

# **THIRD POINT OFFSHORE INVESTORS LIMITED**

## **UNAUDITED CONDENSED INTERIM REPORT AND FINANCIAL STATEMENTS**

**For the period from 1 January 2008 to 30 June 2008**

### **Chairman's Statement**

As Third Point Offshore Investors ("the Company"), approaches the one-year anniversary of our listing on the London Stock Exchange, I am pleased to present our Unaudited Interim Financial Statements to you.

The Company was established as a closed-ended investment company, registered and incorporated in Guernsey on 19 June 2007 to invest its assets in the Third Point Offshore Fund, Ltd. (the "Master Fund"), which pursues an opportunistic investment approach based on a "bottom-up" fundamentals analysis.

During first six months of 2008, the unprecedented disruptions to global markets created by the unwinding of the consumer housing bubble in the U.S., and increasingly internationally, made for treacherous investing waters. Throughout the period, the Investment Manager's aim was to preserve capital while endeavoring to provide best in class transparency and accountability to our investors.

Since opening to trading on the London Stock Exchange on 23 July 2007, the Company's Net Asset Value ("NAV") has been subject to the turbulent market conditions, and the discount has responded accordingly. However, at 30 June 2008, the NAV had recovered to \$10.12 in the Sterling class, \$9.99 in the Euro class, and \$10.03 in the U.S. Dollar class. At 30 June 2008, the Master Fund had returned +1.6% net of fees for the year-to-date.

To assist in controlling the discount, on the 18 December 2007, the Board of Directors, on behalf of the Company, approved an on-market share repurchase programme to purchase up to a total of 5% (see Note 6) of the ordinary shares on issue in the share capital of the Company. The programme concluded in May 2008 and the market will be notified of any sales or further repurchase plans via RNS announcements to the public.

In corporate governance matters, the Board of Directors and Audit Committee have met regularly, and we have welcomed Bruce Wilson, Third Point's Chief Operating Officer as our newest board member.

To ensure good communications with shareholders, the Company's website ([www.thirdpointpublic.com](http://www.thirdpointpublic.com)) publishes weekly NAV estimates, monthly NAV, a monthly shareholder report, a narrative quarterly letter from the Investment Manager, and other relevant information about the Company.

The Board of Directors takes our responsibilities to you very seriously. We are committed to ensuring that through investment in the Master Fund and high standards of corporate governance and shareholder service, the Company delivers performance for its shareholders.

Marc Antoine Autheman  
Chairman

21 August 2008

### **Directors' Report**

The Directors submit their Report together with the Company's Unaudited Statement of Assets and Liabilities, Unaudited Statement of Operations, Unaudited Statement of Changes in Net Assets, Unaudited Statement of Cash Flows, and the related notes for the period from 1 January 2008 to 30 June 2008, which have been prepared properly, in accordance with accounting principles generally accepted in the United States of America, and are in accordance with any relevant enactment for the time being in force; and are in agreement with the accounting records.

**The Company**

The Company was incorporated in Guernsey on 19 June 2007. The Company was admitted to a secondary listing (Chapter 14) on the Official List of the London Stock Exchange on 23 July 2007. The proceeds from the issue of shares on listing amounted to approximately \$523 million.

The Company has received consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinance 1959 (as amended) to raise up to Euro 850 million by way of issue of shares. This consent was given under the Guernsey Financial Services Commission's ("GFSC") framework relating to Registered Closed-ended Investment Funds. Under this framework, neither the GFSC nor the States of Guernsey Policy Council have reviewed the Prospectus but instead have relied on specific warranties provided by the Guernsey licensed administrator of the Company. Neither the GFSC nor the States of Guernsey Policy Council takes any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

**Investment Objective and Policy**

The Company's investment objective is to provide its Shareholders with consistent long term capital appreciation utilising the investment skills of Third Point LLC (the "Investment Manager") through investment of all of its capital (net of short term working capital requirements) in Class E and Class S Shares of Third Point Offshore Fund, Ltd (the "Master Fund"). The Master Fund's investment objective is to seek to generate consistent long-term capital appreciation, by using an Event Driven, bottom-up, fundamental approach to evaluate various types of securities throughout companies' capital structures. The Master Fund is managed by the Investment Manager and the Investment Manager's implementation of the Master Fund's investment policy is the main driver of the Company's performance.

The Master Fund's fundamental approach to investing begins with analysing a company's financial performance, its management and competitive advantages, its position within its industry and the overall economy. This analysis is performed on historical and current data with the ultimate goal of producing a set of projected financial results for the company. Once the projections are established, the Master Fund's Investment Manager compares the current valuation of the company in question relative to its historical valuation range, the valuation range of its peers and the overall market in general to determine whether the markets are mis-pricing the company. The Investment Manager ultimately invests in situations where it believes mis-pricing exists because this fundamental analysis indicates that such a disconnection will correct itself over the long term.

The Investment Manager's bottom-up approach attempts to identify individual companies that would make attractive investment targets based on their growth and profitability characteristics. This approach differs from a top-down methodology which first evaluates macro-economic, sector, industry or geographic factors to select the best sectors or industries for investment.

The Investment Manager seeks to identify Event Driven situations in which it can take either a long or short investment position where it can identify a near or long-term catalyst that would unlock value.

**Results and Dividends**

The results for the period are set out in the Statement of Operations on page 11. The Directors do not recommend the payment of a dividend.

