Chairman's Statement

I am pleased to present the fifth Annual Report for Third Point Offshore Investors ("the Company").

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

For the year ended 31 December 2011, the Company's net asset value (the "NAV") appreciated approximately 0.03%, demonstrating the Manager's ability to preserve capital in a volatile environment. While the year began with outpaced positive performance, the tide shifted after the first quarter, and nearly all long positions suffered. The Manager gave back early profits amid this global economic slowdown but was able to mitigate losses by drastically reducing gross and net exposures throughout the second and third quarters. While this defensive positioning prevented the Manager from fully capitalizing on the market rally in the fourth quarter, resulting in slight underperformance to the S&P 500 Index, the Manager protected capital while exhibiting materially lower volatility than the markets.

Throughout 2011, Third Point LLC (the "Investment Manager") closely monitored risk in the portfolio, building a robust portfolio of single name short positions to hedge high conviction long exposure. The Investment Manager remained diligent in managing gross and net exposure levels and successfully avoided significant losses in any single position or strategy.

The Board continues to review discount-control mechanisms regularly. While the Company currently trades at a discount, we are hopeful that the Master Fund's decision to close to new investors will cause this discount to narrow.

We believe in the importance of transparent communications with shareholders and aim to be responsive to your inquiries. To this end, the Company's website (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.

In corporate governance matters, the independent Board of Directors and Audit Committee have met regularly, and Jefferies International Limited has been appointed as the Corporate Broker.

My fellow Directors and I take our responsibilities to you very seriously, and we remain committed to providing best in class services to our shareholders.

Marc Antoine Autheman
23 April 2012

Directors' Report

The Directors submit their Report together with the Company's Statements of Assets and Liabilities, Statements of Operations, Statements of Changes in Net Assets, Statements of Cash Flows, and the related notes for the year ended 31 December 2011. These Statements and notes have been properly prepared, in accordance with accounting principles generally accepted in the United States of America, 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 and 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 initial issue of shares on listing amounted to approximately $523 million. Following changes to the Listing Rules on 6 April 2010, the secondary listing became a standard listing.

The Company is a member of the Association of Investment Companies (AIC).

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 Shares of Third Point Offshore Fund, Ltd (the "Master Fund"), an exempted company formed under the laws of the Cayman Islands on 21 October 1996.

The Master Fund is a limited partner of Third Point Offshore Master Fund L.P. (the "Master Partnership"), an exempted limited partnership organised under the laws of the Cayman Islands, of which Third Point Advisors II L.L.C., an affiliate of the Investment Manager, is the general partner. Third Point LLC is the Investment Manager to the Company, the Master Fund and the Master Partnership. The Master Fund and the Master Partnership have the same investment objectives, investment strategies and investment restrictions.

The Master Fund and Master Partnership'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 Investment Manager's implementation of the Master Fund and Master Partnership's investment policy is the main driver of the Company's performance.

The Investment Manager'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 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 year are set out in the Statements of Operations. The Directors do not recommend the payment of a dividend (2010: $nil).

Share Capital
Share Capital Conversions took place during the year ended 31 December 2011. A summary and the number of shares in issue at the year-end in 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. The Master Fund shares are liquid and can be converted to cash to meet liabilities as they fall due. After due consideration, the Directors consider that the Company is able to continue for the foreseeable future.

Directors

Directors' Interests

Mr Targoff holds the position of Chief Operating Officer and General Counsel 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 year.

Corporate Governance Policy

The Board of the Company has considered the principles and recommendations of the AIC Code of Corporate Governance (AIC Code) by reference to the AIC Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance.

The Board has determined that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders. The Company has complied with all the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, the Board considers these provisions are not relevant to the position of the Company, being an externally advised investment company with no executive directors or employees. The Company has therefore not reported further in respect of these provisions.

The AIC Code provides a "comply or explain" code of corporate governance designed especially for the needs of investment companies. The Company is a member of the AIC. The AIC published a new code of corporate governance in October 2010 and the Company has reviewed its compliance with these standards. The Financial Reporting Council has confirmed that so far as investment companies are concerned it considers that companies who comply with the AIC Code will be treated as meeting their obligations under the UK Corporate Goverance Code ("The Code") and 9.8.6 of the Listing Rules.

On 30 September 2011 the Guernsey Financial Services Commission ("GFSC") issued a new Code of Corporate Governance (the "Guernsey Code") which came into effect on 1 January 2012. The Guernsey Code replaces the existing GFSC guidance, "Guidance on Corporate Governance in the Finance Sector". The Guernsey Code provides a framework that applies to all entities licensed by the GFSC or which are registered or authorised as a collective investment scheme. Companies reporting against the UK Corporate Governance Code or the Association of Investment Companies Code of Corporate Governance are deemed to comply with the Guernsey Code. It is the Company's policy to comply with the AIC Code.

Board Structure
The Board currently consists of five non-executive Directors. As the Chairman of the Board is an independent non-executive, the Board considers it unnecessary to appoint a senior independent Director.

Name	Position	Independent	Date Appointed
Marc A Autheman	Non-Executive Chairman	Yes	21/6/2007
Christopher F L Legge	Non-Executive Director	Yes	19/6/2007
Christopher N Fish	Non-Executive Director	Yes	19/6/2007
Keith Dorrian	Non-Executive Director	Yes	19/6/2007
Joshua L Targoff	Non-Executive Director	No	29/5/2009

One third of the Directors retire by rotation at every AGM with the exception of Mr. J Targoff, who as the Chief Operating Officer and General Counsel of the Investment Manager, is not considered independent and will therefore be subject to annual re-election by shareholders. All other Directors are considered by the Board to be independent of the Company's investment manager. Any Directors appointed to the Board since the previous AGM also retire and stand for re-election. The independent directors take the lead in any discussions relating to the appointment or re-appointment of directors. The Independent Directors consider it important that the Board includes a representative of the Investment Manager.

