BH Macro Limited
Interim Unaudited Financial Statements 2009

INTERIM UNAUDITED
FINANCIAL STATEMENTS
30 June 2009

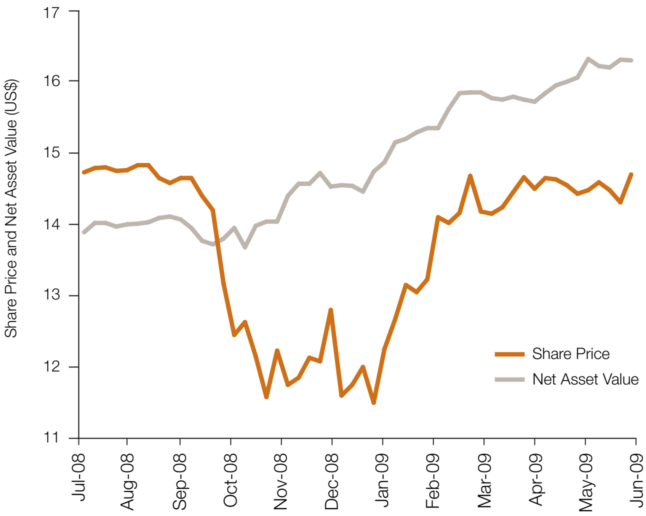
Contents

Chairman's Statement

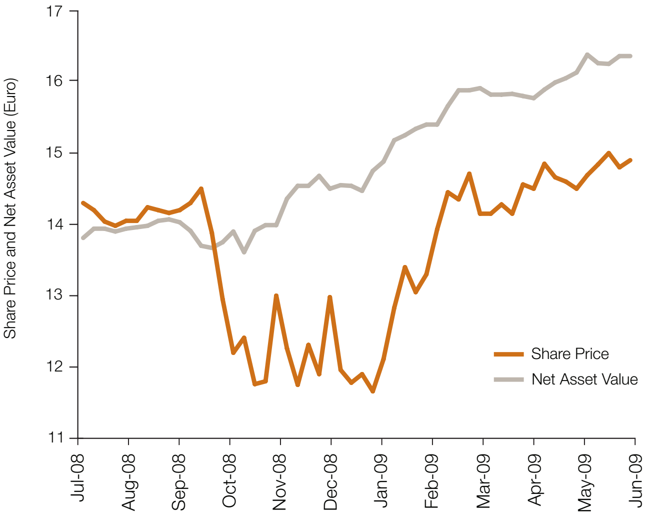
The first half of 2009 has been a period of challenge, but ultimately solid progress, for BH Macro Limited (the "Company"), with continued strong gains in the net asset value of the Company's shares and a marked narrowing in the share price discount.

Net asset value ("NAV") per share has risen by 11.84% for the Sterling shares in the first half of 2009, with the NAV for the US Dollar shares up by 11.82% and for the Euro shares up by 12.30%. This superior performance extends the Company's outstanding track record, as evidenced by the accompanying charts, since its launch in March 2007 of achieving steady continuing gains in NAV through a variety of different, and at times exceptionally challenging, market conditions. What is particularly notable is the consistency of the Company's performance. Positive gains have been achieved in all but 5 of the 28 months in the US Dollar shares since the Company's launch and the compound annual growth rate in NAV since launch has been 23.29% for the Sterling shares.

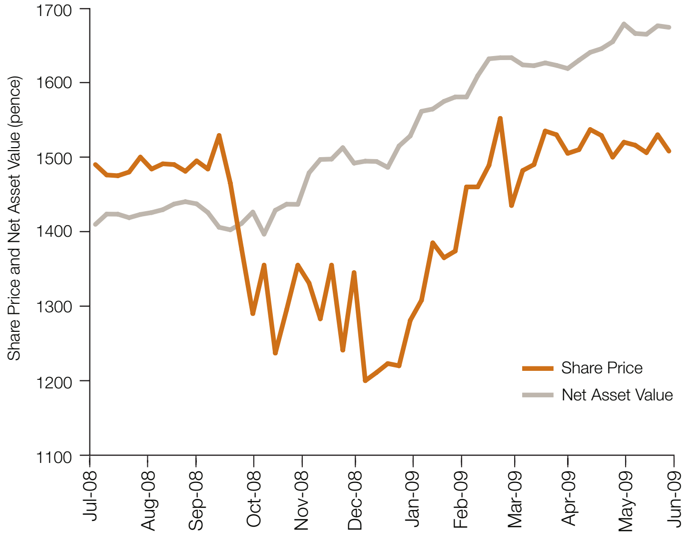
US Dollar shares
Share Price vs Net Asset Value



Euro shares
Share Price vs Net Asset Value



Sterling shares
Share Price vs Net Asset Value



Source of graphs: Brevan Howard Asset Management LLP

In line with its stated purpose, the Company has continued to invest all its assets (net of working capital requirements) in the Brevan Howard Master Fund Limited (the "Master Fund"). The Master Fund in turn seeks to generate consistent long-term capital appreciation through active leveraged trading and investment on a global basis. Its strong performance demonstrates its continued capacity to do just that. Key components in the Master Fund's ability to achieve such excellent results are its Managers, the depth and quality of its analytical and trading resources, its ability to identify and capitalise on market opportunities, and its commitment to the highest standards of operational and risk management. Throughout the recent market turbulence, the Company's Board has been giving particularly close attention to both those features of the Master Fund's operations and the Board continues to have a high regard for the Master Fund's performance in both areas.

For the first year and more of the Company's operations its shares traded generally at a small premium to NAV. As the upheaval in the global financial system intensified in September 2008 the shares moved to a discount, essentially reflecting a general and indiscriminate market sell-down. The Company's continuing gains in NAV were initially largely ignored as investors were forced to realise investments regardless of value in order to generate liquid resources.

After initially widening to an exaggerated degree in these chaotic market conditions, the discount moderated by early 2009 to a range of around 10-15% as a more two-way market was re-established. In these circumstances it was possible to get a clearer idea of underlying supply and demand and accordingly early in 2009 the Board judged that it would be in the general interest of shareholders to initiate discount management operations on two fronts: it undertook market purchases of shares; and it sought and received shareholder approval for a partial return of capital, which was implemented by tender in Spring 2009. Market purchases

Chairman's Statement continued

helped at the margin, but did not in fact uncover any significant selling pressure. The partial return of capital, which amounted to 7.5% of the Company's US Dollar and Euro shares and 5.1% of the Company's Sterling shares, served to enable shareholders in need of liquidity partially to realise their investment in the Company at a price closer to NAV than current market prices and helped to restore a better balance between supply and demand in the market. Partly as a result, the discount has narrowed markedly during recent months, returning below 10% and moving more recently below 5%. Despite these share repurchases, which amounted to US$122 million, the Company remains a substantial fund, with its NAV totalling US$1.772 billion at the end of June 2009.

