goodwill identified on associates is included in the carrying amount of the investment and is tested half-yearly for impairment as a share of the investment.

Elimination of intercompany transactions

When preparing the consolidated financial statements, significant balances, transactions and unrealised gains and losses between Group companies are eliminated. Unrealised gains and losses on transactions with associates and jointly controlled companies are eliminated to the extent of the Group's interest in these entities.

Foreign currency translation

The Group's consolidated financial statements are presented in Swiss francs. Foreign currency transactions are translated into the functional currency of each entity of the Group using the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate prevailing at that date. Translation differences resulting from such transactions are recognised under "Net financial income" in the income statement. Non-monetary assets and liabilities denominated in foreign currencies and recognised at their historic cost are translated at the exchange rate prevailing at the date of the transaction. Those recognised at fair value are translated at the exchange rate prevailing at the date on which fair value is determined.

On consolidation, assets and liabilities of foreign subsidiaries denominated in foreign currencies, including goodwill and fair value adjustments, are translated into Swiss francs at the exchange rate prevailing at the reporting date. Income and expenses of foreign subsidiaries denominated in foreign currencies are translated into Swiss francs at average rates of exchange during the year.

Translation differences resulting from exchange rate fluctuations between years, applied to the net position of foreign subsidiaries denominated in foreign currencies, and differences between the average exchange rate during the year and the closing exchange rate applied to the results of subsidiaries, are charged directly to equity, under "Currency translation". When a foreign subsidiary is sold, the relevant cumulative exchange difference recognised in equity is recognised in the income statement.

The principal closing and average exchange rates used for the 2008 and 2007 financial years are presented in Note 34.

Segment reporting

Compagnie Financière Tradition's internal organisational and management structure, and its system of internal financial reporting to the Executive Committee and Board of Directors, are geographical, with each geographical segment and each country broken down into major product groups. The Group's legal structure is progressively segmented to reflect this same organisation.

The three geographical segments identified for management reporting that have similar overall risk and profitability profiles, are Europe, the Americas and the Asia-Pacific region. The Group's activities in Africa and Latin America have been grouped under Europe and the Americas respectively, since their operations are supervised by the management of these regions and their individual weight is not significant (less than 1% of Group turnover). The adopted geographical approach is based on the location of the Group's offices and operating teams, rather than the geographical location of its customers. This is because the profitability of broking activities is heavily reliant on local market characteristics, particularly in terms of competitive situation, remuneration and other operating expenses. However, the distribution of consolidated turnover by destination - namely the geographical location of customers - does not differ substantially from revenue distribution by geographical location.

On the secondary level, the Group's activities are broken down into three major groups of related products, which present similar overall profitability profiles or transaction methods. All Compagnie Financière Tradition's historical broking activities, in the money markets, spot and forward forex trading, interest rate derivatives and currency options, are grouped under "Currencies and interest rates". "Securities and security derivatives" includes operations in the interest rate futures and equity markets, broking activities in government and corporate bonds, equities and equity derivatives traded in the OTC or regulated markets, repo transactions, and credit derivatives broking. Finally, "Commodities and other activities" comprises broking activities in energy, precious metals and environmental products, as well as activities catering to retail customers through trading platforms specialised in forex trading in Asia.

Income, operating expenses, and segmental assets and liabilities are allocated entirely to the geographical segments, with the exception of a few profit or loss items, and assets and liabilities related exclusively to the Group's holding companies' operations, which are presented separately as unallocated items.

When preparing secondary segment information by product, assets used jointly by several business segments are allocated to the segments in line with a distribution key based on each segment's share of turnover in each sector. Assets related exclusively to the Group's holding companies are presented separately as unallocated items.

Turnover

Turnover consists of brokerage revenues and commissions from broking activities conducted by the Group's operating subsidiaries with third parties. For transactions in which we act as agents, turnover is presented net of rebates, discounts, and charges paid to correspondents, and is recognised at the time of the transaction. With matched principal activities, where the Group acts as principal to simultaneously purchase and sell securities for the account of third parties, commission revenues represent the difference between the buying and selling price of the securities, and are recognised at the time of delivery.

Net financial income

Net financial income includes interest from reinvestment of short-term cash flows, interest paid on short- and long-term financial debts, and interest related to account holder activities, as well as gains and losses on financial assets and liabilities. This item also includes exchange rate gains and losses on financial assets and liabilities. Interest income and expense are recognised in the income statement pro rata over the relevant period using the effective interest method.

Income tax

Income tax comprises both current and deferred income tax. The tax effect of items directly recognised in consolidated equity is recognised in consolidated equity. Current tax is the income tax payable on taxable income for the period, using tax rates enacted, or substantially enacted by the balance sheet date, as well as tax adjustments for previous years. Deferred tax is recognised in respect of temporary differences between the carrying amount of a balance sheet asset or liability and its tax base. Deferred tax is measured using the liability method on the basis of the tax rate expected to apply when the asset is realised or the liability is settled. Any change in tax rate is recognised in the income statement, except if it relates directly to items in equity. Deferred tax is measured and recognised on all taxable temporary differences, except non-deductible goodwill. Deferred tax assets are recognised on all deductible temporary differences when it is probable that taxable profits will be available in the foreseeable future against which the deferred tax asset can be utilised. Where this is not the case, they are only carried in the amount of the deferred tax liabilities for the same taxable entity.

Tangible fixed assets

Tangible fixed assets are stated on the balance sheet at cost less accumulated depreciation and any impairment losses. Depreciation is accounted for on a straight-line basis over the estimated useful life of the asset as follows:

Fixtures and fittings:	5 to 10 years
Computing and telephone equipment:	2 to 5 years
Other tangible fixed assets:	3 to 5 years

When elements of the same fixed asset have different estimated useful lives, they are recognised separately under tangible fixed assets and depreciated over their respective estimated useful lives.

Maintenance and repair expenses are charged to profit or loss in the year in which they are incurred. Expenses incurred for increasing future economic benefits related to tangible fixed assets are capitalised and amortised.

The fair value of tangible fixed assets recognised after a business combination is measured on the basis of market data. The market value is the amount that could be obtained from the sale of an asset under normal competitive market conditions between knowledgeable, willing parties in an arm's length transaction.

Leases

A lease is recognised as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the Group. A lease is classified as an operating lease if this transfer does not take place.

Fixed assets acquired under finance leases are recognised on the balance sheet at the lower of the fair value of the leased asset and the present value of the minimum rents payable at the start of the lease. They are amortised over the shorter of the term of the lease or the useful life of the assets, in accordance with Group valuation principles for tangible fixed assets. Related liabilities are recorded under financial debts.

Future liabilities arising from operating leases are recognised as an expense in the income statement over the term of the lease.

Intangible fixed assets

Intangible fixed assets are stated on the balance sheet at cost less accumulated depreciation and any impairment losses.

Amortisation is accounted for on a straight-line basis over the estimated useful life, except where this is indefinite. Intangible fixed assets with indefinite useful lives are reviewed half-yearly for impairment. Estimated useful lives are as follows:

Software:	3 to 5 years
Client relationships:	3 years
Other intangible fixed assets:	3 to 5 years
Business assets:	indefinite
Goodwill:	indefinite

Impairment losses on non-financial assets

Assets subject to amortisation or depreciation are reviewed at each balance sheet date to determine whether there is any indication of impairment. Should this be the case, the asset's recoverable amount is estimated. To determine this amount, the Group uses market data or, where this is unavailable or unreliable, discounted future cash flow techniques. For goodwill and intangible fixed assets with indefinite useful lives, the recoverable amount is estimated at each balance sheet date, regardless of whether there is any indication of impairment.

An impairment loss is recognised in the income statement when the carrying amount of an asset or the cash-generating unit (CGU) is greater than its recoverable amount. The recoverable amount of an asset is the higher of its net selling price and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

An impairment loss is recognised on a CGU, first, to reduce the carrying amount of any goodwill allocated to the CGU (or group of units), and then on the other assets in the unit (or group of units) pro rata to the carrying amount of each asset in the unit (or group of units).

Impairment losses recognised in a previous period on non-financial assets, other than goodwill, are reviewed annually and reversed where necessary.

Financial assets

Regular purchases and sales of financial assets are initially recognised and subsequently derecognised, as applicable, on the trade date. Financial assets are classified in four separate categories:

Financial assets at fair value through profit or loss

These are financial assets held for trading and financial assets at fair value through profit or loss designated as such upon initial recognition. They are measured at fair value and changes in fair value are recognised in profit or loss for the period. Derivative financial instruments are deemed held for trading, except for derivatives that are designated as effective hedging instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are initially recognised at fair value then measured at amortised cost using the effective interest method, less any impairment losses. Changes in value are recognised in the income statement for the period. Assets in this class are presented in current assets, except those with maturities of more than twelve months after the reporting date, which are carried in non-current assets under “Other financial assets”. In current assets, loans and receivables include trade and other receivables as well as receivables related to account holder activities and receivables related to matched principal activities.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, that the Group has the positive intention and ability to hold to maturity. They are carried at amortised cost including premiums, discounts, and other elements such as acquisition costs.

Available-for-sale assets

These are non-derivative financial assets that are designated as available-for-sale or are not classified under any of the above three categories. Available-for-sale financial assets are measured at fair value. By way of exception, financial instruments for which quoted market prices are not available and for which the fair value cannot be reliably established, are held at cost, which includes transaction costs after deduction of any impairment losses.

Gains and losses arising from changes in the fair value of available-for-sale assets are recognised directly in equity. When these assets are sold, received or transferred, gains or losses that were recognised in equity are recognised in the income statement. Where a decline in the fair value of available-for-sale assets is other than temporary, the market value is adjusted and an impairment is recognised in the income statement under “Net financial income”.

Fair value

The fair value of financial assets traded on an active market is determined by reference to the bid price on the valuation date. If there is no observable active market, fair value is estimated using an appropriate valuation technique. Such techniques include the use of recent transactions, reference to the current fair value of another substantially identical instrument, discounted cash flow analysis and option pricing models.

Account holder activities

Some Group companies act as account holders, receiving deposits from their customers which they in turn deposit with clearing houses for the settlement of customer trades. Moreover, in connection with their online broking activities in forex trading, some Group companies receive deposits from customers, which they in turn deposit with their clearing banks. Receivables and payables related to these activities are carried on the balance sheet under “Trade and other receivables” or “Trade and other payables”.

Matched principal activities

Some Group companies act as principal in the simultaneous purchase and sale of securities for the account of third parties. Such trades are completed when both sides of the deal are settled, namely once payment is made and the securities are delivered (matched trades).

In order to reflect the substance of these transactions, they are recognised at the time of delivery. Counterparty receivables and payables arising on current transactions that have gone beyond the expected settlement date are carried gross on the balance sheet under "Trade and other receivables" or "Trade and other payables". Counterparty receivables and payables for matched principal transactions expected to be settled in the normal course of trading are presented off balance sheet in Note 29.

Impairment of financial assets

At each balance sheet date, the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is or are impaired.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss has been incurred on loans and receivables or on held-to-maturity investments accounted for at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate computed at initial recognition. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The amount of the reversal is limited to the value of the amortised cost of the asset at the date the impairment is reversed. It is recognised in the income statement.

Available-for-sale financial assets

If there is objective evidence that an impairment loss has been incurred on financial assets available-for-sale, the amount of the loss, equal to the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss. For equity instruments, a significant or prolonged decline in the fair value of the instrument below its acquisition cost is considered to be an objective evidence of an impairment loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale are not reversed through profit or loss.

Reversals of impairment losses on debt instruments classified as available-for-sale are recognised in profit or loss if the increase in fair value is objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Derivative financial instruments and hedging operations

The Group uses derivative financial instruments on a selective and generally marginal basis, mainly to manage currency risk arising during the course of its activities. These instruments mostly consist of forward exchange contracts and currency options.

Financial instruments are initially recognised at their acquisition cost and are subsequently measured at fair value, either at the quoted market price for listed instruments or on the basis of generally accepted valuation models for unlisted instruments. Changes in the fair value of derivative financial instruments that do not qualify as hedging instruments are recognised in the income statement.

In order to reduce interest rate risk, the Group uses interest rate swaps on a selective basis to convert variable-rate bank borrowings into fixed-rate borrowings. These swaps are designated as cash flow hedges. At the inception of a hedging transaction, the Group documents the relationship between the hedged item and the hedging instrument together with its risk management objective and the strategy underlying the proposed transaction. In particular, the documentation includes identification of the hedging instrument, the hedged position, the nature of the risk being hedged and the way in which the Group will test the effectiveness of the hedging instrument. Hedges are expected to be highly effective in offsetting changes in cash flows and the Group regularly tests their effectiveness throughout the life of the hedge.

The effective portion of gains or losses on financial instruments that are designated and qualify as hedging instruments are recognised in equity, while those that do not qualify are recognised directly in the income statement. Any cumulative gains and losses that have been recognised in equity are carried to the income statement in the same period or periods during which the hedging transaction affects profit or loss.

Other current assets

Other current assets consist mainly of prepayments related to the next financial year.

Cash and cash equivalents

Cash consists of cash in hand and sight deposits held with banks; cash equivalents are short-term bank deposits and short-term money-market investments with maturities of three months or less from the date of acquisition. Short-term money market investments are made up of short-term cash products such as government securities and money market investment funds. They are carried at fair value. All realised and unrealised profits and losses on these securities are recognised directly in the income statement. Bank overdrafts are included with short-term bank borrowings.
Bank overdrafts payable on demand are included in cash and cash equivalents for the purpose of the cash flow statement.

Assets held for sale

Assets or disposal groups are classified as held for sale if their carrying amount is recovered principally through a sale transaction rather than through continuing use. For this to be the case the sale must be highly probable and the assets or disposal groups must be available for immediate sale in their present condition. Management must be committed to selling the asset, and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification of assets in this category.

Assets or disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss on assets or disposal groups held for sale is recognised first to reduce the carrying amount of existing goodwill and then pro rata to the carrying amount of each asset.

Equity

All shares issued are bearer shares and are presented in equity.

Treasury shares are recognised on the balance sheet at their acquisition cost and presented as a deduction from consolidated equity. In the case of subsequent disposals, gains or losses have no effect on profit or loss but are recognised as an addition to or reduction in share premium reserves.

Financial liabilities

Interest-bearing financial liabilities

Interest-bearing short- and long-term financial debts are included in this category and are recognised initially at fair value less attributable transaction costs. Subsequently, they are measured at amortised cost using the effective interest method and any difference between this amount and the maturity amount is recognised in the income statement over the period of the debt. Short-term financial debts are payable or renewable within one year.

Non-interest-bearing financial liabilities

This category comprises trade and other payables that are due within one year. Trade and other payables are recognised at inception at fair value and subsequently measured at amortised cost using the effective interest method.

Financial liabilities at fair value through profit or loss

These are financial liabilities held for trading and financial liabilities designated at fair value through profit or loss upon initial recognition. These liabilities are measured at fair value and changes in fair value are recognised in profit or loss for the period. Derivative financial instruments are deemed held for trading except for derivatives that are designated as efficient hedging instruments.

Fair value

The fair value of financial liabilities traded on an active market is determined by reference to the selling price on the valuation date. If there is no observable active market, fair value is estimated using an appropriate valuation technique. Such techniques include the use of recent transactions, reference to the current fair value of another substantially identical instrument, discounted cash flow analysis and option pricing models.

Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources representing economic benefits will be required to settle the obligation, and the amount has been reliably estimated. Where the effect of the time value of money is material, the amount of the provision is the present value of expenditures expected to be required to settle the obligation, estimated using a pre-tax discount rate that reflects current market assessments of the time value of money and those risks specific to the liability.

Deferred income

Deferred income comprises income received in advance relating to future financial years.

Employee benefits obligations

The Group operates both defined benefit and defined contribution schemes, depending on the countries in which they are established and in accordance with local regulations on retirement benefit schemes.

Defined contribution plans are plans under which employees and Group companies pay contributions to an entity authorised to manage retirement funds. Payments by Group companies are recognised in the income statement in the period in which they are due.

The present value of the Group's defined benefit obligations is measured each year by qualified independent actuaries using the projected unit credit method. The actuarial assumptions used to determine obligations vary in accordance with the country in which the plan operates.