The Board meets at least four times a year and in addition there is regular contact between the Board, the Investment Manager and the Administrator and the Board requires to be supplied in a timely manner with information by the Investment Manager, Administrator, the Company Secretary and other advisors in a form and of a quality appropriate to enable it to discharge its duties. The Board, excluding Mr Targoff, regularly reviews the performance of the Investment Manager and the Master Fund to ensure that performance is satisfactory and in accordance with the terms and conditions of the relative appointments and Prospectus. It carries this review out through consideration of a number of objective and subjective criteria and through a review of the terms and conditions of the advisors' appointment with the aim of evaluating performance, identifying any weaknesses and ensuring value for money for the Company's shareholders.

An evaluation of the performance of individual Directors and the Chairman was carried out during the year which concluded that the Board is performing satisfactorily in the six areas reviewed:

- Board composition and meeting process,
- Board information,
- Training,
- Board dynamics,
- Board accountability and effectiveness; and

- an evaluation of the Chairman.

New Directors will receive an induction from the Investment Manager on joining the Board, and all Directors undertake relevant training as necessary.

The Company has no executive directors or employees. All matters, including strategy, investment and dividend policies, gearing and corporate governance procedures are reserved for approval by the Board of Directors. The Board currently meets at least quarterly and receives full information on the Company's investment performance, assets, liabilities and other relevant information in advance of Board meetings.

Board Tenure

No member of the Board has served for longer than 5 years to date. As such no issue has arisen to be considered by the Board with respect to long tenure. When and if any independent director shall have been in office (or on re-election would at the end of that term of office) for more than 8 years, the Company will consider further on this matter as to whether there is any risk that such director might reasonably be deemed to have lost independence through such long service.

Director's Biographies

Marc Antoine Autheman

Marc Antoine Autheman, is a resident of France (since spring 2011) and has nearly 30 years of experience in the public and private finance sectors. He worked in the French Treasury for ten years from 1978 to 1988 working in several roles prior to joining the Minister of Finance's private office, Minister Beregovoy, as advisor for monetary and financial affairs between 1988 and 1993. From 1993 to 1997, he worked as Executive Director for France for the International Monetary Fund and the World Bank. He was also appointed Financial Counselor at the French Embassy in the United States and chaired the audit committee of the World Bank during this time. From 1997 to 2004, he worked in a number of roles at Credit Agricole S.A. ("CASA''), including Managing Director responsible for foreign affiliate banks, Chief Executive Officer – Credit Agricole Indosuez and, most recently, Managing Director CASA – International Banking. Mr. Autheman is currently chairman of Cube Infrastructure Fund and senior adviser to the CEO of Calyon (Credit Agricole SA corporate and investment banking subsidiary). His previous directorships include Banca Intesa, Coface and Banque Saudi Fransi. He holds Master's degrees in Law and Economics from the University of Paris.

Keith Dorrian

Keith Dorrian, is a Guernsey resident and has close to 40 years' experience in the offshore finance industry. Joining Manufacturers Hanover in 1973 he moved to First National Bank of Chicago in 1984 where he was appointed Vice President and Company Secretary. In 1989 he joined ANZ Bank (Guernsey) where, as a Director of the Bank and Fund Management company, he was closely involved in the banking and fund management services of the Group. He took up the position of Manager Corporate Clients in Bank of Bermuda Guernsey in 2000 and was appointed local Head of Global Fund Services and Managing Director of the Guernsey Bank's Fund Administration company Management International (Guernsey) Limited in Guernsey in 2001, retiring on 31 December 2003. He is currently a member of the Guernsey Investment Fund Association, the Institute of Financial Services, the Institute of Directors and is a Director of a number of funds and fund management companies and holds the Institute of Directors Diploma in Company Direction.

Christopher Fish

Christopher Fish, is a director of five UK listed funds as well as three Guernsey based financial companies. During the past 35 years he has held executive positions as a director of the Royal Bank of Canada (Channel Islands) Limited and as the Americas Offshore Head of Coutts where he was responsible for the Bahamas, Bermuda, Cayman and Uruguay offices. In 1997 he was appointed the Senior Client Partner for Coutts Offshore before taking up the position of Managing Director of Close International Private Banking in 1999 from where he retired in 2005. Mr. Fish is resident in Guernsey.

Christopher Legge

Christopher Legge, is a Guernsey resident and worked for Ernst & Young in Guernsey from 1983 to 2003. Having joined the firm as an audit manager in 1983, he was appointed a partner in 1986 and managing partner in 1998. From 1990 to 1998, he was head of Audit and Accountancy and was responsible for the audits of a number of insurance, banking, investment fund and financial services clients. He also had responsibility for the firm's training, quality control and compliance functions. He was appointed managing partner of Ernst & Young for the Channel Islands region in 2000. Since his retirement from Ernst & Young in 2003, Mr. Legge has held a number of non-executive directorships in the financial sector. His current appointments include Ashmore Global Opportunities Limited, BH Macro Limited and Goldman Sachs Dynamic Opportunities Limited. He is an FCA and holds a BA (Hons) in Economics from the University of Manchester.

Joshua L. Targoff

Joshua L. Targoff has been the Chief Operating Officer of the Investment Manager since May 2009. He joined as General Counsel in May 2008. Previously, Mr. Targoff was the General Counsel of the Investment Banking Division of Jefferies & Co. Mr. Targoff spent seven years doing M & A transactional work at Debevoise & Plimpton LLP. Mr. Targoff graduated with a J. D. from Yale Law School, and holds a B.A. from Brown University.

Audit Committee

The Board is satisfied that for the year under review and thereafter the committee have recent and relevant commercial and financial knowledge to satisfy the provisions of The Code.

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, or in his absence another member of the Committee, 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 external auditor together with their remuneration.

The Audit Committee is also the forum through which the auditor reports to the Board of Directors. The objectivity of the auditor is reviewed by the Audit Committee which also reviews the terms under which the external auditor is 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 auditor, with particular regard to non-audit fees. There were no non-audit fees paid to Ernst & Young LLP during the Year. See a breakdown of the fees paid to Ernst & Young in the table below:

	2011 US$	2010 US$
Interim review		
Ernst &Young LLP – Guernsey	17,844	16,228
Ernst & Young LLP – New York	27,800	27,953
Annual audit – the Company		
Ernst &Young LLP – Guernsey	37,222	35,857
Annual audit – Third Point Offshore Independent Voting Company Limited		
Ernst &Young LLP – Guernsey	10,236	10,289
	93,102	90,327

The Audit Committee considers Ernst & Young LLP to be independent of the Company. The Committee also met with the external auditors without the investment manager or administrator being present so as to provide a forum to raise any matters of concern in confidence.

