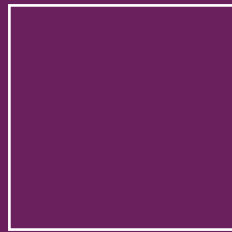
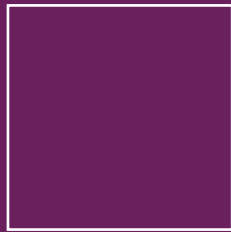
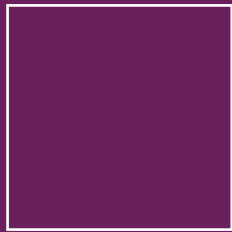
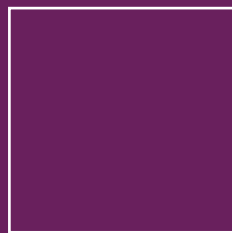
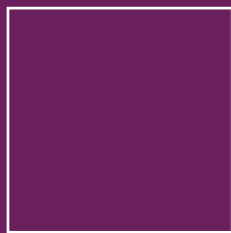
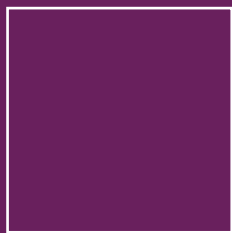
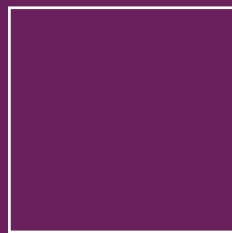
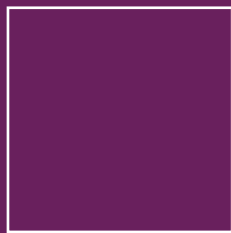


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semi-annual  
report  
of the board  
of directors



# 1. Semi-Annual Report of the Board of Directors

## 1.1 Absolute US Ltd.

Absolute US Ltd. as of March 31, 2005		USD
<b>Absolute Terms</b>		
Share Price		232.00
Net Asset Value per Share		260.00
Discount		10.77%
<b>Performance since Inception</b>		
Share Price		-1.56%
Net Asset Value per Share		16.44%
<b>Performance Period under Review 30.09.2004-31.03.2005</b>		
Share Price		5.45%
Net Asset Value per Share		1.90%
Capitalisation		531'890'624

### Performance Review

The chart on the next page shows the relative changes in Absolute US's share price and net asset value compared to the S&P 500 Index for the period under review.

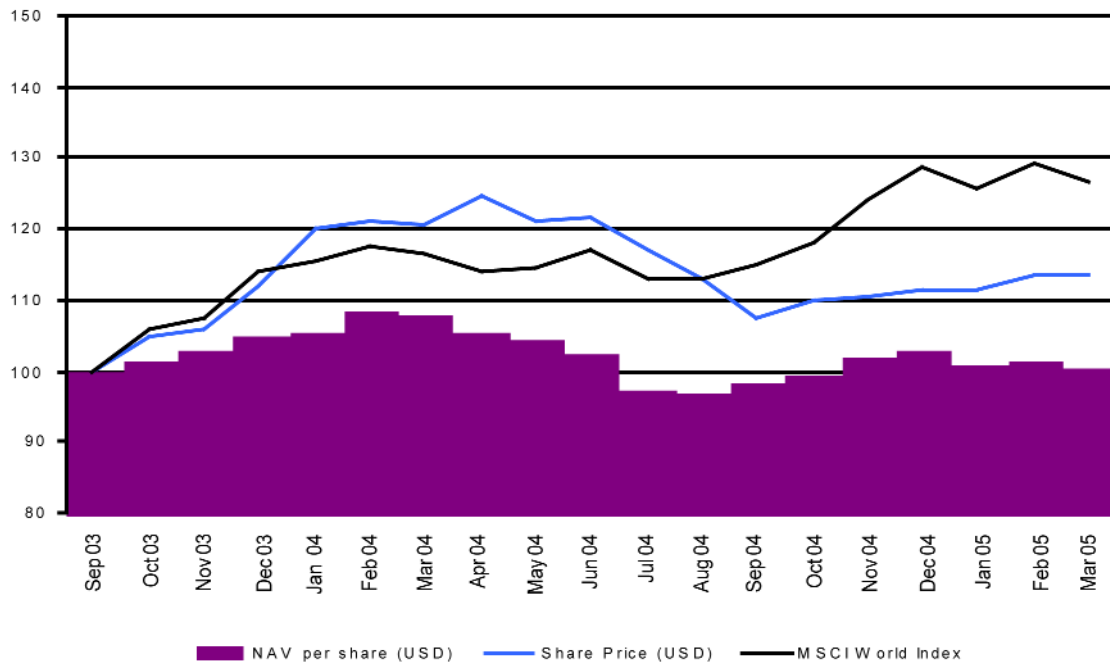
The net asset value of Absolute US rose by 1.90 % ending the period at USD 260.00. During the same time the share price increased by 5.45 % reflecting the decision to start a buyback program April 15, 2005.

The last three months of 2004 represented a good environment for the hedge fund industry with solid gains in almost all strategies. The portfolio's managed future exposure had a bad start of the year 2005 and with the potential downgrade to junk status of General Motors Corporation the credit market started to show signs of stress. By the end of March almost all hedge fund strategies were negatively affected, with credit, emerging markets and convertible arbitrage hit the hardest.

The Board of Directors had started an evaluation of the portfolio at the end of 2004 and decided to redeem our exposure to Managed Future. The portfolio consists now of three main pillars. An USD 200 Mio diversified hedge fund portfolio with a ca. 50 % exposure to long/short equity advised by CSFB Alternative Capital and a long/short equity portfolio of USD 100 Mio advised by Cadogan Management. The last pillar is advised by Cheney Capital and the strategies include debt receivables, lawsuit finance and insurance arbitrage plus a managed CDO program.

At the same time the Board is still looking for other Investment Companies with attractive portfolios trading at a discount.

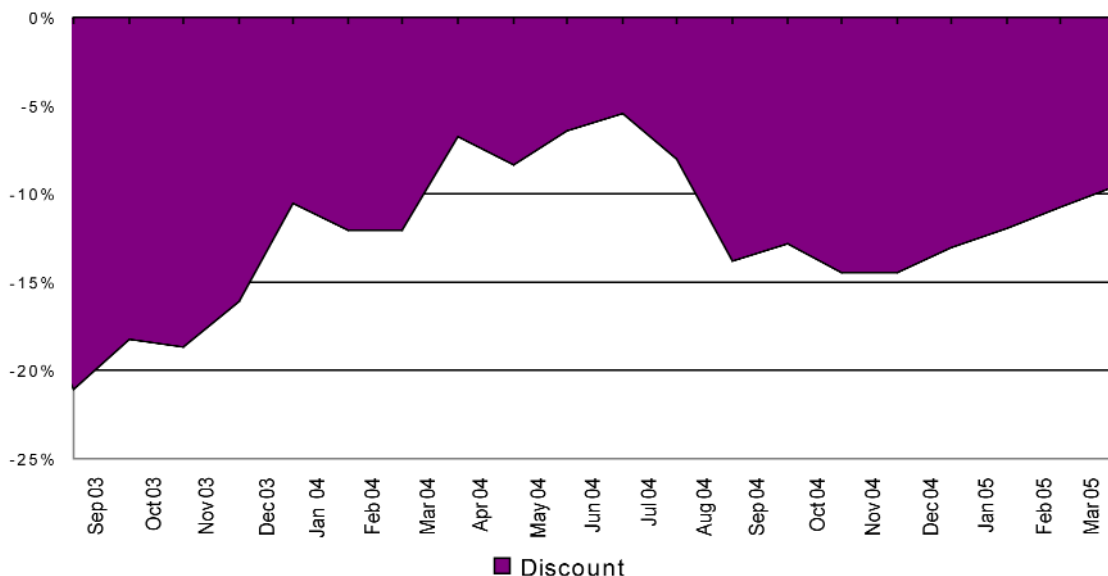
**Performance of Absolute US Ltd.**



**Premium / Discount discussion**

The net asset value represents the overall value of the underlying investments of Absolute Managers valued at current prices while the share price is determined by supply and demand conditions in the market. Supply and demand are often influenced by short-term trends and investors' individual perceptions, which can cause the share price to deviate from the net asset value, thereby creating either a premium or a discount.

**Premium / Discount comparison**



## 1.2 Absolute US Ltd. Portfolio

### Overview of the underlying funds within the portfolio

This chapter provides an overview of the performance of the strategies utilized by the fund managers of Absolute US Ltd.

The following table lists the funds in which Absolute US Ltd. has invested through its subsidiaries as of March 31, 2005. The funds are classified according to the strategies pursued.

Strategy	Name of Fund
Event Driven/Merger Arbitrage	Atticus Global Fund Contrarian European Fund Ltd. Golden Tree Mast Credit Opportunities Shares Quadrangle Wayland Recovery Fund Whippoorwill Offshore York Investments Ltd.
Global Macro	Brevan Howard Fund Ltd. Cheyne Discovery Fund I Spinnaker
Equity Market Oriented	Amici Fund Ltd. Crosslink Partners Offshore Fund D3 International Fund Ltd. Defiance Offshore Fund Ltd. Ecofin Global Utilities Hedge Shares Egerton Euro Dollar Fund Ltd. Glenview Cap Partners (Cayman) Ltd. Karsch Capital Ltd. Kingsford International Loch Capital Fund Offshore Ltd. Newsmith UK Hedge Fund Ltd. Nightwatch Capital Partners CA Share Origin Investors Ltd. Pennant Offshore Partner Penta Japan Fund Ltd. Pequot Navigator Fund Pilot Rock Polestar Offshore Fund Ltd. Royalcap Value Fund Ltd. RX Healthcare Overseas Fund Spring Point Offshore Fund Stadia Capital Ltd. Steelhead Offshore Ltd. Trellus Offshore Fund Ltd. Tremblant Partners Ltd. The SFP Value Realisation Fund Shares (USD)

Equity Market Oriented (cont.)	Vardon Focus Fund Int. Share Westfield Life Sciences Whithney New Japan Investors
US Equity Market Neutral	Bogle Offshore Fund Ltd.
Collateralised Debt Obligation	Cheyne Investment Grade CDO
Managed Futures	Digilog Major Markets CRG Partners Ikos Financial Too Fund Strap Inv Note CS Solution
Convertible Arbitrage	Aristeia International Ltd. Campbell Global Asset Fund Silverback Offshore Ltd. CQS Conv. & Quant. Strategies
Relative Value	Bluebay Emerging Market Bridgewater Pure Alpha Fund Morley Fund Management G7 Pimco Global Relative Value Polygon Global Opportunities
Short Biased	Compass Holdings Ltd.

### **Redemptions and investments in the portfolio during the year under review**

Absolute US Ltd. and its subsidiary redeemed its investments in the following hedge funds between September 30, 2004 and March 31, 2005:

Amaranth Int. Ltd.  
Ascend Offshore Fund Ltd.  
Chilton New Era  
Claiborne Capital Partners  
Frontpoint Offshore Utility & Energy  
Glacis  
GLG Market Neutral Fund  
Itros Offshore Ltd.  
Moore Emerging Markets  
Mosaic Technology Offshore Fund  
Platypus  
Radnor Feeder 2  
TCS Capital International  
The Obsidian Offshore Fund  
Woodallen Global Fund

And the following new hedge funds were invested in by Absolute US Ltd. between September 30, 2004 and March 31, 2005:

Campbell Global Asset Fund  
Cheyne Discovery Fund I  
Compass Holdings Ltd.  
Contrarian European Fund Ltd.  
Crosslink Partners Offshore Fund  
D3 International Fund Ltd.  
Defiance Offshore Fund Ltd.  
Ecofin Global Utilities Hedge Shares  
Mast Credit Opportunities Shares  
Nightwatch Capital Partners CA Shares  
Polestar Offshore Fund Ltd.  
Steelhead Offshore Ltd.  
The SFP Value Realisation Fund Shares  
Vardon Focus Fund International Fund  
Whippoorwill Offshore Distress

### **Performance review of underlying strategies**

The portfolio's equity oriented strategies contributed positively to the performance for the six months ending March 31, 2005. In the long/short equity strategy, technology long/short was the best performing sub-strategy. Managers profited from the rally in technology stock prices in the fourth quarter of 2004 and registered positive returns for the first quarter of 2005 as well, although returns were muted as they pulled back exposure, reflecting a generally cautious posture on the opportunity set of the space. US diversified managers also yielded strong performance for the period, benefiting from the overall rally in stocks in the fourth quarter of 2004 caused by a combination of the results of the US Presidential Election, a temporary reprieve from rising oil prices and positive economic data. Equity related strategies generated somewhat mixed performance in the first quarter, as markets became more uncertain, characterized by either erratic stock movements or declining stock prices. Energy and homebuilding sectors contributed positive returns, as healthcare managers generally posted negative returns, mostly due to long positions in biotechnology companies.

