

Registration No: 34161590
Registered Office:
Locatellikade 1
Parnassustoren
1076 AZ
Amsterdam
The Netherlands

MORGAN STANLEY B.V.

Interim financial report

31 May 2009

For identification purpose only.
Related to review report
dated ...30 July 2009...*f*.....

MORGAN STANLEY B.V.

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MORGAN STANLEY B.V.

INTERIM MANAGEMENT REPORT

The Directors present their interim management report and the condensed financial statements of Morgan Stanley B.V. (the "Company") for the six months ended 31 May 2009.

The Company changed its accounting reference date from 30 November to 31 December on 5 January 2009. These condensed financial statements are for the six months to 31 May 2009. The remainder of 2009 will therefore be a seven month period to 31 December 2009.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company is the issuance of financial instruments and the hedging of the obligations arising pursuant to such issuances.

The Company's ultimate parent undertaking and controlling entity is Morgan Stanley, which, together with the Company and Morgan Stanley's other subsidiary undertakings, form the Morgan Stanley Group (the "Group").

The condensed income statement for the period is set out on page 5. Comparing the six months to 31 May 2009 to the six months to 31 May 2008, the profit for the period decreased by €1,219,000. This was due to the average level of issuances of financial instruments over the period being lower, resulting in lower fees in comparison to the prior period.

The condensed balance sheet is presented on page 6. Despite lower average volumes of issuances during the period, activity towards the end of the period did increase, resulting in total assets at the end of the period of €2,376,162,000, an increase of 10.36% from 30 November 2008.

There have not been any significant changes in the Company's principal activity in the year under review and no significant change in the Company's principal activity is expected.

Current market conditions

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above. In addition, the risk management section below sets out the Company's and the Group's policies for the management of liquidity and cash flow risk and other significant business risks. Note 7 to the accounts provides qualitative and quantitative disclosures about the Company's management and exposure to risks, including liquidity risk.

During the period under review, the Group has been involved in a number of initiatives to respond to the stresses experienced in global financial markets and to strengthen the Group's overall capital and liquidity position. These include the following:

On 21 September 2008, Morgan Stanley obtained approval from the Board of Governors of the Federal Reserve System to become a bank holding company upon conversion of its subsidiary, Morgan Stanley Bank (Utah) to a national bank. On 23 September 2008, Morgan Stanley Bank (Utah) was authorized to operate as a national bank and Morgan Stanley became a financial holding company;

On 13 October 2008, Morgan Stanley announced that Mitsubishi UFJ Financial Group ("MUFG") had closed a \$9 billion equity investment that gives MUFG a 21% ownership interest in Morgan Stanley on a fully diluted basis; and

On 3 October 2008, the Emergency Economic Stabilization Act of 2008 (initially introduced as the Troubled Asset Relief Program ("TARP")) was enacted by the US Government. On 14 October 2008, the US Government announced that, among other steps to restore confidence in financial markets, it would be making direct capital investments in major financial institutions under the TARP Capital Purchase Program ("CPP"). On 26 October 2008, under the terms of the CPP, the US Treasury purchased \$10 billion in preferred shares and warrants to purchase up to 65,245,759 of Morgan Stanley common stock (the "TARP investment").

During the period the Group has continued to actively manage its capital and liquidity position, and during May and June 2009 raised over \$6 billion of equity and \$5.5 billion of debt capital. As a result of its strong capital position, on 9 June 2009 Morgan Stanley received approval from the US Treasury to repay the TARP investment. Morgan Stanley repaid the funds on 17 June 2009.

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INTERIM MANAGEMENT REPORT (CONTINUED)

Current market conditions (continued)

Taking all of these factors into consideration, the Directors have no reason to believe that the Company will not have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the interim financial report and condensed financial statements.

Difficult market conditions continue to impact the issuance activities of the Company. The conditions present risks and uncertainty for the business outlook which might impact the financial performance of the Company in the remaining seven months of the financial period.