**Share Capital**

One share conversion between share classes occurred during the period, a summary and the number of shares in issue at the period end is disclosed in Note 6 to the Financial Statements.

**Going Concern**

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

**Directors**

The Directors of the Company during the period and to the date of this report are as listed on the inside of the back cover.

**Directors' Interests**

Mr Wilson holds the position of Chief Operating Officer of Third Point LLC.

Pursuant to an instrument of indemnity entered into between the Company and each Director, the Company has undertaken, subject to certain limitations, to indemnify each Director out of the assets and profits of the Company against all costs, charges, losses, damages, expenses and liabilities arising out of any claims made against them in connection with the performance of their duties as a Director of the Company.

The Directors hold no shares in the Company and held no shares during the period.

**Corporate Governance**

As a closed-ended investment company registered in Guernsey, the Company is eligible for exemption from the requirements of the Combined Code (the "Code") issued by the Financial Reporting Council. The Board has however put in place a framework for corporate governance which it believes is suitable for an investment company of this size and nature and which 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.

Arrangements in respect of corporate governance have therefore been made by the Board, which it believes are appropriate for the Company. Except as disclosed in the following paragraphs, the Company complied throughout the period since listing with the provisions of the Code. Since all the Directors are non-executive, the provisions of the Code in respect of Directors' remuneration are not relevant to the Company except in so far as they relate to non-executive Directors.

In view of its non-executive and independent nature, and the requirement of the Articles of Association that all the Directors who held office at the two preceding annual general meetings and did not retire shall retire from office, the Board considers that it is not appropriate for the Directors to be appointed for a specified term as recommended by Code provision A.7.2, 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.

As at the period end, all the Directors, except Mr Wilson, are considered by the Board to be independent of the Company's Manager. Ordinarily the board will include a representative of the Investment Manager.

As at the period end, the Audit Committee is chaired by Mr Legge and operates within clearly defined terms of reference and comprises all the Directors except the Investment Manager's representative.

Mr Legge will be available to attend each Annual General Meeting to respond to any shareholder questions on the activities of the Audit Committee. The duties of the Audit Committee in discharging its responsibilities include reviewing the Annual and Interim Financial Statements, the system of internal controls, and the terms of the appointment of the auditor together with their remuneration.

It is also the forum through which the auditor's report to the Board of Directors. The objectivity of the auditors 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. There were no non-audit fees paid to Ernst and Young LLP during the period, as such the Audit Committee considers Ernst & Young LLP 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 Investment 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.

The table below sets out the number of Board and Audit Committee meetings held during the period from the 1 January 2008 to 30 June 2008 and the number of meetings attended by each Director, who was a Director during the period.

	<b>Scheduled Board Meetings Attended</b>	<b>Audit Committee Meetings Attended</b>
Marc Autheman (Chairman)	2 of 2	1 of 1
Keith Dorrian	2 of 2	1 of 1
Christopher Fish	2 of 2	1 of 1
Christopher Legge	2 of 2	1 of 1
Bruce Wilson*	1 of 1	N/A

\*Mr Wilson is not a member of the Audit Committee.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. The Company maintains appropriate Directors' and Officers' liability insurance. After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

#### **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 first Annual General Meeting was held on 28 April 2008 with all proposed resolutions being passed unanimously by the Shareholders. The Investment Manager provides weekly estimates of NAV, a month-end NAV and a monthly and quarterly letter from the Investment Manager. These are Published via RNS and are also available on the Company's website, [www.thirdpointpublic.com](http://www.thirdpointpublic.com).

#### **Significant Shareholdings**

As at 30 June 2008, the following had significant shareholdings in the Company:

	<b>Total Shares Held</b>	<b>% Holdings in class</b>
<b>Significant Shareholders</b>		
<b>US Dollar Shares</b>		
Goldman Sachs Securities (Nominees) Limited	7,985,570	21.25%
HSBC Global Custody Nominee UK Limited	7,553,546	20.10%
HSBC Client Holdings Nominee (UK)	5,082,000	13.52%
Hanover Nominees Limited	2,715,000	7.22%
Bank of New York Nominees Limited	2,500,000	6.65%
Euroclear Nominees Limited	2,226,306	5.92%
Vidacos Nominees Limited	1,418,630	3.77%
Chase Nominees Limited	1,412,500	3.76%
Apollo Nominees Limited	1,138,204	3.03%

Euro Shares		
Vidacos Nominees Limited	3,391,600	48.68%
Lehman Brothers International	1,762,677	25.30%
Apollo Nominees Limited	919,165	13.19%

Sterling Shares		
James Capel Nominees Limited	1,077,455	42.07%
Bank of New York Clearing Nominees Limited	479,500	18.72%
James Capel (Channel Islands) Nominees Limited	372,003	14.52%
HSBC Global Custody Nominee (UK)	125,951	4.92%
CAM Nominees Limited	77,021	3.01%

Signed on behalf of the Board by:

Marc A Autheman  
Chairman

Christopher F L Legge  
Director

21 August 2008

## **Statement of Directors' Responsibilities in Respect of the Financial Statements**

The Directors are responsible for preparing the Financial Statements for each financial period which give a true and fair view of the state of affairs of the Company and of the net income or expense of the Company for that period.