At the Company's AGM in June 2009, a scheme was approved for an annual offer, at the Directors' discretion, to be made to shareholders of a partial return of capital of up to 100% of the positive NAV performance (if any) of the Company in the prior calendar year. The Board believes that this facility should prove valuable by providing an opportunity for shareholders to offer some of their shares for redemption by the Company at a price determined by reference to the prevailing NAV while, at the same time, not disadvantaging shareholders who do not want to redeem any shares.

In other activities, too, the Board has continued to pursue opportunities to broaden the Company's base as a publicly-listed company and to give a wider range of investors access to its track record of superior investment returns. The Company continues to be included in the FTSE 250 Index (for its Sterling and Euro shares) and, besides its main listing in London, it has maintained its listings in Dubai and Bermuda. Regular communication is maintained with shareholders and presentations are made to keep analysts, financial journalists and the wider investment community informed of the Company's progress. Up-to-date performance information is provided through NAV data published monthly on a definitive basis and weekly on an estimated basis, as well as through risk reports and monthly shareholder reports. All these reports and further information about the Company is available on its website (www.bhmacro.com).

The Directors take very seriously their responsibility for safeguarding the interests of shareholders and believe that the Company observes high standards of corporate governance. The Board, which is independent of the Brevan Howard group, has held quarterly scheduled meetings and has met ad hoc on other occasions as necessary. At each quarterly meeting Directors conduct a thorough review of the Company's financial performance and activities and of the services it engages from outside service providers, as well as addressing issues that arise from the development of the Company's business. The work of the Board is supported by the Audit Committee, which has also met regularly.

Looking ahead, the class closure provisions in the Company's Articles of Association (the "Articles"), which apply if the share price for a particular class has been at an average discount to the NAV per share of the relevant class of 10% or more over a 12 month period, may or may not be triggered in the coming months. If they are – and it is to be noted that approval of the class closure arrangements for each affected class would require 75% of the members of the relevant class who vote on the arrangements to be in favour – the Board will bring forward proposals to give effect to the provisions. In terms of investment performance, market conditions remain fragile, the global economic outlook is uncertain and the regulatory framework for investment management remains the subject of debate. The Board believes, however, that the Company's consistent performance over the two years and more since its launch demonstrates that the structure of a listed feeder fund investing in a top-quality fund management enterprise remains valid and is one that can continue to generate superior non-correlated returns for shareholders in the years ahead.

Ian Plenderleith
Chairman

25 August 2009

Directors' Report

30 June 2009

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 1 January 2009 to 30 June 2009, which have been prepared properly, in conformity with accounting principles generally accepted in the United States of America (US GAAP), 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-ended investment company incorporated in Guernsey on 17 January 2007.

The Company was admitted to a Secondary Listing (Chapter 14) on the Official List of the London Stock Exchange on 14 March 2007. On 11 March 2008, the Company migrated from the Secondary Listing to a Primary Listing pursuant to Chapter 15 of the Listing Rules of the UK Listing Authority.

As of 20 October 2008 the Company obtained a further Secondary Listing on the Bermuda Stock Exchange and with effect from 11 November 2008, the US Dollar Shares of the Company were admitted to a Secondary Listing on NASDAQ Dubai.

The proceeds from the original issue of shares on listing amounted to approximately US$1.1 billion. On 26 October 2007 the Company issued further shares in a cash placing amounting to approximately US$0.1 billion.

During the period ended 30 June 2009, the Company launched a Tender Offer and has bought back US$0.1 billion of shares and is holding them in treasury.

The Company is a member of the Association of Investment Companies.

Investment objective and policies

The Company is organised as a feeder fund that invests all of its assets (net of short-term working capital requirements) directly in Brevan Howard Master Fund Limited (the "Master Fund"), a hedge fund in the form of a Cayman Islands open-ended investment company, and which has as its investment objective the generation of consistent long-term appreciation through active leveraged trading on a global basis.

The Master Fund has flexibility to invest in a wide range of instruments including, but not limited to, debt securities and obligations (which may be below investment grade), bank loans, listed and unlisted equities, other collective investment schemes, currencies, commodities, futures, options, warrants, swaps and other derivative instruments. 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.

The Company may employ leverage for the purposes of financing share purchases or buy backs, satisfying working capital requirements or financing further investment into the Master Fund, subject to an aggregate borrowing limit of 20 per cent. of the Company's net asset value, calculated as at the time of borrowing. Borrowing by the Company is in addition to leverage at the Master Fund level, which has no limit on its own leverage.

Results and dividends

The results for the period are set out in the Unaudited Statement of Operations on page 13. 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 6 to the Interim Unaudited Financial Statements.

Going concern

After making enquiries and given the nature of the Company and its investments, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing these Interim Unaudited Financial Statements, and, after due consideration, the Directors consider that the Company is able to continue for the foreseeable future.

The Board

The Board of Directors has overall responsibility for safeguarding the Company's assets, for the determination of the investment policy of the Company, for reviewing the performance of the service providers and for the Company's activities. The Directors, all of whom are non-executive, are disclosed on the inside back cover. Stephen Stonberg is not independent of the Manager. Talmai Morgan is not independent of the Manager for the purposes of LR15.2.12.

The Articles provide that unless otherwise determined by ordinary resolution, the number of the Directors shall not be less than two and the aggregate remuneration of all Directors in any twelve month period or pro rata for any lesser period shall not exceed £300,000 or such higher amount as may be approved by ordinary resolution.

The Board meets at least four times a year and between these formal meetings there is regular contact with the Manager and the Secretary. The Directors are kept fully informed of investment and financial controls, and other matters that are relevant to the business of the Company and should be brought to the attention of the Directors. The Directors also have access to the Administrator and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company.

The Board has a breadth of experience relevant to the Company, and the Directors believe that any changes to the Board's composition can be managed without undue disruption. With any new Director appointment to the Board, consideration will be given as to whether an induction process is appropriate.

Directors' Report continued

30 June 2009

Directors

The table below sets out the number of Board and Audit Committee meetings held during the period from 1 January 2009 to 30 June 2009 and the number of meetings attended by each Director, who served on the Board and/or as a Committee Member during the period.

Scheduled Board Meetings	Held	Attended
Ian Plenderleith	3	3
Anthony Hall	3	3
Christopher Legge	3	3
Talmai Morgan	3	3
Stephen Stonberg	3	3

Audit Committee Meetings		
Anthony Hall	2	2
Christopher Legge	2	2
Talmai Morgan	2	2

Directors' interests

Stephen Stonberg is a Partner of Brevan Howard Asset Management LLP and Head of North American Investor Relations at Brevan Howard.

Talmai Morgan and Stephen Stonberg are both non-executive Directors of BH Global Limited which was incorporated on 25 February 2008 and started trading on the London Stock Exchange on 23 May 2008. BH Global Limited is managed by Brevan Howard Offshore Management Limited, the Company's Manager, and is a feeder fund for the Brevan Howard Global Opportunities Master Fund Limited which invests, amongst other investments, in the Master Fund.

