THIRD POINT OFFSHORE MASTER FUND L.P.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Period Ended June 30, 2010

Contents

Statement of Financial Condition

(Stated in United States Dollars)	Unaudited June 30, 2010 $	Audited December 31, 2009 $
Assets		
Cash	10,252	4,123,411
Investments in securities, at fair value (cost 2010: $1,710,253,166, 2009: $1,739,039,292)	1,875,005,762	1,875,030,802
Due from brokers	306,593,547	173,544,963
Net unrealized gain on derivative contracts (including cost and upfront fees paid of 2010: $6,845,647, 2009: 4,810,565)	7,350,896	22,121,243
Interest and dividends receivable	9,489,887	6,593,639
Other assets	243,587	243,587
Total assets	**2,198,693,931**	**2,081,657,645**
Liabilities		
Securities sold, not yet purchased, at fair value (proceeds 2010: $229,134,792, 2009: $210,028,117)	211,140,434	233,996,228
Securities sold under agreement to repurchase	–	13,347,497
Due to brokers	138,570,645	299,671,836
Net unrealized loss on derivative contracts (including cost and upfront fees paid 2010: $2,936,880, 2009: $11,178,896)	14,405,242	12,938,737
Payable to Feeder	39,902,934	131,274,451
Interest and dividends payable	202,654	246,932
Accrued expenses	1,069,992	1,598,141
Total liabilities	**405,291,901**	**693,073,822**
Commitments (See Note 10)		
Partners' capital	**1,793,402,030**	**1,388,583,823**
Total liabilities and partners' capital	**2,198,693,931**	**2,081,657,645**

See accompanying notes.

Unaudited Statement of Income

(Stated in United States Dollars)	Half-year June 30, 2010 $	Half-year June 30, 2009 $
Net realized gain/(loss) from securities, derivative contracts and foreign currency translations	113,011,574	(264,074,517)
Net change in unrealized gain on securities positions and foreign currency translations	70,723,555	349,766,522
Net change in unrealized (loss)/gain on derivative contracts and foreign currency translations	(32,387,710)	22,236,030
Net gain from currencies	564,459	2,319,779
Net realized and unrealized gain from investment transactions	**151,911,878**	**110,247,814**
Investment income		
Interest	35,999,675	15,243,399
Dividends, net of withholding taxes of 2010: $2,593,894, 2009: $2,094,295	6,670,726	9,648,209
Stock loan fees	159,149	66,679
Other	19	3,876
Total investment income	**42,829,569**	**24,962,163**
Expenses		
Interest	828,519	537,768
Dividends on securities sold, not yet purchased	1,968,496	2,870,393
Stock borrow fees	5,496,383	35,972,723
Administrative and professional fees	4,104,796	3,549,991
Other	2,697,973	1,008,273
Total expenses	**15,096,167**	**43,939,148**
Net investment income/(loss)	**27,733,402**	**(18,976,985)**
Net income	**179,645,280**	**91,270,829**

See accompanying notes.

Unaudited Statement of Changes in Partners' Capital

Half-year June 30, 2010

(Stated in United States Dollars)	Total $	General Partner $	Limited Partners $
Partners' capital at beginning of year	1,388,583,823	57,264,376	1,331,319,447
Capital contributions	324,594,486	16,298,000	308,296,486
Capital withdrawals	(99,421,559)	–	(99,421,559)
Allocation of net income:			
Pro-rata allocation	179,645,280	8,765,301	170,879,979
Incentive allocation	–	19,809,175	(19,809,175)
Net income	179,645,280	28,574,476	151,070,804
Partners' capital at end of period	**1,793,402,030**	**102,136,852**	**1,691,265,178**

Half-year June 30, 2009

(Stated in United States Dollars)	Total $	General Partner $	Limited Partners $
Capital contributions	2,233,099,838	9,000,000	2,224,099,838
Capital withdrawals	(1,280,969,707)	–	(1,280,969,707)
Allocation of net income:			
Pro-rata allocation	91,270,829	755,541	90,515,288
Incentive allocation	–	7,950,930	(7,950,930)
Net income	91,270,829	8,706,471	82,564,358
Partners' capital at end of period	**1,043,400,960**	**17,706,471**	**1,025,694,489**

See accompanying notes.

Unaudited Statement of Cash Flows

(Stated in United States Dollars)	Half-year June 30, 2010 $	Half-year June 30, 2009 $
Cash flows from operating activities		
Net income	179,645,280	91,270,829
Adjustments to reconcile net income to net cash used in operating activities:		
Purchases of investment securities	(1,872,978,616)	(1,653,172,246)
Proceeds from disposition of investment securities	2,095,588,771	1,412,293,162
Purchases of investment securities to cover short sales	(606,736,195)	(856,731,228)
Proceeds from short sales of investment securities	531,710,924	695,630,430
Net change in unrealized loss/(gain) on derivative contracts and foreign currency translations	32,387,710	(22,236,030)
(Increase)/decrease in due from brokers	(133,048,584)	267,148,525
(Increase)/decrease in interest and dividends receivable	(2,896,248)	733,348
Decrease in securities sold under agreement to repurchase	(13,347,497)	–
(Decrease)/increase in due to brokers	(161,101,191)	164,920,181
(Decrease)/increase in interest and dividends payable	(44,278)	7,260
Decrease in accrued expenses	(528,149)	(1,199,484)
Net change in unrealized gain on securities positions and foreign currency translations	(70,723,555)	(349,766,522)
Net realized (gain)/loss from securities, derivative contracts and foreign currency translations	(113,011,574)	248,042,025
Amortization of premium and accretion of discount, net	(2,831,367)	–
Net cash used in operating activities	**(137,914,569)**	**(3,059,750)**
Cash flows from financing activities		
Capital contributions	324,594,486	1,212,048,298
Capital withdrawals	(190,793,076)	(1,180,662,483)
Net cash provided by financing activities	**133,801,410**	**31,385,815**
Net (decrease)/increase in cash	**(4,113,159)**	**28,326,065**
Cash at beginning of year	**4,123,411**	**–**
Cash at end of period	**10,252**	**28,326,065**
Supplemental disclosure of cash flow information		
Cash paid during the period for interest	786,398	543,321

