

BH Macro Limited
Interim Unaudited Financial Statements 2007

INTERIM FINANCIAL STATEMENTS
30 June 2007

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Chairman's Statement

In the initial months since its launch, BH Macro Limited (the "Company") has made a successful start as a public company, earning consistent positive returns for shareholders.

The Company was established as a closed-end investment company, registered and incorporated in Guernsey, on 17 January 2007. The Company's investment objective is to invest its assets in the Brevan Howard Master Fund, which in turn seeks to generate consistent long-term capital appreciation through active leveraged trading and investment on a global basis.

An initial public offering by the Company of US Dollar, Euro and Sterling shares in March 2007 raised the equivalent of \$1.1 billion from a wide range of investors. The Company was admitted to trading on the London Stock Exchange on 14 March 2007 and the proceeds of the offer (net of minimal working capital requirements) have been invested in the Brevan Howard Master Fund since early April 2007.

The Company has now been fully operational for some six months. Performance in the period to 30 June 2007 has been fully in line with our expectations. All three currency classes of shares have recorded rises in Net Asset Value (NAV): NAV for the US Dollar shares has risen 3.5%, for the Euro shares 3.0%, and for the Sterling shares 3.4% (to end-June 2007). All three classes of shares are also (at end-June 2007) trading at a premium to NAV. No need has arisen for the Company to undertake any discount management operations.

In response to shareholder feedback, proposals were put forward by the Directors and approved by the shareholders in June 2007 to enable shareholders who wish to do so to switch between currency classes on a quarterly basis.

The corporate governance for the Company is in place, with regular meetings of the Board, which is independent of the Brevan Howard group, and the establishment of an Audit Committee. To ensure timely communications, the Company's website (www.bhmacro.com) publishes the monthly NAV, weekly NAV estimates, regular risk reports and a monthly shareholder report, as well as information about the Company. In addition, the Company's share prices are reported daily in the Financial Times.

As the first single-manager feeder fund to list on the London Stock Exchange, the Company is an innovative structure which has attracted widespread investment support. I and my fellow Directors remain committed to ensuring that, through investment in the Brevan Howard Master Fund and through high standards of corporate governance, the Company continues to deliver superior performance for shareholders.

A handwritten signature in black ink, appearing to read 'Ian Plenderleith', written over a light-colored background.

Ian Plenderleith
Chairman

25 September 2007

Directors' Report

The Directors submit their Report together with the Company's Unaudited Statement of Assets and Liabilities, Unaudited Statement of Operations, Unaudited Statement of Changes in Net Assets, Unaudited Statement of Cash Flows, and the related notes for the period from 17 January 2007 to 30 June 2007, which have been prepared properly, in accordance with accounting principles generally accepted in the United States of America, and are in accordance with any relevant enactment for the time being in force; and are in agreement with the accounting records.

The Company

The Company is a limited liability closed-end investment company incorporated in Guernsey on 17 January 2007.

The Company was admitted to a secondary listing on the Official List of the London Stock Exchange on 14 March 2007. The proceeds from the original issue of shares amounted to \$1.1 billion.

Investment objective and policies

The Company is organised as a feeder fund and seeks to achieve its investment objective by investing all of its investable assets in the ordinary US Dollar, Euro and Sterling denominated Class B shares issued by Brevan Howard Master Fund Limited ("the Master Fund"), an open-ended investment company with limited liability formed under the laws of the Cayman Islands. The investment objective of the Master Fund is to generate consistent long-term appreciation through active leveraged trading and investment on a global basis.

Results and dividends

The results for the period are set out in the Unaudited Statement of Operations on page 7. The Directors do not recommend the payment of a dividend.

Share capital

The number of shares in issue at the period end is disclosed in Note 7 to the financial statements.

Directors

The Directors of the Company during the period are as listed on the inside back cover.