The Directors had the following interests in the Company, held either directly or beneficially at 30 June 2009 and at 31 December 2008:

	Sterling Shares
Ian Plenderleith	Nil
Anthony Hall	10,000
Christopher Legge	Nil
Talmai Morgan	Nil
Stephen Stonberg	Nil

Subsequent to the period end, Stephen Stonberg acquired, through on-market purchases, a beneficial interest of 5,676 Sterling shares in the Company as detailed in stock exchange announcements made on 10 August 2009.

Manager

Brevan Howard Offshore Management Limited (the "Manager") is entitled to management and performance fees as described in Note 4 to the Interim Unaudited Financial Statements. In the opinion of the Directors, given the performance of the Manager, the continuing appointment of the Manager on the terms currently agreed (detailed in Note 4) is in the interests of the shareholders. Accordingly, the Board recommends retaining the services of Brevan Howard Offshore Management Limited as the Manager.

Auditor

A resolution for the re-appointment of KPMG Channel Islands Limited will be proposed at the next Annual General Meeting.

Corporate governance

As an investment company, most of the Company's day-to-day responsibilities are delegated to third parties and the Directors are all non-executive. 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 "Code"). As a closed-ended investment company registered in Guernsey, the Company is eligible for exemption from the requirements of the Code. There is no published corporate governance regime equivalent to the Code in Guernsey. The Board has however put in place a framework for corporate governance which it believes is appropriate having regard to the Company's size, stage of development and resources and with reference to the recommendations within the Association of Investment Companies' Corporate Governance Guide for Investment Companies. This framework enables the Company voluntarily to comply with the main requirements of the Code, which sets out principles of good governance and a code of best practice.

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 is independent of the Manager and of 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.

Except as disclosed in the following paragraphs, the Company complied throughout the period with the provisions of the Code. The provisions of the Code in respect of Directors' remuneration are not relevant to the Company as all the Directors are non-executive.

In view of its non-executive and independent nature, the Board considers that it is not appropriate for a Senior Independent Director to be appointed as recommended by Code provision A.3.3, nor for there to be a Nomination Committee as recommended by Code provision A.4.1 or a Remuneration Committee as anticipated by Code provision B.1.5. The Directors are not appointed for a specified term as recommended by Code provision A.7.2 however, as required by the Company's Articles 20.3, one third of the Directors will retire by rotation at each Annual General Meeting. On 24 June 2009, the Annual General Meeting of the Company, Shareholders re-elected Ian Plenderleith, Talmai Morgan and Stephen Stonberg as Directors of the Company.

The Board, of which Ian Plenderleith is Chairman, consists solely of non-executive Directors. As at the period end, all the Directors, except Stephen Stonberg, are considered by the Board to be independent of the Company's Manager.

Talmai Morgan is not considered to be independent if the test of director independence contained in LR15.2.12 is applied in assessing independence for audit committee membership purposes. However, this does not prevent Talmai Morgan from serving on the Audit Committee. The Board believes that, in light of the current composition of the Audit Committee, Talmai Morgan's membership of the Audit Committee is justified, on the basis that his knowledge, skills and experience would be of value to the Committee in the discharge of its duties. The Board believes that Talmai Morgan will act objectively and be candid in the discharge of his duties as a member of the Audit Committee. The Board further believes that Talmai Morgan's directorship of BH Global Limited will not impede his judgement and ability to serve as a member of the Audit Committee.

The Company has established an Audit Committee with formal duties and responsibilities. This Committee meets formally at least twice a year and each meeting is attended by the external auditors. The Audit Committee comprises Christopher Legge, Anthony Hall and Talmai Morgan. Christopher Legge is the Chairman of the Audit Committee.

The Audit Committee reviews and recommends to the Board the Financial Statements of the Company and is the forum through which the Auditor reports to the Board of Directors. The objectivity of the Auditor is reviewed by the Audit Committee which also reviews the terms under which the external Auditors are appointed to perform non-audit services. The Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditors, with particular regard to non-audit fees. Non-audit fees were paid to KPMG Channel Islands Limited during the period amounting to £5,175 in relation to the Tender Offer. The Audit Committee considers KPMG Channel Islands Limited to be independent of the Company.

The Audit Committee has reviewed the need for an internal audit function. The Audit Committee has decided that the systems and procedures employed by the Manager and the Administrator, including their internal audit functions, provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

Appointment to the Audit Committee shall be for a period up to three years which may be extended for two further three year periods provided that the majority of the Audit Committee remain independent of the Manager.

At the Audit Committee Meeting held on 19 November 2008 the Audit Committee evaluated its performance by reviewing the results of the self-assessment just undertaken. It was concluded that the Audit Committee was considered to be functioning effectively.

A member of the Audit Committee will be available to attend each Annual General Meeting to respond to any shareholder questions on the activities of the Audit Committee.

Relations with shareholders

The Board welcomes shareholders' views and places great importance on communication with its shareholders. The Board receives regular reports on the views of shareholders and the Chairman and other Directors are available to meet shareholders if required. The Annual General Meeting of the Company provides a forum for shareholders to meet and discuss issues with the Directors of the Company. The Manager provides weekly estimates of NAV, a month end NAV, a monthly newsletter and a risk report. These are published via RNS and are also available on the Company's website, www.bhmacro.com.

The Manager maintains regular dialogue with institutional shareholders, the feedback from which is reported to the Board. In addition, Board members will be available to respond to shareholders' questions at the Annual General Meeting.

Directors' Report continued

30 June 2009

Significant shareholders

As at 30 June 2009, 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	10,923,515	23.15
Euroclear Nominees Limited	8,256,733	17.50
Lynchwood Nominees Limited	6,370,185	13.50
Nortrust Nominees Limited	3,332,829	7.06
Goldman Sachs Securities (Nominees) Limited	3,305,106	7.00
Vidacos Nominees Limited	2,979,050	6.31
Morstan Nominees Limited	2,209,021	4.68
Roy Nominees Limited	2,180,402	4.62
The Bank of New York (Nominees) Limited	1,781,688	3.78
Computershare Investor Services PLC	1,509,471	3.20
Euro shares		
Citibank Nominees (Ireland) Limited	4,105,249	21.88
Nordea Bank Danmark A/S	3,688,049	19.66
Securities Services (Nominees) Limited	3,476,224	18.53
HSBC Global Custody Nominee (UK) Limited	1,729,138	9.22
Euroclear Nominees Limited	1,309,961	6.98
Lynchwood Nominees Limited	999,367	5.33
Vidacos Nominees Limited	939,557	5.01
The Bank of New York (Nominees) Limited	642,022	3.42
Sterling shares		
Chase Nominees Limited	4,624,784	21.81
State Street Nominees Limited	2,892,084	13.64
HSBC Global Custody Nominee (UK) Limited	2,196,985	10.36
Nutraco Nominees Limited	2,182,900	10.29
Lynchwood Nominees Limited	1,180,397	5.57
HSBC Client Holdings Nominee (UK) Limited	1,039,918	4.90
Pershing Nominees Limited	875,166	4.13
JPMorgan Cazenove Limited	726,544	3.43

