BREVAN HOWARD

Brevan Howard Master Fund Limited
Interim Unaudited Financial Statements 2008

INTERIM UNAUDITED
FINANCIAL STATEMENTS
30 June 2008

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Unaudited Statement of Assets and Liabilities

30 June 2008

	30.06.08 US$	31.12.07 US$	30.06.07 US$
Assets			
Long investments at market value (cost 30 June 2008: US$79,275,675,196; 31 December 2007: US$49,532,205,248; 30 June 2007: US$46,479,841,254)	67,997,405,990	76,777,276,500	61,912,042,321
Cash	1,829,324	161,292	52,797
Investments purchased under agreements to resell (Note 6)	35,844,062,863	33,040,169,979	63,986,057,246
Dividends and interest receivable	386,962,887	282,536,611	450,116,880
Due from broker	49,928,319,420	37,530,524,212	65,692,382,061
Other assets	–	242,801	–
Long-term interest-bearing subscriptions receivable (Note 11)	141,324,798	110,863,929	110,980,447
Management fee receivable (Note 5)	2,486	–	–
Receivable from feeder funds	101,567,801	585,557,435	–
Total assets	**154,401,475,569**	**148,327,332,759**	**192,151,631,752**
Liabilities			
Short investments, at market value (proceeds 30 June 2008: US$62,585,534,672; 31 December 2007: US$48,697,924,529; 30 June 2007: US$57,682,924,147)	53,323,450,557	71,959,015,990	71,989,401,531
Investments sold under agreements to repurchase (Note 6)	28,524,311,984	21,513,587,919	41,189,298,178
Accounts payable and accrued expenses	3,213,061	2,525,584	1,017,899
Performance fee payable (Note 5)	3,301,744	–	–
Dividends and interest payable	438,161,670	372,928,195	644,310,998
Redemptions payable	267,940,259	652,357,829	173,812,443
Other liabilities	–	–	6,443
Due to broker	52,596,660,799	38,555,175,124	64,994,284,668
Total liabilities	**135,157,040,074**	**133,055,590,641**	**178,992,132,160**
Net assets	**19,244,435,495**	**15,271,742,118**	**13,159,499,592**
Number of shares outstanding (Note 7)			
US Dollar Class A	4,661,384	4,675,484	5,001,410
US Dollar LP Class A	430,571	407,967	458,203
Euro Class A	536,025	556,566	590,795
Sterling Class A	202,467	134,661	135,311
BH Macro Limited			
US Dollar Class B	497,227	510,011	459,516
Euro Class B	260,228	273,480	297,958
Sterling Class B	142,151	132,032	114,467
BH Global Limited			
US Dollar Class Y	393,333	–	–

Unaudited Statement of Assets and Liabilities continued

30 June 2008

	30.06.08	31.12.07	30.06.07
Net Asset Value per share			
US Dollar Class A	US$2,703.43	US$2,253.60	US$1,856.81
US Dollar LP Class A	US$2,429.39	US$2,025.22	US$1,668.55
Euro Class A	€2,617.96	€2,168.49	€1,800.83
Sterling Class A	£2,893.87	£2,381.77	£1,955.51
BH Macro Limited			
US Dollar Class B	US$1,523.48	US$1,269.96	US$1,046.32
Euro Class B	€1,512.36	€1,254.45	€1,042.43
Sterling Class B	£1,551.21	£1,275.78	£1,046.33
BH Global Limited			
US Dollar Class Y	US$1,025.42	–	–

See accompanying notes to the Interim Financial Statements.

Unaudited Statement of Operations

30 June 2008

	30.06.08 US$	31.12.07 US$	30.06.07 US$
Investment income			
Interest income	1,214,833,798	3,520,108,376	1,997,626,946
Dividend income (net of withholding tax US$1,350,284: (31 December 2007: US$2,565,808; 30 June 2007: US$1,094,951))	5,569,147	14,180,314	4,957,962
Other income	–	10,718	10,718
Total income	**1,220,402,945**	**3,534,299,408**	**2,002,595,626**
Expenses			
Interest	1,192,351,578	3,235,871,019	1,840,356,806
Professional fees and other	1,727,988	3,040,717	1,272,161
Operational services fee (Note 3)	42,296,418	40,289,484	18,369,300
Management fee (Note 5)	678,904	–	–
Administration fee (Note 4)	12,863,819	18,058,551	8,067,866
Commission for futures and options	21,028,822	48,365,639	26,575,602
Dividend expense on investments sold short	2,323,677	3,229,942	531,154
Performance fee (Note 5)	3,332,594	–	–
Total expenses	**1,276,603,800**	**3,348,855,352**	**1,895,172,889**
Net investment (loss)/gain	**(56,200,855)**	**185,444,056**	**107,422,737**
Net realised and unrealised gain on investments			
Net realised gain on investments	2,138,193,811	818,260,787	488,842,790
Net unrealised appreciation on investments, investments purchased under agreements to resell and investments sold under agreements to repurchase	1,226,010,589	3,212,919,610	645,538,006
Net gain on investments	**3,364,204,400**	**4,031,180,397**	**1,134,380,796**
Net increase in net assets resulting from operations	**3,308,003,545**	**4,216,624,453**	**1,241,803,533**