Directors' interests

The Chairman, Ian Plenderleith, was previously party to a consultancy agreement with Brevan Howard Asset Management LLP dated 1 July 2006 pursuant to which he had provided advisory information on macroeconomic policy-making and financial markets. This agreement was terminated on 31 December 2006.

Nagi Kawkabani is the only Director not independent of the Manager. Mr Kawkabani is a partner and Co-Chief Executive of Brevan Howard Asset Management LLP, a director of Brevan Howard Offshore Management Limited and a director of a number of other Brevan Howard affiliates including Brevan Howard Fund Limited, Brevan Howard Master Fund Limited, Brevan Howard Equity Strategies Fund Limited, Brevan Howard Equity Strategies Master Fund Limited and Brevan Howard General Partner Limited.

Significant shareholdings

As at 30 June 2007, the following had significant shareholdings in the Company:

	Total shares held	% holdings in class
Significant shareholders		
US Dollar shares		
HSBC Global Custody Nominee (UK) Limited	10,984,000	23.82
The Bank of New York (Nominees) Limited	8,633,500	18.72
Vidacos Nominees Limited	3,875,400	8.41
Nortrust Nominees Limited	3,300,000	7.16
Roy Nominees Limited	2,364,000	5.13
Euro shares		
Vidacos Nominees Limited	8,143,112	27.22
Nordea Bank Danmark A/S	4,000,000	13.36
The Bank of New York Nominees Limited	3,491,350	11.66
Securities Services (Nominees) Limited	3,274,800	10.94
HSBC Global Custody Nominee (UK) Limited	3,199,184	10.68
Citigroup Global Markets UK Equity Limited	2,729,990	9.12
Euroclear Nominees Limited	2,008,385	6.71
Chase Nominees Limited	1,095,500	3.66
Sterling shares		
Chase Nominees Limited	3,487,831	30.32
Nutraco Nominees Limited	2,608,439	22.68
State Street Nominees Limited	1,180,000	10.26
The Bank of New York (Nominees) Limited	795,454	6.92
HSBC Global Custody Nominee (UK) Limited	602,450	5.24
Pershing Keen Nominees Limited	455,021	3.96
BBHISL Nominees Limited	450,013	3.91
BNY (OCS) Nominees Limited	364,500	3.17

Signed on behalf of the Board by:

Ian Plenderleith
Chairman

Christopher Legge
Director

25 September 2007

Statement of Directors' Responsibility in Respect of the Financial Statements

The Directors are responsible for preparing the financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the net income or expense of the Company for that period and are in accordance with applicable laws.

In preparing these financial statements the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 1994. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Investment Manager's Review

BH Macro Limited is a feeder fund investing in the Brevan Howard Master Fund Limited (the "Master Fund"). BH Macro Limited invested its assets in the Master Fund on 2 April 2007. Brevan Howard Asset Management LLP ("BHAM") has supplied the following report regarding the Master Fund's performance and outlook.

NAV performance is provided for information purposes only. Shares in BH Macro Limited do not necessarily trade at a price equal to the prevailing NAV per Share.

Performance review

BH Macro Limited (US Dollar Class) NAV per share gained 3.47% during the period March 2007 to 30 June 2007 with all months positive.

The main themes for the Master Fund during this period can be summarised as follows:

- fixed income directional – long US Dollar, Euro and Sterling curves, especially the short end;
- fixed income relative value – curve steepeners in US Dollar and Sterling;
- fixed income options – long vega in US Dollar and Sterling curves; and
- FX – long vega from straddles across a range of currency pairs.

The Master Fund has profited from a general curve steepening bias and long volatility positions in fixed income and FX have also contributed to results during the period.