The convertible bond market continued to be under pressure in October, as it had been for most of 2004. A key factor was a loss of confidence in option valuation by some of the players; both investment managers and those whose money they were managing. Despite the year-end rally, a broad sell-off occurred in the first quarter. Several of the positive trends witnessed in the fourth quarter reversed course and led to one of the worst period for the asset class.

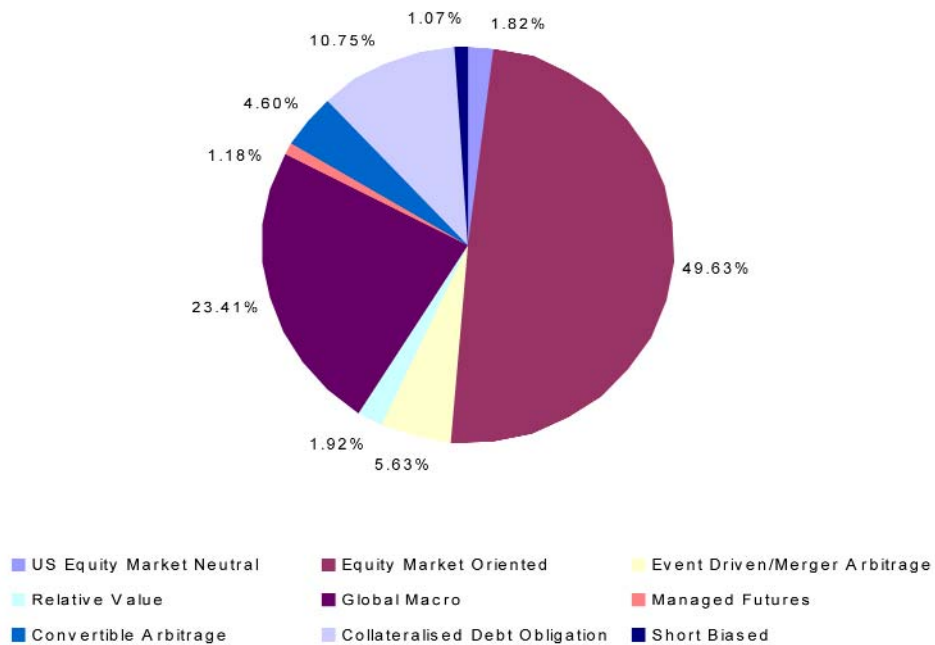
Global macro and event driven strategies registered positive returns for the period. Macro managers tended to benefit from declines in the US Dollar versus other major currencies during late 2004. Investments in the energy sector were generally profitable amidst a sharp rise in the price of oil. Bond trading was generally a positive contributor. An uptick in merger and acquisition activity in December and January benefited several event driven managers.

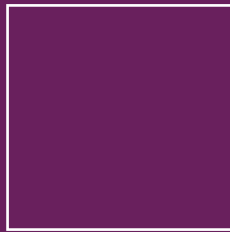
The managed future portfolio experienced a bad start of the year. Quick reversal in many markets during the first trading days of the year, created a difficult time for the strategy. After having redeemed half of the exposure to Strap Investment Note CS Solution already last year, the relationship with the manager was closed in February.

The fundamentals remained supportive the period through January for the collateralized debt obligation market. Positive rating outlook revisions accounted for 58 % of all revisions in the fourth quarter and approximately two-thirds of the S&P 500 registered positive surprises versus first call estimates at the end of the same period. However, January marked a hiatus in the trend as credit markets widened in tandem with a surge in equity market volatility. Weak outlook for General Motors and Ford and concurrent concerns about accelerated rating action started to negatively affect the credit market.

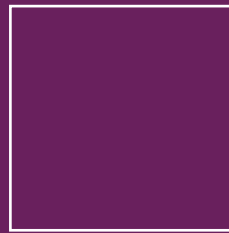
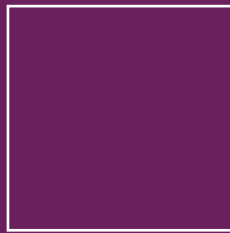
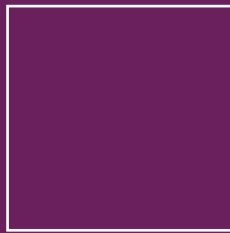
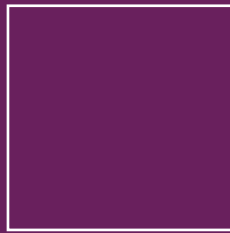
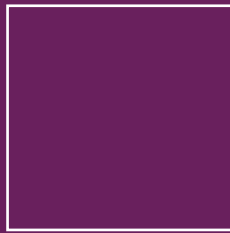
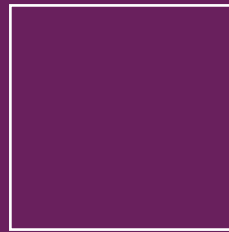
### Strategy Asset Allocation

This illustration shows the allocation between the various strategies of the portfolio as of March 31, 2005:





**Semi-Annual  
Financial  
Statements**



## 2. Semi-Annual Financial Statements

### 2.1 Unaudited Consolidated Financial Statements for Absolute US Ltd.

<b>Consolidated balance sheet as of</b>		<b>March 31, 2005</b> (unaudited)	<b>September 30, 2004</b> (audited)
<b>Assets</b>			
	<b>Note</b>	<b>USD</b>	<b>USD</b>
<b>Current assets</b>			
Cash and cash equivalents	4	117'748'396	60'243'089
Tax receivables	5	12'428	8'547
Prepaid expenses and accrued income		718'021	0
Prepayments and receivables for investments subscribed/sold	6	17'712'419	22'099'577
		<b>136'191'264</b>	<b>82'351'213</b>
<b>Non-current assets</b>			
Investments	7/9	531'122'499	613'850'463
Investment in associates	8	66'867	0
		<b>531'189'366</b>	<b>613'850'463</b>
		<b>667'380'630</b>	<b>696'201'676</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Current account due to bank	10	0	6'357'793
Time loan due to Credit Suisse	10/13	71'011'000	102'000'000
Accrued interest on time loan		26'037	2'496'782
Accrued management fees		2'533'618	2'550'370
Accrued performance fees		1'050'559	1'084'260
Accrued administration fees		33'189	29'642
Accrued custody fees		21'644	84'442
Accrued directors fees		120'505	144'510
Other payables		387'507	249'642
Current tax liability	11	61'016	120'416
		<b>75'245'075</b>	<b>115'117'857</b>
<b>Shareholders' equity</b>			
Share capital	12	1'916'275	1'840'437
Additional paid-in capital		556'044'219	534'166'183
Own shares		-3'249'502	-3'120'899
Translation adjustment		-219'685'813	-191'075'726
Net profit for the period		15'821'066	3'563'885
Other retained earnings		241'289'310	235'709'939
	12	<b>592'135'555</b>	<b>581'083'819</b>
		<b>667'380'630</b>	<b>696'201'676</b>
<b>Net asset value per share</b>	<b>12</b>	<b>260.00</b>	<b>255.15</b>

**Consolidated income statement  
for the periods**

October 1, 2004  
to March 31, 2005  
(unaudited)

October 1, 2003  
to March 31, 2004  
(unaudited)

<b>Income</b>			
	<b>Note</b>	<b>USD</b>	<b>USD</b>
Interest income		523'377	733'468
Realized gains on investments	7	10'424'814	14'920'973
Unrealized gains on investments	7	24'778'273	51'322'066
Unrealized gains on associate		0	293'069
Foreign exchange gains		4'811'660	3'906'944
Other income		102'404	915'226
		<b>40'640'528</b>	<b>72'091'746</b>

<b>Expenses</b>			
Realized losses on investments	7	-5'675'295	-583'310
Unrealized losses on investments	7	-10'702'795	-16'198'208
Interest on time loan due to Credit Suisse	20	-1'356'892	-1'229'999
Other interest expenses		-13'541	-242
Other financial expenses		-10'411	-2'118'855
Foreign exchange losses		-109'056	-145'850
Management fees	15/20	-5'133'020	-5'356'201
Performance fees	15/20	-1'050'558	-1'565'600
Administrative fees	16	-176'967	-291'475
Custody fees	16/20	-80'741	-838'566
Service fees	16/20	-162'477	0
Directors fees	20	-125'582	-121'911
Legal and professional fees		-76'203	-223'758
Bank and broker expenses		-49'950	-106'780
Capital taxes		-63'771	-81'369
General and other expenses		-32'203	-206'770
		<b>-24'819'462</b>	<b>-29'068'894</b>
<b>Profit before income taxes</b>		<b>15'821'066</b>	<b>43'022'852</b>
Income taxes	17	0	0
<b>Net profit for the period</b>		<b>15'821'066</b>	<b>43'022'852</b>
Weighted average number of shares	18	2'277'446	2'252'386
<b>Basic and diluted earnings per share</b>	<b>18</b>	<b>6.95</b>	<b>19.10</b>

**Interim consolidated statement of changes in equity for the periods ended March 31, 2004 and March 31, 2005 (unaudited)**

	Share capital	Additional paid-in capital 1)	Own shares	Options on own shares	Translation adjustments	Net profit	Other retained earnings	Total shareholders' equity
	USD	USD	USD	USD	USD	USD	USD	USD
Balance at October 1, 2003	17'400'061	502'930'095	0	-975'000	-168'054'909	58'436'978	184'700'780	594'438'005
Appropriation of profit	0	0	0	0	0	-58'436'978	58'436'978	0
Purchase of own shares	0	0	-60'723'960	0	0	0	0	-60'723'960
Own shares for shares Absoulte Invest	0	0	57'399'385	0	0	0	0	57'399'385
Put options own shares	0	0	0	-800'814	0	0	0	-800'814
Call options own shares	0	0	0	1'775'814	0	0	0	1'775'814
Translation adjustment	709'197	20'498'573	-72'484	0	42'582'329	0	-59'197'998	4'519'617
Net profit for the period	0	0	0	0	0	43'022'852	0	43'022'852
March 31, 2004	18'109'258	523'428'668	-3'397'059	0	-125'472'580	43'022'852	183'939'760	639'630'899
Balance at October 1, 2004	1'840'437	534'166'183	-3'120'899	0	-191'075'726	3'563'885	235'709'939	581'083'819
Appropriation of profit	0	0	0	0	0	-3'563'885	3'563'885	0
Translation adjustment	75'838	21'878'036	-128'603	0	-28'610'087	0	2'015'486	-4'769'330
Net profit for the period	0	0	0	0	0	15'821'066	0	15'821'066
March 31, 2005	1'916'275	556'044'219	-3'249'502	0	-219'685'813	15'821'066	241'289'310	592'135'555

1) Additional paid-in capital not exceeding 50% of share capital is restricted on the distribution of dividends and repayment.

**Consolidated cash flow statement  
for the periods**

October 1, 2004  
to March 31, 2005  
(unaudited)

October 1, 2003  
to March 31, 2004  
(unaudited)

	Note	USD	USD
<b>Net profit for the period</b>		15'821'066	43'022'852
Realized gains on investments	7	-10'424'814	-14'920'973
Unrealized gains on investments	7	-24'778'273	-51'322'066
Unrealized gains on associates	8	0	-293'069
Realized losses on investments	7	5'675'295	583'310
Unrealized losses on investments	7	10'702'795	16'198'208
Foreign exchange gains		-4'811'660	-3'906'944
Foreign exchange losses		109'056	145'850
Change in accounts receivable and other assets		-721'902	526'622
Change in accounts payable and other liabilities		-2'525'989	922'037
<b>Cash flows used in operating activities</b>		-10'954'426	-9'044'173
Purchase of investments	7	-244'441'049	-132'011'038
Proceeds from disposals of investments	7	345'994'010	113'051'791
Prepayments for investments subscribed	6	4'387'158	-11'098'873
Investment in subsidiary	9	0	-2'904'658
Purchase of own shares	9	0	-60'723'960
Investment in associate	8	-66'867	-1'907'821
<b>Cash flows (used in)/provided by investing activities</b>		105'873'252	-95'594'559
Current account due to bank	10	-6'357'793	-11'814'103
Change in time loan to Credit Suisse	10	-30'989'000	57'000'000
<b>Cash flows provided by/(used) in financing activities</b>		-37'346'793	45'185'897
Exchange effect on cash and cash equivalents		-66'726	834'226
<b>Net change in cash and cash equivalents</b>		<b>57'505'307</b>	<b>-58'618'609</b>
Cash and cash equivalents at the beginning of the period		60'243'089	128'004'876
Cash and cash equivalents at the end of the period		117'748'396	69'386'267
<b>Net change in cash and cash equivalents</b>	<b>19</b>	<b>57'505'307</b>	<b>-58'618'609</b>

## Notes to the consolidated financial statements for the period from October 1, 2004 to March 31, 2005 (unaudited)

### (1) Organization and business activity

ABSOLUTE US LTD., domiciled in Zug, Switzerland ("the Company") incorporated on October 12, 2000 is an investment company listed on the SWX Swiss Exchange, which primarily conducts its business through its subsidiaries, Usissimo Ltd. and Absolute Invest Ltd. There are no employees. As of March 31, 2005, Credit Suisse Group held more than 5% of the shares of the Company.