See accompanying notes to Interim Financial Statements

Unaudited Statement of Changes in Net Assets

30 June 2008

	30.06.08 US$	31.12.07 US$	30.06.07 US$
Net increase in net assets resulting from operations			
Net investment (loss)/gain	(56,200,855)	185,444,056	107,422,737
Net realised gain on investments	2,138,193,811	818,260,787	488,842,790
Net unrealised appreciation on investments, investments purchased under agreements to resell and investments sold under agreements to repurchase	1,226,010,589	3,212,919,610	645,538,006
	3,308,003,545	**4,216,624,453**	**1,241,803,533**
Share Capital transactions			
Proceeds on issue of shares			
US Dollar Class A	313,913,797	103,133,563	80,865,664
US Dollar LP Class A	108,975,614	17,794,529	15,393,000
Euro Class A	51,859,701	17,984,935	60,899,279
Sterling Class A	433,454,230	62,055,087	11,999,224
BH Macro Limited			
US Dollar Class B	7,030,603	548,941,746	461,208,453
Euro Class B	–	444,283,515	399,302,503
Sterling Class B	30,636,727	281,598,974	226,069,189
BH Global Limited			
US Dollar Class Y	393,333,018	–	–
Shares sold on a long-term subscription basis (Note 11)			
US Dollar Class C	25,000,000	35,000,000	35,000,000
Sterling Class D	27,338,262	12,741,238	12,857,757
Redemptions			
US Dollar Class A	(377,679,049)	(1,246,833,035)	(506,907,452)
US Dollar LP Class A	(54,792,971)	(159,375,525)	(59,055,622)
Euro Class A	(129,590,481)	(185,447,888)	(72,902,610)
Sterling Class A	(86,523,343)	(16,562,831)	(12,553,716)
Shares redeemed on a long-term subscription basis			
US Dollar Class C	(22,000,000)	–	–
BH Macro Limited			
US Dollar Class B	(23,288,391)	(30,145,204)	(1,600,000)
Euro Class B	(28,904,198)	(83,748,069)	(1,425,721)
Sterling Class B	(4,073,687)	(15,840,914)	(991,433)
	664,689,832	**(214,419,879)**	**648,158,515**
Net increase in net assets	**3,972,693,377**	**4,002,204,574**	**1,889,962,048**
Net assets at beginning of year	**15,271,742,118**	**11,269,537,544**	**11,269,537,544**
Net assets at end of year	**19,244,435,495**	**15,271,742,118**	**13,159,499,592**

See accompanying notes to Interim Financial Statements.

Unaudited Statement of Cash Flows

30 June 2008

	30.06.08 US$	31.12.07 US$	30.06.07 US$
Cash flows from operating activities			
Net increase in net assets resulting from operations	**3,308,003,545**	**4,216,624,453**	**1,241,803,533**
Adjustments to reconcile net increase in net assets resulting from operations to net cash (used in)/provided by operating activities:			
(Increase)/decrease in investments	(9,855,694,920)	(13,863,829,388)	1,031,790,335
Increase/(decrease) in investments sold under agreement to repurchase	7,010,724,065	(8,073,372,100)	11,602,338,159
(Increase)/decrease in investments purchased under agreement to resell	(2,803,892,884)	17,223,072,797	(13,722,814,468)
(Increase)/decrease in dividends and interest receivable	(104,426,276)	69,157,337	(98,422,934)
Increase in other liabilities	–	–	6,442
Decrease in other assets	242,801	72,609	315,410
Decrease/(increase) in receivable from feeder funds	483,989,634	(405,714,269)	179,843,166
(Increase)/decrease in amounts due from broker	(12,397,795,208)	7,532,550,316	(20,629,307,534)
Increase/(decrease) in amounts due to broker	14,041,485,675	(6,785,979,088)	19,653,130,456
Increase/(decrease) in accounts payable and accrued expenses	687,477	(1,216,254)	(2,723,939)
Increase in performance fee payable	3,301,744	–	–
Increase in management fee receivable	(2,486)	–	–
(Decrease)/increase in redemptions payable	(384,417,570)	465,496,796	(13,048,591)
Increase/(decrease) in dividends and interest payable	65,233,475	(114,587,052)	156,795,750
Increase in subscriptions receivable	(122,608)	–	–
Net cash (used in)/provided by operating activities	**(632,683,536)**	**262,276,157**	**(600,294,215)**
Cash flows from financing activities			
Proceeds on issue of shares	1,339,203,688	1,475,792,349	1,255,737,314
Payment on redemption of shares	(704,852,120)	(1,737,953,466)	(655,436,554)
Net cash provided by/(used in) financing activities	**634,351,568**	**(262,161,117)**	**600,300,760**
Net increase in cash and cash equivalents	**1,668,032**	**115,040**	**6,545**
Cash and cash equivalents – beginning of year	**161,292**	**46,252**	**46,252**
Cash and cash equivalents – end of year	**1,829,324**	**161,292**	**52,797**