In preparing these Financial Statements the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for the system of internal controls, safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We confirm to the best of our knowledge:-

- this Unaudited Interim Report and Financial Statements have been prepared in accordance with Accounting Principals Generally Accepted in the United States of America and give a true and fair view of the financial position of the Company;

- this Unaudited Interim Report and Financial Statements includes information detailed in the Directors' Report, the Investment Manager's Review and Notes to the Financial Statements, which provides a fair review of the information required by:-
  - a) DTR 4.2.7(2) of the Disclosure and Transparency Rules ("DTR"), being an indication of important events that have occurred during the first six months of the financial year and their impact on the Unaudited Interim Report and Financial Statements, and
  - b) DTR 4.1.8 of the DTR being a description of the principal risks and uncertainties facing the Company for the remaining six months of the financial year.

Signed on behalf of the Board by:

Marc A Autheman  
Chairman

Christopher F L Legge  
Director

21 August 2008

## Investment Manager's Review

### Performance Summary

USD Class	30 June 2008	31 December 2007	% Change
Share Price	8.89	9.23	(3.68%)
Net asset value per share	10.03	9.91	1.21%
Premium/(discount)	(11.30%)	(6.90%)	
EUR Class	30 June 2008	31 December 2007	% Change
Share Price	8.80	9.05	(2.76%)
Net asset value per share	9.99	9.82	1.73%
Premium/(discount)	(12.00%)	(7.80%)	
GBP Class	30 June 2008	31 December 2007	% Change
Share Price	9.45	9.10	3.85%
Net asset value per share	10.12	9.89	2.33%
Premium/(discount)	(6.30%)	(8.00%)	

### Strategy Performance

During the period from 31 December 2007 to 30 June 2008, the Net Asset Value ("NAV") of the Company's shares increased by 1.21% in the USD share class, 1.73% in the EUR share class and 2.33% in the GBP share class.

These results reflect the challenging market environment that prevailed during much of the period and continued into the third quarter of 2008. Responding to these markets, the Investment Manager largely adopted a defensive position designed to preserve investors' capital and prepare for market reconciliation. Both net and gross exposures were low by historical standards, reflecting the Investment Manager's approach. Thematically, the Investment Manager found attractive opportunities for growth and profits in energy sector stocks, and in certain trades in the financials sector. Risk Arbitrage and individual single-name short positions where questionable accounting was suspected also proved successful. As of 30 June 2008, the Master Fund's five largest holdings were MasterCard Inc., EXCO Resources, Inc., Clear Channel Communications, Inc., Plains Exploration and Production Co., and Questar Corp.

## **Strategy Risk Outlook**

The principal risk to the Master Fund, and accordingly to the Company, is price risk with regard to its investment portfolio. As of 30 June 2008, the Master Fund had gross equity exposure (the long exposure plus the short exposure of all equity positions) of 126% of assets under management ("AUM"). At times, the gross equity exposure of the Master Fund has been and will be substantially higher than that number. Net equity exposure at period end was 24.4% of AUM. Net equity exposure is defined as the long exposure minus the short exposure of all equity positions, and can serve as a rough measure of the exposure to fluctuations in overall market levels. In addition to equities, the Master Fund also held positions in other asset classes, including fixed income and credit.

The investment portfolio of the Master Fund can be highly concentrated. At period end the 10 largest individual long equity positions represented 41% of AUM. The distribution of exposures by country and market capitalization may vary considerably over time. The following charts show these distributions at period end:

The Master Fund has limited exposure to counterparty, liquidity and cash flow risks. In the opinion of the Investment Manager, significant majority of the investment portfolio is highly liquid (i.e. it can be sold within a reasonable period of time without incurring a significant level of market impact). The Master Fund has credit exposure to its prime brokers arising from custody arrangements, but diversifies this risk by using multiple prime brokers. Additional counterparty credit exposure can arise from swap agreements or other contractual products. This exposure is also diversified, and is subject to two-way mark-to-market collateralization. Cash flow risk is limited, as the Master Fund has no financing arrangements other than margin loans and swaps, which are collateralized with liquid assets. Investor redemptions require 30 or 60 days' advance notice, permitting an orderly liquidation of an appropriate portion of the Master Fund's assets.

Third Point LLC

21 August 2008

## **Independent Review Report**

to Third Point Offshore Investors Limited

### **Introduction**

We have been engaged by the Company to review the interim condensed financial statements in the interim financial report for the six months ended 30 June 2008 which comprise the Unaudited Statement of Assets and Liabilities, Unaudited Statement of Operations, Unaudited Statement of Change in Net Assets, Unaudited Statement of Cash Flows and the related notes 1 to 10 to the interim condensed financial statements. 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 condensed financial statements.

This report is made solely to the Company in accordance with guidance contained in ISRE 2410 (UK and Ireland) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

### **Directors' Responsibilities**

The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim condensed financial statements.

As disclosed in note 2, the interim condensed financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States.

### **Our Responsibility**

Our responsibility is to express to the company a conclusion on the interim condensed financial statements

in the interim financial 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 United Kingdom. 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 condensed financial statements in the interim financial report for the six months ended 30 June 2008 are not prepared, in all material respects, in accordance with accounting principles generally accepted in the United States.