Actuarial gains and losses arise mainly from changes in long-term actuarial assumptions (discount rates, increased services costs, etc.) and the effects of differences between previous actuarial assumptions and what has actually occurred. The Group uses the corridor approach to recognise actuarial gains and losses. A portion of the actuarial gains and losses is recognised in the income statement, if the cumulative gains and losses not recognised at the previous reporting date exceed 10% of the greater of the present value of the defined benefit plan obligation at the balance sheet date (before deduction of plan assets) and the fair value of plan assets at the reporting date. This excess falling outside the corridor is recognised in the income statement over the expected average remaining working lives of the relevant employees. Actuarial gains and losses not yet recognised in the income statement are reported on the balance sheet.

Other retirement obligations, such as termination benefits, are also determined by actuarial valuation using the projected unit credit method and are fully provisioned.

Share-based payments

Share options are granted to members of the Executive Board entitling them to receive shares at the end of the vesting period. The granting of options and conditions for employee participation are defined by the Board of Directors. When options are exercised, new shares are created by using conditional capital (Note 20).

The fair value of options granted is recognised as a personnel expense with a corresponding increase in equity. Fair value is determined at the grant date and amortised over the vesting period. It is determined by an independent expert using the binomial option pricing model and takes account of the general vesting characteristics and conditions prevailing at that date.

At each balance sheet date, the Group revises its estimates of the number of share options that will be exercised in the near future. The impact of this revision is recognised in the income statement with a corresponding adjustment in equity.

Contingent assets and liabilities

Contingent assets and liabilities arising from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the Group's control, are disclosed in the notes to the financial statements.

Events after the balance sheet date

Events after the balance sheet date are events that occur between the balance sheet date and the approval date of the financial statements.

The value of assets and liabilities at the balance sheet date is adjusted to reflect events after the balance sheet date that help confirm situations that existed at the reporting date. Material post-balance sheet events that are indicative of conditions that arose after the balance sheet date are presented in the notes to the financial statements.

New standards and interpretations

During the year, the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) published the following Standards, amendments, revisions and Interpretations which took effect after the balance sheet date. These were not early adopted for the consolidated financial statements at 31 December 2008.

IFRS 3 (revised)	- Business Combinations
IAS 27 (amendment)	- Consolidated and Separate Financial Statements
IAS 39 (amendment)	- Financial Instruments: Recognition and Measurement: Eligible Hedged Items
IFRIC 17	- Distributions of Non-cash Assets to Owners

The above amended Standards and Interpretations are applicable for periods beginning on or after 1 July 2009, and will be applied by the Group in 2010.

The Group will apply the following Standards, amendments, revisions and Interpretations from 1 January 2009:

IAS 39 (amendment) and IFRS 7 (amendment)	- Reclassification of Financial Assets
IFRS 1 (amendment)	- First-time adoption of International Financial Reporting Standards: Cost of an Investment in a Subsidiary, Jointly-controlled entity or Associate
IFRS 2 (amendment)	- Share-based Payment: Vesting Conditions and Cancellations
IFRS 8	- Operating Segments
IAS 1 (revised)	- Presentation of Financial Statements
IAS 23 (revised)	- Borrowing Costs
IAS 32 (amendment) and IAS 1 (amendment)	- Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation
IFRIC 13	- Cusomer Loyalty Programmes
IFRIC 15	-Agreements for the Construction of Real Estate
IFRIC 16	- Hedges of a Net Investment in a Foreign Operation

Moreover, as a result of the first IFRS improvements project, the IASB made a number of changes to the IAS and IFRS. These will apply from 1 January 2009.

The Group does not expect the initial application of these Standards, amendments, revisions and Interpretations to have any material impact on the consolidated financial statements.

The application of IFRS 8 will involve a change in the presentation of segments previously idendified under IAS 14 - Segment Reporting.

Following the adoption of the amended IAS 1, the Group will present movements that affect equity separately from transactions with shareholders.

1. Segment reporting

Disclosure by geographical segment

At 31 December 2008 CHF 000	Continuing operations Europe	Americas	Asia-Pacific	Total	Discontinued operations	Total
Turnover	688,650	531,362	336,040	**1,556,052**	436	**1,556,488**
Operating expenses[1]	-648,626	-466,099	-263,815	**-1,378,540**	-5,012	**-1,383,552**
Segment operating profit/(loss)	**40,024**	**65,263**	**72,225**	**177,512**	**-4,576**	**172,936**
Unallocated expenses[2]	-	-	-	**-28,066**	-	**-28,066**
Operating profit/(loss)	**-**	**-**	**-**	**149,446**	**-4,576**	**144,870**
Net financial income	-	-	-	**30,088**	157	**30,245**
Share of profit of associates	-209	3,174	7,727	**10,692**	-	**10,692**
Income tax	-	-	-	**-81,269**	882	**-80,387**
Net gains/(losses) on disposal of discontinued activities	-	-	-	**-**	582	**582**
Net profit for the year	**-**	**-**	**-**	**108,957**	**-2,955**	**106,002**
Segment assets	443,372	272,174	711,789	**1,427,335**	-	**1,427,335**
Investments in associates	489	4,758	7,800	**13,047**	-	**13,047**
Unallocated assets[3]	-	-	-	**63,595**	-	**63,595**
Total assets	**-**	**-**	**-**	**1,503,977**	**-**	**1,503,977**
Segment liabilities	289,171	148,118	518,236	**955,525**	-	**955,525**
Unallocated liabilities[4]	-	-	-	**207,701**	-	**207,701**
Total liabilities	**-**	**-**	**-**	**1,163,226**	**-**	**1,163,226**
Costs incurred for acquisition of segment assets						
Tangible fixed assets	28,616	3,053	10,527	**42,196**	2	**42,198**
Intangible fixed assets	1,048	63,441	2,058	**66,547**	-	**66,547**
Depreciation of tangible fixed assets	-9,429	-4,033	-7,432	**-20,894**	-20	**-20,914**
Amortisation of intangible fixed assets	-1,553	-13,823	-2,173	**-17,549**	-	**-17,549**
Impairment losses	-950	-208	-	**-1,158**	-	**-1,158**
Other depreciation and amortisation	-10,834	-8,106	-3,438	**-22,378**	-14	**-22,392**

[1] *Expenses net of other net operating income.*
[2] *Net expenses related to Group holding companies.*
[3] *Assets relating to Group holding companies.*
[4] *Liabilities relating to Group holding companies.*

At 31 December 2007

CHF 000	Europe	Americas	Asia-Pacific	Continuing operations Total	Discontinued operations	Total
Turnover	656,628	465,932	294,550	**1,417,110**	25,452	**1,442,562**
Operating expenses[1]	-615,244	-393,977	-230,877	**-1,240,098**	-41,668	**-1,281,766**
Segment operating profit/(loss)	**41,384**	**71,955**	**63,673**	**177,012**	**-16,216**	**160,796**
Unallocated expenses[2]	-	-	-	**-26,944**	-	**-26,944**
Operating profit/(loss)	**-**	**-**	**-**	**150,068**	**-16,216**	**133,852**
Net financial income	-	-	-	**3,457**	4,511	**7,968**
Share of profit of associates	234	1,389	11,232	**12,855**	-	**12,855**
Income tax	-	-	-	**-72,640**	3,815	**-68,825**
Net gains/(losses) on disposal of discontinued activities	-	-	-	**-**	20,164	**20,164**
Net profit for the year	**-**	**-**	**-**	**93,740**	**12,274**	**106,014**
Segment assets	528,530	196,907	624,100	**1,349,537**	29,012	**1,378,549**
Investments in associates	764	1,717	15,094	**17,575**	-	**17,575**
Unallocated assets[3]	-	-	-	**51,821**	-	**51,821**
TOTAL ASSETS	**-**	**-**	**-**	**1,418,933**	**29,012**	**1,447,945**
Segment liabilities	364,353	81,752	505,979	**952,084**	23,735	**975,819**
Unallocated liabilities[4]	-	-	-	**144,322**	-	**144,322**
Total liabilities	**-**	**-**	**-**	**1,096,406**	**23,735**	**1,120,141**
Costs incurred for acquisition of segment assets						
Tangible fixed assets	9,010	4,123	8,750	**21,883**	378	**22,261**
Intangible fixed assets	2,951	224	5,757	**8,932**	153	**9,085**
Depreciation of tangible fixed assets	-8,378	-3,501	-5,062	**-16,941**	-481	**-17,422**
Amortisation of intangible fixed assets	-1,188	-49	-886	**-2,123**	-314	**-2,437**
Impairment losses	-837	-	-	**-837**	-	**-837**
Other depreciation and amortisation	-2,611	-271	-2,594	**-5,476**	-13,067	**-18,543**

(1) Expenses net of other net operating income.
(2) Net expenses related to Group holding companies.
(3) Assets relating to Group holding companies.
(4) Liabilities relating to Group holding companies.

Disclosure by business segment

CHF 000	Currencies and interest rates 2008	2007	Securities and security derivatives 2008	2007	Commodities and other activities 2008	2007	Total 2008	2007
Turnover from continuing activities	**610,666**	608,203	**665,293**	563,109	**280,093**	245,798	**1,556,052**	1,417,110
Turnover from discontinued activities	**-**	-	**436**	4,718	**-**	20,734	**436**	25,452
Turnover for the year	**610,666**	**608,203**	**665,729**	**567,827**	**280,093**	**266,532**	**1,556,488**	**1,442,562**
Segment assets	**274,436**	293,102	**494,612**	498,316	**658,287**	587,131	**1,427,335**	1,378,549
Investments in associates	**3,216**	10,328	**5,651**	6,091	**4,180**	1,156	**13,047**	17,575
Unallocated assets[3]	**-**	-	**-**	-	**-**	-	**63,595**	51,821
Total assets	**-**	**-**	**-**	**-**	**-**	**-**	**1,503,977**	**1,447,945**
Costs incurred for acquisition of segment assets								
Tangible fixed assets	**16,159**	7,394	**5,537**	2 221	**20,502**	12,646	**42,198**	22,261
Intangible fixed assets	**2,614**	4,392	**62,443**	604	**1,490**	4,089	**66,547**	9,085

[3] *Assets relating to Group holding companies.*

2. Other net operating income

An analysis of this item is shown below:

CHF 000	2008	2007
Net gains (losses) on disposal of fixed assets	**228**	-557
Net expenses related to the TFS-ICAP joint venture	**-**	-1,406
Other operating income	**2,844**	3,642
Total	**3,072**	**1,679**

In 2007, net expenses related to the TFS-ICAP joint venture consist of ICAP and Volbroker's 72.5% share of Tradition Financial Services GmbH's results in currency options business. Tradition Financial Services GmbH is fully consolidated in the accounts (Note 12). The terms of this joint venture were finalised in 2008, and from now on the partners' share of the net profits or losses is reported under "Minority interests".

3. Other operating expenses

An analysis of this item is shown below:

CHF 000	2008	2007
Telecommunications and financial information	**84,931**	76,245
Travel and representation	**82,637**	78,708
Professional fees	**38,494**	31,573
Rental buildings	**26,343**	20,978
Other operating expenses	**96,086**	83,005
Total	**328,491**	**290,509**

4. Net financial income

An analysis of this item is shown below:

CHF 000	2008	2007
Financial income		
Interest income	11,102	10,432
Income from equity investments	7	181
Gains on financial assets at fair value	23,919	73
Gains on disposal of equity investments	-	454
Exchange gains	23,025	5,800
Other financial income	1,012	165
Total	**59,065**	**17,105**
Financial expenses		
Interest expenses	-8,943	-7,726
Losses on financial assets at fair value	-	-242
Exchange losses	-18,887	-5,009
Financial expenses on assets under finance leases	-311	-482
Net change in fair value of cash flow hedges transferred from equity	-546	-90
Ineffective part of hedging instruments used in cash flow hedges	-83	-96
Other financial expenses	-207	-3
Total	**-28,977**	**-13,648**
Net financial income	**30,088**	**3,457**

In 2008, "Gains on financial assets at fair value" represented the variation in fair value of a contractual derivative instrument (Note 9).

5. Income tax

An analysis of the tax expense on continuing operations is shown below:

CHF 000	2008	2007
Current tax		
Taxation for the year	74,216	80,556
Tax relating to previous years	5,208	-2,156
Total	**79,424**	**78,400**
Deferred tax		
Origination and reversal of temporary differences	3,439	-7,280
Use of adjusted tax loss carry-forwards	98	1,535
Tax losses not previously recognised	-1,708	-
Change in tax rate	16	-15
Total	**1,845**	**-5,760**
Income tax	**81,269**	**72,640**

Deferred tax in the income statement is made up of the following timing differences:

CHF 000	2008	2007
Tangible fixed assets	50	-747
Intangible fixed assets	12,529	-672
Provisions and accruals	-5,824	-3,062
Tax loss carry-forwards	-1,610	1,535
Other	-3,300	-2,814
Total deferred tax	**1,845**	**-5,760**

Deferred tax of the following items was recognised in in equity:

CHF 000	2008	2007
Net loss on cash flow hedges	342	71
Net loss on available-for-sale financial assets	2,858	-
Total deferred tax (expenses)/income	**3,200**	**71**

An analysis of the difference between the effective tax rate and the standard tax rate is shown below:

	2008		2007	
	(%)	CHF 000	(%)	CHF 000
Profit before tax on continuing operations		190,226		166,380
Adjustment of the share of profit of associates		-10,692		-12,855
Profit/(loss) before tax on discontinued operations		-1,579		8,459
Profit before tax		**177,955**		**161,984**
Standard tax rate	**35.7%**	**63,547**	**38.2%**	**61,874**
Tax effect of the following items:				
Use of unadjusted tax loss carry forwards	-0.2%	-327	-0.1%	-111
Unadjusted tax loss for the year	1.6%	2,783	1.1%	1,681
Adjusted tax loss from previous years	-0.1%	-98	-1.0%	-1,535
Tax expense for fully consolidated fiscally transparent companies charged to minority interests	-0.9%	-1,591	-1.1%	-1,714
Deferred tax income/expense	1.1%	1,861	-3.5%	-5,760
Taxable income deferred in previous years	1.3%	2,228	1.0%	1,619
Non-taxable income	-1.6%	-2,818	-1.1%	-1,829
Non-deductible expenses	11.8%	21,030	10.5%	16,981
Other	-2.2%	-3,970	-1.5%	-2,381
Group's effective tax rate	**46.5%**	**82,645**	**42.5%**	**68,825**
Of which:				
Tax expense on continuing operations		81,269		72,640
Tax expense (income) on discontinued operations (Note 13)		1,376		-3,815

The average consolidated standard tax rate is measured as the weighted average of tax rates in effect in the various tax jurisdictions in which the Group has subsidiaries. This varies from year to year in line with the relative weight of each entity in the Group's results and changes in statutory tax rates.
In 2008, the Group's effective tax rate was primarily influenced by previous years' taxes arising as a result of changes in accounting estimates.

Deferred tax by balance sheet category is made up of the following items:

CHF 000	2008	2007
Deferred tax assets		
Tangible fixed assets	2,782	3,186
Intangible fixed assets	1,302	1,727
Provisions and accruals	17,793	10,229
Tax loss carry-forwards	2,347	832
Other	6,215	1,700
Total	**30,439**	**17,674**
Deferred tax liabilities		
Tangible fixed assets	339	471
Intangible fixed assets	12,097	124
Other	261	2,580
Total	**12,697**	**3,175**
Total net deferred tax	**17,742**	**14,499**
Stated on the balance sheet as follows:		
Deferred tax assets	26,321	17,674
Deferred tax liabilities	8,579	3,175

Tax loss carry-forwards not capitalised on the consolidated balance sheet at 31 December 2008 represented an amount of CHF 15,388,000 (2007: CHF 15,063,000), which could reduce the Group's future consolidated tax charge. These carry-forwards were not recognised because of the history of recent losses at the companies concerned. Most of them are available indefinitely.

6. Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders of the parent by the weighted average number of shares outstanding during the year, excluding the average number of treasury shares held by the Group.
Diluted earnings per share are calculated by dividing the profit attributable to shareholders of the parent by the weighted average number of shares outstanding during the year, including the weighted average number of shares which would be created in connection with the exercise of dilutive instruments, less treasury shares.