Signed on behalf of the Board by:

Ian Plenderleith
Chairman

Christopher Legge
Director

25 August 2009

Statement of Directors' Responsibility in Respect of the Interim Unaudited Financial Statements

We confirm to the best of our knowledge that:

- these Interim Unaudited Financial Statements have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America and give a true and fair view of the financial position of the Company; and
- these Interim Unaudited Financial Statements include information detailed in the Chairman's Statement, the Directors' Report, the Manager's Review and the Notes to the Interim Unaudited Financial Statements, which provides a fair review of the information required by:-

(a) DTR 4.2.7 of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on these Interim Unaudited Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8 of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last Annual Audited Financial Statements that could materially affect the financial position or performance of the Company.

Signed on behalf of the Board by:

Ian Plenderleith
Chairman

Christopher Legge
Director

25 August 2009

Manager's Review

Brevan Howard Offshore Management Limited is the Manager of the Company and of the Master Fund.

Performance review

The Company's NAV per share gained 11.82% for the US Dollar shares, 12.30% for the Euro shares and 11.84% for the Sterling shares during the first 6 months of 2009.

The NAV performance of each currency class of the Company on a month-by-month basis since launch is set out below:

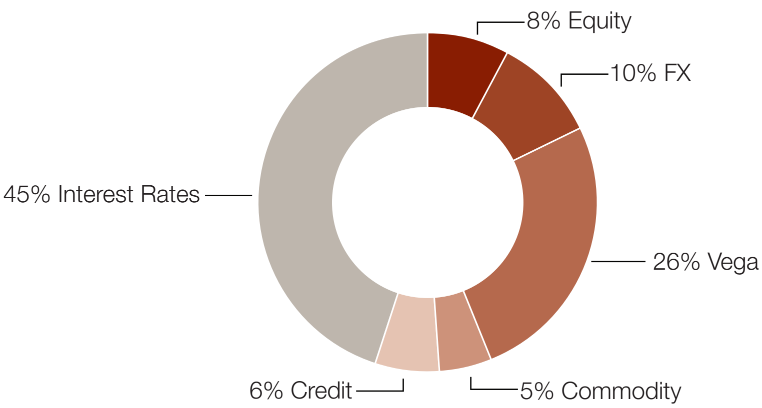
USD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	–	–	0.10	0.90	0.15	2.29	2.56	3.11	5.92	0.03	2.96	0.75	20.27
2008	9.89	6.70	(2.79)	(2.48)	0.77	2.75	1.13	0.75	(3.13)	2.76	3.75	(0.68)	20.32
2009	5.06	2.78	1.17	0.13	3.14	(0.86)	1.36						13.36

EUR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	–	–	0.05	0.70	0.02	2.26	2.43	3.07	5.65	(0.08)	2.85	0.69	18.95
2008	9.92	6.68	(2.62)	(2.34)	0.86	2.84	1.28	0.98	(3.30)	2.79	3.91	(0.45)	21.65
2009	5.38	2.67	1.32	0.14	3.12	(0.82)	1.33						13.77

GBP	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	–	–	0.11	0.83	0.17	2.28	2.55	3.26	5.92	0.04	3.08	0.89	20.67
2008	10.18	6.85	(2.61)	(2.33)	0.95	2.91	1.33	1.21	(2.99)	2.84	4.23	(0.67)	23.25
2009	5.19	2.86	1.18	0.05	3.03	(0.90)	1.36						13.36

Source: Company NAV data is provided by the Company's Administrator. Company NAV per share % monthly change calculations made by Brevan Howard Asset Management LLP ("BHAM"). NAV Data is unaudited and net of all investment management fees (2% annual management fee and 20% performance fee) and all other fees and expenses payable by the Company. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

The investment profile by Asset Class of the Master Fund as at 30 June 2009 is set out below:



Source: BHAM

Share repurchases and discount management

During the first six months of 2009 the Company completed a tender offer for up to 7.5% of each class of its shares and has also purchased shares on-market in accordance with its ongoing discount management policy. When combining the tender offer purchases with those made on-market the following number of shares were purchased between 1 January and 30 June 2009:

Share Class	Shares purchased in 2009 (on or before 30 June 2009)
US Dollar shares	4,438,476
Euro shares	1,572,013
Sterling shares	1,027,595

Source: Administrator

Commentary and Outlook

Company Performance and Outlook

The financial environment in which the Company has been operating in the past 12 months has been extraordinary. The world has experienced a vast de-leveraging, central bank intervention on an unprecedented scale, markets that have been chaotic and unpredictable, and banks, funds and businesses have filed for bankruptcy. Against this backdrop the Company has delivered stable and positive returns.

In the first 6 months of 2009, the Master Fund made strong profits in interest rate trading; in particular, significant return was made in directional fixed income, principally at the short end of the curve and relative value fixed income at the longer end, and volatility trading (options trading) in major currencies. Other significant contributors to performance were credit and emerging markets. There were no significant losses on the other asset classes, either individually or in aggregate.

Risk as measured by Value at Risk, has been selectively added to the portfolio – though in moderation – over 2009. It should be noted that a component of this increase is as a result of the data period used (2 years equally weighted) to calculate risk, attributing more weight to the dysfunctional markets in 2008.

As at 30 June 2009, levels of unencumbered cash in the portfolio of the Master Fund remained high and in excess of 70% and securities leverage (ratio of absolute value of securities (excluding derivatives) to NAV) remained low at 0.5.

The Manager expects the environment over coming months to be less stressful compared to the recent past which should provide a stable environment for the Company to continue to deliver consistent long-term net asset value appreciation in accordance with its investment objectives.

Market Commentary

The Investment Manager of the Master Fund, Brevan Howard Asset Management LLP ("BHAM"), has provided the Company's Manager with the following market commentary regarding the financial landscape in which the Master Fund operates (as at 30 June 2009):

United States of America

Leading indicators improved in June while lagging indicators suggested the contraction in activity levels has continued, albeit at a slower pace. Private borrowing rates and spreads fell noticeably during the month, a development which suggests that the credit channel is opening up again.

Despite improvements in the financial sector and certain leading indicators, we believe the recession is likely to continue into the summer of 2009. Consumption spending has been broadly flat despite the boost to income provided by tax cuts and given that mortgage rates have ticked back up, hopes for a recovery in housing have been pushed back.

Although major parts of final demand will remain soft, we believe the inventory cycle combined with fiscal stimulus and some improvement in financial markets point to an end of the recession during the summer.