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 the internal audit functions, provided 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 Audit Committee has requested and received SSAE 16 or equivalent reports from the Investment Manager and the Company's Administrator to enable it to fulfil its duties under its terms of reference. Representatives of the auditors, Investment Manager and the Administrator attend each meeting as a matter of practice and presentations are made by those attendees as and when required.

Meeting Attendance Records
The table below lists Directors' attendance at meetings during the year, to the date of this report.

	Scheduled Board Meetings Attended (max 5)	Audit Committee Meetings Attended (max 2)
Marc Autheman	5 of 5	2 of 2
Chris Legge	5 of 5	2 of 2
Chris Fish	5 of 5	2 of 2
Keith Dorrian[3]	3 of 5	1 of 2
Joshua Targoff[1, 2]	4 of 5	N/A

[1] Mr. J Targoff is not a member of the Audit Committee.
[2] Mr. J Targoff does not attend Meetings as a director where recommendations from the Investment Manager are under consideration.
[3] Mr. Dorrian was unable to attend some meetings during 2011 due to illness from which he has now fully recovered.

Committees of the Board
The AIC Code requires the Company to appoint a nomination, remuneration and management engagement committees. The Board has not deemed this necessary as, being comprised wholly of non-executive Directors, the whole Board considers these matters.

Following the "Women on Boards" Review conducted by Lord Davies of Abersoch in February 2011, the Board has examined Lord Davies Recommendations and noted that it was consistently reviewing its policy and future appointments to the Board would continue to be based on the individuals skills and experience regardless of gender.

The Investment Manager has wide experience in managing and administering fund vehicles and has access to extensive investment management resources. The Board considers that the continued appointment of the Manager on the terms agreed would be in the interests of the Company's shareholders as a whole.

Directors' Duties and Responsibilities
The Directors have adopted a set of Reserved Powers, which establish the key purpose of the Board and detail its major duties. These duties cover the following areas of responsibility:

- Statutory obligations and public disclosure

- Strategic matters and financial reporting

- Board composition and accountability to shareholders

- Risk assessment and management, including reporting, compliance, monitoring, governance and control
- Other matters having material effects on the Company

These Reserved Powers of the Board have been adopted by the Directors to clearly demonstrate the seriousness with which the Board takes its fiduciary responsibilities and as an ongoing means of measuring and monitoring the effectiveness of its actions.

The Directors are responsible for the overall management and direction of the affairs of the Company. The Company has no Executive Directors or employees. The Company invests all of it assets in shares of the Master Fund and Third Point LLC acts as Investment Manager to the Master Fund and is responsible for the discretionary investment management of the Master Fund's investment portfolio under the terms of the Master Fund Prospectus.

Northern Trust International Fund Administration Services (Guernsey) Limited acts as Administrator and Company Secretary and is responsible to the Board under the terms of the Administration Agreement. The Administrator is also responsible for ensuring compliance with the Rules and Regulations of Guernsey Law, London Stock Exchange listing requirements and observation of the Reserved Powers of the Board and in this respect the Board receives detailed quarterly reports.

The Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that it complies with applicable rules and regulations of Guernsey Law, Guernsey Financial Services Commission and the London Stock Exchange. 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 Officiers' liability insurance in respect of legal action against its Directors on an ongoing basis and the Company has maintained appropriate Directors' Liability Insurance cover throughout the year.

The Board is also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Internal Control and Financial Reporting
The Directors acknowledge that they are responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness. Internal control systems are designed to manage rather than eliminate the failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatements or loss.

The Directors review all controls including operations, compliance and risk management. The key procedures which have been established to provide internal control are:

- Investment advisory services are provided by the Investment Manager. The Board is responsible for setting the overall investment policy, ensuring compliance with the Company's Investment Strategy and monitors the action of the Investment Manager and Master Fund at regular Board meetings. The Board has also delegated administration and company secretarial services to Northern Trust International Fund Administration Services (Guernsey) Limited ("NT"); however it retains accountability for all functions it delegated.

- The Board considers the process for identifying, evaluating and managing any significant risks faced by the Company on an on-going basis. It ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all local and international laws and regulations are upheld. In light of recent market volatility and economic turmoil, particular attention has been given to the effectiveness of controls to monitor liquidity risk, asset values, counterparty exposure and credit availability.

- The Non-Executive Directors of the Company clearly define the duties and responsibilities of their agents and advisors and appointments are made by the Board after due and careful consideration. The Board monitors the ongoing performance of such agents and advisors.

- Investment Manager and Northern Trust maintain their own systems of internal control, on which they report to the Board. The Company, in common with other investment companies, does not have an internal audit function. The Audit Committee has considered the need for an internal audit function, but because of the internal control systems in place at the Investment Manager and Northern Trust, has decided it appropriate to place reliance on their systems and internal control procedures.

- The systems are designed to ensure effectiveness and efficient operation, internal control and compliance with laws and regulations. In establishing the systems of internal control, regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and costs of control. It follows therefore that the systems of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss.

Board Performance

The Board and Audit Committee undertake a formal annual evaluation of their own performance and that of their committees and individual Directors. In order to review their effectiveness, the Board and Audit Committee carry out a process of formal self-appraisal. The Directors and Committee consider how the Board and Audit Committee functions as a whole and also reviews the individual performance of its members. This process is conducted by the respective Chairman reviewing individually with each of the Directors and members of the Committee their performance, contribution and commitment to the Company. The performance of the Chairman is evaluated by the other independent Directors.

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. Shareholders who wish to communicate with the Board should contact the Administrator in the first instance, whose contact details can be found on the Company’s website. The Annual General Meeting of the Company provides a forum for shareholders to meet and discuss issues with the Directors of the Company. The fourth Annual General Meeting was held on 24 May 2011 with all proposed resolutions being passed unanimously by the Shareholders. The Company publishes weekly estimates of NAV, a month-end NAV as well as a monthly shareholder report and a narrative quarterly letter from the Investment Manager. These are published via Regulatory News Service and are also available on the Company's website, www.thirdpointpublic.com.