Ernst & Young LLP  
Guernsey, Channel Islands

21 August 2008

### Unaudited Statement of Assets and Liabilities

	As at 30 June 2008	As at 31 December 2007
(Stated in United States Dollars)	\$	\$
<b>Assets</b>		
Investment in Third Point Offshore Fund, Ltd, at fair value	537,889,882	521,772,222
Cash and bank balances	312,001	171,730
Other assets	243,701	384,192
Total assets	538,445,584	522,328,144
<b>Liabilities</b>		
Accrued expenses and other liabilities	103,560	73,632
Directors' fees payable (Note 5)	73,029	74,087
Administration fee payable (Note 4)	125,250	40,876
Total liabilities	301,839	188,595
Net assets	538,143,745	522,139,549
<b>Number of Ordinary Shares in issue (Note 6)</b>		
US Dollar Shares	36,729,748	37,579,748
Euro Shares	7,258,402	6,967,429
Sterling Shares	2,761,788	2,561,258
<b>Net asset value per Ordinary Share (Note 8 and 10)</b>		
US Dollar Shares	\$10.03	\$9.91
Euro Shares	€9.99	€9.82

The unaudited condensed financial statements were approved by the Board of Directors on 21st August 2008 and were signed on its behalf by:-

Marc A Autheman  
Chairman

Christopher F L Legge  
Director

21 August 2008

See accompanying notes and attached interim unaudited financial statements of Third Point Offshore Fund, Ltd.

### Unaudited Statement of Operations

	For the period from 1 January 2008 to 30 June 2008	For the period from 19 June 2007 (date of incorporation) to 31 December 2007
	\$	\$
(Stated in United States Dollars)		
Realised and unrealised gain/(loss) from investment transactions allocated from Master Fund		
Net realised gain from securities	39,996,850	13,206,562
Net change in unrealised loss on securities	(16,231,645)	(10,151,378)
Net change in unrealised gains on foreign currency	544,157	2,761,736
Total realised and unrealised gain from investment transactions allocated from Master Fund	24,309,362	5,816,920
Net investment loss allocated from Master Fund		
Interest income	3,894,619	3,932,293
Dividends, net of withholding taxes of \$423,995 (2007: \$518,874)	1,485,536	1,104,782
Other income	476,103	1,253,393
Incentive fee	(1,734,201)	-
Management fee	(4,727,367)	(4,318,149)
Interest expense	(726,717)	(2,943,602)
Stock borrow fees	(2,824,057)	(2,171,251)
Other expenses	(3,543,877)	(3,468,281)
Total net investment loss allocated from Master Fund	(7,699,961)	(6,610,815)
Company income		
Fixed deposit income	1,576	4,916
Total Company income	1,576	4,916
Company expenses		

Administration fee (Note 4)	(80,130)	(127,601)
Directors' fees (Note 5)	(144,778)	(158,603)
Other expenses	(243,596)	(145,771)
Expenses paid on behalf of Third Point Offshore Independent Voting Company Limited (Note 4)	(138,277)	(97,058)
Total Company expenses	(606,781)	(529,033)
Net investment loss	(8,305,166)	(7,134,932)
Net increase/(decrease) in net assets resulting from operations	16,004,196	(1,318,012)

See accompanying notes and attached interim unaudited financial statements of Third Point Offshore Fund, Ltd.

### Unaudited Statement of Changes in Net Assets

	For the period from 1 January 2008 to 30 June 2008	For the period from 19 June 2007 (date of incorporation) to 31 December 2007
(Stated in United States Dollars)	\$	\$
Increase/(decrease) in net assets resulting from operations		
Net realised gain from securities	39,996,850	13,206,562
Net change in unrealised loss on securities	(16,231,645)	(10,151,378)
Net change in unrealised gains on foreign currency	544,157	2,761,736
Net investment loss	(8,305,166)	(7,134,932)
Net increase/(decrease) in net assets resulting from operations	16,004,196	(1,318,012)
Increase in net assets resulting from capital share transactions		
US Dollar Shares issued	-	364,300,820
Euro Shares issued	-	117,397,501
Sterling Shares issued	-	41,759,240
	-	523,457,561
Net increase in net assets	16,004,196	522,139,549
Net assets at the beginning of the period	522,139,549	-
Net assets at the end of the period	538,143,745	522,139,549

See accompanying notes and attached interim unaudited financial statements of Third Point Offshore Fund, Ltd.

### Unaudited Statement of Cash Flows

	For the period from 1 January 2008 to 30 June 2008	For the period from 19 June 2007 (date of incorporation) to 31 December 2007
(Stated in United States Dollars)	\$	\$
Cash flows from operating activities		
Net increase/(decrease) in net assets resulting from operations	16,004,196	(1,318,012)

Adjustments to reconcile net increase/(decrease) in net assets to net cash provided by/(used in) operating activities:

Investment in Master Fund	-	(547,611,549)
Proceeds of redemptions from Master Fund	491,741	25,045,432
Net realised gain from securities allocated from Master Fund	(39,996,850)	(13,206,562)
Net change in unrealised loss on securities allocated from Master Fund	16,231,645	10,151,378
Net change in unrealised gains on foreign currency allocated from Master Fund	(544,157)	(2,761,736)
Net investment loss allocated from Master Fund	7,699,961	6,610,815
Decrease/(increase) in other assets	140,491	(384,192)
Increase in accrued expenses and other liabilities	29,928	73,632
(Decrease)/increase in Director's fees payable	(1,058)	74,087
Increase in administration fee payable	84,374	40,876
Net cash provided by/(used in) operating activities	140,271	(523,285,831)

Cash flows from financing activities

Proceeds from issuance of shares	-	523,457,561
Net cash provided by financing activities	-	523,457,561

Net increase in cash	140,271	171,730
Cash at the beginning of the period	171,730	-
Cash at the end of the period	312,001	171,730

See accompanying notes and attached interim unaudited financial statements of Third Point Offshore Fund, Ltd.