Europe

Further signs of stabilization emerged in June across the Economic and Monetary Union ("EMU") economy. Business surveys posted their third consecutive monthly improvement as the pace of contraction in activity levels subsided. The overhang of inventories is currently a drag for industrial production across the EMU. Nonetheless, the industrial sector is starting to see through this and business expectations are recovering. These improvements are occurring as a result of huge international monetary and fiscal stimuli.

Households' spending dynamics continue to be supported by both fiscal measures and lower inflation. Nevertheless, the resilience of EMU consumers is likely to be negatively impacted by the ongoing deterioration of the labour market.

After reducing the main policy rate to 1% in May, the European Central Bank ("ECB") focused on its credit-enhancing program, which aims to support EMU banks with their funding needs. Until the impact of this programme becomes clearer, the ECB will likely maintain its "wait and see" stance.

United Kingdom

The United Kingdom's transition from a period of economic disruption to a period of stabilisation continued through June as activity surveys and data on the labour market and housing market improved. However, retail sales and wage growth remained weak. This mixed picture serves as a reminder that the improvement in the data does not necessarily herald a typical cyclical recovery. While the economy is benefiting from very strong stimuli from fiscal and monetary policies, as well as from the weak exchange rate of Sterling, substantial medium-term downward forces are persisting as banks, firms and households continue to repair their balance sheets.

Inflation is on a downward trajectory and, given the substantial amount of slack in the economy, further downward pressure remains. The economy is broadly evolving in line with the Bank of England's expectations. This implies that, while the existing policy stimulus is likely to remain in place for some time, it is not clear whether additional monetary policy stimulus will be utilised at this stage.

Japan

The Japanese economy continues its rebound following the drastic loss of output recorded in the second half of 2008 and the beginning of 2009. Recent indications suggest that consumer spending increased in May for the third month in a row. Moreover, June surveys geared towards domestic spending activity – for

Manager's Review continued

instance, the Economic Watchers and the Small Business surveys – surged further in June, indicating that the big fiscal stimulus plan is having a positive impact on households. In May, Japan industrial production also increased strongly, boosted by a rebound of exports, especially to the rest of Asia. Further, surveys such as the PMI suggest a continuation of the positive trend in the manufacturing sector.

However, data on capital good orders, which are available until May, indicate that the appetite to invest remains very low, both for domestic firms and overseas clients. The scale of the loss of output is so large that it is highly unlikely that there will be a sustained recovery in the short-term.

Information and opinions presented in the commentary above relating to the market, the Company, and the Master Fund, have been obtained or derived from sources believed by BHAM to be reliable, but BHAM makes no representation as to their accuracy or completeness. This material is provided for information purposes only and should not be relied upon for any purpose.

Brevan Howard thanks shareholders once again for your continued support.

Gunther Thumann
Signed on behalf of Brevan Howard Offshore Management Limited in its capacity as Manager of BH Macro Limited

25 August 2009

Independent Review Report to the Members of BH Macro Limited

We have been engaged by the Company to review the Interim Unaudited Financial Statements included in the Interim Report for the six month period to 30 June 2009 which comprises the Unaudited Statement of Assets and Liabilities, the Unaudited Statement of Operations, the Unaudited Statement of Changes in Net Assets, the Unaudited Statement of Cash Flows and the related explanatory Notes. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Interim Unaudited Financial Statements.

This Report is made solely to the Company in accordance with the terms of our engagement letter dated 12 June 2009 to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the Company those matters we are required 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 is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the DTR of the UK FSA.

As disclosed in Note 3, the Annual Audited Financial Statements of the Company are prepared in conformity with accounting principles generally accepted in the United States of America and applicable law.

Our responsibility
Our responsibility is to express to the Company a conclusion on the Interim Unaudited Financial Statements included in the Interim Report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the Interim Unaudited Financial Statements included in the Interim Report for the six month period to 30 June 2009 are not prepared, in all material respects, in conformity with accounting principles generally accepted in the United States of America and the DTR of the UK FSA.

KPMG Channel Islands Limited
Chartered Accountants
Guernsey

25 August 2009

Unaudited Statement of Assets and Liabilities

As at 30 June 2009

	30.06.09 US$	31.12.08 US$	30.06.08 US$
Assets			
Investment in the Master Fund (cost 30 June 2009: US$854,250,306; 31 December 2008: US$1,028,995,069; 30 June 2008: US$1,091,196,577)	1,774,971,605	1,635,583,839	1,816,405,221
Amounts due from the Master Fund	1,654,439	–	–
Performance fees receivable (Note 4)	–	4,163,259	1,791,937
Prepaid expenses	144,450	–	–
Cash and bank balances denominated in US Dollars	17,444,334	1,559,126	2,534,054
Cash and bank balances denominated in Euro	14,066,323	916,624	1,061,700
Cash and bank balances denominated in Sterling	13,642,582	832,760	780,553
Total assets	**1,821,923,733**	**1,643,055,608**	**1,822,573,465**
Liabilities			
Performance fees payable (Note 4)	46,240,462	–	57,714,743
Management fees payable (Note 4)	2,678,853	2,711,448	5,483,126
Redemptions payable	733,965	–	–
Accrued expenses and other liabilities	112,691	60,425	125,989
Directors' fees payable (Note 5)	94,946	85,540	105,804
Administration fees payable (Note 4)	82,245	78,235	239,726
Total liabilities	**49,943,162**	**2,935,648**	**63,669,388**
Net assets	**1,771,980,571**	**1,640,119,960**	**1,758,904,077**
Number of shares in issue (Note 6)			
US Dollar shares	47,182,753	54,992,632	53,029,108
Euro shares	18,758,834	21,470,815	27,689,203
Sterling shares	21,208,841	19,075,361	15,185,929
Net Asset Value per share (Notes 8 and 10)			
US Dollar shares	US$16.18	US$14.47	US$13.84
Euro shares	€16.25	€14.47	€13.76
Sterling shares	£16.63	£14.87	£14.04

See accompanying Notes to the Interim Unaudited Financial Statements.