Significant Shareholdings

As at 17 April 2012, the following had significant shareholdings in the Company:

	Total Shares Held	**% Holdings in class**
Significant Shareholders		
US Dollar Shares		
Goldman Sachs Securities (Nominees) Limited	12,034,602	16.85%
HSBC Client Holdings Nominee (UK)	9,437,794	13.21%
Vidacos Nominees Limited	4,359,016	6.10%
Pershing Nominees Limited	2,275,849	3.19%
State Street Nominees Limited	2,123,567	2.97%
Lynchwood Nominees Limited	1,935,863	2.71%

Euro Shares		
Bank Of New York Nominees Limited	1,902,528	36.39%
Aurora Nominees Limited	773,785	14.80%
Vestra Nominees Limited	115,505	2.21%
Canaccord Nominees Limited	80,535	1.54%
James Capel (Channel Islands) Nominees Limited	61,623	1.18%

Sterling Shares		
James Capel (Nominees) Limited	1,261,427	31.55%
James Capel (Channel Islands) Nominees Limited	413,270	10.34%
HSBC Global Custody Nominee (UK)	259,866	6.50%
TD Wealth Institutional Nominees	80,996	2.03%
Smith & Williamson Nominees Limited	66,547	1.66%

Signed on behalf of the Board by:

Marc A Autheman
Chairman

Christopher F L Legge
Director

Friday, April 20, 2012

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Financial Statements in accordance with applicable Guernsey Law and generally accepted accounting principles. Guernsey Company Law requires the Directors to prepare 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 Audited Financial Statements the Directors should:–

• select suitable accounting policies and then apply them consistently;

• make judgements and estimates that are reasonable and prudent;

• state whether 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 and to enable them to ensure that the Financial Statements comply with The Companies (Guernsey) Law, 2008. 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.

The Directors confirm to the best of their knowledge:–

• there is no relevant audit information of which the Company's Auditor is unaware, and each Director has taken all the steps he ought to have taken as a Director to make himself aware of any relevant information and to establish that the Company's Auditor is aware of that information.

• this Audited Report and Audited Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America and give a true and fair view of the financial position of the Company;

• this Audited Report and Audited 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 4.1.8 of the Disclosure and Transparency Rules ("DTR"), being a fair review of the Company business and a description of the principal risks and uncertainties facing the Company: and

b) DTR 4.1.11 of the DTR being an indication of important events that have occurred since the beginning of the financial year and the likely future development of the Company.

Signed on behalf of the Board by:

Marc A Autheman
Chairman

Christopher F L Legge
Director

20 April 2012

Directors' Remuneration Report

Introduction
The Board has prepared this report as part of its framework for corporate governance which, as described in the Directors' Report, enables the Company to comply with the main requirements of the UK Corporate Governance Code published by the Financial Reporting Council.

An ordinary resolution for the approval of this report will be put to the shareholders at the forthcoming Annual General Meeting.

Remuneration policy
All Directors are non-executive and a Remuneration Committee has not been established. The Board as a whole considers matters relating to the Directors' remuneration. No advice or services were provided by any external person in respect of its consideration of the Directors' remuneration.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Directors on the Company's affairs and the responsibilities borne by the Directors and be sufficient to attract, retain and motivate directors of a quality required to run the Company successfully. The Chairman of the Board is paid a higher fee in recognition of his additional responsibilities, as is the Chairman of the Audit Committee. The policy is to review fee rates periodically, although such a review will not necessarily result in any changes to the rates, and account is taken of fees paid to directors of comparable companies.

There are no long term incentive schemes provided by the Company and no performance fees are paid to Directors.

No Director has a service contract with the Company but each of the Directors is appointed by a letter of appointment which sets out the main terms of their appointment. Director appointments can also be terminated in accordance with the Articles. Should shareholders vote against a Director standing for re-election, the Director affected will not be entitled to any compensation.

Directors are remunerated in the form of fees, payable quarterly in arrears, to the Director personally. No other remuneration or compensation was paid or payable by the Company during the year to any of the Directors apart from the reimbursement of allowable expenses.

Directors' fees
The Company's Articles limit the fees payable to Directors to £30,000 per Director (£35,000 for the Chairman of the Company's Audit Committee and £50,000 for the Chairman) or such higher amounts as may be approved by ordinary resolution of Shareholders. At the AGM in May 2011 shareholders approved an increase in fees for the year ending 31 December 2011 to £33,000 (£40,000 for the Chairman of the Company's Audit Committee and £55,000 for the Chairman)

The fees payable by the Company in respect of each of the Directors who served during 2011 and 2010, were as follows:

	2011	**2010**
	£	**£**
Marc A Autheman (Chairman)	55,000	50,000
Christopher F L Legge (Audit Committee Chairman)	40,000	35,000
Keith Dorrian	33,000	30,000
Christopher N Fish	33,000	30,000
Joshua L Targoff*	-	-

* Joshua L Targoff waived his fee.

Signed on behalf of the Board by:

Marc A Autheman
Chairman

Christopher F L Legge
Director

20 April 2012

Investment Manager's Review

Performance summary*

USD Class	31-Dec-11	31-Dec-10	% Change
Share Price	9.80	9.73	0.7%
Net asset value per share	11.75	11.71	0.3%
Premium/(discount)	-16.6%	-16.9%	

EUR Class	31-Dec-11	31-Dec-10	% Change
Share Price	9.70	9.30	4.3%
Net asset value per share	11.31	11.29	0.2%
Premium/(discount)	-14.2%	-17.6%	

GBP Class	31-Dec-11	31-Dec-10	% Change
Share Price	9.50	9.31	2.0%
Net asset value per share	11.19	11.19	0.0%

Premium/(discount)	-15.1%	-16.8%

** For the period beginning 1 January 2011 to 31 December 2011*

Strategy Performance

For the year ended 31 December 2011, the net asset value per share increased by 0.3% in the U.S. Dollar class, 0.2% in the Euro class, and nil in the Sterling class.