## Notes to the Unaudited Condensed Financial Statements

For the period from 1 January 2008 to 30 June 2008

### 1. The Company

Third Point Offshore Investors Limited (the "Company") is a Registered closed-ended investment company incorporated in Guernsey on 19 June 2007 for an unlimited period, with registration number 47161.

The Company was admitted to a Secondary Listing (Chapter 14) on the Official List of the London Stock Exchange on 23 July 2007. As a consequence of the Secondary Listing, the Company is not required to comply with the additional requirements under Chapters 6 to 13 inclusive and the provisions of Chapter 15 of the Listing Rules. However, the Company complies with the Listing Principles set out in Chapter 7 of the Listing Rules which would otherwise apply to an investment company such as a Company if it were to obtain a "primary" listing on the Official List. The Company is not, however, subject to such Listing Principles and is not required to comply with them.

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

Investment Objective and Policy

The Company's investment objective is to provide its Shareholders with consistent long term capital appreciation utilising the investment skills of Third Point LLC (the "Investment Manager") through investment of all of its capital (net of short term working capital requirements) in Class E and Class S Shares of Third Point Offshore Fund, Ltd (the "Master Fund"). The Master Fund's investment objective is

to seek to generate consistent long-term capital appreciation, by using an Event Driven, bottom-up, fundamental approach to evaluate various types of securities throughout companies' capital structures. The Master Fund is managed by the Investment Manager and the Investment Manager's implementation of the Master Fund's investment policy is the main driver of the Company's performance.

The Master Fund's fundamental approach to investing begins with analysing a company's financial performance, its management and competitive advantages, its position within its industry and the overall economy. This analysis is performed on historical and current data with the ultimate goal of producing a set of projected financial results for the company. Once the projections are established, the Master Fund's Investment Manager compares the current valuation of the company in question relative to its historical valuation range, the valuation range of its peers and the overall market in general to determine whether the markets are mis-pricing the company. The Investment Manager ultimately invests in situations where it believes mis-pricing exists because this fundamental analysis indicates that such a disconnection will correct itself over the long term.

The Investment Manager's bottom-up approach attempts to identify individual companies that would make attractive investment targets based on their growth and profitability characteristics. This approach differs from a top-down methodology which first evaluates macro-economic, sector, industry or geographic factors to select the best sectors or industries for investment.

The Investment Manager seeks to identify Event Driven situations in which it can take either a long or short investment position where it can identify a near or long-term catalyst that would unlock value.

#### Master Fund

The Master Fund is an exempt company formed under the laws of the Cayman Islands on 21 October 1996. The investment objective of the Master Fund is to generate consistent long-term capital appreciation by using an Event Driven, bottom-up, fundamental approach to evaluate various types of securities throughout companies' capital structures. By investing in the Master Fund's Class E and Class S shares (Class S shares being designated for "Special Investment" as described in the Company's Registration Document) the Company aims to generate a target return of 15 per cent. per annum net of all costs and expenses, although there can be no guarantee that this will be achieved.

The Interim Unaudited Condensed Financial Statements of the Master Fund should be read alongside the Company's Unaudited Condensed Financial Statements.

The Master Fund's unaudited interim financial statements are condensed. Where applicable, certain notes to the interim unaudited financial statements are condensed to include only information relevant to Third Point Offshore Investors Limited.

#### Investment Manager

Third Point LLC (the "Investment Manager") is the investment manager of the Company and of the Master Fund. The Investment Manager is a Limited Liability Company formed on 28 October 1996 under the laws of the State of Delaware and is responsible for the management and investment of the Company's assets on a discretionary basis in pursuit of the Company's investment objective, subject to the control of the Company's Board and certain borrowing and leveraging restrictions.

The Company does not pay the Investment Manager for its services as the Investment Manager is paid a management fee of 2 per cent. per annum of the Company's share of the Master Fund's NAV and an incentive fee of 20 per cent. of the Master Fund's NAV growth, subject to a high water mark and related adjustments, by the Master Fund.

The Investment Manager is also entitled to an incentive fee of the Company's Share of the Master Fund's NAV if a particular series has a loss chargeable to it during any fiscal year and during subsequent years there is a profit attributable to such series, the series must recover an amount equal to 2.5 times the amount of the loss chargeable in the prior years before the Investment Manager is entitled to the full incentive fee. Until this occurs, the series will be subject to a reduced incentive fee equal to half of the full incentive fee. For the period ended 30 June 2008, the incentive fee was \$1,734,201 for the combined total of all share

classes.

#### Directors

The Directors are responsible for the determination of the investment policy of the Company and have overall responsibility for the Company's activities. The Directors, all of whom are non-executive, are listed on the inside back cover.

#### Corporate Governance

The Directors recognise the importance of sound corporate governance and the Board is committed to complying, and currently complies, with the corporate governance obligations which apply to Guernsey registered companies and, where possible, the Board intends to adopt best practice. This may involve the Company having regard to the Code of Corporate Governance produced by the Association of Investment Companies and the Combined Code, where appropriate.