Signed on behalf of the Board by:

Ian Plenderleith
Chairman

Christopher Legge
Director

25 August 2009

Unaudited Statement of Operations

For the period from 1 January 2009 to 30 June 2009

	01.01.09 to 30.06.09 US$	01.01.08 to 31.12.08 US$	01.01.08 to 30.06.08 US$
Net investment income/(loss) allocated from the Master Fund			
Interest	17,285,000	180,759,248	116,118,692
Dividend income (net of withholding tax of US$23,042)	74,580	733,559	524,430
Expenses	(15,078,957)	(196,294,468)	(121,503,941)
Net investment income/(loss) allocated from the Master Fund	**2,280,623**	**(14,801,661)**	**(4,860,819)**
Company income			
Fixed deposit income	5,732	107,529	60,369
Foreign exchange gains (Note 3)	67,569,466	–	35,012,096
Total Company income	**67,575,198**	**107,529**	**35,072,465**
Company expenses			
Performance fees (Note 4)	44,408,768	74,457,566	57,285,151
Management fees (Note 4)	15,666,662	32,198,467	16,027,966
Other expenses	396,156	1,383,079	458,063
Directors' fees (Note 5)	167,303	380,894	191,701
Administration fees (Note 4)	156,300	282,171	137,949
Foreign exchange losses (Note 3)	–	160,084,066	–
Total Company expenses	**60,795,189**	**268,786,243**	**74,100,830**
Net investment income/(loss)	**9,060,632**	**(283,480,375)**	**(43,889,184)**
Net realised and unrealised gain on investments allocated from the Master Fund			
Net realised gain on investments	542,893,855	160,769,568	190,182,181
Net unrealised (loss)/gain on investments	(296,742,360)	274,742,426	124,522,739
Net realised and unrealised gain on investments allocated from the Master Fund	**246,151,495**	**435,511,994**	**314,704,920**
Net increase in net assets resulting from operations	**255,212,127**	**152,031,619**	**270,815,736**

See accompanying Notes to the Interim Unaudited Financial Statements.

Unaudited Statement of Changes in Net Assets

For the period from 1 January 2009 to 30 June 2009

	01.01.09 to 30.06.09 US$	01.01.08 to 31.12.08 US$	01.01.08 to 30.06.08 US$
Net increase in net assets resulting from operations			
Net investment income/(loss)	9,060,632	(283,480,375)	(43,889,184)
Net realised gain on investments allocated from the Master Fund	542,893,855	160,769,568	190,182,181
Net unrealised (loss)/gain on investments allocated from the Master Fund	(296,742,360)	274,742,426	124,522,739
	255,212,127	**152,031,619**	**270,815,736**

Share capital transactions			
Purchase of own shares			
US Dollar shares	(66,982,509)	–	–
Euro shares	(31,651,435)	–	–
Sterling shares	(23,858,851)	–	–
Tender offer costs			
US Dollar shares	(437,615)	–	–
Euro shares	(179,546)	–	–
Sterling shares	(241,560)	–	–
	(123,351,516)	**–**	**–**

Net increase in net assets	**131,860,611**	**152,031,619**	**270,815,736**
Net assets at the beginning of the period	**1,640,119,960**	**1,488,088,341**	**1,488,088,341**
Net assets at the end of the period	**1,771,980,571**	**1,640,119,960**	**1,758,904,077**

See accompanying Notes to the Interim Unaudited Financial Statements.

Unaudited Statement of Cash Flows

For the period from 1 January 2009 to 30 June 2009

	01.01.09 to 30.06.09 US$	01.01.08 to 31.12.08 US$	01.01.08 to 30.06.08 US$
Cash flows from operating activities			
Net increase in net assets resulting from operations	255,212,127	152,031,619	270,815,736
Adjustments to reconcile net income to net cash provided by operating activities:			
Net investment (income)/loss allocated from the Master Fund	(2,280,623)	14,801,661	4,860,819
Net realised gain on investments allocated from the Master Fund	(542,893,855)	(160,769,568)	(190,182,181)
Net unrealised loss/(gain) on investments allocated from the Master Fund	296,742,360	(274,742,426)	(124,522,739)
Purchase of investment in the Master Fund	(8,004,178)	–	–
Proceeds from sale of investment in the Master Fund	182,963,557	114,754,359	16,370,970
Foreign exchange (gains)/losses	(67,569,466)	160,084,066	(35,012,096)
Increase in prepaid expenses	(144,450)	–	–
Increase/(decrease) in performance fees payable	50,403,721	(5,895,013)	55,982,989
(Decrease)/increase in management fees payable	(32,595)	333,886	3,105,564
Increase/(decrease) in accrued expenses and other liabilities	786,231	(453,457)	(387,893)
Increase/(decrease) in directors' fees payable	9,406	(18,562)	1,702
Increase/(decrease) in administration fees payable	4,010	(25,998)	135,493
Net cash provided by operating activities	**165,196,245**	**100,567**	**1,168,364**
Cash flows from financing activities			
Purchase of own shares	(122,492,795)	–	–
Tender offer costs	(858,721)	–	–
Net cash used in financing activities	**(123,351,516)**	**–**	**–**
Change in cash	**41,844,729**	**100,567**	**1,168,364**
Cash, beginning of the period	**3,308,510**	**3,207,943**	**3,207,943**
Cash, end of the period	**45,153,239**	**3,308,510**	**4,376,307**
Cash, end of the period			
Cash and bank balances denominated in US Dollars	17,444,334	1,559,126	2,534,054
Cash and bank balances denominated in Euro	14,066,323	916,624	1,061,700
Cash and bank balances denominated in Sterling	13,642,582	832,760	780,553
	45,153,239	**3,308,510**	**4,376,307**

See accompanying Notes to the Interim Unaudited Financial Statements.

Notes to the Interim Unaudited Financial Statements

For the period from 1 January 2009 to 30 June 2009

1. The Company

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 (Chapter 14) on the Official List of the London Stock Exchange on 14 March 2007. On 11 March 2008, the Company migrated from the Secondary Listing to a Primary Listing pursuant to Chapter 15 of the Listing Rules of the UK Listing Authority.

As of 20 October 2008 the Company obtained a further Secondary Listing on the Bermuda Stock Exchange and with effect from 11 November 2008, the US Dollar shares of the Company were admitted to a Secondary Listing on NASDAQ Dubai.

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 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 Interim Unaudited Financial Statements, there were two other feeder funds in operation in addition to the Company that invest all of their assets (net of working capital) in the Master Fund.

The Interim Unaudited Financial Statements of the Master Fund should be read alongside the Company's Interim Unaudited 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 also manages the Master Fund and in that capacity, as at the date of these Interim Unaudited 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, Brevan Howard (Israel) Limited and Brevan Howard Investments Products Limited.

3. Significant accounting policies

The Annual Audited Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America and the transitional provisions of The Companies (Guernsey) Law, 2008. The accompanying Interim Unaudited Financial Statements have been prepared of following the same accounting policies and methods of computation as the most recent Annual Audited Financial Statements. 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 within the Master Fund, as at 30 June 2009. At 30 June 2009, the Company's US Dollar, Euro and Sterling capital account represented 4.01%, 2.22% and 3.03% respectively of the Master Fund's capital (at 31 December 2008: 4.14%, 2.27% and 2.13% and at 30 June 2008: 3.94%, 3.22% and 2.28%).

Fair value measurement

The Company has adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("FAS 157"). In accordance with FAS 157, fair value is defined as the price that the Company would receive upon selling a security in an orderly transaction to an independent buyer in the principal or most advantageous market of the security.

FAS 157 establishes a three-level hierarchy to maximise the use of observable market data and minimise the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable.

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity.

Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

3. Significant accounting policies (continued)

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Company's Directors (the "Management"). Management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to Management's perceived risk of that instrument.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, Management's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. Management uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

The valuation and classification of securities held by the Master Fund is discussed in the notes to the Master Fund's Interim Unaudited Financial Statements which are available on the Company's website, www.bhmacro.com.

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 those 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

During 2007, share issue expenses of US$42,220,026 (the "Offer Costs") 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.

Pursuant to the terms of the Amended and Restated Management Agreement dated 13 February 2009, the Company must repay to the Manager a fraction of these Offer Costs for every US Dollar by which repurchases, redemptions or cancellations of the Company's shares reduce the Current US Dollar NAV of the Company below its NAV at the time of the Company's listing, being US$1,080,740,459. The Current US Dollar NAV is calculated using the exchange rates ruling at the time of the Company's Listing. The amount of these Offer Costs to be repaid for every US Dollar by which the Company's NAV is reduced will be US$0.0391, being the figure obtained by dividing the Offer Costs by the NAV of the Company at the time of its listing. The Directors consider the likelihood of this contingent liability crystallising as remote and hence no provision has been made within these Interim Unaudited Financial Statements.

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 effect share purchases or share buy-backs, to satisfy working capital requirements and to finance further investments in the Master Fund.

The Company may borrow up to 20% of its NAV, calculated as at the time of borrowing. Additional borrowing over 20% of NAV may only occur if approved by an ordinary resolution of the shareholders.

Foreign exchange

Investment securities and other assets and liabilities of the Sterling and Euro share classes are translated into US Dollars, the Company's reporting currency, using exchange rates at the reporting date. Transactions are translated into US Dollar amounts at the date of such transactions. The share capital, and other capital reserve accounts are translated at the historic rate ruling at the date of the transaction. Exchange differences arising on translation are included in the Unaudited Statement of Operations. This adjustment has no effect on the value of net assets allocated to the individual share classes.

Notes to the Interim Unaudited Financial Statements continued

For the period from 1 January 2009 to 30 June 2009

3. Significant accounting policies (continued)

Treasury shares

Where the Company purchases its own share capital, the consideration paid, which includes any directly attributable costs, is recognised as a deduction from equity shareholders' funds through the Distributable reserve. When such shares are subsequently sold or reissued to the market, any consideration received, net of any directly attributable incremental transaction costs, is recognised as an increase in equity shareholders' funds through the Share capital account. Shares held in treasury are excluded from calculations when determining NAV per share as detailed in Note 8 or in the Financial Highlights in Note 10.

Recent accounting pronouncements

In the period to 30 June 2009, the Company has adopted the Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards No. 161 "Disclosures about Derivative Instruments and Hedging Activities" ("FAS 161"). FAS 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. Management have evaluated the implications of FAS 161 and have determined that it has not had a material impact on these Interim Unaudited Financial Statements.

In the period to 30 June 2009, the Company has adopted FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 provides guidance for how uncertain tax positions should be recognised, measured, presented and disclosed in the Financial Statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority based on technical merits of the position. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the year of determination. Management have evaluated the implications of FIN 48 and have determined that it has not had a material impact on these Interim Unaudited Financial Statements.

The FASB issued Statement of Financial Accounting Standards No. 165 "Subsequent Events" ("FAS 165") on 28 May 2009. FAS 165 defines subsequent events as "events or transactions that occur after the balance sheet date but before financial statements are issued or are available to be issued." Subsequent events are either recognised or nonrecognised. An entity should recognise in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements. An entity should not recognise subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet but before the financial statements are issued or are available to be issued. FAS 165 is effective for interim or annual financial periods ending after 15 June 2009, and should be applied prospectively. As at 30 June 2009, there were no such events that require disclosure in these Interim Unaudited Financial Statements.

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 investment in the Class B shares of the Master Fund is not subject to management fees.

On 13 February 2009, the Company amended and restated the Management Agreement. As detailed in Note 3 'Share issue expenses' this was made to facilitate the operation of the discount management programme (as detailed in Note 9) whilst ensuring that the possible contingent liability is not effectively borne solely by those shareholders choosing not to participate in the discount management programme.

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 investment in the Class B shares of the Master Fund is not subject to performance fees.

The Master Fund may hold investments in other funds managed by the Manager. To ensure that shareholders of the Company are not subject to two tiers of fees, the fees paid to the Manager as outlined above are reduced by the Company's share of any fees paid to the Manager by the underlying Master Fund investments, managed by the Manager.

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 to the NAV based fee the Administrator is also entitled to an annual fee of £36,000 for certain additional administration services. The Administrator is entitled to be reimbursed out-of-pocket expenses incurred in the course of carrying out its duties as Administrator.

5. Directors' fees

The Chairman is entitled to a fee of £140,000 per annum. Christopher Legge, as Chairman of the Audit Committee, is entitled to receive £27,500 per annum. All other Directors are entitled to receive £25,000 per annum. Stephen Stonberg has waived his fee. The Directors are also entitled to be reimbursed for expenses properly incurred in the performance of their duties as Directors.

6. Share capital

Issued 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. The treasury shares have arisen as a result of the discount management programme as described in Note 9.

	US Dollar shares	Euro shares	Sterling shares
Number of ordinary shares			
In issue at 1 January 2009	**54,992,632**	**21,470,815**	**19,075,361**
Share conversions	(3,371,403)	(1,139,968)	3,161,075
Purchase of own shares into treasury	(4,438,476)	(1,572,013)	(1,027,595)
In issue at 30 June 2009	**47,182,753**	**18,758,834**	**21,208,841**

	US Dollar shares	Euro shares	Sterling shares
Number of treasury shares			
In issue at 1 January 2009	**–**	**–**	**–**
Shares purchased and held in treasury during the period:			
- Tender offer	4,048,476	1,547,013	1,027,595
- Other on market purchases	390,000	25,000	–
In issue at 30 June 2009	**4,438,476**	**1,572,013**	**1,027,595**
Percentage of class	**8.60%**	**7.73%**	**4.62%**

	US$	€	£	Company Total US$
Share capital account*				
In issue at 1 January 2009	**53,883,475**	**31,754,490**	**14,511,809**	**129,348,931**
At 30 June 2009	**53,883,475**	**31,754,490**	**14,511,809**	**129,348,931**

** Previously disclosed as the Share premium account, under The Companies (Guernsey) Law, 1994.*

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 Dollars 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 of shares

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, the different classes of ordinary shares have different values attributable to their votes. The attributed values have been calculated on the basis of the Weighted Voting Calculation (as described in the Articles) 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.

Treasury shares do not have any voting rights.

Notes to the Interim Unaudited Financial Statements continued

For the period from 1 January 2009 to 30 June 2009

6. Share capital (continued)

Repurchase of ordinary shares

The Directors have been granted authority to purchase in the market up to 14.99% of each class of shares and they intend to seek annual renewal of this authority from shareholders which was last granted on 24 June 2009. The Directors may, at their discretion, utilise this share repurchase authority to address any imbalance between the supply of and demand for shares.