The elements used to calculate earnings per share are shown below:

CHF 000	2008	2007
Profit from continuing operations attributable to shareholders of the parent	88,446	72,356
Profit from discontinued operations attributable to shareholders of the parent	-2,955	12,274
Profit attributable to shareholders of the parent	**85,491**	**84,630**

	2008	2007
Weighted average number of shares outstanding	5,583,977	5,513,584
Adjustment for dilutive effect of share options	222,672	273,530
Weighted average number of shares included for diluted earnings per share	**5,806,649**	**5,787,114**

Basic earnings per share are shown below:

CHF	2008	2007
Basic earnings per share from continuing operations	15.84	13.12
Basic earnings per share from discontinued operations	-0.53	2.23
Basic earnings per share	**15.31**	**15.35**

Diluted earnings per share are shown below:

CHF	2008	2007
Diluted earnings per share from continuing operations	15.23	12.50
Diluted earnings per share from discontinued operations	-0.51	2.12
Diluted earnings per share	**14.72**	**14.62**

7. Tangible fixed assets

At 31 December 2008

CHF 000	Fixtures and fittings	Computing and telephone	Other tangible fixed assets	Total
Gross value at 1 January	**39,842**	**77,874**	**3,830**	**121,546**
Changes in basis of consolidation	-189	413	6	**230**
Acquisitions	24,740	17,583	337	**42,660**
Disposals	-4,756	-12,894	-752	**-18,402**
Reclassifications	-823	444	99	**-280**
Currency translation	-10,003	-8,492	-99	**-18,594**
Gross value at 31 December	**48,811**	**74,928**	**3,421**	**127,160**
Accumulated depreciation and impairment losses at 1 January	**-24,945**	**-53,305**	**-1,954**	**-80,204**
Changes in basis of consolidation	210	-306	-4	**-100**
Depreciation	-6,289	-14,419	-407	**-21,115**
Impairment losses	-208	-	-	**-208**
Disposals	4,593	13,199	747	**18,539**
Reclassifications	411	-107	-50	**254**
Currency translation	3,937	6,271	61	**10,269**
Accumulated depreciation and impairment losses at 31 December	**-22,291**	**-48,667**	**-1,607**	**-72,565**
Net value at 31 December	**26,520**	**26,261**	**1,814**	**54,595**
Of which assets under finance leases	-	8,744	262	**9,006**

At 31 December 2007

CHF 000	Fixtures and fittings	Computing and telephone	Other tangible fixed assets	Total
Gross value at 1 January	**34,938**	**71,082**	**4,436**	**110,456**
Changes in basis of consolidation	-385	-1,164	-658	**-2,207**
Acquisitions	8,812	13,030	155	**21,997**
Disposals	-702	-3,420	-70	**-4,192**
Reclassifications	-1,037	1,018	-14	**-33**
Currency translation	-1,784	-2,672	-19	**-4,475**
Gross value at 31 December	**39,842**	**77,874**	**3,830**	**121,546**
Accumulated depreciation and impairment losses at 1 January	**-23,435**	**-45,600**	**-1,896**	**-70,931**
Changes in basis of consolidation	241	825	275	**1,341**
Depreciation	-4,289	-12,341	-454	**-17,084**
Disposals	572	2,946	99	**3,617**
Reclassifications	872	-853	-	**19**
Currency translation	1,094	1,718	22	**2,834**
Accumulated depreciation and impairment losses at 31 December	**-24,945**	**-53,305**	**-1,954**	**-80,204**
Net value at 31 December	**14,897**	**24,569**	**1,876**	**41,342**
Of which assets under finance leases	92	8,108	89	**8,289**

Depreciation of tangible assets amounting to CHF 21,115,000 (2007: CHF 17,084,000) is reported under "Amortisation and depreciation" in the income statement.

The Group acquired tangible fixed assets amounting to CHF 4,810,000 (2007: CHF 6,039,000) under finance leases, with no impact on investing activities in the consolidated cash flow statement.

8. Intangible fixed assets

At 31 December 2008 *CHF 000*	Business assets	Software	Goodwill	Client relationships	Other intangible fixed assets	**Total**
Gross value at 1 January	**2,140**	**19,414**	**28,334**	**-**	**5,497**	**55,385**
Changes in basis of consolidation	-	161	16,327	-	-	**16,488**
Acquisitions	-	5,648	-	61,009	152	**66,809**
Disposals	-	-1,793	-	-	-	**-1,793**
Reclassifications	-	26	-	-	-	**26**
Currency translation	-170	-1,393	2,372	-860	-451	**-502**
Gross value at 31 December	**1,970**	**22,063**	**47,033**	**60,149**	**5,198**	**136,413**
Accumulated amortisation and impairment losses at 1 January	**-1,193**	**-11,401**	**-2,048**	**-**	**-3,168**	**-17,810**
Changes in basis of consolidation	-	-75	533	-	-	**458**
Impairment losses	-	-	-950	-	-	**-950**
Amortisation	-	-4,049	-	-13,700	-	**-17,749**
Disposals	-	1,792	-	-	-	**1,792**
Currency translation	110	979	239	193	-131	**1,390**
Accumulated amortisation and impairment losses at 31 December	**-1,083**	**-12,754**	**-2,226**	**-13,507**	**-3,299**	**-32,869**
Net value at 31 December	**887**	**9,309**	**44,807**	**46,642**	**1,899**	**103,544**

At 31 December 2007 *CHF 000*	Business assets	Software	Goodwill	Client relationships	Other intangible fixed assets	**Total**
Gross value at 1 January	**2,189**	**13,694**	**29,183**	**-**	**3,689**	**48,755**
Changes in basis of consolidation	-	-	-736	-	-	**-736**
Acquisitions	-	7,078	-	-	1,859	**8,937**
Disposals	-	-865	-	-	-	**-865**
Reclassifications	-	-17	-	-	-	**-17**
Currency translation	-49	-476	-113	-	-51	**-689**
Gross value at 31 December	**2,140**	**19,414**	**28,334**	**-**	**5,497**	**55,385**
Accumulated amortisation and impairment losses at 1 January	**-1,186**	**-10,160**	**-1,256**	**-**	**-3,168**	**-15,770**
Changes in basis of consolidation	-	-	-	-	-	**-**
Impairment losses	-	-	-837	-	-	**-837**
Amortisation	-	-2,301	-	-	-2	**-2,303**
Disposals	-	858	-	-	-	**858**
Currency translation	-7	202	45	-	2	**242**
Accumulated amortisation and impairment losses at 31 December	**-1,193**	**-11,401**	**-2,048**	**-**	**-3,168**	**-17,810**
Net value at 31 December 2005	**947**	**8,013**	**26,286**	**-**	**2,329**	**37,575**

In 2008, Compagnie Financière Tradition took a 60% stake in a new entity, Standard Credit Group LLC, set up in partnership with a team specialised in credit derivatives. As part of this operation, the Group invested CHF 61.0 million in customer relationships developed by this team, which will be amortised over 3 years. This intangible asset was tested for impairment at the balance sheet date, using a discounted cash flow method based on estimates of future cash flows over the remaining useful life. The discount rate used here was 7.1%. The estimated recoverable amount was higher than the carrying value at 31 December 2008.

Amortisation of intangible assets amounting to CHF 17,749,000 (2007: CHF 2,303,000) is reported under "Amortisation and depreciation" in the income statement.
An impairment loss of CHF 950,000 (2007: CHF 837,000) is recognised under "Impairment losses" in the income statement.

An analysis of goodwill at 31 December 2008 is shown below:

CHF 000	2008 Gross value	2008 Accumulated impairment losses	2008 Net value	2007 Net value
Gaitame.com Co., Ltd	21,768	-	21,768	3,437
TFS	18,301	-	18,301	18,301
Others	6,964	-2,226	4,738	4,548
Total included in intangible fixed assets	47,033	-2,226	44,807	26,286
Total included in investments in associates (Note 9)	1,759	-	1,759	1,833
Total goodwill	48,792	-2,226	46,566	28,119

Gaitame.com Co., Ltd

The Group increased its stake in this company to 43.35% against 41.82% at 31 December 2007, for a consideration of CHF 19.7 million. The operation gave rise to goodwill of CHF 15.7 million.

StreamingEdge.com Inc.

In August 2008, the Group acquired a further 20.0% interest in the capital of StreamingEdge.com Inc., bringing its holding to 80.0% from 60.0% at 31 December 2007. The operation gave rise to goodwill of CHF 1.2 million.

Impairment tests

Cash-generating units (CGU) are defined by the aggregate activities of entities that have generated this goodwill. Goodwill recognised on the balance sheet was tested for impairment using the discounted cash flow method for the activities relating to each item of goodwill. The normalised cash flow is discounted to determine the value of the underlying activity compared to the recognised goodwill, based on a 5-year business plan.

The discount rates for measuring these valuations varied between 6.2% and 10.9%, in order to reflect the risk in each of the markets. These rates also included an additional risk premium because of the sensitivity of this assumption when discounting future cash flows. Growth rates of 0.0% to 4.0% were used to estimate cash flow projection beyond the period covered by operating forecasts. These rates were based on past experience in line with the market in which these companies operate.

The different assumptions used for discounting future cash flows of the main CGUs are as follows:

	Discount rate	Growth rate
Gaitame.com Co., Ltd	6.2%	4.0%
TFS	7.2%	2.0%
Others	6.9% - 10.9%	0.0% - 3.0%

Discounted future cash flows for TFS are far higher than the goodwill recognised on the balance sheet because of its strongly profitable activities.
The valuations obtained using this method led to the recognition of goodwill impairment of CHF 950,000 for Finacor Wertpapierhandel GmbH on the balance sheet at 31 December 2008 (2007: CHF 837,000).

9. Investments in associates

This item covers the share of associates accounted for using the equity method. Details of these companies are disclosed in Note 35. Compagnie Financière Tradition holds 15% of the voting rights of FXDirectDealerLLC and Reset Holding (Pte) Ltd. However, the Group exerts a significant influence over these companies in that it is entitled to appoint one of the members of their Boards of Directors. Accordingly, they are accounted for using the equity method. These associates do not have quoted market prices.

Changes in investments in associates are shown below:

CHF 000	2008	2007
At 1 January	**17,575**	**1,088**
Net profit for the year	10,692	12,855
Acquisitions during the year	2,569	934
Change in method of consolidation	-	5,041
Dividends paid	-14,790	-1,379
Reclassifications	51	-138
Transfer to assets held for sale	-3,610	-
Currency translation	560	-826
At 31 December	**13,047**	**17,575**

Ong First Tradition (Pte) Ltd

This company was fully consolidated until 29 January 2007. On that date, the Group decided not to exercise two call options which would have allowed it to increase its holding in the company to 60.0% and thereby acquire a controlling interest. Since then, OngFirst Tradition (Pte) Ltd has been accounted for using the equity method. In 2007, this change in the method of consolidation resulted in an outflow of cash and cash equivalents of CHF 25,963,000, which is presented separately in the consolidated cash flow statement under investing activities.

Reset Holding (Pte) Ltd

In December 2006, Compagnie Financière Tradition signed a memorandum of agreement for the acquisition of a 15% stake in a newly created company, Reset Holding (Pte) Ltd, capitalised at USD 0,1 million. In January 2007, the Group authorised the use of a customer database, by new structure, bringing the memorandum into effect. The final terms of this agreement were set out in a contract signed on 19 July 2007.

The fair value measurement on the balance sheet at the acquisition date resulted in recognition of intangible fixed assets of USD 38.0 million. These consist mainly of customer lists and are being amortised over 5 years. The operation gave rise to negative goodwill of CHF 6.8 million, which was recognised under the share of profit of associates in 2007.

At 31 December 2008, the Group had decided to exercise a put option to sell this interest, granted under the terms of the contract. The option was exercisable between 1 January and 31 March 2009. The fair value measurement of this derivative instrument resulted in recognition of financial income of CHF 23.9 million in the 2008 financial year (Note 4). The option was exercised on 9 March 2008 (Note 33). This interest was presented under Assets held for sale at 31 December 2008 (Note 13).

Summarised financial information on associates is shown below:

CHF 000	2008	2007
Turnover	183,201	124,272
Net profit for the year	72,000	38,102
Group share of net profit of associates	**10,692**	**12,855**
of which Reset Holding (Pte) Ltd	7,921	10,903

The Group's share in the results of its associate Reset Holding (Pte) Ltd is presented under the "Asia-Pacific" geographic segment and under "Currencies and interest rates" business segment.

CHF 000	2008	2007
Assets	145,737	258,761
Liabilities	97,049	-175,567
Net assets	48,688	83,194
Group share of net assets of associates	**13,047**	**17,575**

Investments in associates included goodwill of CHF 1,759,000 at 31 December 2008 (2007: CHF 1,833,000) (Note 8).

10. Other financial assets

CHF 000	2008	2007
Employee loans	3,194	723
Other financial assets	5,861	5,956
Total	**9,055**	**6,679**

Loans to employees bear interest at 1.5% and have an average maturity of 29 months.
Other financial assets include receivables held by Compagnie Financière Tradition and its subsidiaries from its former ultimate shareholders, Comipar, Paris, and Banque Pallas Stern, Paris. These receivables, totalling CHF 5,861,000 at 31 December 2008 (2007: CHF 5,956,000), are secured by a promise to pay granted by VIEL et Compagnie Finance, Compagnie Financière Tradition's ultimate shareholder. Since the start of the winding up of Comipar and Banque Pallas Stern, Compagnie Financière Tradition and its subsidiaries have received liquidation dividends totalling CHF 19,250,000, or 76.5% of declared receivables, unchanged since 31 December 2007. The total balance of these receivables, guaranteed by VIEL et Compagnie Finance, parent company of VIEL & Cie, was counter-guaranteed by VIEL & Cie.
The Group's exposure to credit risk, foreign currency risk and interest rate risk on other financial assets is disclosed in Note 32.

11. Unavailable cash

CHF 000	2008	2007
Call deposits and securities given as collateral in connection with broking activities	18,782	19,868

In addition to these call deposits held as collateral with clearing houses such as Euroclear and the Fixed Income Clearing Corporation (FICC), certain subsidiaries are subject to minimum equity restrictions set by their regulatory authorities, which limit the availability or free use of their cash holdings within the Group.
The Group's exposure to credit risk, foreign currency risk and interest rate risk on unavailable cash is disclosed in Note 32.

12. Share in joint ventures

Details of jointly controlled companies consolidated under the proportionate consolidation method are set out in the table in Note 35. TFS, ICAP and Volbroker set up joint ventures in Tokyo, Singapore and Sydney, in which TFS Currencies Pte Ltd, Tradition Financial Services Japan Ltd and TFS Australia Pty Ltd recognise 25% of the assets, liabilities, income and expenses related to broking activities in currency options. Moreover, Tradition Financial Services Ltd, London, recognises 27.5% of the income and expenses of the Copenhagen joint venture between these same partners. The joint venture in Frankfurt between TFS, ICAP and Volbroker was finalised in 2008. The 72.5% share of TFS' partners in the profits and losses from the currency options business of its German subsidiary, Tradition Financial Services GmbH is now reported under "Minority interests".
The share in the assets, liabilities, income and expenses of joint ventures is shown below:

CHF 000	2008	2007
Share of joint ventures in the balance sheet		
Current assets	543,255	507,885
Non-current assets	44,235	20,473
Total assets	**587,490**	**528,358**
Current liabilities	458,252	456,284
Non-current liabilities	8,033	8,329
Total liabilities	**466,285**	**464,613**
Share of profit of joint ventures		
Income	162,799	153,836
Expenses	-121,147	-112,811
Profit for the year	**41,652**	**41,025**
Attributable to:		
Shareholders of the parent	24,311	23,201
Minority interests	17,341	17,824

13. Assets held for sale and discontinued operations

The Group finalised the discontinuation of its retail operations in Europe and the Americas in the first half, with the sale of its stake in S.P. Angel & Co. Ltd in June. This operation, for a consideration of CHF 205,000, generated a consolidated gain of CHF 445,00. An amount of CHF 1,424,000 relating to cumulative translation adjustments on the net assets of this company was transferred from equity to the income statement on the sale date.

Moreover, "Tax in respect of gains/(losses)" on discontinued operations included an amount of CHF 2,258,000 at 31 December 2008, following a change in the accounting estimate of tax owed on the gain realised on the disposal of FXDirectDealer LLC in December 2006.

Finally, "Gains/(losses) on disposal of discontinued operations" included CHF 501,000 from an earn-out in connection with the sale of ABC Clearing in April 2007. A consolidated loss of CHF 1.1 million was recognised in 2007.

The Group disposed of its interest in Monecor (London) Ltd in 2007 for a consideration of CHF 30,758,000 million. The sale generated a consolidated gain of CHF 21,441,000 million.