Non-cash financing activities not included herein consist of movement in long-term interest-bearing subscriptions receivable of US$30,338,262 (31 December 2007: US$47,741,239; 30 June 2007: US$47,857,757). Interest paid during the year was US$1,175,190,225 (31 December 2007: US$3,334,016,524; 30 June 2007: US$1,695,732,261). See accompanying notes to the Interim Financial Statements.

Notes to the Interim Unaudited Financial Statements

30 June 2008

1. The Company

Brevan Howard Master Fund Limited (the "Master Fund") is an exempted limited liability company which was incorporated under the Companies Law of the Cayman Islands on 22 January 2003 and commenced trading on 1 April 2003. The Master Fund was registered under the Mutual Funds Law of the Cayman Islands on 4 March 2003.

The Master Fund seeks to generate consistent long-term appreciation through active leveraged trading and investment on a global basis. The Master Fund's portfolio is comprised of global investment strategies, and a number of long and short strategies that may have directional risk.

Brevan Howard Offshore Management Limited has been appointed as Manager of the Master Fund. The Manager has appointed (i) Brevan Howard Asset Management LLP ("BHAM") as the principal Investment Manager of the Master Fund and (ii) Brevan Howard US Asset Management LP, Brevan Howard (Hong Kong) Limited, Brevan Howard (Israel) Limited and Brevan Howard (Singapore) Pte. Limited as the Investment Managers of part of the Master Fund's assets, in each case subject to risk oversight and treasury management by BHAM. The Manager may in future appoint additional investment managers provided that they are affiliates of the Manager or the Investment Managers. The Manager and the Investment Managers (and/or their members, directors, employees, related entities and connected persons and their respective members, directors and employees) may subscribe, directly or indirectly, for shares in the Feeder Funds.

The registered office of the Master Fund is at M&C Corporate Services Limited, P.O. Box 309, George Town, Grand Cayman, KY1-1104, Cayman Islands.

2. Significant accounting policies

Basis of preparation

The accompanying Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America. The Financial Statements are presented in US Dollars.

Security transactions and valuation

Security transactions are accounted for on a trade date basis.

Most positions of the Master Fund are priced at the same time each day. This provides reliable comparative pricing of positions which are traded in different markets. A snapshot of all markets (excluding Pacific Rim and Australasia) is made at 4:00 p.m. GMT. Pacific Rim and Australasia positions are priced as at local end-of-day mid-market levels. The investment valuation under the method employed by the Master Fund as at 30 June 2008 is not materially different to the investment valuation using the last quoted price.

Instruments with directly observable prices are priced to independent external data sources (e.g. exchange traded futures and options).

Some instruments may be priced using models in which some or all parameters are not directly driven by market-observable levels (e.g. unlisted securities or multifactor options).

Investments in other funds are valued at the latest available reported Not Asset Value ("NAV") of the respective fund received from the fund's administrator. In some cases, these may be unaudited NAVs.

Realised gains and losses on investments are calculated using the specific identification method. Realised and unrealised gains and losses are recorded at the reporting date in the Statement of Operations.