Outlook

In the US, growth picked up in the second quarter, largely due to inventory investment. However, underlying final demand is growing at a below-trend rate. The housing recession continues, consumption has slowed and business investment, apart from commercial construction, is lacklustre. BHAM expects growth to remain at, or slightly below, trend. Core price inflation fell to 1.9% in June, which is within the Fed's implicit comfort zone. Nonetheless, the Fed is cautious about declaring victory over inflation, lest the return to the comfort zone proves to be temporary. As a consequence, the June Federal Open Market Committee statement maintained an "inflation watch bias". Regardless of its focus on inflation, BHAM believes the Fed is unlikely to raise rates whilst core inflation is falling, economic growth is below trend, the Collateralised Debt Obligation market is stressed and the housing market has yet to bottom out.

The European Central Bank ("ECB") increased policy rates by 25 basis points to 4% at its June meeting. The ECB also published its macroeconomic projections which remain in line with their previously stated assumptions on growth and inflation. June data suggest inflation was in line with market expectation. While activity has

surprised slightly on the down side due to the decline in industrial production and the weak reading of retail sales in some large Euro area economies, the data still suggests that the Euro area is developing at, or marginally above trend growth. BHAM believes that the ECB will maintain a tightening bias for now, but that the market is over-discounting the speed at which rates will be raised.

UK June data suggests that growth continues to be robust in the second quarter. The strength of the UK economy has pushed the Bank of England to accelerate the pace of rate hikes and the Monetary Price Committee was close to a further hike in June. CPI inflation is softening from the March peak and yearly growth declined to 2.5% in May due to the energy base effect and decline in utility prices.

In Japan, the continuation of strong GDP growth in the second quarter has been driven by high levels of capital expenditure, private consumption and net exports. Furthermore, labour markets continued to tighten and total household income increased, which should support the expansion of private consumption during the third and fourth quarters. Although CPI is still negative, BHAM believes the Bank of Japan will continue with the normalisation of rates.

Conclusion

In recent months market speculation about the potential for contagion to spread from US subprime distress has heightened. The end of July saw an indiscriminate sell-off across a range of asset classes globally as distress in the US subprime mortgage market spilled over into other asset classes and fear of a global "credit crunch" has led to a broad-based re-assessment of risk and a spike in volatility. The Master Fund is well positioned for these developments.

Signed on behalf of Brevan Howard Asset Management LLP:

Nagi Kawkabani
Co-Chief Executive Officer

31 July 2007

Independent Review Report

To BH Macro Limited

We have been instructed by the Company to review the financial information for the period from 17 January 2007 to 30 June 2007 which comprises the Unaudited Statement of Assets and Liabilities, Unaudited Statement of Operations, Unaudited Statement of Changes in Net Assets, Unaudited Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company in accordance with the terms of our engagement letter dated 31 July 2007 to assist the Company in meeting the requirements of the Listing Rules of the Financial Services Authority. Our review has been undertaken so that we might state to the Company those matters we are to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules which require that the accounting policies and presentation applied to the interim figures should be consistent with those which will be applied in preparing the annual accounts.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the UK. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the period from 17 January 2007 to 30 June 2007.

KPMG Channel Islands Limited

Chartered Accountants
Guernsey

25 September 2007

Unaudited Statement of Assets and Liabilities

As at 30 June 2007

	2007 US\$
Assets	
Investment in Brevan Howard Master Fund Limited	1,140,583,880
Cash and bank balances	2,215,338
Total assets	1,142,799,218
Liabilities	
Performance fees payable (Note 4)	8,378,475
Management fees payable (Note 4)	1,712,149
Accrued expense and other liabilities	123,799
Directors' fees payable (Note 5)	90,747
Administration fees payable (Note 4)	48,814
Total liabilities	10,353,984
Net assets	1,132,445,234
Number of shares in issue (Note 7)	
US Dollar shares	46,110,999
Euro shares	29,941,043
Sterling shares	11,503,140
Net Asset Value per share (Notes 9 and 10)	
US Dollar shares	US\$ 10.35
Euro shares	€ 10.30
Sterling shares	£ 10.34

See accompanying notes to the Financial Statements.