ABSOLUTE INVESTMENT SERVICES LTD., Zurich, is a newly founded company, which will provide all Absolute Companies with management, marketing and administrative services, starting January 1, 2005. The company was incorporated on November 19, 2004 with a share capital of CHF 250,000. Absolute US Ltd. holds 32% (CHF 80,000 / USD 66,867) of the share capital of CHF 250,000 (USD 208,960). Absolute Europe Ltd. and Absolute Managers Ltd. hold 18% each and Absolute Private Equity Ltd. holds the remaining 32%. All these companies are related party investment companies. Also refer Note 8.

USISSIMO LTD. is a wholly owned subsidiary duly organized and existing under the laws of the Cayman Islands. Usissimo Ltd. was incorporated on October 4, 2000.

ABSOLUTE INVEST LTD., a wholly owned subsidiary, domiciled in Zug, Switzerland was incorporated on September 22, 1999. It is an investment company and was listed on the SWX Swiss Exchange until July 5, 2004. The last trading day was July 2, 2004. It primarily conducts its business through Absolutissimo Ltd., a wholly owned subsidiary duly organized and existing under the laws of the Cayman Islands. Also see note 9.

The Company intends to invest through one or more subsidiaries (the "Subsidiaries") its assets with fund managers, who implement a variety of different strategies predominantly in US values in globally diversified and industrialized financial markets (the "Investment Vehicles"; the "Fund Managers"). The Investment Vehicles will generally fall into the category of non-traditional investment funds (such as hedge funds, commodity trading advisors (CTAs) or credit default swaps). The Company will seek to achieve a diversification of risks by selecting Investment Vehicles managed by different Fund Managers. The level of systematic market exposure is left to the discretion of the underlying Fund Managers and therefore can be either positive or negative. Investment decisions for buying and selling short individual stocks as well as the determination of the amount of systematic market exposure employed at any given time may be based on a number of different factors including both fundamental and technical analysis.

Most often, the Fund Managers base their investment decisions in one of two ways, "bottom-up" or "top-down" investing. Bottom-up investing involves the use of fundamental analysis of individual companies, which typically includes among other things, analysis of the financial statements, the calculation of valuations using a variety of methods, and the projection of future earnings. Top-down investing typically involves the evaluation of trends in macro-economic variables, and industry dynamics to determine the degree of exposure to equity markets and specific industries.

The Fund Managers, to whom assets are allocated, may utilize leverage and short sales. Such Fund Managers use leverage when they borrow money from banks or brokerage firms to purchase securities or sell securities short. To the extent that such Fund Managers use leverage, the net asset value may increase or decrease at a greater rate than if borrowed money is not used.

PEARL INVESTMENT MANAGEMENT LTD. is a company duly organized and existing under the laws of the Bahamas and is a wholly owned subsidiary of Credit Suisse, Zurich, a Swiss bank. It acts as investment manager (the “Investment Manager”) and is responsible for investing the assets of the Subsidiary of the Company in accordance with the investment objectives and policies.

CREDIT SUISSE FIRST BOSTON ALTERNATIVE CAPITAL INC. (“CSFB”), a limited liability company organized under the laws of the State of Delaware, USA, acts as investment advisor and supports the Investment Manager in selecting the portfolio of equity/short hedge funds and the Investment Manager's other duties under the Investment Management Agreement.

CADOGAN MANAGEMENT LLC (“Cadogan”), a limited liability company formed under the laws of the State of Delaware, USA, acts as investment advisor and supports the Investment Manager in selecting global opportunistic equity long/short portfolio.

CITCO FUND SERVICES (Curaçao) N.V., a Netherlands Antilles corporation (the “Administrator”), provides financial, accounting and administrative services to Usissimo Ltd. and Absolutissimo Ltd.

CITCO GLOBAL CUSTODY (N.A.) N.V., a Netherlands Antilles corporation (the “Custodian”) acts as custodian of Usissimo Ltd. and Absolutissimo Ltd.

CREDIT SUISSE, a Swiss Bank, acts as custodian of Absolute US Ltd. and Absolute Invest Ltd. and for certain investments by Absolutissimo Ltd.

## **(2) Basis of presentation**

The Group's interim consolidated financial statements cover the financial period from October 1, 2004 to March 31, 2005. These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board and comply with Swiss law and the accounting principles of the Additional Rules for the Listing of Investment Companies issued by the SWX Swiss Exchange. They also form the basis to determine the net asset value of the Company's shares as at March 31, 2005. These accounting policies are consistent with the accounting policies for the year ended September 30, 2004.

The interim consolidated financial statements include the Company and the wholly owned subsidiary Usissimo Ltd and Absolute Invest Ltd. For further information regarding the acquisition of Absolute Invest Ltd., refer to note 9 and 12.

As of March 31, 2005, the Group's investments were held via Usissimo Ltd. and Absolutissimo Ltd. All material transactions and balances between the companies have been eliminated.

The interim consolidated financial statements are prepared on the historical cost basis except that investments available for sale are stated at their fair value.

Although the Parent company is domiciled in Switzerland, the consolidated financial statements are presented in US Dollar ('USD') as the Company holds the vast majority of its assets (investments) and liabilities in USD. Furthermore, the shares of the company are quoted on the SWX Swiss Exchange in USD and for investor relations' purposes, the net asset value per share has always been disclosed in USD.

### **(3) Summary of significant accounting policies**

#### **(3.1) Subsidiaries**

Subsidiaries are companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date the control effectively commences until the date control ceases.

The full consolidation method is used whereby all assets, liabilities, income and expenses of the subsidiaries are included in the consolidated financial statements. The share of net assets and net profit or loss attributable to minority shareholders is presented separately as minority interest within shareholders' equity in the consolidated balance sheet, and separately as minority interest in the consolidated income statement.

Intra-group balances and transactions, and any unrealized gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Intra-group transactions are conducted at arm's length.

#### **(3.2) Associates**

Associates are enterprises in which the Company has significant influence over the financial and operating policies. The consolidated financial statements include the Company's share of the total recognized gains and losses of the associate on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

#### **(3.3) Foreign currency translation**

##### **Transactions and balances**

Transactions in foreign currencies are translated at the exchange rates at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the exchange rate at the balance sheet date. Non-monetary assets and liabilities in foreign currencies that are stated at historical cost are translated at the foreign exchange rate at the date of the transaction. Non-monetary assets and liabilities in foreign currencies that are stated at fair value are translated at the foreign exchange rate at the date the values were determined. Gains or losses arising on translation are included in profit or loss of the respective reporting period.

##### **Financial statements of parent company**

The parent company's financial statements, being prepared in CHF, are translated into the presentation currency USD. All assets and liabilities are translated at the exchange rate at the balance sheet date. All equity items other than the net profit or loss for the period are translated at the exchange rate at the balance sheet date. Income, expenses and cash flows are translated using the average exchange rate of the reporting period. The exchange differences on translating balance sheets and income statements are debited or credited as a translation adjustment in equity. Exchange differences on translating cash, cash equivalents and related cash flows are separately disclosed in the cash flow statement as exchange effect on cash and cash equivalents.

The following exchange rates were applied:

	Period	For balance sheet items (balance sheet date)	For profit and loss items (average rate for the period)
1 USD to CHF	2003/2004	1.2660	1.2803
1 USD to CHF	2004/2005	1.1964	1.1817
or			
1 CHF to USD	2003/2004	0.7899	0.7811
1 CHF to USD	2004/2005	0.8358	0.8462

### (3.4) Valuation of listed investments

The investments are classified as available-for-sale financial assets and are initially measured at cost plus transaction costs, on the trade date. Subsequently, these investments are stated at fair value. The fair value of any investment listed on a stock exchange or traded in another regulated market will be the last paid price as per close of market (fair value). Interest accrued is taken into account, unless it is already included in the quoted or listed price. Changes in the fair value of investments are recognized in the income statement for the period as unrealized gains or losses. Any additional gain or loss on sale arising from the difference between the sales price and the carrying amount of the investment is recognized in the income statement as realized gains or losses.

### (3.5) Valuation of unlisted investments

The investments are classified as available-for-sale financial assets and are initially measured at cost plus transaction costs, on the trade date. Subsequently, these investments are stated at fair value. The original cost or the price of any subsequent capital increase is considered an approximation of the fair value at the time of transaction. If available, the unquoted investments are valued at the last sales price quoted by the market maker or, in the absence of such markets, valued by the Investment Manager and approved by the Board of Directors. Changes in the fair value of investments are recognized in the income statement for the period as unrealized gains or losses. Any additional gain or loss on sale arising from the difference between the sales price and the carrying amount of the investment is recognized in the income statement as realized gains or losses.

### (3.6) Goodwill and negative goodwill

Goodwill arising on an acquisition represents the excess of the costs of the acquisition over the fair value of the net identifiable assets acquired. Any impairment loss is recognized as an expense in the income statement immediately.

Negative goodwill arising on an acquisition of a subsidiary or associate represents the excess of the fair value of the net identifiable assets acquired over the cost of acquisition.

To the extent that negative goodwill relates to an expectation of future losses and expenses, that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognized, it is recognized in the income statement when the future losses and expenses are recognized. All remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognized in the income statement over the weighted average useful life

of those assets that are depreciable/amortizable. Negative goodwill in excess of the fair value of the non-monetary assets acquired is recognized immediately in the income statement.

### **(3.7) Cash and cash equivalents**

Cash and cash equivalents include cash at banks and fixed term deposits with original maturity dates of three months or less.

### **(3.8) Loans and other liabilities**

Loans and other liabilities are stated at their nominal amount, which approximates amortized cost.

### **(3.9) Own shares**

When the Company or its subsidiaries purchase the Company's own shares, the consideration paid, including any attributable transaction cost, net of income tax, is presented as own shares and deducted from shareholder's equity. Where such shares are subsequently sold or reissued, any consideration received is included in shareholder's equity.

### **(3.10) Dividend and interest income**

Dividend income is recognized in the income statement on the date that the dividend is declared. Interest income is recognized in the income statement as it accrues, taking into account the effective yield on the asset.

### **(3.11) Income taxes**

The Company has the status of a holding company and as such, benefits from the participation exemption at federal level and from the complete exemption at cantonal and communal level. The applicable income tax rate is 8.5%. The subsidiaries in Cayman Island are not subject to any income taxes.

Current income taxes are, to the extent unpaid, provided for at the enacted tax rate based on current and past earnings of the Company.

Deferred income taxes are recognized at the expected applicable tax rates on any temporary differences, both taxable and deductible, between the carrying amount and the tax base of assets and liabilities, including the taxable temporary differences of the subsidiaries since they might result in dividend income of the Company. In measuring the deferred tax assets or liabilities, the manner in which the enterprise expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities is taken into account.

For the periods ended March 31, 2005 and March 31, 2004 no current income taxes or provisions were recognized. As of March 31, 2005 the Company had Swiss federal net operating loss carry forward of approximately USD 198.94 million (CHF 238.01 million), as of September 30, 2003 USD 176.65 million (CHF 232.75 million). The first portion of approximately USD 54.05 million (CHF 67.33 million) expires in 2008.