Fair value measurement

In January 2008, the Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("SFAS 157"). In accordance with SFAS 157, fair value is defined as the price that the Fund would receive upon selling a security in a timely transaction to an independent buyer in the principal or most advantageous market of the security. SFAS 157 established 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. The three levels of the fair value hierarchy under SFAS 157 are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

As required by SFAS 157, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following is a summary of the inputs utilised in valuing the Fund's assets and liabilities carried at fair value as well as the composition of the three levels:

2. Significant accounting policies (continued)

Assets

Level Investment	Investments US$
Level 1	36,701,542,732
Level 2	31,242,320,176
Level 3	53,543,082

Liabilities

Level Investment	Investments US$
Level 1	(30,053,763,743)
Level 2	(23,269,686,814)
Level 3	–

The following is a reconciliation of Level 3 investments for the period ended 30 June 2008:

Assets

Level Investment	Investments US$
As at 1 January 2008	50,229,220
Amortisation of discounts/premiums (net)	–
Realised gain/(loss)	–
Change in unrealised loss	(186,136)
Net purchases	3,499,999
Net transfers in and/or out of Level 3	–
As at 30 June 2008	53,543,083

Liabilities

Level Investment	Investments US$
As at 1 January 2008	–
Amortisation of discounts/premiums (net)	–
Realised gain/(loss)	–
Change in unrealised loss	–
Net purchases/(sales)	–
Net transfers in and/or out of Level 3	–
As at 30 June 2008	–

Notes to the Interim Unaudited Financial Statements continued

30 June 2008

2. Significant accounting policies (continued)

Income recognition
Income recognition Interest income and expense is recognised in the Unaudited Statement of Operations on an accruals basis.

Interest income and expense includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Dividend income on long positions is recognised on the ex-dividend date and dividend income declared on short positions existing on the record date is recognised on the ex-dividend date as an expense in the Unaudited Statement of Operations.

Investments purchased under agreements to resell and investments sold under agreements to repurchase
The Master Fund enters into investments purchased under agreements to resell and investments sold under agreements to repurchase. These agreements are accounted for as collateralised investment and are recorded at cost plus accrued interest.

The Investment Manager monitors the market value of the Master Fund's underlying contract amounts, including accrued interest, and requests or provides additional collateral where deemed appropriate. Interest on investments purchased under agreements to resell and investments sold under agreements to repurchase is accrued on a daily basis.

Derivative financial instruments
The Master Fund uses derivative financial instruments such as forward exchange contracts, options, futures contracts, forward rate agreements and swaps, which are recorded at fair value at the reporting date. Realised and unrealised changes in fair values are included in realised and unrealised gains and losses on investments in the Statement of Operations in the period in which the changes occur.

The fair value of derivative financial instruments at the reporting date generally reflects the amount that the Master Fund would receive or pay to terminate the contract at the reporting date. Many derivative financial instruments are exchange traded or are traded in the over-the-counter market where market values are normally readily obtainable. Where such market prices are not readily available, fair values will be determined using commercial products which utilise valuation models that are consistent with market pricing methods.

When the Master Fund purchases a put or call option, an amount, equal to the premium paid by the Master Fund, is recorded as an investment and is subsequently adjusted to the current fair value of the option purchased on the reporting date.

Premiums paid for purchasing options that expire unexercised are treated by the Master Fund on the expiration date as realised losses from investments. The difference between the premium and the amount received on writing an option to effect a closing transaction, including brokerage commissions, is also treated as a realised loss, or, if the premium is less than the amount received from the closing transaction, as a realised gain. If a call option is exercised, the premium is added to the cost of purchase of the underlying security or currency in determining whether the Master Fund has realised a gain or loss. If a put option is exercised, the premium reduces the proceeds of the securities sold by the Master Fund.

Unrealised gain or loss on open forward foreign exchange contracts and forward rate agreements represents the Master Fund's net equity therein and is calculated as the present value of the difference between the contract date rate and the applicable forward rate at the reporting date, applied to the face amount of the forward contract. The unrealised gain or loss at the reporting date is included in the Unaudited Statement of Assets and Liabilities.

Unrealised gain or loss on open futures contracts is calculated as the difference between the contract price at trade date and the contract's revaluation price. Any payments made to satisfy initial and variation margin are reflected as due to and due from broker balances on the Statement of Assets and Liabilities.

Unrealised gain or loss on swap agreements represents the cumulative fair value change since the last reporting date and is calculated as the present value of the future net cash flows to be received and paid under the agreement.

Investments sold short
The Master Fund may sell a security it does not own in anticipation of a decline in the market value of that security. When the Master Fund sells a security short, it must borrow the security and deliver it to the broker-dealer through which it made the short sale.