Under the Company's Articles, shareholders of a class of shares also have the ability to call for repurchase of that class of shares in certain circumstances. See Note 9 for further details.

Further issue of shares

As approved by the Shareholders at the Annual General Meeting held on 24 June 2009 (the "AGM"), the Directors have the power to issue further shares on a non pre-emptive basis for cash in respect of 4,934,863 US Dollar shares, 1,874,634 Euro shares and 1,991,319 Sterling shares respectively and expires on the date falling eighteen months after the date of the AGM or the conclusion of the next Annual General Meeting of the Company, whichever is the earlier.

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.

Treasury shares are not entitled to distributions.

Annual redemption offer

Commencing in 2010, once in every calendar year the Directors may, in their absolute discretion, determine that the Company shall make an offer to redeem such number of shares of the Company in issue as they may determine provided that the maximum amount distributed does not exceed 100% of the increase in NAV of the Company in the prior calendar year.

The Directors shall, in their absolute discretion, determine the particular class or classes of shares in respect of which an Annual Redemption Offer will be made, the timetable for that Annual Redemption Offer and the price at which the shares of each relevant class will be redeemed.

Whether a partial return of capital is made in any particular year and, if so, the amount of the return, may depend, among other things, on prevailing market conditions, the ability of the Company to liquidate its investments to fund the capital return, the success of prior capital returns and applicable legal, regulatory and tax considerations.

Share conversion scheme

The Company implemented a Share Conversion Scheme. The scheme provides shareholders with the ability to convert some or all of their ordinary shares in the Company of one class into ordinary shares of another class. From 31 October 2008 shareholders have been able to convert ordinary shares on the last business day of every month. Each conversion will be based on NAV (Note 8) of the share classes to be converted.

7. Taxation

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

8. 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 shares as calculated by the Administrator based in part on information provided by the Master Fund, weekly in arrears.

9. Discount management programme

In February 2009, the Company announced proposals to address concerns regarding the discount at which its shares have been trading and to enhance the Company's appeal to existing and potential investors. In particular, the Company proposed arrangements, subject to approval at general meeting/s of the Company, for a partial return of capital whereby shareholders would be able to elect to tender some of their shares for repurchase by the Company at a price equivalent to the prevailing net asset value of shares of the relevant class less costs.

As a result of the Extraordinary General Meeting held on 30 March 2009 it was resolved that a Tender Offer up to 7.5% would take place on 1 May 2009. As a result of this Tender Offer, 4,048,947 US Dollar shares, 1,547,013 Euro shares and 1,029,514 Sterling shares were repurchased by the Company at a cost of US$61,453,298, €23,554,201 and £16,090,069 respectively.

The Extraordinary General Meeting also resolved that a Matching Purchase Facility (the "Facility") would accompany the Tender Offer whereby shareholders who wished to do so could increase their shareholding by offering to purchase shares tendered by other shareholders. Under this Facility, shareholders purchased 471 US Dollar shares for US$7,149 and 1,919 Sterling shares for £29,992 on 1 May 2009.

From 2010 any partial return of capital will be carried out by way of the Annual Redemption Offer as described in Note 6.

9. Discount management programme (continued)

The above proposals have been implemented along with the Company's existing discount programme which includes the ability to make market purchases of shares and the obligation to propose class closure resolutions if, in any rolling twelve month period, the average daily closing market price of the relevant class of shares during such period is 10% or more below the average NAV per share of the relevant class taken over the 12 monthly NAV Determination Dates in that twelve month period, as described more fully in the Company's Prospectus dated 7 February 2007 and in its Articles.

The discount management measures will be funded by partial redemptions of the Company's investment in the Master Fund.

Using its ability to make market purchases of its shares, during the period from 1 January 2009 to 30 June 2009 the Company repurchased 390,000 US Dollar shares at a cost of US$5,536,360 and 25,000 Euro shares at a cost of €347,194.

The total number of treasury shares held in treasury at 30 June 2009 are as disclosed in Note 6.

10. Financial highlights

The following tables include selected data for a single ordinary share of each of the ordinary share classes in issue at the period end and other performance information derived from the Interim Unaudited 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.

	US Dollar shares US$	Euro shares €	Sterling shares £
Per share operating performance			
Net asset value at beginning of the period	**14.47**	**14.47**	**14.87**
Income from investment operations			
Net investment loss*	(0.59)	(0.59)	(0.50)
Net realised and unrealised gain on investment	2.47	2.48	2.12
Other capital items**	(0.17)	(0.11)	0.14
Total return*	**1.71**	**1.78**	**1.76**
Net asset value, end of the period	**16.18**	**16.25**	**16.63**
Total return before performance fee	14.93%	15.34%	14.39%
Performance fee	(3.11%)	(3.04%)	(2.55%)
Total return after performance fee	**11.82%**	**12.30%**	**11.84%**

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 from 1 January 2009 to 30 June 2009. Total return is not annualised. An individual shareholder's return may vary from these returns based on the timing of their purchase or sale of shares.

Notes to the Interim Unaudited Financial Statements continued

For the period from 1 January 2009 to 30 June 2009

10. Financial highlights (continued)

	US Dollar shares US$	Euro shares €	Sterling shares £
Supplemental data			
Net asset value, end of the period	**763,570,766**	**304,757,357**	**352,781,423**
Average net asset value for the period	**811,089,543**	**313,321,168**	**331,190,334**
Ratio to average net assets			
Operating expenses			
Company expenses***	0.95%	0.95%	0.95%
Master Fund expenses****	0.41%	0.41%	0.40%
Master Fund interest expense*****	0.47%	0.48%	0.46%
Performance fee	2.59%	2.68%	2.45%
	4.42%	**4.52%**	**4.26%**
Net investment loss before performance fees*	**(0.81%)**	**(0.82%)**	**(0.80%)**
Net investment loss after performance fees*	**(3.40%)**	**(3.50%)**	**(3.25%)**

Notes:

* **The net investment loss figures that the Company is obliged to disclose above, in the Directors' opinion and in accordance with the Company's investment objectives, do not accurately reflect the Company's overall performance. Considering the investment objectives of the Company, the Directors consider that the total return of the Company is a true reflection of the Company's performance during the period.**

** Included in other capital items are the discounts and premiums on conversions between share classes and on the discount management measures taken during the period as compared to the NAV per share at the beginning of the period.

*** Company expenses are as disclosed in the Unaudited Statement of Operations excluding the performance fee.

**** Master Fund expenses are the operating expenses of the Master Fund excluding the interest expense of the Master Fund.

***** Master Fund interest expense includes interest and dividend expenses on investments sold short.

Notes

Notes

Management and Administration

Directors
Ian Plenderleith (Chairman)*

Anthony Hall*

Christopher Legge*

Talmai Morgan

Stephen Stonberg

All Directors are non-executive.

** These Directors are independent for the purpose of LR15.2.12.*

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