The Investment Manager's event-driven approach to investing places a focus on process versus outcome, a discipline that proved to be critical in a year where we saw unprecedented volatility. Consistency of effort and good judgment, patience, and adherence to core risk management principles and investment criteria, allowed the Investment Manager to preserve capital and limit volatility in this treacherous market. The Master Partnership started the year with a strong first quarter, producing profits in nearly every strategy. Equity exposure varied in accordance with the Investment Manager's changing views on the macro environment, and spin-offs, post reorganization equities, and mortgage investments contributed significantly to profits. However, by April, the Investment Manager concluded that equity markets no longer offered compelling upside and consequently began to decrease beta-adjusted net exposures across the portfolio. Core event-driven positions stayed intact while the Master Partnership's single name short portfolio grew to approximately 25% of AUM. This trend of decreasing net and gross exposure continued throughout the third quarter, as the portfolio was further reoriented to reflect our concerns about macro risks. Despite reining in exposures, nearly all equity long positions suffered, with post-reorganization equities the hardest hit as investors moved decisively into "risk-off" mode. Despite disappointing performance in our long equity portfolio, single name short positions outperformed longs by nearly three times, offering significant risk protection. Mortgage backed securities suffered as markets declined, and technical pressure resulting from selling activity and market uncertainty caused prices to fall. The Investment Manager's patient and dynamic approach to corporate credit investing was rewarded during this sell-off, as low exposure to the strategy enabled us to sidestep much of the sharp decline. While cautious portfolio positioning allowed the Investment Manager to mitigate losses, the Master Partnership's exposures only gradually increased near the market bottom, and thus underperformed during the dramatic rise in October. While net and gross exposures remained low throughout most of the year, the Investment Manager was able to opportunistically add to the portfolio during market-sell offs. In August, the Investment Manager identified an exceptional opportunity to purchase Yahoo! equity at very attractive levels. Credit opportunities were scarce in 2011, but the September market sell-off and technical dislocations in the fourth quarter finally offered some opportunities to purchase corporate credit from distressed sellers and increase exposure to the strategy.

At 31 December 2011, the Master Partnership's top five holdings were in Yahoo! Inc., Gold, EksportFinans ASA, Delphi Corp. and Lehman Brothers Holdings Inc.

Strategy and Risk Outlook

The principal risk to the Master Partnership, and accordingly to the Company, is price risk with regard to its investment portfolio. As of December 31, 2011, the Master Partnership had gross assets (the value of all long and short positions) of $4.74 billion, representing 110% of net asset value (NAV). Net assets at year-end were 62% of NAV. Net assets represent the excess value of long positions over short positions, and can serve as a rough measure of exposure to fluctuations in overall market levels. The Investment Manager expects no change to the risks faced by the Company for the foreseeable future.

The investment portfolio of the Master Partnership can be highly concentrated.

Position Concentration

	Top 10	Top 20
Long	36%	47%
Short	22%	27%

Exposures can also be concentrated by country. The following chart shows those allocations at year-end:

Geographic Exposure

	Long	Short	Net
Americas	90%	-7%	83%
EMEA	27%	-11%	16%
Asia	2%	-1%	1%

The Master Partnership has limited exposure to credit, liquidity and cash flow risks. The Master Partnership hold approximately 97% of its investment portfolio in Level 1 and Level 2 assets (refer to Note 2 of Master Partnership's audited financial statements). The Master Partnership has credit exposure to its prime brokers arising from custody arrangements, but diversifies this risk by using four prime brokers, all of which are well capitalized. Additional credit exposure can arise from swap agreements. This exposure is also diversified, and is subject to mark-to-market collateralization. Cash flow risk is very limited, as the Fund has no financing arrangements other than margin loans and swaps, which are fully collateralized with liquid assets. Investor redemptions require 30 or 60 days' advance notice, permitting an orderly liquidation of an appropriate portion of the Fund's assets.

Independent Auditor's Report
to the members of Third Point Offshore Investors Limited

We have audited the financial statements of Third Point Offshore Investors Limited for the year ended 31 December 2011 which comprise the Statement of Assets and Liabilities, Statements of Operations, Statement of Changes in Net Assets, Statement of Cash Flows, and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and accounting principles generally accepted in the United States.

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the

Audited Report and Financial Statements to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011, and of its profits for the year then ended;
- have been properly prepared in accordance with accounting principles generally accepted in the United States; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules, we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Michael Bane
for and on behalf of

Ernst & Young LLP
Guernsey, Channel Islands

20 April 2012

Statement of Assets and Liabilities

(Stated in United States Dollar)	As at 31 December 2011 $	As at 31 December 2010 $
Assets		
Investment in Third Point Offshore Funds Ltd at fair value	591,241,393	591,072,669
Cash	37,206	103,053
Other assets	200,688	90,114
Total assets	**591,479,287**	**591,265,836**
Liabilities		
Accrued expenses and other liabilities	169,522	189,894
Directors' fees payable (Note 5)	83,531	59,867
Administration fee payable (Note 4)	73,300	45,511
Total liabilities	**326,353**	**295,272**

Net assets	**591,152,934**	**590,970,564**

Number of Ordinary Shares in issue (Note 6)		
US Dollar Shares	42,859,769	43,136,919
Euro Shares	3,137,012	3,239,025
Sterling Shares	2,399,202	2,124,148

Net asset value per Ordinary Share (Notes 8 and 11)		
US Dollar Shares	$11.75	$11.71
Euro Shares	€11.31	€11.29
Sterling Shares	£11.19	£11.19

Number of Ordinary B Shares in issue (Note 6)		
US Dollar Shares	28,573,188	28,757,954
Euro Shares	2,091,341	2,159,348
Sterling Shares	1,599,471	1,416,103

Approved by the Board of Directors on 20 April 2012 and signed on its behalf by:

Marc A Autheman
Chairman

Christopher F L Legge
Director

See accompanying notes and attached audited financial statements of Third Point Offshore, Fund Ltd. and Third Point Offshore Master Fund L.P.