Profit/loss from discontinued operations is as follows:

	Europe		Americas		Total	
CHF 000	**2008**	2007	**2008**	2007	**2008**	2007
Turnover	**436**	25,452	**-**	-	**436**	25,452
Other net operating income	**139**	-34	**-**	-	**139**	-34
Operating income	**575**	**25,418**	**-**	**-**	**575**	**25,418**
Personnel costs	**-867**	-9,384	**-**	-	**-867**	-9,384
Other operating expenses	**-4,264**	-31,454	**-**	-	**-4,264**	-31,454
Depreciation and amortisation	**-20**	-796	**-**	-	**-20**	-796
Operating expenses	**-5,151**	**-41,634**	**-**	**-**	**-5,151**	**-41,634**
Operating profit/(loss)	**-4,576**	**-16,216**	**-**	**-**	**-4,576**	**-16,216**
Net financial income	**157**	4,511	**-**	-	**157**	4,511
Profit/(loss) before tax	**-4,419**	**-11,705**	**-**	**-**	**-4,419**	**-11,705**
Income tax	**882**	3,815	**-**	-	**882**	3,815
Net profit/(loss) for the year	**-3,537**	**-7,890**	**-**	**-**	**-3,537**	**-7,890**
Gains/(losses) on disposal of discontinued operations	**2,840**	20,164	**-**	-	**2,840**	20,164
Tax in respect of gains/losses	**-**	-	**-2,258**	-	**-2,258**	-
Profit/(loss) after tax from discontinued operations	**-697**	**12,274**	**-2,258**	**-**	**-2,955**	**12,274**
Attributable to:						
Shareholders of the parent	**-697**	12,274	**-2,258**	-	**-2,955**	12,274
Minority interests	**-**	-	**-**	-	**-**	-

Cash flows on discontinued operations are presented below:

CHF 000	**2008**	2007
Net cash flows from operating activities	**-3,080**	6,256
Net cash flows from investing activities	**1,175**	8,823
Net cash flows from financing activities	**-**	-13,214

The principal assets and liabilities of companies held for sale are shown below:

CHF 000	2008	2007
Investments in associates	3,558	-
Other non-current assets	-	49
Other current assets	-	329
Trade and other receivables	-	26,894
Financial assets at fair value	-	142
Cash and cash equivalents (Note 17)	-	1,598
Assets held for sale	**3,558**	**29,012**
Trade and other payables	-	23,735
Liabilities directly related to assets held for sale	**-**	**23,735**
Carrying amount of net assets	**3,558**	**5,277**

Assets held for sale at 31 December 2008 consisted solely of the carrying value of the 15% stake in Reset Holding (Pte) Ltd (Note 9).

Cash flows from the disposal of discontinued operations are shown below:

CHF 000	2008	2007
Non-current assets	8	964
Other current assets	107	194
Tax receivables	611	3,924
Trade and other receivables	8,276	206,153
Cash and cash equivalents	-	18,752
Trade and other payables	-9,242	-218,455
Carrying amount of net assets disposed	**-240**	**11,532**
Net gain on disposal	445	20,164
Net sale price	**205**	**31,696**
Cash and cash equivalents disposed	-	-18,752
Net sale price receivable	-	-3,591
Cash flow from disposal	**205**	**9,353**

14. Trade and other receivables

An analysis of this item is shown below:

CHF 000	2008	2007
Receivables related to account holder activities	490,504	468,836
Receivables related to matched principal activities	64,954	139,472
Trade debtors	169,508	187,479
Employee receivables	60,456	42,551
Related party receivables (Note 28)	9,390	21,655
Other short-term receivables	30,848	37,609
Total	**825,660**	897,602

"Employee receivables" includes bonuses paid in advance and spread over the duration of the contracts of a small number of employees. Expense relating to these bonuses is recognised in the income statement on a straight-line basis over the life of the contract.

The Group's exposure to credit risk, foreign currency risk and interest rate risk on trade and other receivables is disclosed in Note 32.

15. Financial assets at fair value

An analysis of financial assets held for trading is shown below:

CHF 000	2008	2007
Bonds	1,792	21,264
Shares	700	3,810
Investment funds	-	194
Total	**2,492**	25,268

Fair value of these financial assets is determined by reference to the bid price at the valuation date.

The Group's exposure to credit risk, foreign currency risk and interest rate risk on financial assets at fair value is disclosed in Note 32.

16. Available-for-sale financial assets

Non-current

CHF 000	2008	2007
Shares	18,282	484
Total	**18,282**	484

In 2008, the Group acquired a minority interest in a company listed in the United States. These marketable securities will be held for an indefinite period. Fair value is measured on the basis of the bid price at the valuation date.

Current

CHF 000	2008	2007
Short-term bank deposits	6,280	4,863
Total	**6,280**	4,863

This item consists of short-term bank deposits with maturities of more than three months from the date of acquisition.

The Group's exposure to credit risk, foreign currency risk and interest rate risk on financial assets held for sale is disclosed in Note 32.

17. Cash and cash equivalents

CHF 000	2008	2007
Cash and call deposits with banks	328,496	267,904
Short-term bank deposits	47,138	63,117
Short-term money-market investments	3,215	38
Cash and cash equivalents on the balance sheet	**378,849**	**331,059**
Cash and cash equivalents attributable to discontinued operations (Note 13)	-	1,598
less: Bank overdrafts (Note 21)	-10,517	-39,539
Cash and cash equivalents in cash flow statement	**368,332**	**293,118**

Cash and deposits held on call with banks earn variable interest, based on daily bank rates. Short-term bank deposits have maturities of between one day and one month depending on the Group's liquidity requirements, and earn interest at the bank rate prevailing during the respective periods.

The Group's exposure to credit risk, foreign currency risk and interest rate risk on cash and cash equivalents is disclosed in Note 32.

18. Capital, treasury shares and consolidated reserves

Composition of capital

Capital was CHF 14,048,627 at 31 December 2008 (2007: CHF 13,986,127), consisting of 5,619,451 bearer shares (2007: 5,594,451) of CHF 2.50 nominal value.

Compagnie Financière Tradition issued 25,000 new shares during the 2008 financial year, following the exercise of share options, at an issue price of CHF 92.25 per share. This operation increased capital by CHF 62,500, with a share premium of CHF 2,244,000.

In 2007, 126,094 new bearer shares were issued at a weighted average price of CHF 84.00 per share, increasing capital by CHF 315,235 with a share premium of CHF 10,281,000.

Major shareholders

Financière Vermeer NV, Amsterdam held 67.45% of the voting rights in Compagnie Financière Tradition at 31 December 2008 (2007: 65.91%). Financière Vermeer is wholly owned by VIEL & Cie, Paris, in which VIEL et Compagnie Finance held a 56.00% interest at 31 December 2008 against 54.34% at 31 December 2007.

Authorised capital

The Company's capital may be increased by up to CHF 5,758,327 through the issuance of up to 2,303,331 new bearer shares with a nominal value of CHF 2.50. The Board of Directors sets the issue price and the date from which the new shares are to carry dividend rights. This authority is valid until 25 April 2009.

The Board is empowered to suspend or limit current shareholders' pre-emptive rights to enable acquisitions or equity stakes. Subscription rights for which a pre-emptive right is granted but not exercised are available to the Board to be used in the Company's interest.

Conditional capital

The Company's capital may be increased by up to CHF 2,379,795 through the issuance of up to 951,918 new bearer shares with a nominal value of CHF 2.50. The increase takes place through the exercise of a pre-emptive right by employees of the Company. The pre-emptive rights of existing shareholders are cancelled. The conditions under which employees may participate is defined by the Board of Directors. The characteristics of share options granted to Company employees are disclosed in Note 20.

Moreover, the Company's capital may be increased by up to CHF 3,600,000 through the issuance of up to 1,440,000 new bearer shares with a nominal value of CHF 2.50. The increase is carried out:

- Up to CHF 2,500,000 through the exercise of conversion rights, granted in relation to the Company's issuance of bonds or similar convertible debt securities on the national and international capital markets. The pre-emptive rights of existing shareholders are cancelled. The conditions of issue of such borrowings shall be defined by the Board of Directors, with a conversion right based on an issue price of no less than the average market price during the twenty trading days preceding the issue. Shareholders' pre-emptive right to subscribe such borrowings is cancelled. Conversion rights must be exercised within five years of the issue date, after which they expire.
- Up to CHF 1,100,000 through the exercise of options independent of share subscriptions granted free of charge to shareholders pro rata to their existing holdings of share capital. The terms and conditions for allocating and exercising share options by shareholders or future option holders (transferrable options) shall be defined by the Board of Directors.

Holders of conversion rights and/or options may subscribe for new shares.

Treasury shares

The Group directly held 42,409 treasury shares at 31 December 2008, amounting to CHF 7,135,000. These are allocated against equity at 31 December 2008.

	Carrying value *CHF 000*	Acquisition or redemption price - *CHF 000*	No. of shares *of CHF 2.50 nominal value*
At 1 January 2008	-	-	-
Acquisitions	9,342	9,342	89,483
Disposals	-2,207	-2,207	-47,074
Realised gains and losses	-	-	-
At 31 December 2008	**7,135**	**7,135**	**42,409**

Consolidated reserves

An analysis of this item is shown below:

CHF 000	Retained earnings	General reserve	Reserve for treasury shares	Reserve for share options	Hedging reserve	Revaluation reserve	**Consolidated reserves**
At 1 January 2007	**192,584**	**23,044**	**-**	**2,714**	**-**	**-**	**218,342**
Allocation to the general reserve	-78	78	-	-	-	-	**-**
Dividends paid	-38,418	-	-	-	-	-	**-38,418**
Effect of recognition of share options	-	-	-	694	-	-	**694**
Effect of recognition of hedging instruments	-	-	-	-	-761	-	**-761**
Net profit for the year	84,630	-	-	-	-	-	**84,630**
At 31 December 2007	**238,718**	**23,122**	**-**	**3,408**	**-761**	**-**	**264,487**
Transfer of share premium	-	30,651	-	-	-	-	**30,651**
Transfer of the general reserve	40,704	-40,704	-	-	-	-	**-**
Dividends paid	-44,915	-	-	-	-	-	**-44,915**
Appropriation to the reserve for treasury shares	-7,135	-	7,135	-	-	-	**-**
Effect of recognition of share options	-	-	-	3,361	-	-	**3,361**
Effect of recognition of hedging instruments	-	-	-	-	-3,669	-	**-3,669**
Effect of revaluation of available-for-sale financial assets	-	-	-	-	-	-3,645	**-3,645**
Net profit for the year	85,491	-	-	-	-	-	**85,491**
At 31 December 2008	**312,863**	**13,069**	**7,135**	**6,769**	**-4,430**	**-3,645**	**331,761**

The general reserve and the reserve for treasury shares are not available for distribution. The reserve for treasury shares includes the acquisition cost of Compagnie Financière Tradition shares held by the Group.

The share options reserve is used to recognise the fair value of own equity instruments granted to Group employees.

The hedging reserve includes the effective portion of net cumulative changes in the fair value of hedging instruments used in cash flow hedges which relate to hedged positions that have not yet impacted the income statement.

The revaluation reserve comprises net cumulative variations in fair value of available-for-sale financial assets until they are sold or an impairment is recognised.

The currency translation reserve comprises foreign exchange differences arising from the translation into Swiss francs of the financial statements of Group companies denominated in foreign currencies. It is shown separately in "Consolidated statement of changes in equity".

19. Dividends

Dividends are not recognised until after they have received shareholder approval. The Board of Directors is recommending the following dividend:

CHF 000	**2008**	2007
Dividend of CHF 8.0 per share for the 2008 financial year (2007: CHF 8.00)	**44,956**	44,915

20. Share-based payments

An analysis of the Group's employee share options at 31 December 2008 is shown below:

Grant date	Number of options *of CHF 2,50 nominal value*	Potential increase in capital *CHF*	Start of exercise date[1]	Expiry date	Exercise price *CHF*	Exercise terms[2]
10.03.00	266,000	665,000	88,800 securities on 10.03.01 88,800 securities on 10.03.02 88,400 securities on 10.03.03	09.03.12	60.00	-
17.05.02	20,000	50,000	17.05.04	16.05.16	97.50	-
08.09.03	25,000	62,500	08.09.05	08.09.13	92.25	-
24.04.06	75,000	187,500	24.04.09	23.04.16	129.90	-
14.12.07	25,000	62,500	14.12.09	14.12.17	2.50	-
21.05.08	15,000	37,500	21.05.11	21.05.13	2.50	190,00
15.09.08	30,000	75,000	21.01.11	21.01.16	2.50	156,00
23.09.08	30,000	75,000	21.01.11	21.01.16	2,50	156,00
Total	**486,000**	**1,215,000**				

[1] *These options may only be exercised if the employee is still employed by the Group.*
[2] *The share price must have been above these thresholds for 10 consecutive days in the 12 months preceding the exercise date.*

75,000 share options were granted to Group employees in 2008 (2007: 25,000) Fair value is determined on the date the options are granted, applying a binomial option pricing model, and takes account of the general vesting characteristics and conditions prevailing at that date.

The following valuation parameters, based on historical observations, were used to determine the fair value of share options granted:

Weighted average	**2008**	2007
Dividend yield	**5.07%**	3.67%
Expected volatility	**28.68%**	30.10%
Risk-free interest rate	**2.65%**	3.03%
Share price on the grant date (in CHF)	**154.4**	199.0

The exercise of share options granted in 2008 is contingent on the achievement of share price targets. These market conditions were taken into account when calculating the fair value of the options.
The weighted-average fair value of options on the grant date was CHF 45.43 (2007: CHF 182.31).

The following share options were exercised during the financial year:

Grant date	Number of options	Exercise date	Exercise price *CHF*	Share price on exercise date *CHF*
08.09.03	25,000	7 April 2008	92.25	185.00

An analysis of the number and weighted-average exercise price of employee share options is shown below:

CHF	**2008** Weighted-average exercise price	**2008** Number of options	2007 Weighted-average exercise price	2007 Number of options
Outstanding at beginning of the year	**74.15**	**436,000**	79.80	537,094
Granted	**2.50**	**75,000**	2.50	25,000
Exercised	**92.25**	**-25,000**	84.04	-126,094
Lapsed	**-**	**-**	-	-
Cancelled	**-**	**-**	-	-
Outstanding at end of the year	**62.16**	**486,000**	**74.15**	**436,000**
Exercisable at end of the year	**65.00**	**311,000**	**67.03**	**336,000**

Options exercised only give the right to receive shares. Costs of share-based payments in 2008 amounted to CHF 3,361,000 (2007: CHF 694,000).

21. Financial debts

CHF 000	**2008**	2007
Short-term		
Bank overdrafts	**10,517**	39,539
Bank borrowings	**167,302**	121,444
Short-term portion of long-term bank borrowings	**1,701**	2,462
Short-term obligations under finance leases	**4,902**	3,373
Total	**184,422**	**166,818**
Long-term		
Bank borrowings	**567**	3,281
Obligations under finance leases	**6,620**	6,187
Total	**7,187**	**9,468**
Total financial debts	**191,609**	**176,286**

Bank borrowings at 31 December 2008 included a multicurrency credit line of CHF 132 million (2007: CHF 140 million), consisting of three types of facilities:

Facility A : a term loan facility of CHF 42 million (2007: CHF 50 million) maturing on 1 June 2012, declining by CHF 8 million a year over 3 years and CHF 18 million at maturity. This loan was fully drawn down at 31 December 2008 and 2007.

Facility B : a revolving loan facility of CHF 50 million maturing on 1 June 2010, fully drawn down (drawdown of CHF 40 million at 31 December 2007). The Group has the option, with the banks' approval, of transferring the balance of this facility to Facility C on 1 June 2009.

Facility C : a revolving loan facility of CHF 40 million, renewable automatically on a daily basis for a period of 364 days, fully drawn down (undrawn at 31 December 2007).

Although loan facilities A and B have residual terms greater than 12 months, they are presented under short-term bank loans since the amounts are drawn down over 6-month periods.

The credit lines are secured by a pledge of equity investments in some of the Group's subsidiaries.

The Group also has two bilateral credit lines which are unsecured and renewable automatically on a daily basis for a period of 364 days and 180 days. The first is for CHF 25 million and is fully drawn down (2007: CHF 22 million fully drawn down), the second is for CHF 10 million, fully drawn down (CHF 9 million of which was drawn down at 31 December 2007).

Long-term bank borrowings include an amount of CHF 567,000 at 31 December 2008 (2007: CHF 3,281,000) repayable in monthly instalments of CHF 142,000, and maturing in April 2010.

Unused credit facilities at year-end amounted to CHF 6,208,000 (2007: CHF 69,376,000).