	CHF	Expiry date
Loss from financial year 2000/2001	-67,332,755	30.09.2008
Loss from financial year 2001/2002	-111,609,226	30.09.2009
Loss from financial year 2002/2003	-53,811,833	30.09.2010
Loss from financial year 2003/2004	-5,257,044	30.09.2011
Loss from financial period Oct. 2004 - March 2005	0	
<b>Total loss carry forward of Absolute US Ltd., Zug</b>	<b>-238,010,858</b>	

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

## Notes to the consolidated balance sheet (unaudited)

(4) Cash and cash equivalents	March 31, 2005	September 30, 2004	
	USD	USD	
Cash at banks (current accounts, CHF, USD)	31,879,549	0	
Cash at banks (Credit Suisse)	65,768,847	2,393,089	
Fixed term deposits (Credit Suisse)	1) 20,100,000	2) 57,850,000	
<b>Cash and cash equivalents</b>	<b>117,748,396</b>	<b>60,243,089</b>	
1) Description	Interest rate	Original currency	Presentation
Time deposit on call	2.25%	USD 1,100,000	USD 1,100,000
Time deposit on call	2.625%	USD 19,000,000	USD 19,000,000
2) Description	Interest rate	Original currency	Presentation
Time deposit on call	1.625%	USD 56,750,000	USD 56,750,000
Time deposit on call	1.350%	USD 1,100,000	USD 1,100,000

## (5) Tax receivables

Tax receivables are composed of the following items:

	March 31, 2005	September 30, 2004
	USD	USD
Withholding taxes Switzerland	12,428	8,547
<b>Tax receivables</b>	<b>12,428</b>	<b>8,547</b>

## (6) Prepayments and receivables for investments subscribed/sold

Investment	March 31, 2005 USD
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**Prepaid investments:** The following investments have been subscribed and prepaid as of March 31, 2005:

Brevan Howard Fund Ltd. Shares (USD)	8,000,000
Western Reserve Hedge Equity O Shares	6,750,000

<b>Subtotal prepaid investments</b>	<b>14,750,000</b>
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**Receivables for investments redeemed:**

Amaranth International Ltd.	65,570
Claiborne Capital Partners (CA Class B Series 25 04/2004)	57,312
Moore Emerging Markets Fund Ltd. Class A	124,466
Chilton New Era International Class B	193,385
Glacis International Fund Ltd. Class B Series 10/03	890,700
Itros Offshore Fund Ltd. Class B Series 1	351,078
Mosaic Technology Offshore Fund Class B Series 05	47,480
TCS Capital International Ltd. Class B Series 13	133,550
TCS Capital International Ltd. Class B Series 19	1,098,878

<b>Subtotal receivables for investments redeemed</b>	<b>2,962,419</b>
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<b>Total</b>	<b>17,712,419</b>
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Investment	September 30, 2004 USD
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**Prepaid investments:** The following investments have been subscribed and prepaid as of September 30, 2004:

Absolute Managers Ltd.	1,140,706
Bogle Offshore Investment Fund Class B Series 3	1,000,000
Morley Fund Management G7 USD Series 10	500,000
Loch Capital Fund Offshore Ltd. Class 2 Series 9	7,000,000
Pennant Offshore Partners Ltd. Class B	11,000,000

<b>Subtotal prepaid investments</b>	<b>20,640,706</b>
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**Receivables for investments redeemed:**

Narragansett Offshore Ltd. Class C restricted Series 1	677,568
Grange Park Offshore Technology Fund Ltd. Class B/4	250,573
Grange Park Offshore Technology Fund Ltd. Class B/1	530,730

<b>Subtotal receivables for investments redeemed</b>	<b>1,458,871</b>
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<b>Total</b>	<b>22,099,577</b>
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## (7) Investments

The Company has investments in several funds. Most of the investments are held with Citico Global Custody (N.A.) N.V. The following is an analysis of the portfolio and provides the details on realized and unrealized gains and losses for the period under review. As of March 31, 2005 the listed shares of Absolute Manager Ltd. (0.01% of total investments as of September 20, 2004) were sold.

	Historical Value Oct 1, 2004 USD	Market Value Investments Oct 1, 2004 USD	Purchase USD	Sale at historical cost USD	Realized price gains USD	Realized price losses USD	Unrealized price gains/losses USD	Market value Investments Mar 31, 2005 USD	Historical Value Mar 31, 2005 USD
ABSOLUTE MANAGERS LTD. ORDINARY	5'428'261	5'386'500		-5'428'261	253'113		41'761	-	-
AMARANTH INTERNATIONAL LTD. SERIES 937	2'800'000	3'028'256		-2'800'000	370'467		-228'256	-	-
AMICI FUND INTERNATIONAL LTD. CLASS B	13'228'531	15'605'693	1'500'000				872'551	17'978'244	14'728'531
ARISTEA INTERNATIONAL LTD CLASS B	1'106'917	1'160'183		-6'967'489	1'671'009		18'105	1'178'288	1'106'917
ASCEND OFFSHORE FUND LTD. CLASS B NON HOT ISSUE	6'967'489	8'371'606					-1'404'117	-	-
ATTICUS GLOBAL LTD. CLASS A R	1'000'000	1'012'662					161'944	1'174'606	1'000'000
BLUEBAY EMERGING MARKET TOTAL REDEEM. SHS	1'250'000	1'425'483	3'800'000	-1'250'000	357'224		-289'596	3'685'887	3'800'000
BOGLE OFFSHORE INV.FUND CLASS B SERIES 1	6'010'586	8'482'615					145'677	8'628'292	6'010'586
BOGLE OFFSHORE INV.FUND CLASS B SERIES 3			1'000'000				17'155	1'017'155	1'000'000
BREVAN HOWARD FUND LTD. SHARES	1'935'702	2'251'145					129'503	2'380'648	1'935'702
BRIDGEWATER PURE ALPHA FUND I SERIES A	1'793'901	2'193'410	11'407				260'018	2'464'835	1'805'308
CADOGAN KURIHAMA JAPAN FUND LTD. CLASS A	50'225'096	48'661'701		-50'225'096	92'699		1'563'395	-	-
CAMPBELL GLOBAL ASSET FUND LTD. CLASS A SHS			500'000				-6'817	493'183	500'000
CHEYNE DISCOVERY FUND I INC. CLA			120'000'000				1'366'800	121'366'800	120'000'000
CHEYNE INVESTMENT GRADE CDO SHARES	53'275'319	55'674'033					1'415'538	57'089'571	53'275'319
CHILTON NEW ERA INT. CLASS B	4'000'000	3'735'945		-4'000'000			264'055	-	-
CLAIBORNE CAPITAL PARTNERS CA CL.B SER. 25	1'300'000	1'193'812		-1'300'000			106'188	-	-
COMPASS HOLDINGS LTD. CLASS A VOTING SHARES			5'500'000				165'177	5'665'177	5'500'000
CONTRARIAN CAPITAL FINANCE OFF CLASS A SER. 4			6'750'000				20'929	6'770'929	6'750'000
CQS CONV.&QUANT. STRATEGIES FEEDER FUND SHARES	20'340'342	20'388'653					1'005'170	21'393'823	20'340'342
CRG PARTNERS LTD. SERIES 0409	900'000	862'668					-15'936	846'732	900'000
CROSSLINK PARTNER OFFSHORE FU CLASS B			6'750'000				6'278	6'756'278	6'750'000
D3 INTERNATIONAL FUND LTD. CLASS A			6'750'000				-202'990	6'547'010	6'750'000
DEFINANCE OFFSHORE FUND LTD. SHARES			6'750'000				-74'870	6'675'130	6'750'000
DIGILOG MAJOR MARKTS FUND OS SHARES	1'000'000	882'962					29'990	912'952	1'000'000
ECOFIN GLOBAL UTILITIES HEDGE SHARES			6'750'000				58'612	6'808'612	6'750'000
EGERTON EUROPEAN DOLLAR FUND COM	903'813	1'616'896					154'114	1'771'010	903'813
GLACIS INTERN. FUND LTD. CL.B SERIES 10/03	10'000'000	8'907'000					1'093'000	-	-
GLENVIEW CAP PARTNERS (CAYMAN) LTD. CLASS B1	9'231'952	16'873'120	500'000	-10'000'000			4'625'502	21'998'622	9'731'952

Investments (Page 2)	Historical Value	Market Value	Purchase	Sale at	Realized	Realized	Unrealized	Market value	Historical
	Oct 1, 2004 USD	Oct 1, 2004 USD	USD	historical cost USD	price gains USD	price losses USD	gains/losses USD	Investments Mar 31, 2005 USD	Value Mar 31, 2005 USD
GLG MARKET NEUTRAL FUND CLASS A	1'265'259	1'174'975		-1'265'259		-5'662	90'284	2'051'059	1'700'000
GOLDENTREE HIGH YIELD FUND LTD. CLASS B SER.1	1'700'000	1'870'274			521'563		180'785		
ITROS OFFSHORE LTD. CLASS B SERIES 1	6'500'000	6'891'392		-6'500'000			-391'392		
IKOS FINANCIAL TOO FUND SHS	900'000	924'528					111'774	1'036'302	900'000
KARSCH CAPITAL LTD. CLASS B	14'415'218	18'624'956	41'851	-1'334'984	210'324		997'949	18'329'772	13'122'085
KINGSFORD INTERNATIONAL REDEEMABLE SHS SER. 10/0	735'969	684'690					-28'260	656'430	735'969
KINGSFORD INTERNATIONAL REDEEMABLE SHS SER. 16	500'000	502'037					-20'234	481'803	500'000
LOCH CAPITAL FUND OFFSHORE LTD. CLASS II SERIES 1	5'000'000	4'990'386	8'867'954				576'653	14'434'993	13'867'954
LOCH CAPITAL FUND OFFSHORE LTD. CLASS II SERIES 5	2'000'000	2'116'023		-2'000'000	167'954		-116'023		
MAST CREDIT OPPORTUNITIES I LTD. CLASS D SERIES 18			6'750'000				5'594	6'755'594	6'750'000
MOORE EMERGING MARKETS FUND LTD. SHARES	2'100'000	2'103'395		-2'100'000	143'798		-3'395		
MORLEY ALTERNATIVE INV. MORLEY G7 SERIES 2 (USD)			1'400'000				17'247	1'417'247	1'400'000
MOSAIC TECHNOLOGY OFFSHORE LTD. CLASS B5	11'667'151	11'941'862		-11'667'151	689'506		-274'711		
MOSAIC TECHNOLOGY OFFSHORE LTD. CLASS B5	1'600'000	1'575'522					108'630	1'684'152	1'600'000
NEWSMITH UK HEDGE FUND LTD. CLASS B (USD)			6'750'000				-1'157	6'748'843	6'750'000
NIGHTWATCH CAPITAL PARTNERS CA SHARES									
OBSDIAN (OFFSHORE) FUND MASTER CL.III SER. 338	1'888'166	1'867'375		-1'888'166	20'301		20'791		
ORIGIN INVESTORS LTD. CLASS C SERIES 1	120'634	180'951					-90'476	90'475	120'634
ORIGIN INVESTORS LTD. CLASS C SERIES 3	148'692	223'038					-133'823	89'215	148'692
ORIGIN INVESTORS LTD. CLASS C SERIES 4	134'700	202'050					-134'767	67'283	134'700
ORIGIN INVESTORS LTD. CLASS C SERIES 5	27'286								27'286
ORIGIN INVESTORS LTD. CLASS C SERIES 8	34'532								34'532
ORIGIN INVESTORS LTD. CLASS C SERIES 23	6'975'164	6'949'100	6'705				94'228	7'050'033	6'981'869
PENNANT OFFSHORE PARTNERS LTD. CLASS 8	5'000'000	5'338'577	11'000'000				1'512'014	17'850'591	16'000'000
PENTA JAPAN FUND LTD. CLASS A SERIES 1	2'250'000	1'709'259					78'683	1'787'942	2'250'000
PENTA JAPAN FUND LTD. CLASS A-5-			6'750'000				-1'334'849	5'415'151	6'750'000
PEQUOT NAVIGATOR OFFSH.FUND CLASSB SER. 1	8'000'000	8'085'485					258'542	8'344'027	8'000'000
PILOTROCK OFFSHORE FUND LTD. CL. B-07 SER.1	10'000'000	9'904'674					1'350'903	11'255'577	10'000'000
PIMCO GLOBAL RELATIVE VALUE OF CLASS B SERIES 22	1'400'000	1'337'978					103'984	1'441'962	1'400'000
PLAYTYPUS MACRO FUND CLASS B SERIES	28'620'000	27'990'000		-28'620'000		-420'000	630'000		
POLSTAR OFFSHORE FUND LTD. SHARES			6'750'000				-120'158	6'629'842	6'750'000
POLYGON GLOBAL OPPORTUNITIES F CLASS D	1'100'000	1'106'586		-4'006		-4'006	111'407	1'213'987	1'095'994
QDRF LTD. CLASS A SERIES 1	1'700'000	2'069'055					240'400	2'309'455	1'700'000
RANDOR FEEDER 2 LTD CLASS C	1'999'539	2'022'611		-1'999'539	23'072		-23'072		
ROYALCALP VALUE FUND LTD. CLASS B SER.4	21'601	21'601					-20'737	864	21'601
RX HEALTHCARE OVERSEAS FUND CLASS B SER.1	10'050'391	11'862'641	1'075'260	-669'065	80'935		73'957	12'342'793	10'456'586
RX HEALTHCARE OVERSEAS FUND CLASS B SER.14	1'000'000	1'039'830		-1'000'000	75'260		-39'830		
SILVERBACK OFFSHORE LTD. CLASS B SERIES 21	1'487'722	1'428'152					-35'801	1'392'351	1'487'722