Statement of Operations

(Stated in United States Dollar)	For the year ended 31 December 2011 $	For the year ended 31 December 2010 $
Realised and unrealised gain/(loss) from investment transactions allocated from Master Fund		
Net realised gain from securities, commodities, derivative contracts and foreign currency translations	65,556,882	52,714,202
Net change in unrealised (loss)/gain on securities, commodities, derivative contracts and foreign currency translations	(60,698,580)	105,408,590
Net (loss)/gain from currencies	(3,323,062)	2,884,835
Total net realised and unrealised gain from investment transactions allocated from Master Fund	**1,535,240**	**161,007,627**
Net investment loss allocated from Master Fund		
Interest income	16,777,862	25,987,906
Dividends, net of withholding taxes of $1,213,788 (2010: $1,099,734)	3,118,895	2,626,115
Other income	8,777	77,033

Stock borrow fees	(2,280,129)	(2,399,841)
Incentive allocation	(300,845)	(17,587,386)
Management fee	(12,571,547)	(9,643,873)
Dividends on securities sold, not yet purchased	(951,392)	(830,440)
Interest expense	(968,815)	(768,330)
Other expenses	(3,193,323)	(4,405,200)
Total net investment loss allocated from Master Fund	**(360,517)**	**(6,944,016)**
Company income		
Fixed deposit income	–	99
Total Company income	–	**99**
Company expenses		
Administration fee (Note 4)	(181,039)	(133,419)
Directors' fees (Note 5)	(256,943)	(224,444)
Other fees	(473,593)	(438,541)
Expenses paid on behalf of Third Point Offshore Independent Voting Company Limited (Note 4)	(80,778)	(96,813)
Total Company expenses	**(992,353)**	**(893,217)**
Net loss	**(1,352,870)**	**(7,837,134)**
Net increase in net assets resulting from operations	**182,370**	**153,170,493**

See accompanying notes and attached audited financial statements of Third Point Offshore, Fund Ltd. and Third Point Offshore Master Fund L.P.

Statement of Changes in Net Assets

(Stated in United States Dollar)	**For the year ended 31 December 2011 $**	**For the year ended 31 December 2010 $**
Increase in net assets resulting from operations		
Net realised gain from securities, commodities, derivative contracts and foreign currency translations allocated from Master Fund	65,556,882	52,714,202
Net change in unrealised (loss)/gain on securities, commodities, derivative contracts and foreign currency translations allocated from Master Fund	(60,698,580)	105,408,590
Net (loss)/gain from currencies allocated from Master Fund	(3,323,062)	2,884,835
Total net investment loss allocated from Master Fund	(360,517)	(6,944,016)
Total Company income	–	99
Total Company expenses	(992,353)	(893,217)
Net increase in net assets resulting from operations	**182,370**	**153,170,493**
Net assets at the beginning of the year	**590,970,564**	**437,800,071**
Net assets at the end of the year	**591,152,934**	**590,970,564**

See accompanying notes and attached audited financial statements of Third Point Offshore, Fund Ltd. and Third Point Offshore Master Fund L.P.

Statement of Cash Flows

(Stated in United States Dollar)	For the year ended 31 December 2011 $	For the year ended 31 December 2010 $
Cash flows from operating activities		
Net increase in net assets resulting from operations	182,370	153,170,493
Adjustments to reconcile net increase in net assets to net cash provided by operating activities:		
Investment in Master Fund	1,005,999	863,098
Net realised gain from securities, commodities, derivative contracts and foreign currency translations	(65,556,882)	(52,714,202)
Net change in net unrealised loss/(gain) on securities, commodities, derivative contracts and foreign currency translations	60,698,580	(105,408,590)
Net loss/(gain) from currencies allocated from Master Fund	3,323,062	(2,884,835)
Net investment loss allocated from Master Fund	360,517	6,944,016
Increase in other assets	(110,574)	(90,114)
(Decrease)/increase in accrued expenses and other liabilities	(20,372)	19,930
Increase/(decrease) in directors' fees payable	23,664	(21,451)
Increase in administration fee payable	27,789	7,156
Net cash provided (used in)/by operating activities	**(65,847)**	**(114,499)**
Net decrease in cash	**(65,847)**	**(114,499)**
Cash at the beginning of the year	**103,053**	**217,552**
Cash at the end of the year	**37,206**	**103,053**

See accompanying notes and attached audited financial statements of Third Point Offshore, Fund Ltd. and Third Point Offshore Master Fund L.P.

Notes to the Audited Financial Statements

For the year ended 31 December 2011

1. The Company

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

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 Dollars, 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 the Investment Manager, through investment of all of its capital (net of short-term working capital requirements) in Class E shares of Third Point Offshore Fund, Ltd. (the "Master Fund"), an exempted company formed under the laws of the Cayman Islands on 21 October 1996. 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 is a limited partner of Third Point Offshore Master Fund L.P. (the "Master Partnership"), an exempted limited partnership organized under the laws of the Cayman Islands, of which Third Point Advisors II L.L.C., an affiliate of the Investment Manager, is the general partner. Third Point LLC is the Investment Manager to the Company, the Master Fund and the Master Partnership. The Master Fund and the Master Partnership share the same investment objective, strategies and restrictions as described above.

The Audited Financial Statements of the Master Fund and the Audited Financial Statements of the Master Partnership, should be read alongside the Company's Audited Report and Financial Statements.

Investment Manager

The Investment Manager is the investment manager of the Company, the Master Fund and the Master Partnership. The Investment Manager is a Limited Liability Company formed on 28 October 1996 under the laws of the State of Delaware. The Investment Manager was appointed on 27 June 2007 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 net asset value (the "NAV") and a general partner incentive allocation of 20 per cent of the Master Fund's NAV growth ("Full Incentive Fee") invested in the Master Partnership, subject to certain conditions and related adjustments, by the Master Fund. If a particular series invested in the Master Fund depreciates 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 depreciation 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. The Company was allocated $300,845 (2010: $17,587,386) of incentive fees for the year ended 31 December 2011.

3. Significant Accounting Policies

Basis of Accounting

These 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:

Cash and Cash Equivalents

Cash in the Statement of Assets and Liabilities comprises cash at bank and on hand.

Valuation of Investments

The Company records its investment in the Master Fund at fair value. In accordance with ASC 820, fair value is defined as the price 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 Partnership's Audited Financial Statements.

The Company adopts FSP FAS 157-4 "Determining Fair Value When the Volume and Level of Activity or

Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly". FSP FAS 157-4 emphasizes that even if there has been a significant decrease in the volume and level of activity for the asset or liability and regardless of the valuation technique used, the objective of a fair value measurement remains the same such that the fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. The adoption did not have a material impact on our financial statements.