Signed on behalf of the Board by:

Ian Plenderleith
Chairman

Christopher Legge
Director

25 September 2007

Unaudited Statement of Operations

For the period from 17 January 2007 (date of incorporation) to 30 June 2007

	2007 US\$
Net investment income allocated from Master Fund	
Interest	93,491,708
Dividend income	248,727
Expenses	(90,970,202)
Net investment income allocated from Master Fund	2,770,233
Company income	
Fixed deposit income	2,721,629
Foreign exchange gains (Note 3)	15,835,425
Total Company income	18,557,054
Company expenses	
Performance fees (Note 4)	8,308,426
Management fees (Note 4)	5,974,718
Other expenses	277,105
Directors' fees (Note 5)	163,657
Administration fees (Note 4)	48,396
Total Company expenses	14,772,302
Net investment income	6,554,985
Net realised and unrealised gain on investments allocated from Master Fund	
Net realised loss on investments	(60,233,878)
Net unrealised gain on investments	106,567,269
Net realised and unrealised foreign exchange losses	(1,183,601)
Net realised and unrealised gain on investments allocated from Master Fund	45,149,790
Net increase in net assets resulting from operations	51,704,775

See accompanying notes to the Financial Statements.

Unaudited Statement of Changes in Net Assets

For the period from 17 January 2007 (date of incorporation) to 30 June 2007

	2007 US\$
Net increase in net assets resulting from operations	
Net investment income	6,554,985
Net realised loss on investments allocated from Master Fund	(60,233,878)
Net unrealised gain on investments allocated from Master Fund	106,567,269
Net realised and unrealised foreign exchange losses	(1,183,601)
	51,704,775
Capital share transactions	
Proceeds on issue of shares	
US Dollar shares	461,109,990
Euro shares	396,735,474
Sterling shares	222,894,995
	1,080,740,459
Net increase in net assets	1,132,445,234
Net assets at the beginning of the period	–
Net assets at the end of the period	1,132,445,234

See accompanying notes to the Financial Statements.

Unaudited Statement of Cash Flows

For the period from 17 January 2007 (date of incorporation) to 30 June 2007

	2007 US\$
Cash flows from operating activities	
Net increase in net assets resulting from operations	51,704,775
Adjustments to reconcile net income to net cash used in operating activities:	
Net investment income allocated from Master Fund	(2,770,233)
Net realised loss on investments	60,233,878
Net unrealised gain on investments	(106,567,269)
Net realised and unrealised foreign exchange losses	1,183,601
Investment in Master Fund	(1,080,824,222)
Decrease of investment in Master Fund	3,995,790
Foreign exchange gains	(15,835,425)
Increase in performance fees payable	8,378,475
Increase in management fees payable	1,712,149
Increase in accrued expenses and other liabilities	123,799
Increase in Directors' fees payable	90,747
Increase in administration fees payable	48,814
Net cash used in operating activities	(1,078,525,121)
Cash flows from financing activities	
Proceeds on issue of shares	1,080,740,459
Net cash provided by financing activities	1,080,740,459
Change in cash	2,215,338
Cash, beginning of the period	–
Cash, end of the period	2,215,338

See accompanying notes to the Financial Statements.

Notes to the Unaudited Financial Statements

For the period from 17 January 2007 (date of incorporation) to 30 June 2007

1. The Company

BH Macro Limited (the "Company") is a limited liability closed-ended investment company incorporated in Guernsey on 17 January 2007 for an unlimited period, with registration number 46235.

The Company was admitted to a Secondary Listing on the Official List of the London Stock Exchange on 14 March 2007. As a consequence of the Secondary Listing, the Company is not required to comply with the provisions of chapter 15 of the Listing Rules.

The Company offers multiple classes of ordinary shares, which differ in terms of currency of issue. To date, ordinary shares have been issued in US Dollar, Euro and Sterling.

2. Organisation

The Company is organised as a feeder fund and seeks to achieve its investment objective by investing all of its investable assets, net of short-term working capital requirements, in the ordinary US Dollar, Euro and Sterling denominated Class B shares issued by the Brevan Howard Master Fund Limited ("the Master Fund").