Investments (Page 3)	Historical Value	Market Value	Purchase	Sale at	Realized	Realized	Unrealized	Market value	Historical
	Oct 1, 2004 USD	Oct 1, 2004 USD	USD	historical cost USD	price gains USD	price losses USD	price gains/losses USD	Investments Mar 31, 2005 USD	Value Mar 31, 2005 USD
SPINAKER GLOBAL OPPORTUNITY CLASS A SERIES 1	1'100'000	1'295'828					251'335	1'547'163	1'100'000
SPRING POINT OFFSHORE FUND SERIES B	10'372'594	12'070'957		-2'864'660	1'135'340		-994'973	8'211'324	7'507'934
STADIA CAPITAL LTD. CLASS BA SERIES 1	11'458'669	13'746'304					293'381	14'039'685	11'458'669
STADIA CAPITAL LTD. CLASS BA SERIES 11	1'540'000	1'497'249					39'908	1'537'157	1'540'000
STEELHEAD OFFSHORE LTD. CLASS A SERIES 3 2005	-	-	6'750'000				-706'205	6'043'795	6'750'000
STRAP INV NOTE CS INV SOLU LTD SHARES	183'930'779	181'559'507		-180'057'763		-3'778'041	1'952'168	3'453'912	3'873'016
TCS CAPITAL INT. LTD. CLASS B SER.13	10'000'000	10'008'050		-10'000'000	1'228'550		-8'050	-	-
TCS CAPITAL INT. LTD. CLASS B SER.19	-	-	1'000'000	-1'000'000	98'878		-	-	-
THE SFP VALUE REALISATION FUND SHARES (USD)	-	-	6'750'000				378'474	7'128'474	6'750'000
TRELLUS OFFSHORE FUND LTD. SERIES 10	10'640'021	16'897'867					-2'826'866	9'823'635	6'392'655
TREMBLANT PARTNERS LTD. CLASS A SER.1 USD	9'552'732	12'077'845		-4'247'366	2'752'634		1'297'440	13'375'285	9'552'732
TREMBLANT PARTNERS LTD. CLASS D1 SER.1	1'000'000	1'029'779					110'621	1'140'400	1'000'000
VARDON FOCUS FUND INT. CLASS B SERIES 03/05	-	-	6'750'000				98'270	6'848'270	6'750'000
WAYLAND RECOVERY FUND (CAYMAN) BASE SERIES	1'150'000	1'248'902					143'589	1'392'491	1'150'000
WESTFILED LIFE SCIENCES FUND SHS	11'000'000	11'722'523					-915'307	10'807'216	11'000'000
WHIPPOORWILL OFFSHORE DISTRESS CLASS A SERIES 2	-	-	6'750'000				-30'510	6'719'490	6'750'000
WHITNEY NEW JAPAN INVESTORS FU CLASS B SERIES 198	2'000'000	2'154'789		-255'686	44'315		-28'141	1'870'962	1'744'314
WOODALLEN GLOBAL FUND LTD CLASS B SERIES 1	1'800'000	1'672'201		-1'800'000		-62'811	127'799	-	-
YORK INVESTMENT LTD CLASS A SERIES 1 2002	2'122'536	2'415'317			487'872		-201'476	2'701'713	2'610'408
<b>Grand Total</b>	<b>580'707'264</b>	<b>613'850'464</b>	<b>244'441'049</b>	<b>-341'244'491</b>	<b>10'424'814</b>	<b>-5'675'295</b>	<b>14'075'478</b>	<b>531'122'499</b>	<b>483'903'822</b>

Disposals of investments 345'994'010

Unrealized losses: -10'702'795  
Unrealized gains: 24'778'273

14'075'478

The following table shows the purchase and sales during the period under review in number of shares:

	Stock Oct 1, 2004 number #	Purchase number #	Sale number #	Stock Mar 31, 2005 number #
ABSOLUTE MANAGERS LTD. ORDINARY	95'000		95'000	-
AMARANTH INTERNATIONAL LTD. SERIES 937	2'800		2'800	-
AMICI FUND INTERNATIONAL LTD. CLASS B	111'262	10'675		121'937
ARISTEIA INTERNATIONAL LTD CLASS B	2'698			2'698
ASCEND OFFSHORE FUND LTD. CLASS B NON HOT ISSUE	55'252		55'252	-
ATTICUS GLOBAL LTD. CLASS A R	4'136			4'136
BLUEBAY EMERGING MARKET TOTAL REDEEM. SHS	11'380	26'354	11'380	26'354
BOGLE OFFSHORE INV.FUND CLASS B SERIES 1	6'011			6'011
BOGLE OFFSHORE INV.FUND CLASS B SERIES 3	-	1'000		1'000
BREVAN HOWARD FUND LTD. SHARES	19'300			19'300
BRIDGEWATER PURE ALPHA FUND I SERIES A	1'483	8		1'491
CADOGAN KURIHAMA JAPAN FUND LTD. CLASS A	409'266		409'266	-
CAMPBELL GLOBAL ASSET FUND LTD. CLASS A SHS	-	191		191
CHEYNE DISCOVERY FUND I INC. CL.A	-	1'200'000		1'200'000
CHEYNE INVESTMENT GRADE CDO SHARES	32'250			32'250
CHILTON NEW ERA INT. CLASS B	340		340	-
CLAIBORNE CAPITAL PARTNERS CA CL.B SER. 25	1'300		1'300	-
COMPASS HOLDINGS LTD. CLASS A VOTING SHARES	-	2'160		2'160
CONTRARIAN CAPITAL FINANCE OFF CLASS A SERIES 4	-	66'682		66'682
CQS CONV.&QUANT. STRATEGIES FEEDER FUND SHARES	10'023			10'023
CRG PARTNERS LTD. SERIES 0409	900			900
CROSSLINK PARTNER OFFSHORE FU CLASS B	-	6'750		6'750
D3 INTERNATIONAL FUND LTD. CLASS A	-	6'750		6'750
DEFINANCE OFFSHORE FUND LTD. SHARES	-	6'750		6'750
DIGILOG MAJOR MARKTS FUND OS SHARES	1'000			1'000
ECOFIN GLOBAL UTILITIES HEDGE SHARES	-	55'877		55'877
EGERTON EUROPEAN DOLLAR FUND COM	26'033			26'033
GLACIS INTERN. FUND LTD. CL.B SERIES 10/03	100'000		100'000	-
GLENVIEW CAP PARTNERS (CAYMAN) LTD. CLASS B1	8'062	225		8'287
GLG MARKET NEUTRAL FUND CLASS A	5'147		5'147	-
GOLDENTREE HIGH YIELD FUND LTD. CLASS B SER.1	1'700			1'700
ITROS OFFSHORE LTD. CLASS B SERIES 1	5'920		5'920	-
IKOS FINANCIAL TOO FUND SHS	94'340			94'340
KARSCH CAPITAL LTD. CLASS B	144'177	311	11'640	132'848
KINGSFORD INTERNATIONAL REDEEMABLE SHS SER. 10/0	736			736
KINGSFORD INTERNATIONAL REDEEMABLE SHS SER. 16	500			500
LOCH CAPITAL FUND OFFSHORE LTD. CLASS II SERIES 1	5'000	6'435		11'435
LOCH CAPITAL FUND OFFSHORE LTD. CLASS II SERIES 5	2'000		2'000	-
MAST CREDIT OPPORTUNITIES I LTD. CLASS D SERIES 18	-	6'750		6'750
MOORE EMERGING MARKETS FUND LTD. SHARES	565		565	-
MORLEY ALTERNATIVE INV. MORLEY G7 SERIES 2 (USD)	-	62'516		62'516
MOSAIC TECHNOLOGY OFFSHORE LTD. CLASS B5	11'667		11'667	-
NEWSMITH UK HEDGE FUND LTD. CLASS B (USD)	15'998			15'998
NIGHTWATCH CAPITAL PARTNERS CA SHARES	-	6'750		6'750
OBSIDIAN (OFFSHORE) FUND MASTER CL.III SER. 338	1'604		1'604	-
ORIGIN INVESTORS LTD. CLASS C SERIES 1	1'809			1'809
ORIGIN INVESTORS LTD. CLASS C SERIES 3	2'230			2'230
ORIGIN INVESTORS LTD. CLASS C SERIES 4	2'021			2'021
ORIGIN INVESTORS LTD. CLASS C SERIES 5	409			409
ORIGIN INVESTORS LTD. CLASS C SERIES 8	518			518
ORIGIN INVESTORS LTD. CLASS C SERIES 23	68'315	66		68'381
PENNANT OFFSHORE PARTNERS LTD. CLASS 8	2'538	5'198		7'736
PENTA JAPAN FUND LTD. CLASS A SERIES 1	678			678
PENTA JAPAN FUND LTD. CLASS A-5-	-	6'750		6'750
PEQUOT NAVIGATOR OFFSH.FUND CLASSB SER. 1	58'613			58'613

	<b>Stock Oct 1, 2004 number #</b>	<b>Purchase number #</b>	<b>Sale number #</b>	<b>Stock Mar 31, 2005 number #</b>
PILOTROCK OFFSHORE FUND LTD. CL. B-07 SER.1	7'287			7'287
PIMCO GLOBAL RELATIVE VALUE OF CLASS B SERIES 22	1'385			1'385
PLAYTYPUS MACRO FUND CLASS B SERIES	3'000'000		3'000'000	-
POLESTAR OFFSHORE FUND LTD. SHARES	-	6'750		6'750
POLYGON GLOBAL OPPORTUNITIES F CLASS D	10'317		37	10'280
QDRF LTD. CLASS A SERIES 1	1'277			1'277
RANDOR FEEDER 2 LTD CLASS C	19'231		19'231	-
ROYALCALP VALUE FUND LTD. CLASS B SER.4	22			22
RX HEALTHCARE OVERSEAS FUND CLASS B SER.1	9'934	871	607	10'198
RX HEALTHCARE OVERSEAS FUND CLASS B SER.14	1'000		1'000	-
SILVERBACK OFFSHORE LTD. CLASS B SERIES 21	1'108			1'108
SPINNAKER GLOBAL OPPORTUNITY CLASS A SERIES 1	4'706			4'706
SPRING POINT OFFSHORE FUND SERIES B	59'690		19'647	40'043
STADIA CAPITAL LTD.CLASS BA SERIES 1	95'586			95'586
STADIA CAPITAL LTD.CLASS BA SERIES 11	10'464			10'464
STEELHEAD OFFSHORE LTD. CLASS A SERIES 3 2005	-	6'750		6'750
STRAP INV NOTE CS INV SOLU LTD. SHARES	147'220		146'910	310
TCS CAPITAL INT. LTD. CLASS B SER.13	112		112	-
TCS CAPITAL INT. LTD. CLASS B SER.19	-	110	110	-
THE SFP VALUE REALISATION FUND SHARES (USD)	-	47'368		47'368
TRELLUS OFFSHORE FUND LTD. SERIES 10	104		43	61
TREMBLANT PARTNERS LTD. CLASS A SER.1 USD	88'069			88'069
TREMBLANT PARTNERS LTD. CLASS D1 SER.1	8'330			8'330
VARDON FOCUS FUND INT. CLASS B SERIES 03/05	-	57'806		57'806
WAYLAND RECOVERY FUND (CAYMAN) BASE SERIES	716			716
WESTFILED LIFE SCIENCES FUND SHS	689			689
WHIPPOORWILL OFFSHORE DISTRESS CLASS A SERIES 2	-	6'750		6'750
WHITNEY NEW JAPAN INVESTORS FU CLASS B SERIES 198	1'836		255	1'581
WOODALLEN GLOBAL FUND LTD. CLASS B SERIES 1	17'589		17'589	-
YORK INVESTMENT LTD. CLASS A SERIES 1 2002	606			606
<b>Grand Total</b>	<b>4'812'259</b>	<b>1'604'603</b>	<b>3'919'422</b>	<b>2'497'440</b>

## (8) Investment in associate

### Absolute Investment Services Ltd.

The Company has the following investment in an associate:

	Capital paid-in Dec 23, 2004	Share of profit of associate	Net asset value Mar 31, 2005
	USD	USD	USD
Absolute Investment Services Ltd., Zurich	66,867	0	66,867

As more fully discussed in Note 1, Absolute US Ltd. holds 32% of the share capital of Absolute Investment Services of CHF 250,000 (USD 208,960). The investment was made in cash. The newly founded associate will provide all Absolute Companies with management, marketing and administrative services as of January 1, 2005.

## (9) Investment in subsidiary/minority interests

The following table provides an overview of the acquisition of Absolute Invest Ltd. and how it was paid for.

### April 23, 2003 to September 28, 2003

Absolute US Ltd. purchased 90,000 shares (4.58%) of the 1,967,029 shares of Absolute Invest Ltd.  
Cash: USD -18,140,970

### September 29, and September 30, 2003

Absolute US Ltd. purchased another 1,580,926 shares (80.37%) via off-exchange block trades at the SWX Swiss Exchange.

Cash: USD -324,358,587

### September 30, 2003

The minority interest as of September 30, 2003 was 15.05%.

### October 1, 2003

Absolute US Ltd. bought 4,224 shares for USD 204.15 for each share.