Risk Management

Risk is an inherent part of the Company's business activity and is managed within the context of the broader Group's business activities. The Group seeks to identify, assess, monitor and manage each of the various types of risk involved in its activities on a global basis, in accordance with defined policies and procedures and in consideration of the individual legal entities.

Market risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices, implied volatilities (the price volatility of the underlying instruments imputed from option prices), correlations of other market factors, such as liquidity, will result in losses for a position or portfolio.

The Group manages the market risk associated with its trading activities in consideration of each individual legal entity, but on a global basis, at both a trading division and an individual product level.

Credit Risk

Credit risk refers to the risk of loss arising from borrower or counterparty default when a borrower, counterparty or obligor is unable to meet its financial obligations.

The Group manages credit risk exposure in consideration of each individual legal entity, but on a global basis, by ensuring transparency of material credit risks, ensuring compliance with established limits, approving material extensions of credit, escalating risk concentrations to appropriate senior management and mitigating credit risk through the use of collateral and other arrangements.

Liquidity and cash flow risk

The Group's senior management establishes the overall liquidity and capital policies of the Group. The Group's liquidity and funding risk management policies are designed to mitigate the potential risk that the Group and the Company may be unable to access adequate financing to service its financial obligations when they fall due without material adverse franchise or business impact. The key objectives of the liquidity and funding risk management framework are to support the successful execution of the Group's and the Company's business strategies while ensuring ongoing and sufficient liquidity through the business cycle and during periods of financial distress.

Despite difficult market conditions, this liquidity and funding risk management framework continues to provide sufficient liquidity to the Group and to the Company, and the Company's capital and liquidity position is satisfactory.

DIRECTORS

The following changes have occurred to the composition of the Board of Directors since 30 November 2008.

H. Herrmann (appointed 5 February 2009)
C.E.C. Hood (resigned 5 February 2009)

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MORGAN STANLEY B.V.

INTERIM MANAGEMENT REPORT (CONTINUED)

AUDIT COMMITTEE

The Company qualifies as an organisation of public interest pursuant Dutch and EU law. By making use of the exemption for groups the Company did not install an audit committee. The Company belongs to the Morgan Stanley Group. Morgan Stanley Group has an audit committee that complies with the international corporate governance rules.

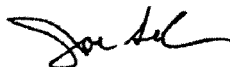
RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

- (a) the condensed set of financial statements has been prepared in accordance with International Accounting Standard 34 "*Interim Financial Reporting*" ("IAS 34") and Title 9 of Book 2 of the Netherlands Civil Code on the basis of the Company's international connections and gives a true and fair view of the assets, liabilities, financial position and result of the Company for the period.
- (b) the interim management report includes a fair review of the important events that have occurred during the period and their impact on the condensed financial statements and provides a description of the principal risks and uncertainties for the remaining seven months of the financial period.

By order of the Board on 30 July 2009

Directors



R.D.C. Jackson-Proes

J.A. Solan

TMF Management B.V.

MORGAN STANLEY B.V.

INTERIM MANAGEMENT REPORT (CONTINUED)

AUDIT COMMITTEE

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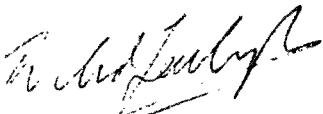
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By order of the Board on 30 July 2009

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R.D.C. Jackson-Procs

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MORGAN STANLEY B.V.

INTERIM MANAGEMENT REPORT (CONTINUED)

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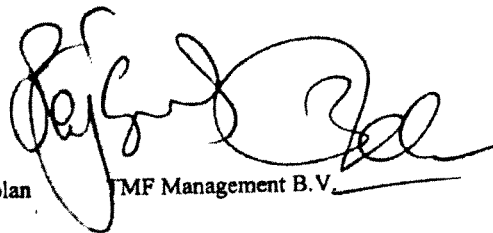
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- (b) the interim management report includes a fair review of the important events that have occurred during the period and their impact on the condensed financial statements and provides a description of the principal risks and uncertainties for the remaining seven months of the financial period.