The Master Fund is an open-ended investment company with limited liability formed under the laws of the Cayman Islands on 22 January 2003. The investment objective of the Master Fund is to generate consistent long-term appreciation through active leveraged trading and investment on a global basis. The Master Fund employs a combination of investment strategies that focus primarily on economic change and monetary policy and market inefficiencies. The underlying philosophy is to construct strategies, often contingent in nature with superior risk/return profiles, whose outcome will often be crystallised by an expected event occurring within a pre-determined period of time. New trading strategies will be added as investment opportunities present themselves. At the date of these financial statements, there were two other feeder funds in operation in addition to the Company.

The financial statements of the Master Fund should be read alongside the Company's Financial Statements.

The Manager

Brevan Howard Offshore Management Limited (the "Manager") is the manager of the Company. The Manager was incorporated in the Cayman Islands on 22 January 2003 and is regulated as manager of the Company by the Jersey Financial Services Commission pursuant to the Collective Investment Funds (Jersey) Law 1988 and the Orders made thereunder.

The Manager is also the manager of the Master Fund and in that capacity, as at the date of these Financial Statements, has delegated the responsibility for the investment management of the Master Fund to its affiliates Brevan Howard Asset Management LLP, Brevan Howard US Asset Management LP, Brevan Howard (Hong Kong) Limited and Brevan Howard (Israel) Limited.

Directors

The Directors are responsible for the determination of the investment policy of the Company and have overall responsibility for the Company's activities. The Directors, all of whom are non-executive, are disclosed on the inside back cover. Nagi Kawkabani is the only Director not independent of the Manager.

Corporate Governance

The Directors recognise the importance of sound corporate governance, particularly the requirements of the Combined Code on Corporate Governance published by the Financial Reporting Council. The Company does not comply with the Combined Code since there is no published corporate governance regime equivalent to the Combined Code in Guernsey. The Directors acknowledge this non-compliance and will comply with the Combined Code to the extent that they consider appropriate having regard to the Company's size, stage of development and resources.

The Company has adopted a policy that the composition of the Board of Directors be at all times such that (i) a majority of the Directors are independent of the Manager and any company in the same group as the Manager; (ii) the Chairman of the Board of Directors is free from any conflicts of interest and be independent of the Manager and any company in the same group as the Manager; and (iii) no more than one director, partner, employee or professional adviser to the Manager or any company in the same group as the Manager may be a Director of the Company at any one time.

The Company has also adopted a Code of Directors' dealings in shares, which is based on the Model Code for Directors' dealings contained in the London Stock Exchange's Listing Rules.

Board Committees

The Company has established an audit committee with formally delegated duties and responsibilities. This committee will meet formally at least twice a year for the purpose, amongst others, of considering the appointment, independence and remuneration of the auditors, to discuss and agree with the external auditors the nature and scope of the audit and to keep under review the scope, results and cost effectiveness of the audit. The audit committee comprises Christopher Legge, Anthony Hall and Talmai Morgan. Christopher Legge is the Chairman of the audit committee.

The Company has not established separate remuneration or nomination committees as the Directors are satisfied that any relevant issues can be properly considered by the Board.

3. Significant accounting policies

The accompanying Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America, The Companies (Guernsey) Law, 1994 and the principal documents. The base currency of the Company is US Dollars. The following are the significant accounting policies adopted by the Company:

Valuation of investments

The value of the Company's investment in the Master Fund reflects the balance of the Company's capital account, as at 30 June 2007. At 30 June 2007, the Company's US Dollar, Euro and Sterling capital account represents 3.606%, 3.1458% and 1.8026% respectively of the Master Fund's capital. The valuation of securities held by the Master Fund is discussed in the notes to the Master Fund's Financial Statements.