The Master Fund is required to maintain collateral with the broker-dealer from which the security was borrowed. A gain, limited to the value at which the Master Fund sold the security short, or a loss, unlimited in size, will be recognised upon the termination of a short sale and recorded as a net realised gain or loss on investments in the Unaudited Statement of Operations. Securities sold short are recorded as liabilities on the Unaudited Statement of Assets and Liabilities.

2. Significant accounting policies (continued)

Foreign currency translation
Investment securities and other assets and liabilities denominated in foreign currencies are translated into US Dollar amounts at prevailing exchange rates at the reporting date. Purchases and sales of investment securities in foreign currencies and income and expense items denominated in foreign currencies are translated into US Dollar amounts at the exchange rate on the respective dates of such transactions.

The Master Fund does not isolate that portion of the results of operations resulting from changes in currency exchange rates on investments from the fluctuations arising from changes in market prices of securities held. All currency gains and losses are included in net realised and unrealised gain or loss from investments in the Unaudited Statement of Operations.

Use of estimates
The preparation of Financial Statements in accordance 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 Unaudited Financial Statements and the reported amounts of income and expense during the reporting period. Actual results could differ from those estimates. In particular, valuation models used to determine the fair value of unlisted derivative instruments require the use of a number of assumptions.

Cash and cash equivalents
Cash and cash equivalents consists of cash on hand and bank balances.

Due from and to brokers
Amounts receivable from and payable to brokers includes settlement of trades along with deposits held as collateral. As at 30 June 2008, deposits held as collateral amounted to US$1,649,627,521 (31 December 2007: US$196,734,793; 30 June 2007: US$1,051,049,021).

Allocation of income and expenses between share classes
Income and expenses that are identifiable with a particular class are allocated to that class in computing its NAV.

Income and expenses that are common to all classes are allocated between classes based on their monthly NAVs.

3. Operational services fee

BHAM has received from the Master Fund a fee of 1/12 of 0.3% per month of the NAV of the Master Fund for the period to 31 January 2008 and 1/12 of 0.5% per month of the NAV of the Master Fund thereafter (the "operational services fee") as at the last valuation day in each month in respect of the operation of the software programme licensed to it by Murex S.A. and other services as are or may be provided by BHAM and which are intended to benefit shareholders directly or indirectly, such as middle-office and back-office services, information technology and quantitative modelling services.

The operational services fee for the period ended 30 June 2008 amounted to US$42,975,322 (31 December 2007: US$40,289,484; 30 June 2007: US$18,369,300). The operational services fee outstanding at 30 June 2008 was US$150,480 (31 December 2007: US$35,645; 30 June 2007: US$24,629).

4. Administration fee

Under the terms of the Administrative Services Agreement, as amended, dated 26 February 2007 between International Fund Services (Ireland) Limited (the "Administrator") and the Master Fund, the Administrator receives a fee based on the month end NAV of the Master Fund calculated and payable monthly in arrears.

From 1 June 2006 the administration fee was 1/12 of 14 basis points per annum, and from 1 August 2007 1/12 of 15 basis points per annum, of the excess of the Master Fund's month end NAV over the sum of NAV that represents the amount of investment made by the Master Fund in other Brevan Howard funds in the same month. The administration fee outstanding at 30 June 2008 is US$2,327,077 (31 December 2007: US$1,779,343; 30 June 2007: US$1,422,454).

5. Management and performance fees

The Manager receives a management fee of 1/12 of 2% (or a pro rata proportion thereof) per month of the 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. No management fees are payable in respect of Class A shares and Class B shares.

The Manager also receives a performance fee. The performance fee is equal to the relevant percentage of the appreciation in the NAV per share of that class during that calculation period which is above the base NAV 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.

Currently the classes to which a performance fee applies are Class X and Class Y. The relevant percentage in relation to Class X is 20% and for Class Y the relevant percentage is 25%.

Notes to the Interim Unaudited Financial Statements continued

30 June 2008

At 30 June 2008 the Master Fund held an investment in Brevan Howard Equity Strategies Fund L.P. of US$514,522,110 (31 December 2007:US$774,703,628; 30 June 2007 US$787,425,486), Brevan Howard Strategic Opportunities Fund Limited of US$11,692,232 (31 December 2007: US$563,794,777) and Brevan Howard Emerging Markets Strategies Fund L.P. of US$426,441,547 (31 December 2007: US$411,147,356; 30 June 2007 US$361,503,343). The return on the Master Fund's investment in these funds is net of performance and management fees. To ensure that shareholders in the Master Fund are not subject to two tiers of performance and management fees, no performance or management fees are charged to the Master Fund on the pro rata share of investment in Brevan Howard Equity Strategies Fund L.P., Brevan Howard Strategic Opportunities Fund Limited and Brevan Howard Emerging Markets Strategies Fund L.P.