The Company does not comply with the Combined Code since there is no published corporate governance regime equivalent to the Combined Code in Guernsey. The Directors acknowledge this non-compliance and will comply with the Combined Code to the extent that they consider it appropriate having regard to the Company's size, stage of development and resources.

The Directors have adopted a code of Directors' dealings in shares equivalent to the Model Code. The Board are responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by the Directors.

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 Investment Manager; (ii) the Chairman of the Board of Directors is free from any conflicts of interest and be independent of the Investment Manager; and (iii) no more than one Director, partner, employee or professional adviser to the Investment Manager or any company in the same group as the Investment Manager may be a Director of the Company at any one time.

#### Board Committees

The Company has established an audit committee with formally delegated duties and responsibilities. This committee will meet for the purpose, amongst others, of considering the Company's accounting and financial reporting processes, the integrity and audits of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the qualifications, performance and independence of the auditors and of any third party providing valuations for the Company's investments, the remuneration of the auditors, to discuss and agree with the external auditors the nature and scope of the audit and to keep under review the scope, results and cost effectiveness of the audit.

The Audit Committee consists of Independent Directors and comprises Mr. Autheman, Mr. Dorrian, Mr. Fish and Mr. Legge. Mr. Legge is the Chairman of the audit committee.

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

### **3. Significant Accounting Policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's interim condensed financial position.

#### Basis of Accounting

The accompanying Financial Statements have been prepared in accordance with relevant accounting principles generally accepted in the United States of America. The functional and presentational currency of the Company is United States Dollars. The following are the significant accounting policies adopted by the Company:

#### Valuation of Investments

On 1 January 2008, the Company adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("FAS 157"). FAS 157 clarifies the definition of

fair value, creates a hierarchy of fair value, and requires additional disclosures about fair value measurements. In accordance with FAS 157, fair value is defined as the price that the Company would receive upon selling a security in a timely transaction to an independent buyer in the principal or most advantageous market of the security. For further information refer to the Master Fund unaudited condensed financial statements.

As the Company only invests in the Master Fund which also adopted FAS 157 on the 1 January 2008, the valuation of the Master Fund investment reflects the net asset value of the Master Fund's shares, as at 30 June 2008. At 30 June 2008, the Company's US Dollar, Euro and Sterling shares represents 9.93%, 3.10% and 1.50% respectively of the Master Fund's net asset value. 7.84%, 7.21% and 8.04% of the Company's investment in the Master Fund is in Class S Shares the balance being invested into Class E Shares. The valuation of securities held by the Master Fund is discussed in the notes to the Master Fund's unaudited condensed financial statements. The net asset value of the Company's investment in the Master Fund reflects its fair value.

#### Income Taxes

On 1 January 2008 the Company adopted the Financial Accounting Standards Board ("FASB") Interpretation No. 48, Accounting for Uncertainty in Income Taxes ("FIN 48").

FIN 48 provides guidance for how uncertain tax positions should be recognized, 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. Tax positions not deemed to meet a "more-likely-than-not" threshold would be recorded as a tax expense in the current year. FIN 48 has had limited impact on the Company, however refer to the Master Fund unaudited condensed financial statements for further information.

#### Income and Expenses

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

#### Use of Estimates

The preparation of financial statements in conformity with relevant accounting principles generally accepted in the United States of America may require management to make estimates and assumptions that affect the amounts and disclosures in the financial statement and accompanying notes. Actual results could differ from those estimates.

#### Share Issue Expenses

Share issue expenses of approximately US\$17.3 million were borne by the Investment Manager. Where the Company's Investment Management Agreement is terminated on certain grounds during the period ending on 23 July 2014 a proportion of such issue expenses will be reimbursed to the Investment Manager. The Directors consider the likelihood of this liability crystallising as remote and hence no provision has been made within the accounts. The Directors confirm there are no other contingent liabilities that require disclosure or provision.

#### Leverage

The Company does not intend to employ permanent leverage, however, it may borrow up to 15 per cent. of its NAV for share buy-backs and to satisfy working capital requirements.

#### Foreign Exchange

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

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

#### **4. Material Agreements**

##### **Management and Incentive fees**

On 29 June 2007, the Company entered into a management agreement with the Investment Manager to appoint the Investment Manager to invest the Company's assets in pursuit of the Company's investment objectives and policies. As disclosed in Note 2 the Investment Manager is remunerated by the Master Fund.

##### **Administration fees**

Under the terms of an Administration Agreement dated 29 June 2007, the Company appointed Northern Trust International Fund Administration Services (Guernsey) Limited as Administrator and Corporate Secretary.

The Administrator is paid fees based on the Net Asset Value (the "NAV") of the Company, payable quarterly in arrears. The fee is at a rate of 2 basis points of the NAV of the Company for the first £500 million of NAV and a rate of 1.5 basis points for any NAV above £500 million. This fee is subject to a minimum of £4,250 per month.

The Administrator is also entitled to an annual corporate governance fee of £30,000 for its corporate secretarial and compliance activities.

In addition, the Administrator is entitled to be reimbursed out-of-pocket expenses incurred in the course of carrying out its duties, and may charge additional fees for certain other services.