The Company adopts Accounting Standards Update ("ASU") 2010-06 "Fair Value of disclosures". ASU 2010-06 requires additional disclosures regarding significant transfers in and out of Level 1 and 2 of fair value measurements, including a description of the reasons for the transfers. Further, this ASU requires additional disclosures for the activity in Level 3 fair value measurements, requiring presentation of information about purchases, sales, issuances, and settlements in the reconciliation for fair value measurements. For further information refer to the Master Partnership's audited financial statements.

The valuation of securities held by the Master Partnership, which the Master Fund directly invests in, is discussed in the notes to the Master Partnership's audited Financial Statements. The net asset value of the Company's investment in the Master Fund reflects its fair value as determined by the practical expedient under ASC 820. At 31 December 2011, the Company's US Dollar, Euro and Sterling shares represented 12.11%, 1.10% and 1.00% (31 December 2010: 21.58%, 2.09% and 1.58%) respectively of the Master Fund's net asset value.

Uncertainty in Income Tax
ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not'' of being sustained by the applicable tax authority based on the technical merits of the position. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the year of determination. Management has evaluated the implications of ASC 740 and has determined that it has not had a material impact on these Financial Statements.

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 interest income, to the extent it is expected to be collected, and other 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 statements and accompanying notes. Actual results could differ from those estimates. Other than what is included in the underlying Master Fund and the Master Partnership, the Company does not use any estimates in respect of amounts that are material to the financial statements.

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 investments and income and expense items denominated in foreign currencies are translated into United States Dollars at the date of such transaction. All foreign currency translation gains and losses are included in the Statement of Operations.

Recent Accounting Pronouncements
In May 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-04, *Fair Value Measurement Topic 820, Amendments to Achieve Common Fair Value Measurement and Disclosure*

Requirements in US GAAP and IFRS ("ASU 2011-04"), which largely aligns fair value measurement and disclosure requirements between International Financial Reporting Standards ("IFRS") and US GAAP. ASU 2011-04 mainly represents clarifications to ASC 820 as well as some instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. ASU 2011-04 clarifies that (i) the highest and best use concept only applies to nonfinancial assets, (ii) an instrument classified in shareholders' equity should be measured from the perspective of a market participant holding that instrument as an asset, and (iii) quantitative disclosure is required for unobservable inputs used in Level 3 measurements. ASU 2011-04 changes the guidance in ASC 820 so that (i) the fair value of a group of financial assets and financial liabilities with similar risk exposures may be measured on the basis of the entity's net risk exposure, (ii) premiums or discounts may be applied in a fair value measurement under certain circumstances but blockage factor discounts are not permitted, and (iii) additional Level 3 disclosures are required, including a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs. ASU 2011-04 is effective for interim and annual periods beginning after December 15, 2011. Early application by public entities is not permitted. Management is currently evaluating the impact on the consolidated financial statements of adopting ASU 2011-04.

In December 2011, the FASB issued ASU No. 2011-11, *Disclosures about Offsetting Assets and Liabilities* ("ASU 2011-11"), which requires entities to provide enhanced disclosures about financial instruments and derivative instruments that are either presented on a net basis in the balance sheet or subject to an enforceable master netting arrangement or similar agreement including (i) a description of the rights of offset associated with relevant agreements and (ii) both net and gross information, including amounts of financial collateral, for relevant assets and liabilities. The purpose of the ASU 2011-11 is to enhance comparability between those companies that prepare their financial statements on the basis of US GAAP and those that prepare their financial statements in accordance with IFRS and enables users of the financial statements to understand the effect or potential effect of the offsetting arrangements on the balance sheet. ASU 2011-11 is effective for fiscal years beginning on or after January 1, 2013, and for interim periods within those years. Disclosures are required retrospectively for all comparative periods presented in an entity's financial statements. Management do not believe the adoption of ASU 2011-11 will have a material impact on the consolidated financial statements.

4. Material Agreements

Management and Incentive fees

The Investment Manager was appointed by the Company to invest its 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 for management fees and the Master Partnership for incentive fees.

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.

Total Administrator expenses during the year amounted to US$181,039 with US$73,300 outstanding (31

December 2010: US$133,419 with US$45,511 outstanding).

Related Party
The Company has entered into a support and custody 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 (see also Note 5).

5. Directors' Fees
The Chairman is entitled to a fee of £55,000 per annum. All other independent Directors are entitled to receive £33,000 per annum with the exception of Mr. Legge who receives £40,000 per annum as the audit committee chairman. Mr. Targoff has waived his fees. The Directors are also entitled to be reimbursed for expenses properly incurred in the performance of their duties as Director. The Directors' fees during the year amounted to US$256,943 (2010: US$224,444) with US$83,531 (2010: US$59,867) outstanding.

6. Share Capital
The Company was incorporated with the authority to issue an unlimited number of Ordinary Shares (the "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 VoteCo. The Shares may be divided into at least three classes denominated in US Dollar, Euro and Sterling.

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 of Association provide that the ratio of issued US Dollar B Shares to Euro B Shares to Sterling B Shares shall at all times approximate as closely as possible the ratio of issued US Dollar Shares to Euro Shares to Sterling Shares in the Company.

	US Dollar Shares	**Euro Shares**	**Sterling Shares**
Number of Ordinary Shares			
Shares issued 1 January 2011	43,136,919	3,239,025	2,124,148
Shares converted			
Total shares transferred to share class during the year	126,056	5,459	286,594
Total shares transferred out of share class during the year	(403,206)	(107,472)	(11,540)
Shares in issue at end of year	**42,859,769**	**3,137,012**	**2,399,202**

	US Dollar Shares $	**Euro Shares $**	**Sterling Shares $**
Share Capital Account			

Share capital account at 1 January 2011	505,057,652	48,870,043	37,042,869
Shares converted			
Total share value transferred to share class during the year	1,533,571	85,408	5,181,816
Total share value transferred out of share class during the year	(4,814,364)	(1,767,005)	(219,811)
Net increase in net assets resulting from operations	1,811,532	(1,275,589)	(353,188)
Share capital account at end of year	**503,588,391**	**45,912,857**	**41,651,686**

	US Dollar Shares	**Euro Shares**	**Sterling Shares**
Number of Ordinary B Shares			
Shares in issue as at 1 January 2011	28,757,954	2,159,348	1,416,103
Shares converted			
Total shares transferred to share class during the year	84,038	3,641	191,062
Total shares transferred out of share class during the year	(268,804)	(71,648)	(7,694)
Shares in issue at end of year	**28,573,188**	**2,091,341**	**1,599,471**

In respect of each class of Shares a separate class account has been established in the books of the Company. An amount equal to the aggregate proceeds of issue of each Share Class has been credited to the relevant class account. Any increase or decrease in the NAV of the Master Fund, 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. Expenses which relate to the Company as a whole, rather than specific classes will be allocated to each class in the proportion that its NAV bears to the Company as a whole.