Management and performance fees are also paid to the Manager by Brevan Howard Fund Limited, Brevan Howard L.P. and BH Macro Limited (together the "Feeder Funds").

6. Investments purchased under agreements to resell and investments sold under agreements to repurchase

At 30 June 2008, investments with a market value of US$35,844,062,863 (31 December 2007: US$33,040,169,979; 30 June 2007: US$63,986,057,246) were pledged to the Master Fund as collateral (investments purchased under agreements to resell) and investments with a value of US$28,524,311,984 (31 December 2007: US$21,513,587,919; 30 June 2007: US$41,189,298,178) were pledged by the Master Fund as collateral (investments sold under agreements to repurchase).

All agreements to repurchase mature by 3 October 2008 and agreements to resell mature by 28 November 2008.

7. Share capital

The Master Fund has an authorised share capital of:

- €50,000 divided into 5,000,000 ordinary shares of €0.01 par value;
- US$200,000 divided into 20,000,000 ordinary shares of US$0.01 par value; and
- £50,000 divided into 5,000,000 ordinary shares of £0.01 par value,

which are issued as Class A, Class B, Class X or Class Y shares in any number of series.

The Class A US Dollar share class is divided into two series of shares, relating to Brevan Howard Fund Limited ("US$") and Brevan Howard LP ("US$LP"). These series commenced on 1 April 2003 and 1 February 2004 respectively. All Class A US Dollar, Euro and Sterling shares are held by Brevan Howard Fund Limited, whilst all Class A US Dollar LP shares are held by Brevan Howard LP. All Class B US Dollar, Euro and Sterling shares are held by BH Macro Limited. All Class Y shares are only held by Brevan Howard Global Opportunities Master Fund Limited.

Pursuant to the minutes of board of director meeting on 16 May 2008, it was resolved that the following additional classes of ordinary shares of the Company be created from the authorised but unissued share capital of the Company:

- ordinary shares of US$0.01 to be issued as "Class X US$ Shares";
- ordinary shares of €0.01 to be issued as "Class X Euro Shares";
- ordinary shares of €0.01 to be issued as "Class X Sterling Shares";
- ordinary shares of US$0.01 to be issued as "Class Y US$ Shares";
- ordinary shares of €0.01 to be issued as "Class Y Euro Shares"; and
- ordinary shares of £0.01 to be issued as "Class Y Sterling Shares".

The rights of the Class X US$, Euro and Sterling Shares are the same as those set out in respect of Class A US$, Euro and Sterling Shares respectively of Brevan Howard Fund Limited (the "Feeder Fund") in the Feeder Fund's prospectus dated 16 October 2006 (the "Prospectus") save that no redemption fees are payable in respect of the shares.

The rights of the Class Y US$, Euro and Sterling Shares are the same as those set out in respect of Class B US$, Euro and Sterling Shares respectively of Brevan Howard Fund Limited (the "Feeder Fund") in the Feeder Fund's prospectus dated 16 October 2006 (the "Prospectus") save that no redemption fees are payable in respect of the shares.

7. Share capital (continued)

	30.06.08 US$	31.12.07 US$	30.06.07 US$
Shares in issue at start of year			
US Dollar Class A	4,661,384	5,215,455	5,215,455
US Dollar LP Class A	407,967	484,921	484,921
Euro Class A	556,566	616,891	616,891
Sterling Class A	134,661	118,750	118,750
BH Macro Limited			
US Dollar Class B	510,011	–	–
Euro Class B	273,480	–	–
Sterling Class B	132,032	–	–
BH Global Limited			
US Dollar Class Y	–	–	–
Shares issued during the period/year			
US Dollar Class A	134,104	79,365	68,259
US Dollar LP Class A	45,756	11,284	9,891
Euro Class A	13,094	7,515	5,403
Sterling Class A	82,882	20,280	20,043
BH Macro Limited			
US Dollar Class B	4,730	534,299	461,079
Euro Class B	–	324,922	298,995
Sterling Class B	11,485	138,389	114,956
BH Global Limited			
US Dollar Class Y	393,333	–	–
Shares redeemed during the period/year			
US Dollar Class A	(148,204)	(619,336)	(282,304)
US Dollar LP Class A	(23,152)	(88,238)	(36,609)
Euro Class A	(33,635)	(67,838)	(31,499)
Sterling Class A	(15,076)	(4,369)	(3,482)
BH Macro Limited			
US Dollar Class B	(17,514)	(24,288)	(1,563)
Euro Class B	(13,252)	(51,442)	(1,037)
Sterling Class B	(1,366)	(6,357)	(489)