Income and expenses

The Company records monthly its proportionate share of the Master Fund's income, expenses and realised and unrealised gains and losses. In addition, the Company accrues its own income and expenses.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

Share issue expenses

Share issue expenses of approximately US\$43,229,618 were borne by the Manager and are payable by the Company to the Manager should the management agreement terminate for certain grounds in whole or with respect to any class of share during the period ending on the seventh anniversary of admission, being 14 March 2014. The Directors consider the likelihood of this liability crystallising as remote and hence no provision has been made within the accounts. The Directors confirm there are no other contingent liabilities that require disclosure or provision.

Leverage

The Manager has discretion, subject to the prior approval of a majority of the Independent Directors, to employ leverage for and on behalf of the Company by way of borrowings to affect share purchases or share buy-backs and to satisfy working capital requirements.

The Company may borrow up to 20% of its NAV, calculated as at the time of borrowing.

Foreign exchange

Investment securities and other assets and liabilities denominated in foreign currencies are translated into US Dollars using exchange rates at the reporting date. Purchases and sales of investment and income and expense items denominated in foreign currencies are translated into US Dollar amounts at the date of such transaction.

All currency gains and losses are included in the Statement of Operations.

4. Management, Performance and Administration Agreements

Management and performance fee

On 7 February 2007, the Company entered into a management agreement with the Manager to manage the Company's investment portfolio. The Manager receives a management fee of 1/12 of 2% (or a pro rata proportion thereof) per month of the closing NAV (before deduction of that month's management fee and before making any deduction for any accrued performance fee) as at the last valuation day in each month, payable monthly in arrears. The Master Fund itself is not subject to management fees.

The Manager is also entitled to an annual performance fee for each share class. The performance fee is equal to 20% of the appreciation in the NAV per share of that class during that calculation period which is above the base NAV per share of that class. The base NAV per share is the greater of the NAV per share of the relevant class at the time of issue of such share and the highest NAV per share achieved as at the end of any previous calculation period. The Manager will be paid an estimated performance fee on the last day of the calculation period. Within 15 business days following the end of the calculation period, any difference between the actual performance fee and the estimated amount will be paid to or refunded by the Manager, as appropriate. The Master Fund itself is not subject to performance fees.

At 30 June 2007 the Master Fund held investments in Brevan Howard Equity Strategies Fund LP ("BES") and Brevan Howard Emerging Markets Strategies Fund LP ("BEM"). The return on the Master Fund is net of BES's and BEM's performance and management fees. To ensure that shareholders of the Company are not subject to two tiers of fees, the fees payable to the Manager as outlined above are reduced by the Company's share of any fees paid to the Manager by BES and BEM.

Administration fee

Under the terms of an Administration Agreement dated 6 February 2007, the Company appointed Northern Trust International Fund Administration Services (Guernsey) Limited as Administrator, Registrar and Corporate Secretary. The Administrator is paid fees based on the NAV of the Company, payable quarterly. The fee is at a rate of 0.015% of the average month end NAV of the Company, subject to a minimum fee of £67,500 per annum. In addition, the Administrator is entitled to be reimbursed out-of-pocket expenses incurred in the course of carrying out its duties as Administrator.

Notes to the Unaudited Financial Statements continued

For the period from 17 January 2007 (date of incorporation) to 30 June 2007

5. Directors' fees

The Chairman is entitled to a fee of £125,000 per annum with all other independent Directors receiving £20,000 per annum. Mr Kawkabani has waived his fees but continues to receive a fee as a Director of the Master Fund. The Directors are also entitled to be reimbursed for expenses properly incurred in the performance of their duties as Directors.

6. Facility Agreement

The Company has entered into a Facility Agreement with Citigroup N.A. dated 20 April 2007. The Company has negotiated a 364-day share buy back facility, arranged by Citigroup N.A. to enable the Company to, *inter alia*, purchase its own shares and shares in the Brevan Howard Master Fund. The purposes of the facility agreement are (i) the repurchase of the Company's shares at times when the market price is less than NAV per share; (ii) working capital purposes; and (iii) purchases of shares in the Brevan Howard Master Fund. The facility of €80,000,000 has not been utilised during the period.