Cash: USD -862,330

### After September 30, 2003

Absolute US Ltd. submitted a public offer to the remaining shareholders of Absolute Invest Ltd. where the shareholders had the choice between one share of Absolute US Ltd. or receiving USD 205.17 in cash. As result of this offer, Absolute US Ltd. received 286,840 shares (14.58%). Shareholders of 279,765 of those shares of Absolute Invest Ltd. chose shares of Absolute US Ltd. (see note 12) instead of receiving cash as payment. 7,075 shareholders received USD 205.17 for each share.

Cash: USD -1,451,578  
Non cash: USD -57,399,385  
Total: USD -58,850,963

**December 5, 2003**

Absolute US Ltd. held 99.75% of Absolute Invest Ltd.

**December 5, 2003 to March 29, 2004**

Absolute US Ltd. bought 2,882 shares for an average price of USD 204.98 for each share.

Cash: USD -590,752

**December 19, 2003 to March 31, 2004**

A squeeze out of the remaining outstanding shares according to Art. 33 of the Stock Exchange Act was published in the Swiss Official Gazette of Commerce. At the end of the intervention period as of March 31, 2004, no shareholders claimed.

**May 13, 2004**

The claim has been approved by the court of the Canton Zug. As result, Absolute US Ltd. received the remaining outstanding 2,157 shares in Absolute Invest Ltd. Shareholders of 1,018 of those shares chose shares of Absolute US Ltd. (see note 12) while shareholders of 1,139 of those shares received cash as payment (USD 205.17 per share). The Company holds now 100% or 1,967,029 shares of Absolute Invest Ltd.

Cash: USD -233,688

Non cash: USD -208,863

Total: USD -442,551

**April 30, 2004**

The Company submitted an application to delist Absolute Invest Ltd. from the SWX Swiss Exchange.

**July 5, 2004**

Absolute Invest Ltd. is delisted.

In summary, during the 2004 financial period, a total of 280,783 shares in Absolute Invest Ltd. were acquired in exchange for 280,783 own shares (USD 57,608,248) while a total of 15,320 shares in Absolute Invest Ltd. were acquired by cash payments (USD 3,138,348).

The following table shows the amount of assets and liabilities acquired by major categories, including the amount of cash and cash equivalents acquired as per September 30, 2003:

September 29/30, 2003

	<b>USD</b>
Cash and cash equivalents	114,688,417
Prepayments and receivables	44,010,015
Investments	303,336,296
Less: Liabilities	-5,369,744
<b>Net assets</b>	<b>456,664,984</b>
Less: Minority (296,103 shares)	-68,743,202
Less: 90,000 shares held by Absolute US Ltd. before Sept. 29/30, 2003	-20,894,379
Less: Negative goodwill - share price at stock exchange lower than net assets	-42,668,816
<b>Purchase price for 1,580,926 shares at USD 205.17 (Sept 29/30, 2003)</b>	<b>324,358,587</b>
Less: Cash and cash equivalents acquired	-114,688,417
<b>Cash outflow</b>	<b>209,670,170</b>

The negative goodwill was recognized immediately in the income statement. It did not relate to expected future losses and expenses.

**(10) Current account due to bank / time loan**

	March 31, 2005	September 30, 2004
	USD	USD
USD current account due to bank (floating interest rate, no repayment terms)	0	6,357,793
		0
<b>Current account due to bank</b>	<b>0</b>	<b>6,357,793</b>
		<b>Time loan September 30, 2004 and March 31, 2005</b>
		USD
Time loan as of September 30, 2003		45,000,000
Repayment on October 29, 2003		-45,000,000
Time loan due to Credit Suisse (2.59%, 29.10.2003 – 01.12.2003)		45,000,000
Repayment on December 01, 2003		-45,000,000
Time loan due to Credit Suisse (2.58%, 01.12.2003 – 10.12.2003)		88,000,000
Repayment on December 10, 2003		-88,000,000
Time loan due to Credit Suisse (2.98%, 10.12.2003 – 10.12.2004)		102,000,000
<b>Time loan as of September 30, 2004</b>		<b>102,000,000</b>
Time loan due to Credit Suisse (3.37%, 10.12.2004 – 31.01.2005)		3,100,000
Repayment on January 31, 2005		-19,500,000
Time loan due to Credit Suisse, Increase (3.58%, 31.01.2005 – 14.03.2005)		239,000
Time loan due to Credit Suisse, Increase (3.6%, 14.03.2005 – 21.03.2005) (3.84% 21.03.2005 – 21.04.2005)		111,000
Repayment on December 10, 2003		-14,939,000
<b>Time loan as of March 31, 2005</b>		<b>71,011,000</b>

The time loan is taken up to invest in associates, subsidiaries and/or to leverage the portfolio of the Company.

## (11) Current tax liability

The current tax liability is composed of the following item:

	March 31, 2005	September 30, 2004
	USD	USD
Federal capital taxes due	61,016	120,416
<b>Current tax liability</b>	<b>61,016</b>	<b>120,416</b>

## (12) Share capital and net asset value

The share capital as of March 31, 2005 consists of 2,292,632 bearer shares with a par value of CHF 1 each, fully paid in. The shareholders at the General Meeting as of March 11, 2004 decided to reduce the share capital in the amount of CHF 20,633,688 (USD 16,563,930) by reducing the nominal value of each share from CHF 10.00 to CHF 1.00. The remittance of the capital was settled in cash as of June 30, 2004. The following is a calculation of the net asset value of the Group as of March 31, 2005 and September 30, 2004 based on the consolidated financial statements:

	March 31, 2005	September 30, 2004
	USD	USD
Cash and cash equivalents	117,748,396	60,243,089
Other assets	18,442,868	22,108,124
Investments at fair value	531,122,499	613,850,463
Associate	66,867	0
	667,380,630	696,201,676
Less: Liabilities	-75,245,075	-115,117,857
<b>Management estimate of net asset value</b>	<b>592,135,555</b>	<b>581,083,819</b>
Total number of shares issued	2,292,632	2,292,632
Less: Own shares	-15,186	-15,186
<b>Total number of shares outstanding</b>	<b>2,277,446</b>	<b>2,277,446</b>
<b>Net asset value per share</b>	<b>260</b>	<b>255.15</b>

The nominal value and the number of shares are:

	March 31, 2005		September 30, 2004	
	Total nominal value CHF	Number of shares	Total nominal value CHF	Number of shares
Share capital (bearer shares)	2,292,632	2,292,632	2,292,632	2,292,632
	USD		USD	
Translated at the exchange rate prevailing at the balance sheet date	1,916,275		1,840,437	

In connection with the public offer to the remaining shareholders of Absolute Invest Ltd., Absolute US Ltd. acquired call options and sold put options on own shares.

These options had the following properties:

**Long call**

Underlying of option:	1 share Absolute US Ltd.
Number of options:	295,969
Strike Price:	USD 205.17
Purchase on:	September 29, 2003
Expiry date:	January 31, 2004
Style of option:	American Style, OTC
Premium paid:	USD 1,775,814

**Short put**

Underlying of option:	1 share Absolute US Ltd.
Number of options:	228,804
Strike Price:	USD 200
Purchase on:	September 29, 2003
Expiry date:	January 31, 2004
Style of option:	American Style, OTC
Premium received:	USD 800,814

In December 2003, the 295,969 call options were exercised by taking delivery of 295,969 own shares for a total of USD 60,723,960. Of the acquired own shares, 280,783 shares (USD 57,608,248) were exchanged against shares in Absolute Invest Ltd. (see non-cash transaction in note 9) while 15,186 shares (USD 3,249,502) are owned by the Company as of March 31, 2005.

The put options expired without exercising.

The directors did not propose any dividends for the period ending September 30, 2004, or the previous period.

**(13) Contingent liabilities and pledged assets**

There are no contingent liabilities.

The shares in the subsidiaries Usissimo Ltd. and Absolute Invest Ltd., as well as all cash and cash equivalents of Absolute US Ltd. are pledged as collateral for the time loan due to Credit Suisse of USD 71,011,000 (see note 10).

**(14) Derivative financial instruments**

There were no forward transactions, futures or swaps recorded as of March 31, 2005 and September 30, 2004, for options on own shares, see note 12.

## Notes to the consolidated income statement (unaudited)

### **(15) Management and performance fees**

In terms of the Investment Management Agreement entered into between the Company's subsidiaries, Usissimo Ltd., Absolutissimo Ltd. and Pearl Investment Management Ltd., the subsidiaries are required to pay a management fee of 1.4% per annum based on its net asset value. The fee is accrued on a monthly basis and paid quarterly, in arrears. Pearl Investment Management Ltd. is also entitled to a 10% performance fee based on the appreciation of the net asset value of the subsidiary calculated at September 30 of each year. The fee is accrued monthly and paid annually provided that losses from previous business years shall be recouped prior to payment.

For the period ended March 31, 2005 management fees amounting to USD 5,133,020 were charged (previous period: USD 5,356,021). The performance fee charged was USD 1,050,558 (previous period: USD 1,565,600).

### **(16) Administrative, custody and service fees**

The administrator of the subsidiaries Absolutissimo Ltd. and Usissimo Ltd., Citco Fund Services (Curaçao) N.V., receives monthly administrative fees at the rate of 0.05% per annum based on the month end net asset value of the subsidiary. The administrator is also reimbursed for out-of-pocket expenses incurred on the subsidiaries behalf. For the period ended March 31, 2005, administrative fees amounting to USD 176,967 were charged (previous period: USD 291,475).

Citco Global Custody (N.A.) N.V. in their capacity as custodian, receive monthly custodian fees at a rate of 0.02% per annum based on the month end net asset value of the subsidiaries. For the period ended March 31, 2005, custody fees amounting to USD 47,180 were charged by Citco Global Custody (N.A.) N.V. (previous period: USD 376,042).

Credit Suisse, Zurich in their capacity as custodian, receive monthly custodian fees at a rate of originally 0.22% per annum based on the market value of the respective investments. As per April 1, 2004 this rate was reduced to 0.1%. For the period ended March 31, 2005, custody fees amounting to USD 33,561 were charged by Credit Suisse (previous period: USD 462,524).

Absolute Investments Services Ltd., service provider for all Absolute Companies, receives a compensation in the amount of 0.1% per annum of the net asset value of provided Company. This compensation will be invoiced quarterly based on the amount of 0.025% of the NAV. For the period ended March 31, 2005 service fees amounting to USD 162,477 were charged by Absolute Investment Services Ltd. for the first time.

### **(17) Income taxes**

For the periods ended March 31, 2005 and 2004, no current income taxes or provisions were recognized. There is no deferred income tax resulting from any temporary differences between the carrying amount and the tax base of assets and liabilities.

The consolidated financial statements do not take into consideration any potential deferred taxes arising from the undistributed earnings of the subsidiaries.

<b>(18) Earnings per share</b>	March 31, 2005	March 31, 2004
	<b>USD</b>	<b>USD</b>
Net profit for the period	USD 15,821,066	USD 43,022,852
Number of shares outstanding at end of period	2,277,446	2,276,428
Effect of own shares held	0	-24,042
Weighted average number of shares at end of period	2,277,446	2,252,386
<b>Basic and diluted earnings per share</b>	<b>USD 6.95</b>	<b>USD 19.10</b>

There are no potential ordinary shares.

## Notes to the consolidated cash flow statement

### (19) Cash flows relating to interest, dividends and income taxes

	March 31, 2005	March 31, 2004
	<b>USD</b>	<b>USD</b>
Interest received	523,377	734,120
Interest paid	-3,976,034	-1,233,611

See also note 6 (receivables for investments sold and redeemed) and notes 9 (Investment in subsidiary / minority interests) regarding non-cash transactions.

## Other notes

### (20) Related parties

Two out of four members of the Board of Directors were members of the executive board of Credit Suisse. One left Credit Suisse as of January 31, 2005.

Pearl Investment Management Ltd., Bahamas, acts as Investment Manager to selected subsidiaries and is responsible for investing in the portfolio of the Company in accordance with the investment objectives and policies. Pearl Investment Management Ltd. is a wholly owned subsidiary of Credit Suisse Zurich, Switzerland.

Credit Suisse First Boston Alternative Capital Inc., a limited liability company organized under the laws of the State of Delaware, USA, acts as Investment Advisor and supports the Investment Manager in selecting the portfolio and the Investment Manager's other duties under the investment management agreement.

Absolute Investment Services Ltd., Zurich, acts as Service Provider for all Absolute Companies. It is responsible for management, marketing and administration services. Absolute Investment Services Ltd. commenced operations at the beginning of the year 2005.