Finance leases

An analysis of future minimum commitments relating to the non-cancellable contract period and discounted value of minimum payments is shown below:

CHF 000	2008 Minimum lease commitments	Interest	Principal
Less than 1 year	4,902	255	5,157
Between 1 and 5 years	6,620	172	6,792
Over 5 years	-	-	-
Total	11,522	427	11,949

CHF 000	2007 Minimum lease commitments	Interest	Principal
Less than 1 year	3,373	295	3,668
Between 1 and 5 years	6,187	321	6,508
Over 5 years	-	-	-
Total	9,560	616	10,176

The Group's exposure to liquidity risk, foreign currency risk and interest rate risk on financial debts is disclosed in Note 32.

22. Provisions

An analysis of provisions is shown below:

CHF 000	Pensions and post-employment benefits	Litigation	Tax	Total
At 1 January 2007	13,981	2,617	2,860	19,458
Recognised	13,132	1,007	391	14,530
Used	-3,162	-60	-	-3,222
Reversed	-6,106	-638	-	-6,744
Currency translation	-138	-70	83	-125
At 31 December 2007	17,707	2,856	3,334	23,897
Change in basis of consolidation	108	-	-	108
Recognised	2,371	17,996	-	20,367
Used	-5,585	-9,526	-	-15,111
Reversed	-293	-786	-	-1,079
Currency translation	1,146	-330	-342	474
At 31 December 2008	15,454	10,210	2,992	28,656

Pensions and post-employment benefits

Provisions for pensions and post-retirement benefits recognised in the balance sheet cover the Group's obligations arising under defined contribution and defined benefit plans. Details of net liabilities under defined benefit plans are disclosed in Note 23.

Litigation

In the course of their business activities, the Group's subsidiaries may become involved in litigation with former employees over termination of their employment contract, or with competitors over the hiring of new employees. Provisions are recognised for pending lawsuits if this is considered necessary. The timing of cash outflows relating to these provisions is uncertain, since it will depend on the outcome of the relevant cases. Consequently, they are not discounted, since their present value would not be a reliable estimate.

In April 2008, following the hiring of new employees in the US, a competitor filed suit to prevent these people from starting work with the Group. At the same time, it filed arbitration proceedings with the Financial Industry Regulatory Authority (FINRA) against the Group's subsidiaries and a number of employees in New York, for breach of contract and unfair competition in particular. The parties concerned rejected the claims, and in certain cases counterclaims were filed against this competitor. In July, the lawsuit was dismissed by the New York State court, enabling the employees to continue working for the Group's subsidiaries. Arbitration proceedings are still pending before the FINRA, and no hearing has been held so far. The Group and its subsidiaries will be vigorously defending themselves against these claims.

Tax

French subsidiaries of Compagnie Financière Tradition were subject to tax audits in 2003 and 2006, involving the 2000 to 2003 financial years. In December 2003 and 2006, they received tax adjustment notices mainly concerning their tax treatment of certain provisions. The tax adjustments accepted were covered by a provision of CHF 2,992,000 at year-end (2007: CHF 3,334,000).

23. Employee benefit obligations

Pension benefits for most Compagnie Financière Tradition employees are insured under defined contribution plans. Defined benefit plans are confined mainly to employees based in Switzerland where benefits depend on the insured salary at the end of their career, and their length of service.

Provisions for pensions and post-employment benefits are broken down as follows:

CHF 000	**2008**	2007
Defined contribution plans	**9,851**	10,817
Defined benefit plans	**5,603**	6,890
Total provisions for pensions and post-employment benefits	**15,454**	**17,707**

Expenses related to defined benefit and defined contribution plans are shown under "Personnel costs". Expenses for defined contribution plans amounted to CHF 6,709,000 (2007: CHF 5,341,000).

Provision for defined benefit plans

Recognised balance sheet assets and liabilities

CHF 000	**2008**	2007
Present value of obligations	**41,532**	35,262
Fair value of plan assets	**-26,581**	-31,558
Excess of plan obligations	**14,951**	**3,704**
Unrecognised net actuarial losses	**-9,348**	3,186
Net defined benefit plan liabilities	**5,603**	**6,890**

Movements in present value of obligations

CHF 000	**2008**	2007
Present value of obligations at 1 January	**35,262**	**36,704**
of which funded obligations	33,607	35,320
of which non-funded obligations	1,655	1,384
Current service cost	**1,399**	1,558
Financial cost	**1,283**	1,176
Actuarial (gains)/losses	**4,268**	-3,268
Employee contributions	**630**	501
Benefits paid	**-562**	-1,483
Reclassifications	**-618**	-
Currency translation	**-130**	74
Present value of obligations at 31 December	**41,532**	**35,262**
of which funded obligations	40,628	33,607
of which non-funded obligations	904	1,655

Movements in fair value of plan assets

CHF 000	2008	2007
Fair value of plan assets at 1 January	**31,558**	**30,496**
Expected return on plan assets	1,351	1,337
Actuarial gains/(losses)	-8,128	-506
Employer contributions	1,349	1,107
Employee contributions	630	501
Benefits paid	-210	-1,383
Currency translation	31	6
Fair value of plan assets at 31 December	**26,581**	**31,558**

Group contributions to defined benefit plans in 2009 are estimated at CHF 1,378,000.

Fair value of asset classes as a percentage of total plan assets

%	2008	2007
Shares	25.9%	24.6%
Bonds	51.8%	56.5%
Property	6.9%	9.3%
Insurance contracts	2.2%	1.9%
Other	13.2%	7.7%
Total	**100.0%**	**100.0%**

Expected return on plan assets is based on long-term forecasts for inflation, interest rates and risk premiums for the various asset classes. These forecasts take account of long-term historical returns.

Expenses recognised in the income statement

CHF 000	2008	2007
Current service cost	1,399	1,558
Financial cost	1,283	1,176
Expected return on plan assets	-1,351	-1,337
Net recognised actuarial (gains)/losses for the year	-100	-197
Defined benefit expense	**1,231**	**1,200**

CHF 000	2008	2007
Actual return on plan assets	-6,777	831

Main actuarial assumptions

%	2008	2007
Discount rate	3.73%	4.40%
Expected return on plan assets	3.84%	4.17%
Future salary increases	3.61%	3.03%
Future pension increases	0.21%	0.42%

Additional disclosures

CHF 000	2008	2007	2006	2005
Present value of obligations	41,532	35,262	36,704	36,067
Fair value of plan assets	-26,581	-31,558	-30,496	-26,787
Excess of plan obligations	**14,951**	**3,704**	**6,208**	**9,280**
Experience adjustments on plan liabilities	-1,880	-1,802	-497	-521
Experience adjustments on plan assets	-8,128	-506	1,363	-2

24. Trade and other payables

An analysis of this item is shown below:

CHF 000	2008	2007
Payables related to account holder activities	499,853	473,784
Payables related to matched principal activities	50,612	104,345
Accrued liabilities	240,985	185,959
Related party payables (Note 28)	11,953	11,799
Other short-term payables	92,354	74,722
Total	**895,757**	**850,609**

The Group's exposure to liquidity risk, foreign currency risk and interest rate risk on trade and other payables is disclosed in Note 32.

25. Tax payables and receivables

Consolidated tax payables at 31 December amounted to CHF 21,440,000 (2007: CHF 32,557,000).

Tax receivables of CHF 7,528,000 at 31 December (2007: CHF 6,720,000) consisted mainly of tax instalments paid by Group companies.

26. Derivative financial instruments

The fair value of derivative financial instruments at 31 December 2008 and 2007 is analysed below:

CHF 000	2008		2007	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	-	9,410	278	1,464
Interest rate swaps	-	5,022	-	928
Put option	23,582	-	-	-
Total	**23,582**	**14,432**	**278**	**2,392**

Derivative currency instruments are used on a selective basis to manage short-term foreign exchange risks arising in the Group's principal currencies. The fair value of derivative financial instruments is their carrying amount.
The put option concerns the disposal of a stake in an associate (Note 9). The fair value of this option at 31 December 2008 corresponds to its intrinsic value, which represents the difference between its exercise price of CHF 47.7 million and the fair value of the stake of CHF 24.1 million.

A sensitivity analysis of the fair value of the stake using various assumptions is described in Note. 32.

Interest rate swaps

The Group has used interest rate swaps since 2007 to manage its exposure to interest rate movements compared with fixed rates. Portions of these instruments are designated as cash flow hedges.

Contracts with a notional principal of CHF 92 million (CHF 100 million at 31 December 2007) carry average fixed interest rates of 3.34% and variable interest rates based on 6-month LIBOR. These contracts mature on 1 June 2010 and 2012. The fair value of interest rate swaps is their carrying amount. This amount is based on market prices at the balance sheet date, received from third parties for similar instruments.

The effective portion of losses on these hedging instruments was CHF 4,843,000 at 31 December (2007: 832,000), which was recognised directly in equity.
The Group's exposure to liquidity risk, credit risk, foreign currency risk and interest rate risk on derivative financial instruments is disclosed in Note 32.

27. Operating leases

Future minimum lease payments under non-cancellable operating leases for each of the following periods are:

CHF 000	2008	2007
Less than 1 year	20,652	22,870
Between 1 and 5 years	42,261	43,128
Over 5 years	37,917	35,761
Minimum future lease payments	**100,830**	**101,759**

These lease commitments, which are not carried on the balance sheet, mainly concern office rentals for Group companies. The amounts shown relate to the non-cancellable period only.

Operating lease charges in 2008 amounted to CHF 27,166,000 (2007: CHF 22,854,000) and are included under "Other operating expenses".

28. Related party transactions

Nature of duties of key management personnel

Key management personnel are the members of the Group's Executive Board. Their duties encompass managing all operating teams across the Group's various geographical zones, as well as executive management duties.

Key management remuneration

CHF 000	2008	2007
Salaries and bonuses	30,954	28,411
Share options	3,361	694
Fringe benefits	521	303
Total	**34,836**	**29,408**

No compensation in the form of post-employment benefits, termination benefits, share payments, or any other form of short- or long-term benefits was received by key management personnel in 2008 and 2007.

75,000 share options were granted to members of the Group's Executive Board in 2008 (2007: 25,000), and an expense of of CHF 3,361,000 (2007: CHF 694,000) was recognised on share-based payments granted to key management personnel (Note 20).

Related party receivables

CHF 000	2008	2007
Receivables from associates	3,002	6,080
Receivables from joint ventures	212	1,837
Receivables from shareholder and associated companies	6,176	6,631
Receivables from key management personnel	-	7,107
Total	**9,390**	**21,655**

Related party payables

CHF 000	2008	2007
Payables to associates	141	-
Payables to joint ventures	479	428
Payables to shareholder and associated companies	11,333	11,371
Total	**11,953**	**11,799**

"Receivables from shareholder and associated companies" and "Payables to shareholder and associated companies" include all receivables and payables due to or by Compagnie Financière Tradition and its subsidiaries in respect of their ultimate majority shareholder, VIEL et Compagnie Finance, Paris, and subsidiaries of that company.

Related party transactions

Compagnie Financière Tradition sold its stake in Monecor (London) Ltd to a group of private investors in October 2007. At the time, one of the investors was President of Tradition Services Holding S.A., who left the Group's Executive Board in November 2007. This disposal, for a consideration of CHF 30,758,000, generated a consolidated gain of CHF 21,441,000, which is reported under profit after tax from discontinued operations (Note 13). A receivable of CHF 3,591,000 in respect of the sale was reported under "Employee receivables" at 31 December 2007 (Note 14).
On 1 July 2004, Compagnie Financière Tradition and its direct majority shareholder signed a 5-year lease based on rental values prevailing in the market. Rental charges of CHF 960,000 (2007: CHF 910,000) were recognised under "Other operating expenses".
A liquidity contract was signed in May 2000 with a company related to one of the Group's directors, under which it was appointed marketmaker for Compagnie Financière Tradition's shares. No fees or commissions were paid in relation to this mandate in 2008 (2007: CHF 97,000).

Guarantees and conditional commitments to related parties

Compagnie Financière Tradition guaranteed an amount of CHF 2,325,000 in respect of annual interest payments and scheduled repayments on a mortgage granted to its majority shareholder, Financière Vermeer NV.

Guarantees and conditional commitments from related parties

When VIEL and Compagnie Finance purchased the shares of Compagnie Financière Tradition held by Banque Pallas Stern, it undertook to pay Compagnie Financière Tradition and its subsidiaries the difference between aggregate receivables due from Comipar and Banque Pallas Stern and the liquidation dividends to be received by Compagnie Financière Tradition and its subsidiaries in respect of such receivables. The total balance of these receivables, guaranteed by VIEL et Compagnie Finance, parent company of VIEL & Cie, was counter-guaranteed by VIEL & Cie. This undertaking relates to receivables of EUR 16,444,000 declared by Compagnie Financière Tradition and its subsidiaries at the time Comipar and Banque Pallas Stern went into receivership.
Between 1999 and 2008, Compagnie Financière Tradition and its subsidiaries received partial repayments from Banque Pallas Stern and Comipar, bringing total unsecured dividends received since the liquidation of Banque Pallas Stern and Comipar to 76.5% of declared receivables. This brought the Group's remaining receivables to CHF 5,861,000 at 31 December 2008 (2007: CHF 5,956,000).

Consolidation of Compagnie Financière Tradition

Compagnie Financière Tradition is consolidated in the financial statements of VIEL & Cie, whose registered office is at 253 Boulevard Pereire, 75017 Paris.

29. Off-balance sheet operations

Commitments to deliver and receive securities

CHF 000	**2008**	2007
Commitments to deliver securities	**45,767,334**	56,836,401
Commitments to receive securities	**45,762,174**	56,833,571

Commitments to deliver and receive securities reflect sell and buy operations on securities entered into before 31 December and closed out after that date, in connection with the matched principal activities of Group companies.

30. Guarantees and conditional commitments

The Group issued a EUR 20.0 million payment guarantee, in connection with matched principal activities conducted by its subsidiaries of Tradition London Clearing Ltd, London, and Tradition Securities And Futures S.A., Paris. This guarantee expired on 31 December 2009. Other guarantees and conditional commitments at 31 December 2008 and 2007 concern related parties and are disclosed in Note 28.

31. Financial risk management

The Group is exposed to three main types of risk:
- credit risk
- liquidity risk
- market risk

This note details the Group's exposure to each of these risk areas, its risk management objectives, policy and procedures, and the methods it uses to measure risk. There was no change in the Group's risk management in 2008.

The Board of Directors is ultimately responsible for establishing the Group's risk management policies and for monitoring the Executive Board. It is assisted in this task by the Audit Committee, whose role is to supervise the internal control of financial reporting, risk management, and compliance with local laws and regulations. Internal Audit conducts timely reviews of risk management and internal control procedures, and reports its findings to the Audit Committee. The Credit Committee, made up of 3 members, is responsible for approving counterparties for its matched principal activities.

Credit risk

Credit risk is the risk of financial loss for the Group in the event of non-performance by customers or counterparties to financial instruments. This risk mainly concerns the item "Trade and other receivables".

Compagnie Financière Tradition is an interdealer broker in the financial and non-financial markets, serving a predominantly institutional clientele. This broking business consists of facilitating contact between two counterparties to a trade, and receiving a commission for service rendered. The Group therefore has very limited exposure to credit risk in these activities. The quality of counterparties is assessed locally by the subsidiaries in line with Group guidelines, and payment of commissions receivable is closely monitored. Provisions for impairment losses on receivables are recognised where necessary.

Some Group companies act as principal in the simultaneous purchase and sale of securities for the account of third parties. Such trades are completed when both sides of the deal are settled, namely once payment is made and the securities are delivered (matched trades). Compagnie Financière Tradition is therefore exposed to counterparty risk if one side of the transaction remains unmatched. However, virtually all transactions are settled within a very short period and delivery risk is minimal.

Having executed the transactions, the broker must then ensure that the clearing is carried out correctly. The risk is that technical delays may occur or that the counterparty may default before the clearing takes place. There are two essential inputs in this operation: the quality of the counterparties involved in the trade, and the efficiency of the administrative organisation behind the clearing.

Regarding the first point, all counterparties must be approved by the Credit Committee. Appropriate credit limits are set, taking into account the creditworthiness of the counterparty and the nature of the transactions. Most counterparties are major financial institutions with excellent credit ratings. An essential part of the approval process for counterparties is the segregation between operational functions, and risk assessment and authorisation. The Group recently set in place a new credit risk assessment method, in line with Standard & Poor's rating system. The Risk Management Department regularly monitors compliance with decisions, and reviews the effectiveness of control procedures for counterparties and clearing operations.