7. Share capital

The Company was incorporated with the authority to issue an unlimited number of ordinary shares with no par value which may be divided into at least three classes denominated in US Dollars, Euros and Sterling. At incorporation, two shares were subscribed by the subscribers to the Memorandum of Association. These shares were later transferred to subscribers in the Offer.

	USD shares	EUR shares	GBP shares	Company Total
Number of ordinary shares				
Shares issued 14 March 2007	45,056,818	27,219,130	10,545,400	82,821,348
Shares issued 12 April 2007	1,054,181	2,721,913	957,740	4,733,834
In issue at end of period	46,110,999	29,941,043	11,503,140	87,555,182

	US\$	€	£	US\$
Share Premium Account				
Proceeds of shares issued 14 March 2007	450,568,180	272,191,300	105,454,000	1,014,504,791
Proceeds of shares issued 12 April 2007	10,541,810	27,219,130	9,577,400	66,235,668
Transfer to Distributable Reserve	(461,109,990)	(299,410,430)	(115,031,400)	(1,080,740,459)
At end of period	-	-	-	-

By way of a special resolution passed on 5 February 2007, it was resolved that, conditional on admission and the approval of the Court in Guernsey, the amount standing to the credit of the share premium account of the Company following completion of the Offer be cancelled and the amount so cancelled be credited to a Distributable Reserve. This resolution was approved by the Royal Court of Guernsey on 23 March 2007.

7. Share capital (continued)

Share classes

In respect of each class of shares a separate class account has been established in the books of the Company. An amount equal to the aggregate proceeds of issue of each share class has been credited to the relevant class account. Any increase or decrease in the NAV of the Master Fund US Dollar shares, Master Fund Euro shares and Master Fund Sterling shares as calculated by the Master Fund is allocated to the relevant class account in the Company. Each class account is allocated those costs, pre-paid expenses, losses, dividends, profits, gains and income which the Directors determine in their sole discretion relate to a particular class.

Voting rights

Ordinary shares carry the right to vote at general meetings of the Company and to receive any dividends, attributable to the ordinary shares as a class, declared by the Company and, in a winding-up will be entitled to receive, by way of capital, any surplus assets of the Company attributable to the ordinary shares as a class in proportion to their holdings remaining after settlement of any outstanding liabilities of the Company.

As prescribed in the Company's Articles of Association, the different classes of ordinary shares have different values attributable to their votes. These voting rights are binding. The attributed values have been calculated on the basis of the Weighted Voting Calculation (as described in the Articles of Association) which takes into account the prevailing exchange rates on the date of initial issue of ordinary shares. Currently, on a vote, a single US Dollar ordinary share has 0.7606 votes, a single Euro ordinary share has one vote and a single Sterling ordinary share has 1.4710 votes.

Repurchase of shares

The Directors have been granted authority to purchase in the market up to 14.99% of each class of shares that were in issue immediately following admission, and they intend to seek annual renewal of this authority from shareholders. The Directors propose to utilise this share repurchase authority to address any imbalance between the supply of and demand for shares and intend to do so actively if the closing price of any class of shares on any day on which such class of shares is traded is 5% or more below the most recently published NAV per share of that class.

Under the Company's Articles of Association, shareholders of a class of shares also have the ability to call for repurchase of that class of shares where it has traded at an average discount of 10% or more to average NAV per share over a rolling 12 month period or, where resolutions for repurchase have been passed by shareholders of all classes of shares for the winding-up of the Company.

Further issue of shares

Under the Articles, the Directors have the power to issue further shares on a non-pre-emptive basis. If the Directors issue further shares, the issue price will not be less than the then-prevailing estimated weekly NAV per share of the relevant class of shares.