Notes to the Interim Unaudited Financial Statements continued

30 June 2008

7. Share capital (continued)

	30.06.08 US$	31.12.07 US$	30.06.07 US$
Shares in issue at end of period/year			
US Dollar Class A	4,661,384	4,675,484	5,001,410
US Dollar LP Class A	430,571	407,967	458,203
Euro Class A	536,025	556,566	590,795
Sterling Class A	202,467	134,661	135,311
BH Macro Limited			
US Dollar Class B	497,227	510,011	459,516
Euro Class B	260,228	273,480	297,958
Sterling Class B	142,151	132,032	114,467
BH Global Limited			
US Dollar Class Y	393,333	–	–

It is envisaged that no income or gains are to be distributed by way of dividend.

8. Taxes

Under current Cayman Islands laws, the Master Fund is not required to pay any taxes in the Cayman Islands on either income or capital gains. The Master Fund has received an undertaking from the Governor in Cabinet in the Cayman Islands exempting it from any such taxes at least until 11 February 2023. The only taxes payable by the Master Fund on its income are withholding taxes applicable to certain income. Accordingly, no provision for taxes is recorded in these Unaudited Financial Statements.

9. Financial instruments with off-balance sheet risk or concentration of credit risk

Derivative financial instruments may result in off-balance sheet market and credit risk. Market risk is the possibility that future changes in market price may make a financial instrument less valuable or more onerous. If the markets should move against one or more positions that the Master Fund holds, the Master Fund could incur losses greater than the unrealised amounts recorded in the Unaudited Statement of Assets and Liabilities. The principal credit risk is that the counterparty to the Master Fund will default and fail to fulfil the terms of the agreement.

Securities sold short have market risk to the extent that the Master Fund, in satisfying its obligation, may have to purchase securities to cover a short position at a higher value than that recorded on the Unaudited Statement of Assets and Liabilities.

Futures contracts expose the Master Fund to credit, market and liquidity risks. The Master Fund is exposed to market risk such that changes in the market values of the securities or indices underlying a contract may exceed the amount recognised in the Unaudited Statement of Assets and Liabilities. Liquidity risk represents the possibility that the Master Fund may not be able to rapidly adjust the size of its futures position in times of high volatility and financial stress at a reasonable price.

Forward contracts expose the Master Fund to market and liquidity risks. The Master Fund is exposed to market risk to the extent that adverse changes occur in the value of the underlying asset. Liquidity risk represents the possibility that the Master Fund may not be able to rapidly adjust the size of its forwards positions in times of high volatility and financial stress at a reasonable price.

As a purchaser of an option contract, the Master Fund is subject to credit risk since the counterparty is obligated to make payments under the terms of the option contract if the Master Fund exercises the option. As a purchaser of an option contract, the Master Fund is only subject to market risk to the extent of the premium paid. The Master Fund purchases both exchange-traded and over-the-counter options. For exchange-traded option contracts, the stock exchange acts as the counterparty to specific transactions and therefore bears the risk of delivery to and from counterparties of specific positions. Over-the-counter option contracts are not guaranteed by any regulated stock exchange.

Entering into credit default swap agreements and contracts for difference expose the Master Fund to market risks equivalent to actually holding securities of the notional value but typically involve little capital commitment relative to the exposure achieved. The gains or losses of the Master Fund may therefore be significantly greater than this initial commitment.

In connection with investments sold under agreements to repurchase, it is the Master Fund's policy that its prime broker takes possession of the underlying collateral securities. If the seller defaults and the fair value of the collateral declines, realisation of the collateral by the Master Fund may be delayed or insufficient.

In accordance with SFAS No. 133, the Master Fund records its trading-related derivative activities on a fair value basis (as described in Note 2).

Assets and liabilities represent the fair value of the Master Fund's holdings at the period end. These assets and liabilities are not representative of the outstanding credit risk to the Master Fund due to the existence of master netting agreements.

Fair values represent the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Master Fund maintains trading relationships with counterparties that include domestic and foreign brokers-dealers and financial institutions; these relationships could result in the concentration of the credit risk if counterparties fail to fulfil their obligations or the value of any collateral becomes inadequate.

BHAM has formulated credit review policies that attempt to control credit risk by following an established credit approval process, daily monitoring of net exposure to individual counterparties, requiring additional collateral where appropriate, and using master netting agreements whenever possible.