The clearing operations themselves are handled by specialised teams. Compagnie Financière Tradition's indirect subsidiary, Tradition (London Clearing Ltd), is a dedicated clearing company, and the pivot for the Group's matched principal transactions in Europe. Tradition Asiel Securities Inc., one of the Group's US companies, performs all clearing operations in the United States. This company is a member of the FICC (Fixed Income Clearing Corporation), a central settlement counterparty for US government securities. Membership in the FICC considerably reduces the risk of a counterparty default, since it guarantees settlement of all trades entering its net.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

As part of liquidity risk management, the Group focuses on maintaining cash and cash equivalents at its operating subsidiaries at a level that complies with regulatory standards and that meets their needs for working capital. Emphasis is also placed on steady funding through the use of, and access to bank loans.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, and affect the Group's net profit or the value of its financial instruments Market risk includes currency risk and interest rate risk.

Currency risk

Because of its international standing, the Group is exposed to currency risk. This risk arises when subsidiaries conduct transactions in a currency other than their functional currency. Transactions are principally conducted in US dollars (USD), sterling (GBP), yen (JPY), euros (EUR) and Swiss francs (CHF). Currency risk is analysed globally and its management is the responsibility of the Executive Board. Group policy for hedging this risk is not part of a long-term hedging policy, but is dealt with on a timely basis depending on economic trends and conditions.

Interest rate risk

The Group's exposure to interest rate risk arises mainly from its financial debt structure. However, since over 90% of the debt is short term, this risk is very marginal. Financial debt commitments within the Group must be approved by the Executive Board. In 2007, as part of its risk management policy, the Group used interest rate swaps to hedge certain variable interest rate debts.

Capital management

The Group's capital management objective is to maintain equity at a level which ensures operational continuity and produces a return on shareholders' investment. The Board of Directors monitors return on equity, which is defined as the relationship between net operating income and shareholders' equity, net of minority interests' share. The Board also monitors dividends paid to shareholders.
The Group manages the capital structure and makes adjustments in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the Group's approach to managing capital in 2008.
Compagnie Financière Tradition is not subject to any externally imposed capital requirements. However, on the local level, some Group subsidiaries are subject to capital requirements imposed by regulators in the countries concerned. Monitoring and compliance with regulatory directives are the responsibility of local compliance officers.

32. Financial instruments

Information in this note includes both continuing and discontinued operations.

Credit risk

Exposure to credit risk

The maximum exposure to credit risk for the Group is represented by the carrying amount of the financial assets. At year-end, exposure to credit risk was as follows:

CHF 000	**2008**	2007
Available-for-sale financial assets	**24,562**	5,347
Financial assets at fair value	**2,492**	25,410
Loans and receivables	**785,821**	902,577
Derivative financial instruments	**23,582**	278
Cash and cash equivalents	**378,849**	332,657
Unavailable cash	**18,782**	19,868
Total	**1,234,088**	**1,286,137**

Impairment losses

An analysis of trade debtors' aging is shown below:

	2008		2007	
CHF 000	**Gross value**	**Impairment losses**	Gross value	Impairment losses
Not overdue	**77,281**	**-**	79,256	-
Overdue by less than 30 days	**32,567**	**-**	52,970	-
Overdue by 31 to 60 days	**24,730**	**-**	24,539	-
Overdue by 61 to 90 days	**18,639**	**-261**	19,309	-511
Overdue by 91 to 180 days	**12,945**	**-589**	9,792	-1,458
Overdue by more than 180 days	**7,090**	**-2,894**	5,554	-1,886
Total	**173,252**	**-3,744**	**191,420**	**-3,855**

Based on experience gained in matters of payment default, the Group considers it unnecessary to write down receivables that are not overdue or are overdue by less than 60 days.

An impairment loss is recognised on receivables when there is objective evidence that the Group will not be able to collect amounts due under the original terms of the receivable. Objective evidence includes serious financial difficulties of the debtor, the growing probability of bankruptcy or financial reorganisation, and payment default. Most clients are major financial institutions with excellent credit ratings.

Movements in the provision for impairment losses on customer receivables and trade debtors during the period is shown below:

CHF 000	**2008**	2007
At 1 January	**-3,855**	-1,804
Changes in basis of consolidation	**188**	-
Reclassifications	**-**	568
Recognised	**-2,935**	-3,204
Used	**1,990**	284
Reversed	**-**	120
Currency translation	**868**	181
At 31 December	**-3,744**	**-3,855**

An aging of receivables related to matched principal activities is shown below:

CHF 000	**2008**	2007
Overdue by less than 5 days	**39,418**	104,702
Overdue by between 6 and 15 days	**25,442**	24,236
Overdue by between 16 and 30 days	**94**	8,181
Overdue by between 31 and 45 days	**-**	1,857
Overdue by more than 45 days	**-**	496
Total	**64,954**	**139,472**

Based on experience gained in matters of default, the Group considers it unnecessary to write down receivables related to matched principal activities. Most counterparties are major financial institutions with excellent credit ratings. Moreover, transactions are subject to appropriate credit limits, established on the basis of the creditworthiness of the counterparty.

Liquidity risk

An analysis of the remaining contractual maturities of financial liabilities, including the estimated amount of interest payments, is shown below:

31 December 2008 *CHF 000*	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total
Long-term financial debts	-	-	-	567	**567**
Finance leases - minimum future payments	1,310	1,303	2,544	6,792	**11,949**
Trade and other payables	858,088	31,154	6,515	-	**895,757**
Derivative financial instruments	5,812	3,305	5,315	-	**14,432**
Short-term financial debts	46,245	132,425	850	-	**179,520**
Total	**911,455**	**168,187**	**15,224**	**7,359**	**1,102,225**

31 December 2007 *CHF 000*	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total
Long-term financial debts	-	-	-	3,281	**3,281**
Finance leases - minimum future payments	856	845	1,967	6,508	**10,176**
Trade and other payables	868,053	3,447	2,844	-	**874,344**
Derivative financial instruments	1,497	677	218	-	**2,392**
Short-term financial debts	71,597	90,616	1,232	-	**163,445**
Total	**942,003**	**95,585**	**6,261**	**9,789**	**1,053,638**

Currency risk

Sensitivity analysis

The Group is exposed to currency risk, particularly the US dollar (USD), sterling (GBP), euro (EUR) and Swiss franc (CHF). The table below details the Group's sensitivity to a 10% change in a transaction currency compared with corresponding functional currencies. This analysis shows monetary assets and liabilities denominated in a currency other than the functional currency of the Group's entities, and adjusts their value at the end of the period for a 10% change in the foreign exchange rate. It is based on the assumption that all other variables remain constant and has been prepared on the same basis as the previous financial year.

At 31 December, an appreciation/depreciation of 10% in a transaction currency compared with other corresponding functional currencies would have increased/decreased net profit for the period as shown below, with no impact on equity:

31 December 2008 *CHF 000*	Transaction currencies					
	USD	GBP	EUR	CHF	Other currencies	Total
Functional currencies						
USD	-	2	16	-	231	**249**
GBP	3,171	-	2,513	109	217	**6,010**
EUR	-89	201	-	85	31	**228**
CHF	3,298	1,213	1,219	-	-46	**5,684**
Other currencies	1,588	81	243	-211	-	**1,701**
Total	**7,968**	**1,497**	**3,991**	**-17**	**433**	**-**

31 December 2007 CHF 000	Transaction currencies USD	GBP	EUR	CHF	Other currencies	Total
Functional currencies						
USD	-	2	-77	-	262	**187**
GBP	2,572	-	3,345	369	687	**6,973**
EUR	1,043	-108	-	206	55	**1,196**
CHF	1,588	1,166	2,596	-	1,183	**6,533**
Other currencies	1,257	87	33	-162	225	**1,440**
Total	**6,460**	**1,147**	**5,897**	**413**	**2,412**	**-**

Interest rate risk

Profile

The profile of interest-bearing financial instruments at 31 December is as follows:

CHF 000	2008	2007
Fixed rate instruments		
Financial assets	52,733	92,657
Financial liabilities	16,544	9,560
Net	**36,189**	**83,097**
Variable rate instruments		
Financial assets	565,551	610,448
Financial liabilities	244,607	237,684
Net	**320,944**	**372,764**
Of which: Variable rate financial debts	180,087	166,726

Sensitivity analysis of cash flows for variable rate instruments

Interest rate risk on financial liabilities arises mainly from variable rate financial debts. The sensitivity analysis of financial debts considered a 50 basis point change in interest rates.

Variable rate financial assets and liabilities, excluding financial debts, consist mainly of receivables and payables related to account holder activities. Since these assets and liabilities are by nature less subject to interest rate risk than financial debts, the sensitivity analysis considered a 25 basis point change in interest rates.

A 50 bps increase in interests rates (25 bps for net financial assets excluding financial debts) at 31 December would have increased/decreased net profit and equity by the amounts shown below. This analysis is based on the assumption that all other variables remain constant and has been prepared on the same basis as the previous financial year.

31 December 2008 CHF 000	Net profit	Equity
Net financial assets excluding financial debts	1,253	-
Financial debts	-440	-
Interest rate swaps	-	500

For interest rate swaps, a 50 basis point reduction in interest rates would have reduced equity by CHF 696,000 at 31 December 2008, without impacting net profit.

31 December 2007 CHF 000	Net profit	Equity
Net financial assets excluding financial debts	1,349	-
Financial debts	-384	-
Interest rate swaps	116	617

For interest rate swaps, a 50 basis point reduction in interest rates would have reduced net profit by CHF 148,000 and equity by CHF 1,314,000 at 31 December 2007.

Fair value

The fair value and carrying value of financial assets and liabilities at 31 December are presented below:

31 December 2008 CHF 000	Carrying value	Fair value
Available-for-sale financial assets	24,562	24,562
Financial assets at fair value	2,492	2,492
Loans and receivables	785,821	785,821
Derivative financial instruments	23,582	23,582
Cash and cash equivalents	378,849	378,849
Unavailable cash	18,782	18,782
Total financial assets	**1,234,088**	**1,234,088**
Short-term financial debts	184,422	184,422
Trade and other payables	895,757	895,757
Derivative financial instruments	14,432	14,432
Long-term financial debts	7,187	7,151
Total financial liabilities	**1,101,798**	**1,101,762**

Sensitivity analysis of the fair value of derivative financial instruments (assets)

This item includes the fair value of a contractual put option, the amount of which is influenced by the estimated market value of the underlying interest. The valuation principles used are disclosed under the section "Key accounting estimates and judgments". This estimate is based on a number of assumptions, a change in any of which would have a direct impact on the net profit.

A one-unit increase in the P/E ratio and a 500 bps reduction in the percentage of discount would reduce the net profit presented below. This analysis is based on the assumption that all other variables remain constant.

CHF 000	Net profit
Price/earnings ratio	-4,888
Decrease in value	-2,222

A one-unit decrease in the P/E ratio and a 500 bps increase in the percentage of discount would increase the net profit by the same amounts.

31 December 2007 CHF 000	Carrying value	Fair value
Available-for-sale financial assets	5,347	5,347
Financial assets at fair value	25,410	25,410
Loans and receivables	902,577	902,614
Derivative financial instruments	278	278
Cash and cash equivalents	332,657	332,657
Unavailable cash	19,868	19,868
Total financial assets	**1,286,137**	**1,286,174**
Short-term financial debts	166,818	166,818
Trade and other payables	874,344	874,344
Derivative financial instruments	2,392	2,392
Long-term financial debts	9,468	9,560
Total financial liabilities	**1,053,022**	**1,053,114**

The methods used to measure fair value are disclosed in the section on significant accounting policies.

33. Events after the balance sheet date

On 9 March 2008, the Group exercised a contractual put option to sell its 15% stake in its associate, Reset Holding (Pte) Ltd, at a price equivalent to CHF 50.3 million (Note 9).

This operation generated a gain, of CHF 20.8 million in 2009, net of the fair value of the put option of CHF 23.9 million at 31 December 2008. It is scheduled for completion in April 2009.

34. Exchange rates

The main exchange rates against the Swiss franc used in the consolidation are shown below:

		2008		2007	
		Year-end rate	**Average rate**	Year-end rate	Average rate
1 Euro	EUR	**1.49**	**1.59**	1.65	1.64
1 pound sterling	GBP	**1.56**	**2.01**	2.26	2.40
100 Japanese yen	JPY	**1.18**	**1.04**	1.00	1.02
1 US dollar	USD	**1.07**	**1.08**	1.12	1.20

35. Basis of consolidation

The table below shows consolidated companies, percentage interests held directly or indirectly, and the method of consolidation used for each company:

	New companies	Country	Controlling interest	Equity interest		Capital *in thousands*	FCM/PCM/EM method
COMPAGNIE FINANCIERE TRADITION		Switzerland			CHF	14 049	Consolidating company
1. FINANCIAL COMPANIES							
TRADITION SERVICE HOLDING S.A., LAUSANNE		Switzerland	100.00%	100.00%	CHF	21 350	FCM
Tradition (UK) Ltd, London		United Kingdom	100.00%	100.00%	GBP	21 050	FCM
Tradition Bond Brokers Ltd, London		United Kingdom	100.00%	100.00%	GBP	9 160	FCM
Tradition Beaufort House Ltd, London		United Kingdom	100.00%	100.00%	GBP	n/s	FCM
Tradition London Clearing Ltd, London		United Kingdom	100.00%	100.00%	GBP	2 250	FCM
Tradition Government Bond Brokers and Derivative Brokers (Pty) Ltd, Johannesburg		South Africa	100.00%	100.00%	ZAR	1 000	FCM
Tradition Luxembourg S.A., Luxembourg		Luxembourg	100.00%	100.00%	EUR	2 292	FCM
Tradition Eurobond S.A., Luxembourg		Luxembourg	100.00%	100.00%	EUR	500	FCM
Finance 2000 S.A., Paris		France	100.00%	100.00%	EUR	4 575	FCM
Tradition Securities And Futures S.A., Paris, and London branch		France	99.90%	99.90%	EUR	13 325	FCM
TSAF OTC S.A.., Paris		France	100.00%	99.90%	EUR	10 601	FCM
Finacor & Associés S.A., Brussels		Belgium	100.00%	99.90%	EUR	497	FCM
Finacor Belgique S.A., Brussels		Belgium	100.00%	100.00%	EUR	149	FCM
Finacor Wertpapierhandel GmbH, Frankfurt		Germany	100.00%	100.00%	EUR	2 531	FCM
Finacor Deutschland GmbH, Munich		Germany	100.00%	100.00%	EUR	547	FCM
Tradition S.A., Lausanne		Switzerland	100.00%	100.00%	CHF	100	FCM
Tradition Italia Sim S.p.A., Milan		Italy	100.00%	100.00%	EUR	1 550	FCM
Fincor SGPS, Lisbon		Portugal	20.00%	20.00%	EUR	1 347	EM
Tradition (North America) Inc., New York		United States	100.00%	100.00%	USD	14 500	FCM
Tradition Securities And Futures Inc., New York		United States	100.00%	100.00%	USD	n/s	FCM
Tradition Asiel Securities Inc., New York		United States	100.00%	100.00%	USD	5	FCM
Standard Credit Holding Inc., New York	✓	United States	100.00%	100.00%	USD	n/s	FCM
Standard Credit Securities Inc., New York[1]		United States	100.00%	100.00%	USD	n/s	FCM
Standard Credit Group LLC, New York	✓	United States	60.00%	60.00%	USD	2 500	FCM
Tradition Services (Delaware) Corp., Delaware		United States	100.00%	100.00%	USD	n/s	FCM
Govdesk LLC, Redondo Beach,		United States	35.00%	35.00%	USD	75	EM
FXDirectDealer LLC, New York		United States	15.00%	15.00%	USD	750	EM
VIEL Debeausse & Co. Inc., New York		United States	91.00%	91.00%	USD	50	FCM
Asesorias e Inversiones Tradition Chile Ltda, Santiago		Chile	100.00%	100.00%	CLP	2 218 955	FCM
Tradition Chile Agentes de Valores Ltda, Santiago		Chile	100.00%	100.00%	CLP	476 805	FCM
Elite Broker S.A. de C.V., Mexico		Mexico	100.00%	100.00%	MXN	50	FCM
Tradition Services S.A. de C.V., Mexico		Mexico	100.00%	100.00%	MXN	50	FCM
Tradition Brasil Escritorio de Representacao Ltda, Sao Paulo		Brazil	100.00%	100.00%	BRL	1 564	FCM
Tradition Colombia S.A., Bogota		Colombia	100.00%	100.00%	COP	790 659	FCM
Tradition Argentina S.A., Buenos Aires		Argentina	100.00%	100.00%	ARS	12	FCM
Meitan Tradition Co. Ltd, Tokyo		Japan	55.34%	55.34%	JPY	300 000	FCM
Gaitame.com Co., Ltd, Tokyo		Japan	43.35%	25.58%	JPY	799 354	PCM
InfoCure Co. Ltd, Tokyo	✓	Japan	43.35%	15.35%	JPY	50 000	PCM
Tradition (Asia) Ltd, Hong Kong		China	100.00%	100.00%	HKD	25 001	FCM
Tradition Korea Ltd, Seoul		South Korea	100.00%	100.00%	KRW	5 000 000	FCM
Tradition Singapore (Pte) Ltd, Singapore		Singapore	100.00%	100.00%	SGD	300	FCM
Ong First Tradition (Pte) Ltd, Singapore		Singapore	35.00%	35.00%	SGD	3 000	EM
Reset Holding (Pte) Ltd, Singapore		Singapore	15.00%	15.00%	USD	60	EM
Tradition Asia Pacific (Pte) Ltd, Singapore		Singapore	100.00%	100.00%	SGD	n/s	FCM
Tradition Financial Services Philippines Inc., Makati	✓	Philippines	100.00%	100.00%	PHP	14 000	FCM
Tradition Securities Japan Co. Ltd, Tokyo	✓	Japan	100.00%	100.00%	JPY	199 000	FCM
Tradition Australia Pty Ltd, Sydney		Australia	100.00%	100.00%	AUD	n/s	FCM
First Taz Money Brokers Sdn Bhd, Kuala Lumpur		Malaysia	40.00%	40.00%	MYR	500	EM
Derivium Capital & Securities Private Ltd, Mumbai		India	50.00%	50.00%	INR	6 000	PCM
Tradition CIS LLC, Moscow		Russia	100.00%	100.00%	USD	250	FCM
PingAn Tradition International Money Broking Company Ltd, Shenzhen	✓	China	33. 00%	33. 00%	CNY	50 000	EM