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, 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 of the Company were granted authority to purchase in the market up to 14.99 per cent. of each class of Shares in issue at the Annual General Meeting on 24 May 2011, and they intend to seek annual renewal of this authority from Shareholders. The Directors propose to utilise this share repurchase authority to address any imbalance between the supply of and demand for shares.

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 purchase programme if the Shares should trade at or below 95 per cent of NAV. The Shares are being held by the Master Fund. The Master Fund's gains or losses and implied financing costs related to the shares purchased through the share purchase programme are entirely allocated to the Company's investment in the Master Fund. The Master Partnership has an ownership of 5.80% of the shares outstanding at 31 December 2011 (31 December 2010: 5.78%).

At 31 December 2011 and 31 December 2010 the Master Fund had held the following Shares in the Company in the after-market:

	Currency	Number of Shares	Cost	Average Cost per Share
US Dollar Shares	USD	2,805,000	28,348,717	$10.11

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.

Share Conversion Scheme
The Company's Articles 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. 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 NAV (Note 8) of the share classes to be converted. The Directors do not consider it to be in the best interests of the Company to so convert at this time.

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

8. Calculation of Net Asset Value
The NAV of the Company is equal to the value of its total assets less its total liabilities. The NAV per Share of each class is calculated by dividing the NAV of the relevant class account by the number of Ordinary Shares of the relevant class in issue on that day.

9. Related Party Transactions
At 31 December 2011 affiliates of the Investment Manager owned 5,630,174 (2010: 5,630,174) US Dollar Shares in the Company.

10. Subsequent Events
In connection with ASC 855, the Company has evaluated subsequent events through 20 April 2012, the date the financial statements were available to be issued, and no subsequent events were identified which required accrual or disclosure in these financial statements.

11. 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 audited Financial Statements.

	US Dollar Shares	Euro Shares	Sterling Shares

	31 December 2011 $	31 December 2011 €	31 December 2011 £
Per Share Operating Performance			
Net Asset Value beginning of the year	**11.71**	**11.29**	**11.19**
Income from Operations			
Net realised and unrealised loss from investment translations allocated from Master Fund [2]	0.07	0.05	0.02
Net loss	(0.03)	(0.03)	(0.02)
Total return from operations	**0.04**	**0.02**	**-**
Net Asset Value, end of the year	**11.75**	**11.31**	**11.19**
Total return before incentive fee allocated from Master Fund	0.25%	0.11%	0.00%
Incentive allocation from Master Fund	0.09%	0.07%	0.00%
Total return after incentive fee allocated from Master Fund	**0.34%**	**0.18%**	**0.00%**

Total return from operations reflects the net return for an investment made at the beginning of the year and is calculated as the change in the NAV per Ordinary Share during the year ended 31 December 2010 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 31 December 2010 $	Euro Shares 31 December 2010 €	Sterling Shares 31 December 2010 £
Per Share Operating Performance			
Net Asset Value beginning of the year	**8.59**	**8.38**	**8.23**
Net realised and unrealised gain from investment transactions allocated from Master Fund [2]	3.29	3.07	3.12
Net loss	(0.17)	(0.16)	(0.16)
Total return from operations	**3.12**	**2.91**	**2.96**
Net Asset Value, end of the year	**11.71**	**11.29**	**11.19**
Total return before incentive fee allocation from Master Fund	40.63%	38.56%	39.96%
Incentive fee allocation from Master Fund	(4.31%)	(3.83%)	(3.99%)
Total return after incentive fee allocation from Master Fund	**36.32%**	**34.73%**	**35.97%**

Total return from operations reflects the net return for an investment made at the beginning of the year and is calculated as the change in the NAV per Ordinary Share during the year ended 31 December 2011 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 31 December 2011 $	Euro Shares 31 December 2011 €	Sterling Shares 31 December 2011 £
Supplemental data			

Net Asset Value, end of the year	**503,588,391**	**35,481,344**	**26,856,460**
Average Net Asset Value, for the year [3]	**529,694,455**	**38,015,957**	**27,467,282**
Ratio to average net assets			
Operating expenses [1]	(3.34%)	(3.36%)	(3.34%)
Incentive fee allocated from Master Fund	(0.06%)	(0.02%)	0.01%
Total operating expense [1]	(3.40%)	(3.38%)	(3.33%)
Net loss [1]	(0.22%)	(0.20%)	(0.17%)

	US Dollar Shares 31 December 2010	Euro Shares 31 December 2010	Sterling Shares 31 December 2010
Supplemental data	$	€	£
Net Asset Value, end of the year	**505,057,654**	**36,571,161**	**23,760,659**
Average Net Asset Value, for the year [3]	**435,183,762**	**32,726,249**	**18,372,820**
Ratio to average net assets			
Operating expenses [1]	(3.73%)	(3.74%)	(3.74%)
Incentive fee allocated from Master Fund	(3.46%)	(3.47%)	(3.57%)
Total operating expense [1]	(7.19%)	(7.21%)	(7.31%)
Net loss [1]	(1.54%)	(1.56%)	(1.67%)

[1] Operating expenses are Company expenses together with operating expenses allocated from the Master Fund.
[2] Includes foreign currency retranslation of profit/(loss) with respect to Euro and Sterling share classes.
[3] Average Net Asset Value for the year is calculated based on published weekly estimates of NAV.

Management and Administration

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** These Directors are independent. (All Directors are non-executive.)*

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