## Overview of significant payments to related parties and to the members of the Board of Directors

Payer	Recipient	Reason for payment	March 30, 2005 USD	March 31, 2004 USD
Usissimo Ltd.	Pearl Investment Management Ltd.	Management fees	1,701,730	1,853,163
Usissimo Ltd.	Pearl Investment Management Ltd.	Performance fees	1,050,558	1,565,600
Absolutissimo Ltd.	Pearl Investment Management Ltd.	Management fees	3,431,290	3,503,038
Absolute US Ltd.	Credit Suisse	Interest on time loan	1,356,892	1,229,999
Absolute US Ltd.	Credit Suisse	Custody fees	33,506	462,414
Absolute Invest Ltd.	Credit Suisse	Custody fees	55	110
Absolute US Ltd.	Absolute Investment Services Ltd.	Service fees	162,477	n/a
Absolute US Ltd.	Credit Suisse	Fees for services in connection with take over of Absolute Invest Ltd.	n/a	62,967
Usissimo Ltd.	Members of the Board	Directors fees	5,678	8,523
Absolutissimo Ltd.	Members of the Board	Directors fees	0	5,065
Blue Elephant Ltd.	Members of the Board	Directors fees	n/a	5,596
Absolute Invest Ltd.	Members of the Board	Directors fees	59,941	49,839
Absolute US Ltd.	Members of the Board	Directors fees	59,963	52,888

For balance sheet items with related parties, we refer to the note 4 (cash and cash equivalents), note 8 (investment in associate) and 10 (time loan).

### (21) Risks

IAS 32 requires the disclosure of fair value information about financial instruments, whether or not recognized in the financial statements, for which it is practicable to estimate the value. The carrying amounts of all financial instruments are reasonable estimates of fair values.

The Company is exposed to various risks in respect of its financial instruments. A summary of these risks is as follows:

#### (21.1) Market risk

The markets and certain investment vehicles in which the Company will primarily invest may prove to be highly volatile from time to time as a result of, for example, sudden changes in government policies on taxation and currency repatriation or changes in legislation relating to the level of foreign ownership in companies, and this may affect the price at which the Company may liquidate positions to meet repurchase requests or other funding requirements.

#### (21.2) Valuation risk

As a result of the timing with which information on the price of its various investments and/or from the various companies in which it makes its investments becomes available to the Company, the Company's reported net asset value may from time to time fail to state the current aggregate value of the investments of the Group as accurately as the value which would result if the Company would have access to all such information on the day of valuation.

Valuations of difficult-to-assess investments (especially those not listed for secondary trading on a market with regulated mechanisms for price determination) are made by the Company's administrator with the support of the Investment Manager in accordance with the Group's accounting principles.

### **(21.3) Reliance on Investment Manager**

Quality and execution of management is key to a successful business development. The Group will be relying on the Investment Manager and its ability to evaluate investment opportunities and to further develop the Group's investments. The Investment Manager exercises a central role in the investment decision process. Accordingly the returns of the Company will primarily depend on the performance of the Investment Manager and could be substantially adversely affected by the unfavorable performance of the Investment Manager.

### **(21.4) Currency risk**

Most of the investment activities of the Company and a large portion of the cash and cash equivalents are denominated in USD. The books of Absolute US Ltd. and Absolute Invest Ltd. are kept in CHF. As a result, the Group is exposed to positions measured in other currencies than the presentation currency (USD). Due to the structure of the Group, most fluctuations will be recorded directly in equity. The Company does not intend to hedge against the consequent currency risk exposure.

### **(21.5) Credit risk**

The Company is furthermore exposed to the risk that counterparties for cash and cash equivalents, investments or other assets fail to discharge their obligation to repay. Due to the diversified structure of the Company's investment portfolio there is no significant concentration of risk.

### **(21.6) Political and/or regulatory risk**

The net asset value of the Company's assets may be affected by uncertainties such as international political developments, changes in governmental policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries in which the Company's assets are invested.

## **(22) Subsequent Events**

The Board of Directors is not aware of any other events between the closing date and May 27, 2005 that would materially impact the consolidated financial statements or require disclosure under this heading.

## 2.2 Unaudited Financial Statements for Absolute US Ltd.

**Balance sheet as of** March 31, 2005 September 30, 2004  
(unaudited) (audited)

Assets			
	Note	CHF	CHF
<b>Current assets</b>			
Cash and cash equivalents		2'114'912	2'572'879
Current account receivable from Usissimo Ltd.		626'375	636'901
Treasury shares	1	4'215'099	4'161'784
Withholding tax receivables		7'969	7'708
		6'964'355	7'379'272
<b>Investments</b>			
Usissimo Ltd., Cayman Islands	2	250'288'679	291'357'179
Absolute Invest Ltd., Zug	2	530'270'939	530'270'939
Absolute Investment Services Ltd., Zurich	2	80'000	0
		780'639'618	821'628'118
<b>Total assets</b>		<b>787'603'973</b>	<b>829'007'390</b>
Liabilities and Shareholders' equity			
	Note	CHF	CHF
<b>Current liabilities</b>			
Accounts payable		194'011	615
Time loan due to Credit Suisse		84'957'560	127'061'400
Accrued interest on time loan		31'151	3'110'241
Put options on own shares		0	0
Other payables		250'172	303'376
Current tax liability		48'000	90'000
		85'480'895	130'565'632
<b>Shareholders' equity</b>			
Share capital	3	2'292'632	2'292'632
Legal reserves		662'660'693	662'660'693
Reserves for treasury shares		4'030'491	4'030'490
Other retained earnings		29'457'943	34'675'578
Net profit / (loss) for the period		3'681'319	-5'217'635
		702'123'078	698'441'758
<b>Total Liabilities and Shareholders' equity</b>		<b>787'603'973</b>	<b>829'007'390</b>

**Income statement for the periods**2004/2005  
(October 1 - March 31)  
(unaudited)2003/2004  
(October 1 - March 31)  
(unaudited)

<b>Income</b>			
	<b>Note</b>	<b>CHF</b>	<b>CHF</b>
Interest income		820	6'300
Interest income on current account Usissimo Ltd.		14'500	15'624
Gains on treasury shares		53'315	766'347
Gains on equities		0	375'216
Foreign exchange gains		5'707'244	3'731'980
Other income		0	1'157'165
		<b>5'775'879</b>	<b>6'052'633</b>
<b>Expenses</b>			
Interest on loan due to Credit Suisse		-1'603'468	-1'574'768
Interest on bank account		-22	-310
Bank and broker expenses		-39'945	-599'014
Federal turnover tax		0	-289'295
Other financial expenses		-12'303	-2'423'475
Losses on foreign exchange		-25'052	-181'733
Custody fees		0	0
Directors fees		-70'860	-67'712
Legal and professional fees		-91'673	-129'405
Service fees		-192'002	0
Loss on treasury shares		0	0
Capital taxes		-44'707	-65'191
General and other expenses		-14'528	-243'581
		<b>-2'094'560</b>	<b>-5'574'483</b>
Profit before income taxes		3'681'319	478'150
Income taxes		0	0
<b>Net profit for the period</b>		<b>3'681'319</b>	<b>478'150</b>

## Notes to the financial statements (unaudited)

### 1) Treasury shares

The Company purchased 295,969 own shares from Credit Suisse at a price of USD 205.17 per share. As a result of the public offer to the shareholders of Absolute Invest Ltd, 280,783 own shares were exchanged against shares of Absolute Invest Ltd. The difference of 15'186 shares remained in the stock of Absolute US Ltd.

### 2) Investments

Name/(Purpose)	Percentage held	CHF
<b>Usissimo Ltd., Cayman Islands</b> (Investment Company)	100%	
<b>Carrying amount at September 30, 2002</b>		<b>857'814'669</b>
Capital surplus repayment (USD -366,000,000)		-497'565'410
Valuation adjustment as per March 31, 2003		-62'931'422
Valuation adjustment as per September 30, 2003		19'889'655
Capital repayment (USD -5,000,000)		-6'330'000
Capital repayment (USD -11,600,000)		-15'015'620
Valuation adjustment as per September 30, 2004		-4'504'693
Capital repayment (USD -20,000,000)		-23'718'000
Capital repayment (USD -15,000,000)		-17'350'500
<b>Total investments at September 30, 2004</b>		<b>250'288'679</b>
<b>Absolute Invest Ltd., Zug</b> (Holding Company)	100%	
<b>Carrying amount at September 30, 2002</b>		<b>0</b>
Purchase before September 29, 2003		24'676'930
Purchase on September 29 and 30, 2003		426'984'074
Purchase on October 2003 to February 2004		3'791'952
Exchange own shares		74'251'959
Purchase on July 28, 2004 (Squeeze out)		298'888
Exchange own shares (Squeeze out)		267'136
<b>Total investments at September 30, 2004</b>		<b>530'270'939</b>
<b>Absolute Europe Ltd., Zug</b> (Holding Company)	0%	
Purchase on December/January 2003/2004		2'704'793
Sale on June/July 2004		-2'846'281
Realised gain		141'488
<b>Total investments at March 31, 2005</b>		<b>0</b>

<b>Name/(Purpose)</b>	<b>Percentage held</b>	<b>CHF</b>
<b>Absolute Investment Services Ltd., Zürich</b> (Management Service Company)	32%	
Carrying amount at October 1, 2004		0
Capital paid in as per December 23, 2004		80'000
<b>Total investments at March 31, 2005</b>		<b>80'000</b>

Usissimo Ltd., Cayman Islands, is a wholly-owned subsidiary of Absolute US Ltd., incorporated on October 4, 2000 with a share capital of USD 50,000. As of March 31, 2004 a variety of investments were held in this subsidiary. A list and further details of all investments are set out in note 7 of the consolidated financial statements of Absolute US Ltd. as of March 31, 2004. The value of Usissimo Ltd. has been adjusted to reflect the net asset value of the investment at the year end.

Absolute Invest Ltd., Zug, incorporated on September 22, 1999, with a share capital of CHF 19,670,290, is an investment company listed on the SWX Swiss Exchange, which primarily conducts its business through Absolutissimo Ltd., wholly owned subsidiary duly organized and existing under the laws of the Cayman Islands.

Absolute Europe Ltd., Zug incorporated on March 9, 2000, with a share capital of presently CHF 236'787'480, is an investment company listed on the SWX Swiss Exchange, which primarily conducts its business through Eurissimo Ltd., wholly owned subsidiary duly organized and existing under the laws of the Cayman Islands.

Absolute Investment Services Ltd., Zurich, is a newly founded company which provides all Absolute Companies with management services. The company was incorporated on November 19, 2004 with a share capital of CHF 250,000. As per December 23, 2004, Absolute US Ltd. paid in CHF 80,000, which represents 32% of the capital. For further details see note 1 of the consolidated financial statements of Absolute US Ltd.

Between April 23, 2003 and September 28, 2003 Absolute US Ltd. purchased 90,000 shares (or 4.58%) of the 1,967,029 shares of Absolute Invest Ltd. for USD 18,140,970, satisfied in cash. On September 29 and September 30, 2003, Absolute US Ltd. purchased another 1,580,926 shares (80.37%) for USD 324,358,587, satisfied in cash, via off-exchange block trades at the SWX Swiss Exchange. As a consequence, Absolute US Ltd. made a public offer to the remaining shareholders of Absolute Invest Ltd., where the shareholders had the choice between one share of Absolute US Ltd. or receiving USD 205.17 in cash.

As of December 18, 2003 Absolute US Ltd. held 99.80% (1,963,145 bearer shares) of Absolute Invest Ltd. Absolute US Ltd. claimed on December 18, 2003 for a squeeze-out of the remaining outstanding shares according to Art. 33 of the Stock Exchange Act. It is planned to submit an application to delist the shares of Absolute Invest Ltd. from the SWX Swiss Exchange.

Between December 19, 2003 and March 29, 2004 the company purchased another 1'727 shares. Absolute US Ltd. held as of March 31, 2004 99.89% of the shares of Absolute Invest Ltd. In order to settle the public offer to the shareholders of Absolute Invest Ltd., Absolute US Ltd. increased the loan from USD 45 Mio. to USD 102 Mio.

A squeeze-out of the remaining outstanding shares was published in the Swiss Official Gazette of Commerce. At the end of the intervention period as of March 31, 2004, no shareholders claimed for it. As of May 13, 2004 the claim has been approved by the court of the Canton Zug. As result, Absolute US Ltd. received the remaining outstanding 2'157 shares. The company holds now 100% of Absolute Invest Ltd. Shareholders of 1'018 of those shares chose shares of Absolute US Ltd., shareholders of 1'139 of those shares received cash.

### (3) Share capital

	March 31, 2005		Sept. 30, 2004	
	Total nominal value	Number of shares	Total nominal value	Number of shares
	CHF		CHF	
Share capital (bearer shares)	2'292'632	2'292'632	22'926'320	2'292'632
<b>Total share capital</b>	<b>2'292'632</b>	<b>2'292'632</b>	<b>22'926'320</b>	<b>2'292'632</b>

All bearer shares are entitled to dividend.