	New companies	Country	Controlling interest	Equity interest		Capital *in thousands*	FCM/PCM/EM method
TFS, Lausanne		Switzerland	99.92%	99.92%	CHF	3 916	FCM
Tradition Financial Services Ltd, London and Tel Aviv branch		United Kingdom	100.00%	99.92%	GBP	250	FCM
TFS-ICAP Holdings Ltd, London		United Kingdom	50.00%	54.96%	GBP	10	PCM
TFS-ICAP Ltd, London		United Kingdom	51.00%	27.48%	GBP	20	FCM
TFS-ICAP Currency Options Ltd, London		United Kingdom	100.00%	27.48%	GBP	550	FCM
TFS Derivatives Ltd, London		United Kingdom	100.00%	99.92%	GBP	1 200	FCM
Equitek Capital Ltd, London		United Kingdom	100.00%	99.92%	GBP	1 300	FCM
TFS Futures & Options S.A. (Pty) Ltd, Johannesburg		South Africa	100.00%	99.92%	ZAR	250	FCM
TFS Securities (Pty) Ltd, Johannesburg		South Africa	74.90%	74.84%	ZAR	n/s	FCM
Tradition Financial Services GmbH, Frankfurt		Germany	100.00%	99.92%	EUR	153	FCM
Tradition Financial Services Inc., New York		United States	100.00%	99.92%	USD	50	FCM
TFS Derivatives Corp., New York		United States	100.00%	99.92%	USD	95	FCM
TFS Services (Texas) Inc., Houston		United States	100.00%	99.92%	USD	n/s	FCM
Tradition Financial Services (Texas) LP, Houston		United States	100.00%	99.92%	USD	n/s	FCM
TFS-ICAP Holdings LLC, New York		United States	50.00%	54.96%	USD	n/s	PCM
TFS-ICAP LLC, New York		United States	51.00%	27.48%	USD	n/s	FCM
TFS Energy LLC, Stamford		United States	53.00%	52.96%	USD	n/s	FCM
TFS Energy Futures LLC, Stamford		United States	100.00%	52.96%	USD	n/s	FCM
TFS Energy Inc., Houston		United States	100.00%	52.96%	USD	n/s	FCM
TFS Energy (Texas) LP, Houston		United States	100.00%	52.96%	USD	n/s	FCM
TFS Energy Solutions (Texas) LP, Houston		United States	100.00%	52.96%	USD	n/s	FCM
TFS Energy Solutions LLC, Houston		United States	100.00%	52.96%	USD	n/s	FCM
Energy Curves LLC, Houston		United States	25.00%	13.24%	USD	n/s	EM
TFS Blackwood LLC, New York		United States	93.75%	93.68%	USD	1 388	FCM
Equitek Capital Inc., Delaware		United States	100.00%	99.92%	USD	n/s	FCM
Equitek Capital LLC, Delaware		United States	50.00%	49.96%	USD	n/s	FCM
Tradition Re Inc., Stamford	✓	United States	100.00%	52.96%	USD	2	FCM
TFS Dubaï Ltd, Dubaï		United Arab Emirates	100.00%	99.92%	USD	450	FCM
TFS Australia Pty Ltd, Sydney		Australia	100.00%	99.92%	AUD	5	FCM
Tradition Financial Services Japan Ltd, Tokyo		British Virgin Islands	100.00%	99.92%	USD	50	FCM
Tradition Financial Services (Hong Kong) Ltd, Hong Kong		China	100.00%	99.92%	HKD	200	FCM
TFS Derivatives HK Ltd, Hong Kong		China	100.00%	99.92%	HKD	5 000	FCM
TFS Energy (S) Pte Ltd, Singapore		Singapore	100.00%	99.92%	USD	60	FCM
TFS Currencies Pte Ltd, Singapore		Singapore	100.00%	99.92%	USD	700	FCM
The Recruitment Company Holdings Inc., Delaware		United States	79.00%	78.94%	USD	n/s	FCM
The Recruitment Company Pty Ltd, Sydney		Australia	89.90%	70.96%	AUD	n/s	FCM
The Recruitment Company Ltd, Tokyo		Japan	100.00%	78.94%	JPY	5 000	FCM
Equitek Capital Limited, Georgetown		Cayman Islands	50.00%	49.96%	USD	n/s	FCM
Rubens Investments Services Inc., British Virgin Islands		British Virgin Islands	100.00%	100.00%	USD	50	FCM
2. NON-FINANCIAL COMPANIES							
Tradificom International, Lausanne		Switzerland	100.00%	100.00%	CHF	200	FCM
StreamingEdge.com Inc., New Jersey		United States	80.00%	80.00%	USD	n/s	FCM
StreamingEdge (Canada) Inc., Toronto		Canada	100.00%	80.00%	CAD	n/s	FCM
StreamingEdge UK Ltd, London		United Kingdom	100.00%	80.00%	GBP	n/s	FCM
GIE VIEL Gestion, Paris		France	78.05%	77.97%	EUR	n/s	FCM
GIE VCF Gestion, Paris		France	90.00%	89.91%	EUR	n/s	FCM

FCM: Full consolidation method - PCM: Proportional consolidation method - EM: Equity method

All new companies were incorporated during the 2008 financial year.

(1) Formerly Tradition (Global Clearing) Inc., New York.

Company financial statements

Report of the statutory auditors

To the General Meeting of

Compagnie Financière Tradition, Lausanne

Lausanne, 18 March 2009

Report of the statutory auditor on the financial statements

As statutory auditors, we have audited the accompanying financial statements of Compagnie Financière Tradition, which comprise the income statement, balance sheet and notes, included on pages 77 to 85, for the year ended 31 December 2008.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that 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 auditor's judgment, 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 the internal control system relevant to the entity's preparation 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 system.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, 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 for the year ended 31 December 2008 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Art. 728 Code of Obligations (CO) and Art. 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with Article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Hans Isler
Swiss Certified Accountant
(Auditor in charge)

Julien Meylan
Swiss Certified Accountant

Income statement
for the year ended 31 December 2008

CHF 000	Notes	2008	2007
Income from equity investments	III.1	36,525	37,910
Other operating income		34,639	14,080
Financial income		5,727	3,305
Reversal of the provision for impairment of receivables		331	-
Operating income		**77,222**	**55,295**
Personnel costs		-11,997	-12,147
Other operating expenses		-12,994	-12,148
Financial expenses		-8,295	-3,918
Provision for impairment of receivables		-	-208
Unrealised losses on treasury shares		-4,209	-
Depreciation and amortisation		-299	-324
Operating expenses		**-37,794**	**-28,745**
Operating profit		**39,428**	**26,550**
Income tax		-3,576	-
Profit for the year		**35,852**	**26,550**

Balance sheet at 31 December 2008

CHF 000 **ASSETS**	Notes	**31.12.2008**	31.12.2007
Cash and call deposits		**761**	817
Short-term receivables from Group companies		**67,864**	52,746
Short-term receivables from shareholders		**32**	441
Other short-term receivables		**2,539**	10,999
Marketable securities		**-**	2,762
Treasury shares	II.5	**2,926**	-
Prepayments and accrued income		**537**	290
Total current assets		**74,659**	**68,055**
Long-term receivables from Group companies		**87,744**	69,715
Other long-term receivables		**4,967**	4,960
Equity investments	II.1	**75,434**	71,753
Tangible fixed assets		**1,161**	997
Intangible fixed assets		**230**	169
Total fixed assets		**169,536**	**147,594**
TOTAL ASSETS		**244,195**	**215,649**

Balance sheet at 31 December 2008

CHF 000 LIABILITIES	Notes	31.12.2008	31.12.2007
Short-term bank borrowings		143,144	99,000
Short-term payables to Group companies		8,707	12,896
Short-term payables to shareholders		5,566	5,245
Other short-term payables		1,777	2,740
Accruals and deferred income		6,385	10,396
Total payables		**165,579**	**130,277**
Capital	II.4	14,049	13,986
General reserve		5,278	43,935
Reserve for treasury shares		7,135	-
Retained earnings		52,154	27,451
Total equity		**78,616**	**85,372**
TOTAL LIABILITIES		**244,195**	**215,649**

Notes to the company financial statements

I. BASIS OF PREPARATION

The Company financial statements have been prepared in accordance with valuation principles prescribed by Swiss law. The accounting principles applied in the preparation of the financial statements are the same as those applied at 31 December 2007.

II. NOTES TO THE BALANCE SHEET

II.1 Equity investments

Compagnie Financière Tradition holds significant interests in the following companies:

	Capital *CHF 000*		Shareholding %		Acquisition price *CHF 000*	
			2008	2007	**2008**	2007
Tradition Service Holding S.A., Lausanne	CHF	21 350	**100.00**	100.00	**21,242**	21,242
TFS, Lausanne	CHF	3 916	**99.92**	99.92	**50,106**	50,083
Tradificom International, Lausanne	CHF	200	**100.00**	100.00	**200**	200
StreamingEdge.com Inc., New Jersey	USD	n/s	**80.00**	60.00	**2,872**	1,698
Ping An Tradition International Money Broking Company Ltd, Shenzhen	CNY	50 000	**33.00**	-	**2,484**	-
Other equity investments					**981**	981
GROSS TOTAL					**77,885**	74,204
Depreciation allowance					**-2,451**	-2,451
NET TOTAL					**75,434**	71,753

Tradition Service Holding S.A. and TFS are sub-holding companies, which in turn hold significant interests in companies broking financial and non-financial products for a wide range of clients consisting mainly of financial institutions and large corporations.

The net asset value used for estimating appropriate provisions was determined on the basis of the company or the consolidated financial statements of these subsidiaries at 31 December 2008 and 2007, translated at the exchange rates prevailing on those dates. The provisions established in this regard amounted to CHF 2,451,000 at 31 December 2008, unchanged from the previous year.

II.2 Fire insurance value of tangible fixed assets

At 31 December 2008, the insurance value of tangible fixed assets stood at CHF 12,526,000 for furniture and installations, unchanged from the previous year.

II.3 Liabilities to pension plans

There were no liabilities to employee pension plans at 31 December 2008 and 2007.

II.4 Shareholders' equity

Share capital

The Company's share capital at 31 December 2008 was CHF 14,048,628, consisting of 5,619,451 bearer shares with a nominal value of CHF 2.50. Compagnie Financière Tradition issued 25,000 new bearer shares during the 2008 financial year, at an issue price of CHF 92.25 per share, resulting in an increase in capital of CHF 62,500 and a share premium of CHF 2,243,750.
The Company's share capital at 31 December 2007 was CHF 13,986,127, consisting of 5,594,451 bearer shares with a nominal value of CHF 2.50. The Company issued 126,094 new bearer shares during the 2007 financial year, at a weighted average price of CHF 84.00 per share, resulting in an increase in capital of CHF 315,235 and a share premium of CHF 10,281,000.
At 31 December 2006, the Company's capital stood at CHF 13,670,892, consisting of 5,468,357 bearer shares with a nominal value of CHF 2.50, unchanged from the previous year.

Major shareholders

Financière Vermeer NV, Amsterdam held 67.45% of the voting rights in Compagnie Financière Tradition at 31 December 2008 (2007: 65.91%).
Financière Vermeer NV is wholly owned by VIEL & Cie, Paris, in which VIEL et Compagnie Finance held a 56.00% interest at 31 December 2008 (2007: 54.34%).

Authorised capital

The Company's capital may be increased by up to CHF 5,758,327 through the issuance of up to 2,303,331 new bearer shares with a nominal value of CHF 2.50. The Board of Directors sets the issue price and the date from which the new shares are to carry dividend rights. This authority is valid until 25 April 2009.

The Board is empowered to suspend or limit current shareholders' pre-emptive rights to enable acquisitions or equity stakes. Subscription rights for which a pre-emptive right is granted but not exercised are available to the Board to be used in the Company's interest.

Conditional capital

The Company's capital may be increased by up to CHF 2,379,795 through the issuance of up to 951,918 new bearer shares with a nominal value of CHF 2.50. The increase takes place through the exercise of a pre-emptive right by Company employees. The pre-emptive rights of existing shareholders are cancelled. The conditions under which employees may participate is defined by the Board of Directors.
There were 486,000 employee share options outstanding at 31 December 2008 (2007: 436,000), representing a potential capital increase of CHF 1,215,000. Each option entitles the holder to subscribe one share with a nominal value of CHF 2.50.

Grant date	Number of options *CHF 2,50 nominal value*	Potential capital increase - *CHF*	Start of exercise date	Expiry date	Exercise price *CHF*
Plan of 10.03.00	266,000	665,000	88,800 securities on 10.03.01 88,800 securities on 10.03.02 88,400 securities on 10.03.03	09.03.12	60.00
Plan of 17.05.02	20,000	50,000	17.05.04	16.05.16	97.50
Plan of 08.09.03	25,000	62,500	08.09.05	08.09.13	92.25
Plan of 24.04.06	75,000	187,500	24.04.09	23.04.16	129.90
Plan of 14.12.07	25,000	62,500	14.12.09	14.12.17	2.50
Plan of 21.05.08	15,000	37,500	21.05.11	21.05.13	2.50
Plan of 15.09.08	30,000	75,000	21.01.11	21.01.16	2.50
Plan of 23.09.08	30,000	75,000	21.01.11	21.01.16	2.50
Total	**486,000**	**1,215,000**			

Moreover, the Board of Directors may decide to increase share capital by up to CHF 3,600,000 through the issuance of up to 1,440,000 new bearer shares with a nominal value of CHF 2.50. The increase is carried out as follows:

- Up to CHF 2,500,000 through the exercise of conversion rights, granted in relation to the Company's issuance of bonds or similar convertible debt securities on the national and international capital markets. The pre-emptive rights of existing shareholders are cancelled. The conditions of issue of such borrowings is defined by the Board of Directors, with a conversion right based on an issue price of no less than the average market price during the twenty trading days preceding the issue. Shareholders' pre-emptive right to subscribe such borrowings is cancelled. Conversion rights must be exercised within five years of the issue date, after which they expire.
- Up to CHF 1,100,000 through the exercise of options independent of share subscriptions granted free of charge to shareholders pro rata to their existing holdings of share capital. The terms and conditions for allocating and exercising share options by shareholders or future option holders (transferrable options) shall be defined by the Board of Directors.

Holders of conversion rights and/or options may subscribe for new shares.