By order of the Board on 30 July 2009

Directors

R.D.C. Jackson-Proes

J.A. Solan



TMF Management B.V.

For identification purpose only.
Related to review report
dated 30 July 2009

To the shareholders of Morgan Stanley B.V.
Amsterdam

Date
July 30, 2009

From
R. Koppen

Reference
3100120959/OP9990/dv

Review report

Introduction

We have reviewed the accompanying (condensed) company interim financial information for the six month period ended May 31, 2009, of Morgan Stanley B.V., Amsterdam, which comprises the balance sheet as at May 31, 2009, the profit and loss account, statement of changes in equity, cash flow statement and the selected explanatory notes for the six month period then ended. Management is responsible for the preparation and presentation of this (condensed) company interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

2

July 30, 2009

3100120959/OP9990/dv

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying (condensed) company interim financial information as at May 31, 2009 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Deloitte Accountants B.V.

A handwritten signature in black ink, appearing to read 'R. Koppen', written in a cursive style.

R. Koppen

MORGAN STANLEY B.V.

CONDENSED INCOME STATEMENT
Six months ended 31 May 2009

	Notes	Six months ended 31 May 2009 €'000 (unaudited)	Six months ended 31 May 2008 €'000 (unaudited)
Net gains / (losses) on financial instruments held for trading		81,771	(56,031)
Net (losses) / gains on financial instruments designated at fair value through profit or loss		(81,783)	57,374
Interest income		791	184
Interest expense		(144)	(1,527)
Other income		<u>722</u>	<u>2,994</u>
PROFIT BEFORE INCOME TAX		1,357	2,994
Income tax expense	3	(346)	(764)
PROFIT FOR THE PERIOD		<u>1,011</u>	<u>2,230</u>

All operations were continuing in the current and prior period.

The notes on pages 9 to 15 form an integral part of the condensed financial statements.

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MORGAN STANLEY B.V.

CONDENSED BALANCE SHEET

As at 31 May 2009

(Including Proposed Appropriation of Results)

	Notes	31 May 2009 €'000 (unaudited)	30 November 2008 €'000 (audited)
ASSETS			
Loans and receivables:			
Cash at bank		63,337	1,259
Trade receivables		13,345	22,787
Other receivables		29,035	29,808
Financial assets held for trading	4	111,787	4,301
Financial assets designated at fair value through profit or loss	5	2,158,658	2,095,012
TOTAL ASSETS		2,376,162	2,153,167
LIABILITIES AND EQUITY			
Financial liabilities at amortised cost			
Trade payables		13,342	3,818
Other payables		2,824	245
Financial liabilities held for trading	4	197,665	317,337
Financial liabilities designated at fair value through profit or loss	5	2,135,258	1,806,052
Current tax		1,046	699
TOTAL LIABILITIES		2,350,135	2,128,151
EQUITY ATTRIBUTABLE TO SHAREHOLDERS			
Share capital		15,018	15,018
Retained earnings		11,009	9,998
TOTAL EQUITY		26,027	25,016
TOTAL LIABILITIES AND EQUITY		2,376,162	2,153,167

These condensed financial statements were approved by the Board and authorised for issue on 30 July 2009

Signed on behalf of the Board

Directors



R.D.C. Jackson-Proes

J.A. Solan

TMF Management B.V.

The notes on pages 9 to 15 form an integral part of the condensed financial statements.

MORGAN STANLEY B.V.

CONDENSED BALANCE SHEET

As at 31 May 2009

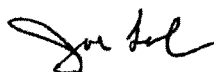
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MORGAN STANLEY B.V.

CONDENSED BALANCE SHEET

As at 31 May 2009

(Including Proposed Appropriation of Results)

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TOTAL LIABILITIES AND EQUITY		2,376,162	2,153,167

These condensed financial statements were approved by the Board and authorised for issue on 30 July 2009

Signed on behalf of the Board

Directors

R.D.C Jackson-Proes

J.A. Solan

TMF Management B.V.