Distributions

The Master Fund has not previously paid dividends to its investors and does not expect to do so in the future. Therefore, the Directors of the Company do not expect to declare any dividends. This does not prevent the Directors of the Company from declaring a dividend at any time in the future if the Directors consider payment of a dividend to be appropriate in the circumstances. If the Directors declare a dividend, such dividend will be paid on a per class basis.

Share Conversion Scheme

On 27 June 2007 the Company implemented a Share Conversion Scheme. The scheme provides shareholders with the ability to convert some or all of their shares in the Company of one class into shares of another class. The first conversion date was 31 July 2007 and thereafter shareholders will be able to convert shares on the last business day of September, December, March and June each year. Each conversion will be based on NAV (Note 9) of the share classes to be converted.

8. Taxation

The Fund is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989.

9. Publication and calculation of Net Asset Value

The NAV of the Company is equal to the value of its total assets less its total liabilities. The NAV per share of each class will be calculated by dividing the NAV of the relevant class account by the number of shares of the relevant class in issue on that day.

The Company publishes the NAV per share for each class of shares as calculated by the Administrator based in part on information provided by the Master Fund, monthly in arrears, as at each month end.

The Company also publishes an estimate of the NAV per share for each class of share as calculated by the Administrator based in part on information provided by the Master Fund, weekly in arrears.

Notes to the Unaudited Financial Statements continued

For the period from 17 January 2007 (date of incorporation) to 30 June 2007

10. Financial highlights

The following tables include selected data for a single ordinary share of each of the ordinary share classes in issue throughout the period and other performance information derived from the Financial Statements.

The per share amounts and ratios which are shown reflect the income and expenses of the Company for each class of ordinary share.

	USD shares US\$	EUR shares €	GBP shares £
Per share operating performance			
Issue price of ordinary shares	10.00	10.00	10.00
Income from investment operations			
Net investment loss	(0.09)	(0.12)	(0.08)
Net realised and unrealised gain on investment	0.44	0.42	0.42
Total from investment operations	0.35	0.30	0.34
Net Asset Value, end of the period	10.35	10.30	10.34
Total return after performance fee			
Total return before performance fee	4.28%	3.74%	4.20%
Performance fee	(0.81%)	(0.70%)	(0.79%)
Total return after performance fee	3.47%	3.04%	3.41%

Total return reflects the net return for an investment made at the beginning of the period and is calculated as the change in the NAV per ordinary share during the period ended 30 June 2007. Total return is not annualised. An individual shareholder's return may vary from these returns based on the timing of their subscription or redemption of shares on the market.

	US\$	€	£
Supplemental data			
Net Asset Value, end of the period	477,102,866	308,524,270	118,954,129
Ratio to average net assets			
Operating expense (Notes 1 and 2)	9.04%	8.95%	8.94%
Performance fee	0.80%	0.71%	0.80%
	9.84%	9.66%	9.74%
Net loss before realised and unrealised investment gains (Note 3)	(0.86%)	(1.18%)	(0.80%)

Notes:

1. Average net assets for the period ended 30 June 2007 were US\$464,732,985, €295,911,675 and £114,150,856 for the USD ordinary shares, Euro ordinary shares and the Sterling ordinary shares, respectively.
2. Operating expenses are total expenses from the Statement of Operations less the performance fee plus the operating expenses of the Master Fund. Operating expense and net investment loss are not annualised.
3. Although there is a net loss before realised and unrealised investment gains, the Company had a total positive return of 3.47%, 3.04% and 3.41% for the US Dollar ordinary shares, Euro ordinary shares and the Sterling ordinary shares, respectively.

Management and Administration

Directors

Ian Plenderleith (Chairman)*
Anthony Hall*
Nagi Kawkabani
Christopher Legge*
Talmi Morgan*

(All Directors are non-executive and were appointed on 17 January 2007)

* These Directors are independent.

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Administrator, Registrar and Corporate Secretary

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