##### **Support and Custody Agreement**

The Company has entered into an agreement with Third Point Offshore Independent Voting Company Limited ("VoteCo") whereby, in return for the services provided by VoteCo, the Company will provide VoteCo with funds from time to time in order to enable VoteCo to meet its obligations as they fall due. Under this agreement, the Company has also agreed to pay all the expenses of VoteCo, including the fees of the directors of VoteCo, the fees of all advisers engaged by the directors of VoteCo and premiums for directors and officers insurance. The Company has also agreed to indemnify the directors of VoteCo in respect of all liabilities that they may incur in their capacity as directors of VoteCo.

#### **5. Directors' Fees**

The Chairman is entitled to a fee of £50,000 per annum and the Chairman of the Audit committee to a fee of £35,000 per annum. All other independent Directors are entitled to receive £30,000 per annum. Mr. Kirby and Mr. Wilson have waived their fees. The Directors are also entitled to be reimbursed for expenses properly incurred in the performance of their duties as Director.

#### **6. Share Capital**

The Company was incorporated with the authority to issue an unlimited number of Ordinary Shares with no par value and an unlimited number of Ordinary B Shares ("B Shares") of no par value. All B Shares are to be unlisted and held at all times by Third Point Offshore Independent Voting Company Limited ("VoteCo"). The Shares may be divided into at least three classes denominated in US Dollar, Euro and Sterling. At Incorporation, two shares were issued to the subscribers to the Memorandum of Association. These shares were later transferred to subscribers in the Offer.

The Company has issued approximately 40 per cent. of the aggregate voting rights of the Company to VoteCo in the form of B Shares. The B Shares are unlisted, do not carry any economic interest and at all times will represent approximately 40 per cent. of the aggregate issued capital of the Company. The Articles provide that the ratio of issued US Dollar B Shares to Euro B Shares to Sterling B Shares shall at all times approximate as close as possible the ratio of issued US Dollar Shares to Euro Shares to Sterling Shares.

US Dollar Shares	Euro Shares	Sterling Shares
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Number of Ordinary Shares			
Shares in issue as at 1 January 2008	37,579,748	6,967,429	2,561,258
Shares converted			
Based on 31 May 2008 NAV	(850,000)	290,973	200,530
Shares in issue at end of period	36,729,748	7,258,402	2,761,788
<hr/>			
Shares held by Master Fund at end of the period	850,000	1,511,000	-
	US Dollar Shares	Euro Shares	Sterling Shares
Number of Ordinary B Shares			
Shares in issue as at 1 January 2008	25,053,167	4,644,951	1,707,506
Shares converted			
Based on 31 May 2008 NAV	(566,667)	193,983	133,687
Shares in issue at end of period	24,486,500	4,838,934	1,841,193

#### 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 net asset value of the Master Fund, as calculated by the Master Fund, is allocated to the relevant class account in the Company according to the number of shares held by each class. Each class account is allocated those costs, expenses, losses, dividends, profits, gains and income which the Directors determine in their sole discretion relate to a particular class.

#### Voting Rights

Ordinary Shares carry the right to vote at general meetings of the Company and to receive any dividends, attributable to the Ordinary Shares as a class, declared by the Company and, in a winding-up will be entitled to receive, by way of capital, any surplus assets of the Company attributable to the Ordinary Shares as a class in proportion to their holdings remaining after settlement of any outstanding liabilities of the Company. B Shares also carry the right to vote at general meetings of the Company but carry no rights to distribution of profits or in the winding-up of the Company.

As prescribed in the Company's Articles of Association, each Shareholder present at general meetings of the Company shall, upon a show of hands, have one vote. Upon a poll, each Shareholder shall, in the case of a separate class meeting, have one vote in respect of each Share or B Share held and, in the case of a general meeting of all Shareholders, have one vote in respect of each US Dollar Share or US Dollar B Share held, one and a half votes in respect of each Euro Share or Euro B Share held and two votes in respect of each Sterling Share or Sterling B Share held. Fluctuations in currency rates will not affect the relative voting rights applicable to the Shares and B Shares. In addition all of the Company's Shareholders have the right to vote on all material changes to the Company's investment policy.

#### Repurchase of Shares and Discount Control

The Directors have been granted authority to purchase in the market up to 14.99 per cent. of each class of Shares in issue immediately following Admission, and they intend to seek annual renewal of this authority from Shareholders. The latest annual renewal was approved by Shareholders on 28 April 2008. The Directors propose to utilise this share repurchase authority to address any imbalance between the supply of and demand for Shares.

The Company, the Master Fund, the Investment Manager and its affiliates have the ability to purchase Shares in the after-market at any time the Shares trade at a discount to NAV. In addition, each of the Company, the Master Fund and the Investment Manager will consider commencing a share buy-back programme if the Shares should trade at or below 95 per cent. of NAV. The Company has completed a buy-back program of up to 5 per cent of the shares in issue, which are being held by the Master Fund. Subsequent share exchanges amongst the currency share classes generated an ownership of 5.05% of the

shares outstanding at 30 June 2008.

Shares purchased by the Company may be resold at a premium to NAV, cancelled or held in treasury.

At 30 June 2008 the Master Fund had purchased the following Shares in the Company in the after-market:

	Number of Shares	Cost \$	Average Cost per Share \$
US Dollar Shares	850,000	7,583,358	8.92
Euro Shares	1,511,000	14,043,226	9.29
Sterling Shares	-	-	-

At 31 December 2007 the Master Fund had purchased the following Shares in the Company in the after-market:

	Number of Shares	Cost \$	Average Cost per Share \$
US Dollar Shares	100,000	903,000	9.03
Euro Shares	111,000	999,000	9.00
Sterling Shares	-	-	-

The Master Fund's gains or losses or implied financing costs related to the Shares purchased through the buy-back programme are entirely allocated to the Company's shares.