The notes on pages 9 to 15 form an integral part of the condensed financial statements.

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CONDENSED STATEMENT OF CHANGES IN EQUITY
Six months ended 31 May 2009

	Share capital €'000	Retained earnings €'000	Total €'000
At 1 December 2007 (audited)	18	5,350	5,368
Profit for the period	-	2,230	2,230
Balance at 31 May 2008 (unaudited)	18	7,580	7,598
At 1 December 2008 (audited)	15,018	9,998	25,016
Profit for the period	-	1,011	1,011
Balance at 31 May 2009 (unaudited)	15,018	11,009	26,027

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CONDENSED CASH FLOW STATEMENT
Six months ended 31 May 2009

	Six months ended 31 May 2009 €'000 (unaudited)	Six months ended 31 May 2008 €'000 (unaudited)
OPERATING ACTIVITIES		
Profit before income tax	1,357	2,994
Change in operating assets		
Net decrease / (increase) in loans and receivables	10,215	(285,374)
Net increase in financial assets held for trading	(107,486)	(23,175)
Net increase in financial assets designated at fair value through profit or loss	<u>(63,646)</u>	<u>(6,930,064)</u>
	<u>(160,917)</u>	<u>(7,238,613)</u>
Change in operating liabilities		
Net increase in financial liabilities at amortised cost	12,103	7,045,137
Net (decrease) / increase in financial liabilities held for trading	(119,672)	67,321
Net increase in financial liabilities designated at fair value through profit or loss	<u>329,206</u>	<u>263,811</u>
	<u>221,637</u>	<u>7,376,269</u>
Cash used in operating activities	62,077	140,650
Income tax received	1	-
Income tax paid	<u>-</u>	<u>(480)</u>
	1	(480)
NET CASH FLOWS FROM OPERATING ACTIVITIES	62,078	140,170
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,259</u>	<u>12</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>63,337</u>	<u>140,182</u>

The notes on pages 9 to 15 form an integral part of the condensed financial statements.

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MORGAN STANLEY B.V.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS Six months ended 31 May 2009

1. BASIS OF PREPARATION

i Statement of compliance

The Company prepares its annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). The condensed financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting', as adopted by the EU.

The Company has changed its accounting reference date from 30 November to 31 December to align with the changed year end of its ultimate parent undertaking, Morgan Stanley. These condensed financial statements are for the six months to 31 May 2009. The comparative figures reflected in the condensed financial statements are for the six month period to 31 May 2008. The remainder of 2009 will therefore be a seven month period to 31 December 2009.

Certain presentational changes have been made to prior period amounts to conform to the current period presentation. Included within these changes are reclassifications within the liquidity risk maturity analysis for derivatives previously incorrectly presented as on demand. Also included within the changes is a reclassification of certain issued notes within the liquidity risk maturity analysis previously incorrectly presented as less than one year. These changes have also had an impact on the prior period disclosure in Note 4, 'Financial assets and financial liabilities held for trading'.

ii Use of estimates and sources of uncertainty

The preparation of financial information requires the Company to make estimates and assumptions regarding the valuation of certain financial instruments and other matters that affect the financial statements and related disclosures. The Company believes that the estimates utilised in preparing the financial statements are prudent and reasonable. Actual results could differ materially from these estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In preparing the condensed financial statements the Company has consistently applied the accounting policies and methods of computation used in the Company's financial statements for the year ended 30 November 2008.

3. INCOME TAX EXPENSE

The Company's tax charge for the period has been accrued based on the expected tax rate of 25.5% for the period to 31 May 2009 (31 May 2008: 25.5%).