Notes to the Interim Unaudited Financial Statements continued

30 June 2008

10. Related party transactions

Brevan Howard Offshore Management Limited has been appointed as Manager of the Master Fund. The Manager has appointed Brevan Howard Asset Management LLP, Brevan Howard US Asset Management LP, Brevan Howard (Hong Kong) Limited, Brevan Howard (Israel) Limited and Brevan Howard (Singapore) Pte. Limited as the Investment Managers of the Master Fund's assets. The transactions with the Investment Managers and fees payable at the period end are disclosed in Note 3 and Note 5 to the Unaudited Financial Statements.

BHMF Investment Limited is a wholly owned subsidiary of the Brevan Howard Master Fund Limited. BHMF Investment Limited's only asset is an investment in Drobny Global Fund, L.P., a Delaware limited partnership which was acquired for $100 million. BHMF Investment Limited acquired the investment in Drobny Global Fund L.P. by way of capital contributions from Brevan Howard Master Fund Limited.

The Master Fund entered into a total return swap with Brevan Howard Multi-Strategy Master Fund Limited ("BHMS") to facilitate BHMS's exposure to the performance of a notional amount of US$855,000,000 of ordinary shares of the Master Fund (the "Reference Assets"). Under the swap the Master Fund pays BHMS cash flows and capital appreciation from the Reference Assets and BHMS pays the the Master Fund a financing fee based on LIBOR + 20 bps and payments to offset any capital depreciation of the Reference Assets.

BH Global Limited ("BHG") is a Guernsey incorporated closed-ended investment company listed on the London Stock Exchange that invests all of its assets in the Brevan Howard Global Opportunities Master Fund Limited. ("BHGOMF"). Brevan Howard Offshore Management Limited, the manager of Brevan Howard Master Fund Limited ("BHMF") is also the manager of BHG and BHGOMF. BHGOMF is permitted to invest in any investment funds of which one or more of the Brevan Howard group of affiliated entities is the manager or investment manager. On 1 June 2008 BHGOMF invested 37.8% of its net assets in BHMF.

11. Long-term interest-bearing subscriptions

The subscriptions receivable amount of US$141,324,798 (31 December 2007: US$110,863,929; 30 June 2007: US$110,980,447) is due from Brevan Howard Fund Limited ("Feeder Fund") and relates to nil paid Class C and partly paid Class D shares issued by the Feeder Fund. Upon issuance of these nil and partly paid shares by the Feeder Fund, additional shares were issued by the Master Fund, resulting in the recognition of a corresponding receivable balance.

The Feeder Fund has issued in the period 141,587 nil paid Class C shares to Brevan Howard Employee Benefit Trust Number 3 and 166,552 nil paid Class C shares have been redeemed. The number of nil paid Class C shares in issue is 541,190 (31 December 2007: 566,155; 30 June 2007: 566,155). A guarantee to pay any unmet capital calls covering the issue of the Class C shares has been given to the Feeder Fund by the Manager. Accrued interest receivable in the form of a funding fee has been recognised by the Feeder Fund at a rate of 4.4025% for the remaining allotment of 192,491 USD shares issued in January 2006 (redeemable on or before 1 January 2009), 4.56085% for the allotment of 207,112 USD shares issued in January 2007 (redeemable on or before 1 January 2010), 3.3608% for the allotment of 110,262 USD shares issued in January 2008 (redeemable on or before 1 January 2011) and at a rate of 4.3575% for the allotment of 31,325 GBP shares issued in January 2008 (redeemable on or before 1 January 2011). This funding fee is withheld from the redemption proceeds at the end of the term and is payable to the Feeder. The Directors of the Feeder have resolved to call for the outstanding Class C share capital to be paid up if the prevailing NAV falls below 90% of the NAV at issuance.

The Feeder Fund has also issued in the period 87,837 shares of 50% partly paid Class D shares to partners of BHAM and 41,295 partly paid Class D shares have been redeemed. The number of partly paid Class D shares in issue is 189,283 (31 December 2007: 142,741; 30 June 2007: 142,741). Accrued interest receivable is being recognised by the Feeder Fund at a rate equal to three-month US Dollar Libor reset every quarter for the unpaid amount of the Class D shares issued in October 2006, May 2007 and February 2008, payable on redemption, and is allocated to the Master Fund. The Directors of the Master Fund have discretion to call for the outstanding Class D share capital to be paid up at any time.

12. Investment in affiliated funds

The Master Fund has invested seed capital in a number of affiliated funds.

Notes

Notes

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