#### Further issue of Shares

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

#### Dividends

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

#### Share Conversion Scheme

The Company's Articles of Association incorporate provisions to enable shareholders of any one Class of Ordinary Shares to convert all or part of their holding into any other Currency Class of Ordinary Share on a monthly basis (commencing in August 2007). Upon conversion a corresponding number of B Shares will be converted in a similar manner.

If the aggregate Net Asset Value of any Currency Class at any month-end falls below the equivalent of US\$50 million, the Shares of that Class may be converted compulsorily into Shares of the Currency Class with the greatest aggregate value in US Dollar terms at the time. Each conversion will be based on Net Asset Value (Note 8) of the share classes to be converted.

## 7. Taxation

The Fund 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 Net Asset Value ("NAV") of the Company is equal to the value of its total assets less its total liabilities. The NAV per Share of each class is calculated by dividing the net asset value of the relevant class account by the number of Shares of the relevant class in issue on that day.

The Company intends to publish 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, within twenty business days. Weekly estimates of NAV per share will in normal circumstances be published within three business days.

## 9. Related Party Transactions

At 30 June 2008 other investment funds owned by or affiliated with Third Point LLC owned 300,000 US Dollar shares in the Company.

In addition to the shares purchased by both the Master Fund through the share buy-back programme, as disclosed in Note 6, as well as by other Funds affiliated with Third Point LLC the Master Fund also owns an additional 3,451,370 US Dollar Shares as at 30 June 2008. These shares are held by the Master Fund in connection with the deferred incentive fee agreement with Third Point LLC through which Third Point LLC elected to make a deemed Investment in the Company, as disclosed in Note 3 to the Master Fund unaudited condensed financial statements.

## 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 Unaudited Condensed 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 \$	Euro Shares €	Sterling Shares £
Per Share Operating Performance			
Net Asset Value beginning of the period	9.91	9.82	9.89
Income from investment operations			
Realised and unrealised gain from investment transactions allocated from Master Fund (Note 2)	0.28	0.31	0.39
Net investment income	(0.16)	(0.14)	(0.16)
Total from investment operations	0.12	0.17	0.23
Net Asset Value, end of the period	10.03	9.99	10.12
Total return before performance fee	1.51%	2.14%	3.14%
Performance fee	(0.30%)	(0.41%)	(0.81%)
Total return after performance fee	1.21%	1.73%	2.33%

Total from Investment operations reflects the net return for an investment made at the beginning of the period and is calculated as the change in the NAV per Ordinary Share during the period ended 30 June 2008 and is not annualised. An individual Shareholder's return may vary from these returns based on the timing of their purchases and sales of shares on the market.

	US Dollar Shares \$	Euro Shares	Sterling Shares £
Supplemental data			

Net Asset Value, end of the period	368,232,855	72,514,032	27,939,218
Average Net Asset Value, for the period (Note 3)	362,448,573	65,643,221	24,976,592
Ratio to average net assets			
Operating expenses before performance fee (Note 1)	(2.41%)	(2.43%)	(2.40%)
Performance fee	(0.33%)	(0.29%)	(0.46%)
Operating expenses after performance fee (Note 1)	(2.74%)	(2.72%)	(2.86%)
Net investment loss (Note 1)	(1.60%)	(1.58%)	(1.73%)

Notes:

1. Operating expenses are Company expenses together with operating expenses allocated from the Master fund. Operating expense and net investment losses are not annualised.
2. Includes foreign currency retranslation of profit/(loss) with respect to Euro and Sterling share classes.
3. Average Net Asset Value for the period is calculated based on published weekly estimates of NAV.

**Directors**

Marc A Autheman (Chairman)\*  
Trafalgar Court, Les Banques,  
St Peter Port, Guernsey,  
Channel Islands, GY1 3QL.

Keith Dorrian\*  
Trafalgar Court, Les Banques,  
St Peter Port, Guernsey,  
Channel Islands, GY1 3QL.

Christopher N Fish\*  
Trafalgar Court, Les Banques,  
St Peter Port, Guernsey,  
Channel Islands, GY1 3QL.

Christopher F L Legge\*  
Trafalgar Court, Les Banques,  
St Peter Port, Guernsey,  
Channel Islands, GY1 3QL.

Bruce Wilson  
(appointed 4 April 2008)  
Trafalgar Court, Les Banques,  
St Peter Port, Guernsey,  
Channel Islands, GY1 3QL.

Robert P Kirby  
(appointed 7 January 2008 and resigned on 10 January 2008)  
Trafalgar Court, Les Banques,

St Peter Port, Guernsey,  
Channel Islands, GY1 3QL.

\* These Directors are independent.

(All Directors are non-executive)

Investment Manager

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Administrator and Secretary

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Legal Advisors (Guernsey Law)

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Receiving Agent

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The Registry,  
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United Kingdom.

The Unaudited Condensed Interim Report and Financial Statements of the Company together with Unaudited Condensed Interim Report and Financial Statements of the Master Fund will be mailed to shareholders shortly and a copy will be posted on the Company's website [www.thirdpointpublic.com](http://www.thirdpointpublic.com).