4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES HELD FOR TRADING

Financial assets and financial liabilities categorised as held for trading are summarised in the table below:

	31 May 2009		30 November 2008	
	Assets €'000	Liabilities €'000	Assets €'000	Liabilities €'000
Derivatives	<u>111,787</u>	<u>197,665</u>	<u>4,301</u>	<u>317,337</u>

Included within 'Financial assets held for trading' is an amount of €65,751,000 (2008: €1,288,000) and within 'Financial liabilities held for trading' is an amount of €142,881,000 (2008: €70,086,000) that is expected to be settled after more than twelve months.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
Six months ended 31 May 2009

5. FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial instruments designated at fair value through profit and loss consist primarily of the following classes of assets and liabilities:

Issued structured notes - These instruments contain an embedded derivative which significantly modifies the cash flows of the issuance. The return on the instrument is linked to an underlying that is not clearly and closely related to the debt host including, but not limited to, equity, credit or commodity-linked notes. Using the fair value option, the entire instrument is measured at fair value through profit or loss.

Prepaid equity securities contracts - These contracts involve derivatives for which an initial payment is paid at inception. These financial instruments, along with the loans designated at fair value and the derivative contracts categorised as held for trading, are part of the hedging strategy for the obligations arising pursuant to the issuance of the structured notes. Using the fair value option, the entire instrument is measured at fair value through profit or loss.

Designated Loans - These are loans to other Group companies that, along with the prepaid equity securities contracts and the derivative contracts categorised as held for trading, are part of the hedging strategy for the obligations arising pursuant to the issuance of the structured notes. Using the fair value option, the entire instrument is measured at fair value through profit or loss.

	31 May 2009		30 November 2008	
	Assets €'000	Liabilities €'000	Assets €'000	Liabilities €'000
Prepaid equity securities contracts	1,150,164	-	1,270,316	-
Designated loans	1,008,494	-	824,696	-
Issued notes	-	2,135,258	-	1,806,052
	<u>2,158,658</u>	<u>2,135,258</u>	<u>2,095,012</u>	<u>1,806,052</u>

Included within 'Financial assets designated at fair value' is an amount of €710,558,000 (30 November 2008: €301,240,000) and within financial liabilities designated at fair value is an amount of €696,765,000 (30 November 2008: €301,240,000) that is expected to be settled after more than twelve months.

The cumulative change in fair value of prepaid equity securities contracts and designated loans attributable to changes in credit risk amounts to a loss of €97,066,000 (30 November 2008: €172,997,000) and the change for the current period is a gain of €75,931,000. The cumulative change in the fair value of issued notes attributable to changes in credit risk amounts to a gain of €103,804,000 (30 November 2008: €156,511,000) and the change for the current period is a loss of €52,707,000.

The change for the current period attributable to changes in credit risk on financial instruments designated at fair value is a net loss of €23,224,000 (30 November 2008: €16,486,000), which is offset by a net gain of €23,224,000 (30 November 2008: €16,486,000) due to changes in fair value of financial instruments held for trading, as represented in note 4, attributable to changes in credit risk.

The above change in fair value of financial assets designated at fair value through profit or loss and financial liabilities designated at fair value through profit or loss attributable to changes in the credit risk is determined as the amount of change in its fair value that is not attributable to changes in market conditions that give rise to market risk.

The carrying amount of financial liabilities designated at fair value was €60,217,000 lower than the contractual amount due at maturity (30 November 2008: €42,100,000).

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
Six months ended 31 May 2009

6. SEGMENTAL REPORTING

Segment information is presented in respect of the Company's business and geographical segments. The primary format, business segments and geographical segments are based on the Company's management and internal reporting structure.

Business segment

Morgan Stanley structures its business segments primarily based upon the nature of the financial products and services provided to customers and Morgan Stanley's internal management structure. The Company's own business segments are consistent with those of Morgan Stanley.

The Company has one business segment, Institutional Securities, which provides financial services to financial institutions. Its business includes the issuance of financial instruments and the hedging of the obligations arising pursuant to such issuances.

Geographical segment

The Company operates in three geographic regions as listed below:

- Europe, Middle East and Africa ("EMEA")
- Americas
- Asia

The following table presents selected income statement and balance sheet information of the Company's operations by geographic area. The profit before income tax, external revenues net of interest and total assets disclosed in the following table reflect the regional view of the Company's operations, on a managed basis. The basis for attributing profit before income tax, external revenues net of interest and total assets is determined by a combination of client and trading desk location.