II.5 Treasury shares

The Group directly held 42,409 treasury shares, amounting to CHF 2,926,000 at 31 December 2008. Movements in treasury shares during the year is shown below:

	Carrying value *CHF 000*	Acquisition or redemption price *CHF 000*	No. of shares *of CHF 2,50 nominal value*
At 1 January 2008	-	-	-
Acquisitions	9 342	9 342	89 483
Disposals	-2 207	-2 207	-47 074
Unrealised losses	-4 209	-	-
At 31 December 2008	**2 926**	**7 135**	**42 409**

Notes to the company financial statements

Treasury shares are measured at the lower of their acquisition cost and the market price on the reporting date. An amount of CHF 7,135,000, equivalent to the acquisition price of its own shares, was transferred from available earnings to the reserve for treasury shares.

III. NOTES TO THE INCOME STATEMENT

III.1 Operating income

Dividends received from subsidiaries in 2008 amounted to CHF 36,525,000 (2007: CHF 37,910,000).

IV. ADDITIONAL DISCLOSURES

IV.1 Guarantees and conditional commitments given

The Company guaranteed credit limits granted to its subsidiary, Tradition Service Holding, through a joint surety bond amounting to CHF 25,000,000 at 31 December 2008 (2007: USD 20,000,000). It also guaranteed an amount of CHF 2,325,000 in respect of annual interest payments and scheduled repayments on a mortgage loan granted to its majority shareholder, Financière Vermeer NV. This amount was unchanged from the previous year. Other short-term receivables include bank security deposits, amounting to CHF 25,000 at year-end (2007: CHF 29,000).

Compagnie Financière Tradition issued a EUR 20.0 million payment guarantee, in connection with matched principal activities conducted by the Group's subsidiaries. This guarantee will expire on 31 December 2009.

Comfort letters were issued in favour of a number of the Company's indirect subsidiaries, in connection with their activities.

Lease commitments

CHF 000	2008	2007
Remaining term of contract less than 1 year	360	719
Remaining term of contract between 1 and 5 years	-	360
Remaining term of contract more than 5 years	-	-
Total	**360**	**1,079**

These commitments, not carried on the balance sheet, mainly concern office rentals. The amounts shown relate to the non-cancellable period only.

IV.2 Guarantees and conditional commitments received

When VIEL and Compagnie Finance purchased the shares of Compagnie Financière Tradition held by Banque Pallas Stern, it undertook to pay Compagnie Financière Tradition the difference between aggregate receivables due from Comipar and Banque Pallas Stern and the liquidation dividends to be received by Compagnie Financière Tradition in respect of such receivables. The total balance of these receivables, guaranteed by VIEL et Compagnie Finance, parent company of VIEL & Cie, was counter-guaranteed by VIEL & Cie.

This undertaking relates to receivables of EUR 14,032,000 declared by Compagnie Financière Tradition and its subsidiaries at the time Comipar and Banque Pallas Stern went into receivership. VIEL et Compagnie Finance will honour this undertaking when these two entities pay the final liquidation dividend in connection with these receivables.

Between 1999 and 2008, Compagnie Financière Tradition received partial repayments from Banque Pallas Stern and Comipar, bringing total unsecured dividends received since the liquidation of Banque Pallas Stern and Comipar to 76.5% of declared receivables. This brought the Company's residual receivables to CHF 4,967,000 at 31 December (2007: CHF 4,960,000).

IV.3 Derivative financial instruments

Compagnie Financière Tradition uses interest rate swaps to manage its exposure to fluctuations in interest rates. Contracts with a notional principal of CHF 92 million (CHF 100 million at 31 December 2007) carry average fixed interest rates of 3.34% and variable interest rates based on 6-month LIBOR. At year-end, the fair value of these contracts was CHF 5,022,000 in favour of the bank (2007: CHF 928,000). This unrealised loss was not recognised in the accounts.

IV.4 Risk assessment

Compagnie Financière Tradition, the Group's parent company, is fully integrated in the internal risk assessment process which is applied across the Group. This process consists of periodically reporting identified risks to the Board of Directors. The assessment complies with Section 663b(12) of the Swiss Code of Obligations, and was conducted at the Board of Directors' meeting on 12 December 2008. The Risk Management, Internal Audit and Compliance departments have primary responsibility for implementing procedures and measures for identifying and managing risks.
Information on the processes used for evaluating financial risks across the Group is disclosed in Note 31 of the consolidated financial statements.

IV.5 Compensation and loans granted to members of the Board of Directors and Executive Board

Pursuant to the requirements of Section 663^{b}bis of the Swiss Code of Obligations, compensation and loans granted to members of the Board of Directors and Executive Board for the 2008 and 2007 financial years are disclosed below.

The amounts shown only include compensation received by the members for their respective Board duties. Share options are measured at fair value on the grant date in accordance with IFRS principles. These options are amortised over the vesting period and amortisation for the year is included in the amount of compensation shown below. Comparative figures for 2007 were restated to reflect these presentation principles.

Compensation and loans granted to members of the Board of Directors for the 2008 financial year

Name *CHF 000*	Position	Fees	Loans and advances
P. Combes	Chairman of the Board of Directors/Executive Member	-	-
C. Baillet	Director/Member of the Audit Committee and Chairman of the Remuneration Committee	60	-
P.Y. Bournet	Director/Executive Member	30[1]	49
F. Carrard	Director/Member of the Remuneration Committee	40	-
H. de Carmoy	Director	30	-
J.M Descarpentries	Director/Member of the Audit Committee	50	-
C. Goecking	Director/Member of the Remuneration Committee	40	-
P. Languetin	Director/Member of the Audit Committee	50	-
R. Pennone	Director/Chairman of the Audit Committee	48	-
D. Pinchin	Director/Executive Member	30[1]	[2]
U. Schneider	Director	30	-
Total		408	49

[1] *Compensation as a member of the Board of Directors.*

Compensation and loans granted to members of the Executive Board for the 2008 financial year

Name and position *CHF 000*	Salaries and bonuses	Share options	Fringe benefits	Total compensation	Loans and advances
E. Assentato Managing Director TSH Americas	6,789	2,279	-	9,068	-
Other members[1]	24,165	1,082	521	25,768	-
Total	30,954	3,361	521	34,836	-

[1] *The other members of the Executive Board received 75,000 share options during the year.*

Compensation of former members of the Executive Board

An amount of CHF 2,247,000 was granted in 2008 to a former Executive Board member whose appointment had ended during the previous financial year.

Notes to the company financial statements

Compensation and loans granted to members of the Board of Directors for the 2007 financial year

Name *CHF 000*	Position	Fees	Loans and advances
P. Combes	Chairman of the Board of Directors/Executive Member	-	-
C. Baillet	Director/Member of the Audit Committee and Chairman of the Remuneration Committee	57	-
P.Y. Bournet(1)	Director/Executive Member	30(2)	28
F. Carrard	Director/Member of the Remuneration Committee	28	-
H. de Carmoy	Director	28	-
J.M Descarpentries	Director/Member of the Audit Committee	50	-
C. Goecking	Director/Member of the Remuneration Committee	40	-
P. Languetin	Director/Member of the Audit Committee	50	-
R. Pennone	Director/Chairman of the Audit Committee	50	-
D. Pinchin(1)	Director/Executive Member	20(2)	-
U. Schneider	Director	30	-
Total		**393**	**28**

(1) *Joined the Board of Directors on 25 April 2007.* (2) *Compensation as a member of the Board of Directors.*

Compensation and loans granted to members of the Executive Board for the 2007 financial year

Name and position *CHF 000*	Salaries and bonuses	Share options	Benefits in kind	Total compensation	Loans and advances
R. Houldsworth President of Tradition Service Holding S.A. *(resigned in November 2007)*	7,736	-	117	**7,853**	-
Other members(1)	20,675	694	186	**21,555**	**7,107**
Total	**28,411**	**694**	**303**	**29,408**	**7,107**

(1) *One of the other members of the Executive Board received 25,000 share options during the year.*

IV.6 Shareholdings, conversion rights and share options of members of the Board of Directors and Executive Board

Pursuant to the requirements of Section 663c of the Swiss Code of Obligations, interests and options held by each member of the Board of Directors and Executive Board at 31 December 2008 and 2007 are disclosed below. No conversion rights were held at those dates.

Shareholdings and share options of members of the Board of Directors at 31 December 2008

Name *(Number of shares/options of CHF 2.50 nominal value)*	Position	**Shareholdings**	**Share options**
P. Combes	Chairman of the Board of Directors/Executive Member	**3,780,449**	**266,000**
C. Baillet	Director/Member of the Audit Committee and Chairman of the Remuneration Committee	**30,000**	**-**
P.Y. Bournet	Director/Executive Member	**-**	**-**
F. Carrard	Director/Member of the Remuneration Committee	**7,906**	**-**
H. de Carmoy	Director	**-**	**-**
J.M Descarpentries	Director/Member of the Audit Committee	**7,282**	**-**
C. Goecking	Director/Member of the Remuneration Committee	**200**	**-**
P. Languetin	Director/Member of the Audit Committee	**7,282**	**-**
R. Pennone	Director/Chairman of the Audit Committee	**200**	**-**
D. Pinchin	Director/Executive Member	**-(1)**	**-(1)**
U. Schneider	Director	**3,849**	**-**
Total		**3,837,168**	**266,000**

(1) *Information disclosed below.*

Shareholdings and share options of members of the Executive Board at 31 December 2008

Name *(Number of shares/options of CHF 2.50 nominal value)*	Position	**Shareholdings**	**Share options**
E. Assentato	Managing Director TSH Americas	**3,490**	**50,000**
A. Bell	Managing Director TSH Asia-Pacific	**23,000**	**30,000**
B. Collins	Deputy Chairman	**-**	**15,000**
D. Fewer	Senior Managing Director of Standard Credit Group, New York	**-**	**-**
M. Leibowitz	CEO Europe, Middle East and Africa	**2,282**	**80,000**
D. Pinchin	Managing Director of Compagnie Financière Tradition and President of TFS	**14,400**	**45,000**
D. Velter	Strategic Marketing Director	**-**	**-**
Total		**43,172**	**220,000**

Shareholdings and share options of members of the Board of Directors at 31 December 2007

Name *(Number of shares/options of CHF 2.50 nominal value)*	Position	Shareholdings	Share options
P. Combes	Chairman of the Board of Directors/Executive Member	3,687,543	266,000
C. Baillet	Director/Member of the Audit Committee and Chairman of the Remuneration Committee	32,000	-
P.Y. Bournet	Director/Executive Member	-	-
F. Carrard	Director/Member of the Remuneration Committee	7,906	-
H. de Carmoy	Director	-	-
J.M Descarpentries	Director/Member of the Audit Committee	7,282	-
C. Goecking	Director/Member of the Remuneration Committee	-	-
P. Languetin	Director/Member of the Audit Committee	7,282	-
R. Pennone	Director/Chairman of the Audit Committee	200	-
D. Pinchin	Director/Executive Member	-[1]	-[1]
U. Schneider	Director	3,849	-
Total		**3,746,062**	**266,000**

[1] *Information disclosed below.*

Shareholdings and share options of members of the Executive Board at 31 December 2007

Name *(Number of shares/options of CHF 2,50 nominal value)*	Position	Shareholdings	Share options
E. Assentato	Managing Director TSH Americas	2,390	50,000
A. Bell	Managing Director TSH Asia-Pacific	-	25,000
M. Leibowitz	CEO Europe, Middle East and Africa	2,282	50,000
D. Pinchin	Managing Director of Compagnie Financière Tradition and President of TFS	15,000	45,000
D. Velter	Strategic Marketing Director	-	-
Total		**19,672**	**170,000**

Proposed appropriation of available earnings

CHF 000	2008	2007
AVAILABLE EARNINGS		
Retained earnings brought forward	23,437	901
Movements in the reserve for treasury shares	-7,135	-
Net profit for the year	35,852	26,550
AVAILABLE EARNINGS	52,154	27,451
PROPOSED TRANSFER FROM THE GENERAL RESERVE TO AVAILABLE EARNINGS		
Transfer from the general reserve to available earnings	-	40,901
DISTRIBUTION OF 2007 AVAILABLE EARNINGS AND RECOMMENDATION FOR THE APPROPRIATION OF 2008 AVAILABLE EARNINGS		
Available earnings after transfer from the general reserve	52,154	68,352
Dividend	-44 956	-44,915
RETAINED EARNINGS	7 198	23,437

A dividend of CHF 8.00 per share was paid for the 2007 financial year, bringing the total dividend payment to CHF 44,915,000, net of the dividend on treasury shares.

At the Annual General Meeting to be held on 13 May 2009, the Board of Directors will be recommending a dividend of CHF 8.00 per share for the year ended 31 December 2008, bringing the total dividend payment for the 2008 financial year to CHF 44,956,000.

Photos : gettyimages - Print : DRIDE

Compagnie Financière Tradition

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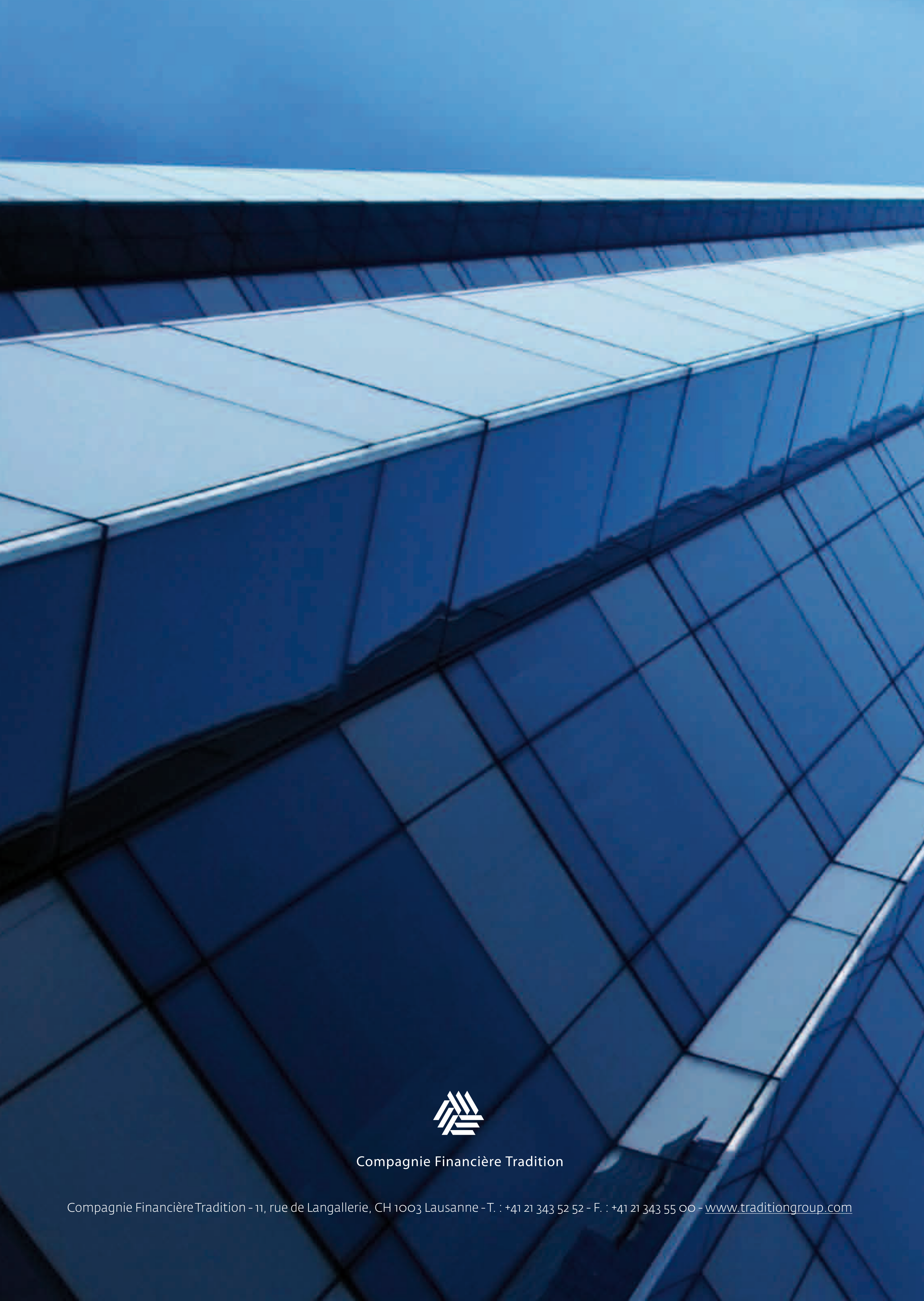

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