The Company purchased 253,323 own shares from Credit Suisse (9.95% of share capital) as per October 15, 2002 at a price of USD 212.12 per share (for a total of USD 53,734,875). At the General Meeting of March 12, 2003, the shareholders decided to reduce the share capital in the amount of CHF 2,533,230 (USD 1,695,829) by liquidating the 253,323 own shares. The decrease in capital was effective in the commercial register as of June 13, 2003.

The shareholders at the General Meeting as of March 11, 2004 decided to reduce the share capital in the amount of CHF 20,633,688 by reducing the nominal value of each share from CHF 10.00 to CHF 1.00. The remittance of the capital was settled in cash as of July 1, 2004. The decrease in capital is not yet effective in the commercial register.

According to article 3bis of the articles of association of Absolute US Ltd., the Board of Directors was authorized to issue authorized share capital of maximum CHF 4,800,000 until November 7, 2002. This time limit expired without increases of the authorized share capital. At the General Meeting as of March 12, 2003, the shareholders resolved to issue another authorized capital of a maximum of CHF 11,463,160 for a period of two years from the date of entry to the commercial register.

In connection with the public offer to the remaining shareholders of Absolute Invest Ltd., Absolute US Ltd. acquired call options and sold put options on own shares.

These options have the following properties:

**Long call**

Underlying of option:	1 share Absolute US Ltd.
Number of options:	295,969
Strike Price:	USD 205.17
Purchase on:	September 29, 2003
Expiry date:	January 31, 2004
Style of option:	American Style, OTC
Premium paid:	USD 1,775,814

**Short put**

Underlying of option:	1 share Absolute US Ltd.
Number of options:	228,804
Strike Price:	USD 200
Purchase on:	September 29, 2003
Expiry date:	January 31, 2004
Style of option:	American Style, OTC
Premium received:	USD 800,814

In December 2003, the call options were exercised by taking delivery of own shares. The put options expired without exercising.

**(4) Significant shareholders**

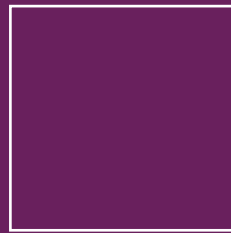
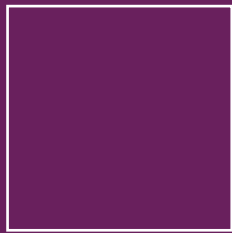
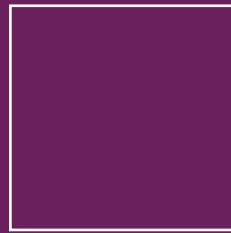
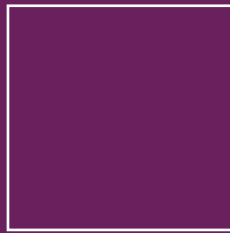
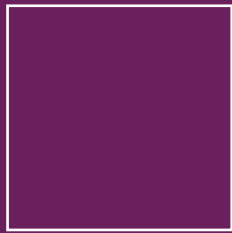
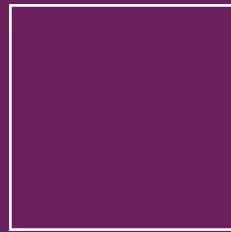
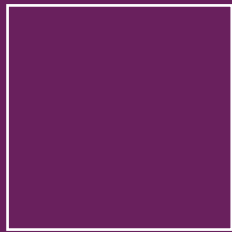
As of March 31, 2005, Credit Suisse Group held more than 5.0% of all shares of Absolute US Ltd.

**(5) Pledged assets**

The shares of the subsidiaries Usissimo Ltd. and Absolute Invest Ltd., as well as all cash and cash equivalents of Absolute US Ltd. are pledged as collateral for the time loan due to Credit Suisse with a par value of USD 71'011'000 or CHF 84'957'560.

**(6) Further disclosures according to Art. 663b of the Swiss Code of Obligations**

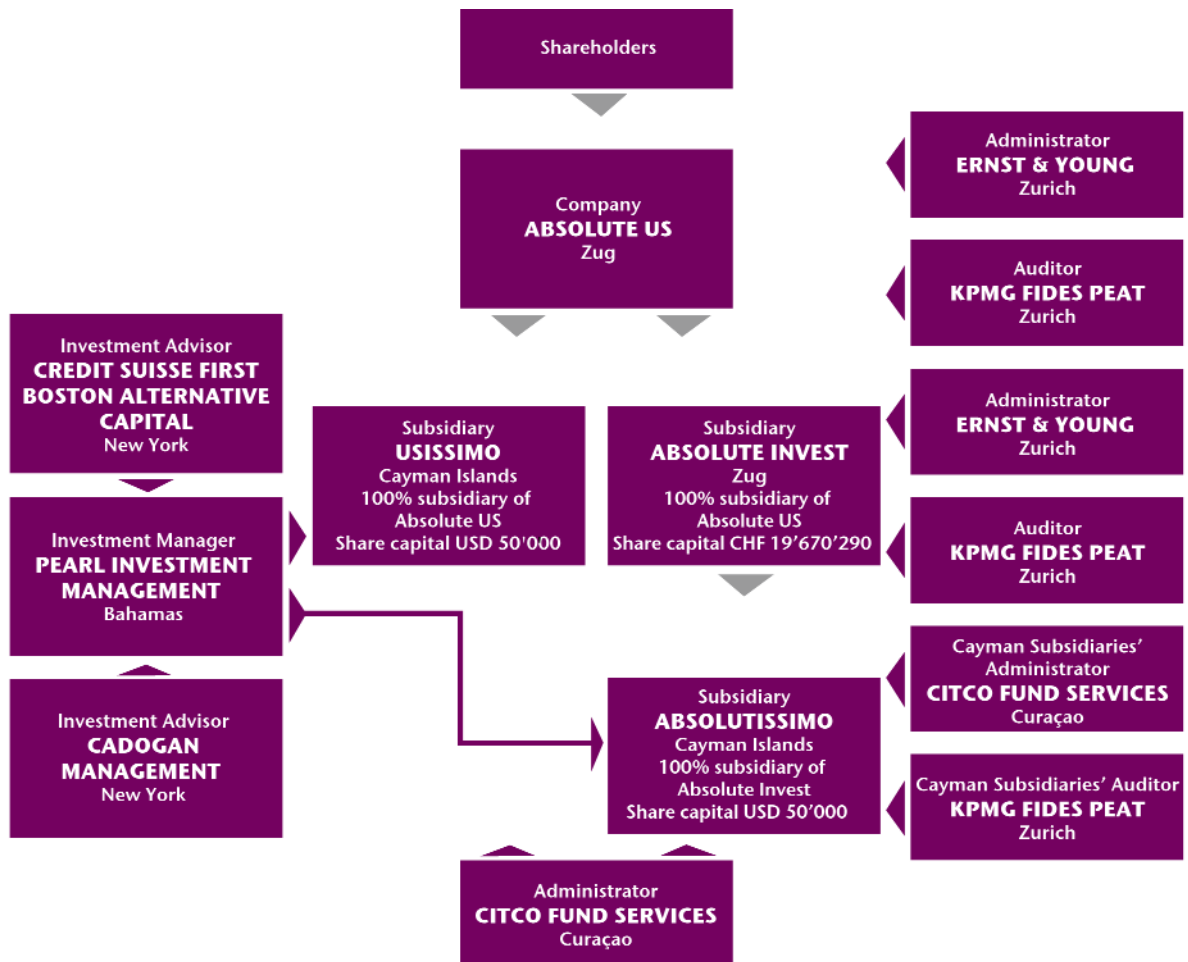
There are no further facts which require disclosure in accordance with Art. 663b of the Swiss Code of Obligations.



company  
profile

### 3. Company Profile

#### 3.1 Structure of Absolute US Ltd.



## 3.2 Corporate Bodies

### **Absolute US Ltd.**

#### **Registered Office**

c/o Credit Suisse  
Bahnhofstrasse 17  
P.O. Box 553  
CH-6301 Zug  
Switzerland

#### **Board of Directors**

- Thomas Amstutz, Chairman of the Board of Directors; Chief Executive Officer, Absolute Investment Services Ltd.
- Hans Rudolf Zehnder, Member of the Board of Directors
- Dr. Kurt Arnold, Member of the Board of Directors
- Daniel Brupbacher, Member of the Board of Directors; Member of the Executive Board of Credit Suisse

The Board of Directors is responsible for managing the business affairs of the Company in accordance with its Articles of Association. This includes determining the general policy, including the investment policy, to be followed by the Subsidiaries.

Absolute US Ltd. invests a substantial portion of its assets through Usissimo Ltd. and Absolutissimo Ltd. in accordance with its investment objectives and policies.

### **Usissimo Ltd.**

c/o Citco Fund Services (Cayman) Ltd.  
Corporate Center  
West Bay Road  
P.O. Box 31106 SMB  
Cayman Islands, BWI

#### **Board of Directors**

- Desmond Campbell, Director, Aston Corporate Managers Ltd.
- Stuart T. Brankin, Director, Aston Corporate Managers Ltd.
- Michael C. Bridge, Chief Operating Officer, Absolute Investment Services Ltd.

### **Absolute Invest Ltd.**

#### **Registered Office**

c/o Credit Suisse  
Bahnhofstrasse 17  
P.O. Box 553  
CH-6301 Zug  
Switzerland

#### **Board of Directors**

- Thomas Amstutz, Chairman of the Board of Directors; Chief Executive Officer, Absolute Investment Services Ltd.
- Hans Rudolf Zehnder, Member of the Board of Directors
- Dr. Kurt Arnold, Member of the Board of Directors

### **Absolutissimo Ltd.**

c/o Citco Fund Services (Cayman) Ltd.  
Corporate Center  
West Bay Road  
P.O. Box 31106 SMB  
Cayman Islands, BWI

#### **Board of Directors**

- Desmond Campbell, Director, Aston Corporate Managers Ltd.
- Stuart T. Brankin, Director, Aston Corporate Managers Ltd.
- Michael C. Bridge, Chief Operating Officer, Absolute Investment Services Ltd.

### **Investment Manager**

Pearl Investment Management Ltd.  
P.O. Box, Fourth Floor  
The Bahamas Financial Centre  
Shirley & Charlotte Streets  
Nassau, Bahamas

#### **Board of Directors**

- Franco Müller, Chief Executive Officer, Banca di Gestione Patrimoniale
- Michael L. Paton, Lennox Paton Council and attorneys-at-Law, Notaries Public, Nassau (Bahamas) Ltd.
- Remigio Luongo, Director, Credit Suisse

Pearl Investment Management acts as Investment Manager to Usissimo Ltd. and Absolutissimo Ltd., and is responsible for investing its assets of the subsidiary in accordance with the Investment Objectives and Policies.

**Investment Advisors**

Credit Suisse First Boston Alternative Capital Inc.  
Eleven Madison Avenue  
New York, NY, 10010  
USA

Credit Suisse First Boston Alternative Capital Inc. acts as one of the Investment Advisors and supports the Investment Manager in selecting the investments and in carrying out the Investment Manager's other duties such as due diligence.

Cadogan Management, LLC  
149 Fifth Avenue  
Fifteen Floor  
New York, NY 10010  
USA

Cadogan Management LLC. acts as one of the Investment Advisors and supports the Investment Manager in selecting the investments and in carrying out the Investment Manager's other duties such as due diligence.

### 3.3 Contact Details

#### **Absolute Investment Services Ltd.**

Talstrasse 37  
CH-8001 Zurich  
Switzerland

**Hotline: +41 (0)43 888 63 00**

Absolute US Ltd. intends to inform its shareholders with the utmost transparency and as early as possible. The most updated source of information is the Company's web page ([www.absoluteus.com](http://www.absoluteus.com)) where an investor can find information on the share price development, performance of the strategy as well details on allocation and other information.

For additional questions, please contact us via e-mail ([info@absoluteinvestments.com](mailto:info@absoluteinvestments.com)) or at the telephone number given above.

#### **Absolute Managers Ltd. – How to invest**

The shares of Absolute Managers are listed on the SWX Swiss Exchange. You can buy and sell shares of the Company at your bank.

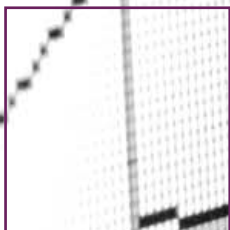
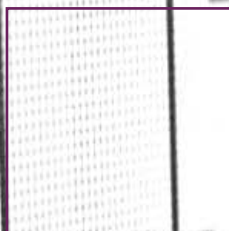
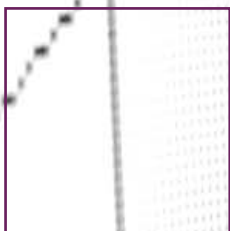
- Swiss Security Number: 1138774
- ISIN Code CH: CH0011387740
- SWX code: ABSU

Before investing, please read the legal disclaimer.

#### **Restrictions Absolute Managers Ltd.**

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[www.absoluteus.com](http://www.absoluteus.com)



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