Geographical segments	EMEA		Americas		Asia		Total	
	2008 €'000	2007 €'000	2008 €'000	2007 €'000	2008 €'000	2007 €'000	2008 €'000	2007 €'000
External revenues net of interest/	1,150	2,994	-	-	207	-	1,357	2,994
Profit before income tax								
Total assets	1,973,859	2,153,167	17,958	-	384,345	-	2,376,162	2,153,167

7. FINANCIAL RISK MANAGEMENT

Risk Management Procedures

Risk is an inherent part of both Morgan Stanley's and the Company's business activity and is managed by the Company within the context of the broader Group. The Group seeks to identify, assess, monitor and manage each of the various types of risk involved in its business activities in accordance with defined policies and procedures. The Company's own risk management policies and procedures are consistent with those of the Group.

The principal activity of the Company continues to be the issuance of financial instruments and the economic hedging of the obligations arising pursuant to such issuances. It is the policy and objective of the Company not to be exposed to market risk. On issuance of each financial instrument, the Company enters into economic hedges of its obligations by purchasing financial instruments from another Group entity.

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MORGAN STANLEY B.V.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 31 May 2009

7. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Credit risk refers to the risk of loss arising from borrower or counterparty default.

The Group manages credit risk exposure on a global basis, but in consideration of each individual legal entity, including those of the Company. The credit risk management policies and procedures of the Group include ensuring transparency of material credit risks, ensuring compliance with established limits, approving material extensions of credit, and escalating risk concentrations to appropriate senior management. Credit risk management policies and procedures for the Company are consistent with those of the Group and include escalation to appropriate key management personnel of the Company.

The maximum exposure to credit risk of the Company as at 31 May 2009 is the carrying amount of the financial assets held in the balance sheet without taking account of any collateral held or any other credit enhancement.

As the Company enters into all of its financial asset transactions with Group entities, the Company's credit risk related to this concentration is mitigated as both the Company and Group entities are wholly owned indirect subsidiaries of the same Group parent company, Morgan Stanley.

Liquidity risk

Liquidity is the risk that the entity may encounter difficulty in realising financial assets or otherwise raising funds to satisfy its financial liabilities.

The Group's senior management establishes the overall liquidity and funding policies of the Group and the liquidity risk management policies and procedures conducted within the Company are consistent with those of the Group. The Group's liquidity and funding risk management policies are designed to mitigate the potential risk that entities within the Group, including those of the Company, may be unable to access adequate financing to service their financial liabilities when they become payable without material, adverse franchise or business impact. The key objective of the liquidity and funding risk management framework is to support the successful execution of both the Company's and the Group's business strategies while ensuring ongoing and sufficient liquidity through the business cycle and during periods of financial difficulty.

The Company hedges all of its fair value financial liability transactions with Group companies. The Company's liquidity risk related to this concentration is mitigated as both the Company and its Group companies are wholly owned subsidiaries of the same group parent company, Morgan Stanley.

In the following contractual maturity analysis, derivative contracts and financial liabilities designated at fair value through profit or loss are disclosed according to their earliest contractual maturity. All such amounts are presented at their fair value. All other amounts represent the undiscounted cash flows payable by the Company arising from its financial liabilities to contractual maturities as at 31 May 2009. Repayments that are subject to notice are treated as if notice were given immediately and are classified as on demand. This presentation is considered by the Company to appropriately reflect the liquidity risk arising from those financial liabilities, presented in a way that is consistent with how the liquidity risk on these financial liabilities is managed by the Company.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
Six months ended 31 May 2009

7. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

	On demand €'000	In less than one year €'000	In more than one year but not more than two years €'000	More than two years but less than five years €'000	More than five years €'000	Total €'000
31 May 2009						
Financial liabilities						
Financial liabilities at amortised cost:						
- Trade payables	13,342	-	-	-	-	13,342
- Other payables	2,824	-	-	-	-	2,824
Financial liabilities held for trading	-	54,784	119,395	15,029	8,457	197,665
Financial liabilities designated at fair value through profit or loss	1,067,723	370,770	165,413	401,060	130,292	2,135,258
Total financial liabilities	1,083,889	425,554	284,808	416,089	138,749	2,349,089

	On demand €'000	In less than one year €'000	In more than one year but not more than two years €'000	More than two years but less than five years €'000	More than five years €'000	Total €'000
30 November 2008						
Financial liabilities						
Financial liabilities at amortised cost:						
- Trade payables	3,818	-	-	-	-	3,818
- Other payables	245	-	-	-	-	245
Financial liabilities held for trading	-	247,251	39,015	31,071	-	317,337
Financial liabilities designated at fair value through profit or loss	1,100,040	404,772	7,316	205,902	88,022	1,806,052
Total financial liabilities	1,104,103	652,023	46,331	236,973	88,022	2,127,452

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
Six months ended 31 May 2009

7. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market Risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices, implied volatilities (the price volatility of the underlying instrument imputed from option prices), correlations or other market factors, such as liquidity, will result in losses for a position or portfolio.

Sound market risk management is an integral part of the Company's and the Group's culture. The Company is responsible for ensuring that market risk exposures are well-managed and prudent and more broadly for ensuring transparency of material market risks, monitoring compliance with established limits, and escalating risk concentrations to appropriate senior management.

The Company hedges all of its fair value financial liability transactions with Group companies. The Company is managed within the Group's global framework. The market risk management policies and procedures of the Company are consistent with those of the Group, including reporting of material risks identified to appropriate key management personnel of the Company.

Price risk, interest rate risk and foreign currency risk

The issued structured notes expose the Company to the risk of changes in market prices of the underlying securities, interest rate risk and, where denominated in currencies other than Euros, the risk of changes in rates of exchange between the Euro and the other relevant currencies. The Company uses the risk-mirroring contracts that it purchases from other Group companies to hedge the price, interest rate and foreign currency risks associated with the issuance of the structured notes consistent with the Company's risk management strategy.

8. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Fair value hierarchy

The Company's financial assets and liabilities recognised at fair value have been broken down into a three level hierarchy based on the observability of inputs. The following table presents the carrying value of the Company's financial assets and liabilities across the fair value hierarchy.

	31 May 2009			Total €000s
	Quoted prices in active market €000s	Valuation techniques using observable inputs €000s	Valuation techniques with significant non- observable inputs €000s	
Financial assets held for trading:				
- Derivatives	-	111,787	-	111,787
Financial assets designated at fair value through profit or loss	-	2,158,658	-	2,158,658
Total financial assets held at fair value	-	2,270,445	-	2,270,445
Financial liabilities held for trading:				
- Derivatives	-	197,665	-	197,665
Financial liabilities designated at fair value through profit or loss	-	2,135,258	-	2,135,258
Total financial liabilities at fair value	-	2,332,923	-	2,332,923

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
Six months ended 31 May 2009

8. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

	30 November 2008			Total €000s
	Quoted prices in active market €000s	Valuation techniques using observable inputs €000s	Valuation techniques with significant non- observable inputs €000s	
Financial assets held for trading:				
- Derivatives	-	4,301	-	4,301
Financial assets designated at fair value through profit or loss	-	2,095,012	-	2,095,012
Total financial assets held at fair value	-	2,099,313	-	2,099,313
Financial liabilities held for trading:				
- Derivatives	-	317,337	-	317,337
Financial liabilities designated at fair value through profit or loss	-	1,796,481	9,571	1,806,052
Total financial liabilities held at fair value	-	2,113,818	9,571	2,123,389

9. SUBSEQUENT EVENTS

No events have occurred since the balance sheet date, which would change the financial position of the Company and which would require adjustment of disclosure in the interim financial report now presented.

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