See accompanying notes.

Notes to Unaudited Condensed Interim Financial Statements

Period ended June 30, 2010

1. Organization

Third Point Offshore Master Fund L.P. (the "Partnership") was organized as a limited partnership under the laws of the Cayman Islands and commenced operations on January 1, 2009. The Partnership was formed to carry on the business of investing and trading in securities, derivatives and other investment products. The investment objective of the Partnership is to achieve superior total returns by using a fundamentally based, bottom-up approach to investing globally both long and short securities throughout companies' capital structures. This approach differs from a top-down methodology which first evaluates macroeconomic, 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. The Partnership will continue until terminated as provided for in the Initial Exempted Limited Partnership Agreement (the "Agreement").

The Partnership serves as the master fund in a "master-feeder" structure whereby Third Point Offshore Fund, Ltd. (the "Feeder"), a Cayman Islands exempted company, invests substantially all of its net assets in the Partnership, which conducts all investment and trading activities on behalf of the Feeder fund. The Feeder and the Partnership have the same investment objectives. At June 30, 2010, 94.3% of the Partnership's capital was owned by the Feeder.

Third Point L.L.C. (the "Investment Manager") is the Investment Manager of the Partnership. The General Partner of the Partnership is Third Point Advisors II L.L.C. The Investment Manager is registered with the Securities and Exchange Commission as an Investment Adviser under the Investment Advisers Act of 1940. The Investment Manager and the General Partner are responsible for the operation and management of the Partnership.

International Fund Services (Ireland) Limited serves as the administrator (the "Administrator") and transfer agent to the Partnership.

2. Significant Accounting Policies

The Partnership's unaudited interim financial statements are condensed in whole and guided by U.S. generally accepted accounting principles ("U.S. GAAP") and are expressed in United States dollars. Where applicable, certain notes to the unaudited interim financial statements are condensed to include only information relevant to Third Point Offshore Investors Limited ("ListCo"). The following is a summary of the significant accounting and reporting policies:

Securities listed on a national securities exchange or quoted on NASDAQ are valued at their last sales price as of the last business day of the period. Listed securities with no reported sales on such date and over-the-counter ("OTC") securities are valued at their last closing bid price if held long by the Partnership and last closing ask price if held short by the Partnership. Additionally, securities are valued based on dealer quotes or other quoted market prices for similar securities. Private equity securities are not registered for public sale and are carried at an estimated fair value at the end of the year, as determined by the Investment Manager. Factors considered by the Investment Manager in determining fair value include cost, the type of investment, subsequent purchases of the same or similar investments by the Partnership or other investors and the current financial position and operating results of the portfolio company. Due to the inherent uncertainty of valuation for these investments, the estimate of fair value for its interest in these investments may differ from the values that would have been used had a ready market existed for the investment, and the difference could be material. The Partnership's derivatives are recorded at market or fair value. The Partnership values exchange-traded derivative contracts at their last sales price on the exchange where it is primarily traded. OTC derivatives, which include swap and forward currency contracts, are valued at independent values provided by third party sources when available; otherwise, fair values are obtained from counterparty quotes that are based on pricing models that

Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2010

2. Significant Accounting Policies (continued)

consider the time value of money, volatility, and the current market and contractual prices of the underlying financial instruments.

The Investment Manager values the Partnership's investments in investment funds at fair value, which is an amount equal to the sum of the capital accounts in the investment funds generally determined from financial information provided by the investment managers of the investment funds. The resulting net gains or losses are reflected in the statement of income.

The Partnership records securities transactions and related income and expense on a trade-date basis. Realized gains and losses are determined using cost calculated on a specific identification basis. Dividends are recorded on the ex-dividend date. Income and expense are recorded on the accrual basis including interest and premiums amortized and discounts accreted.

Assets and liabilities denominated in foreign currencies are translated at the closing rates of exchange at June 30, 2010. Transactions during the year are translated at the rate of exchange prevailing on the date of the transaction. Foreign currency transaction and translation gains and losses are included in the statement of income. The Partnership does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments, dividends and interest from the fluctuations arising from changes in market prices of securities and derivatives held. Such fluctuations are included within the realized and unrealized gain/(loss) on investment transactions in the statement of income.

The Partnership is exempt from all forms of taxation in the Cayman Islands, including income, capital gains and withholding taxes. In jurisdictions other than the Cayman Islands, in some cases foreign taxes will be withheld at source on dividends and certain interest received by the Partnership. Capital gains derived by the Partnership in such jurisdictions generally will be exempt from foreign income or withholding taxes at the source.

The preparation of unaudited interim financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from these estimates.

The fair value of the Partnership's assets and liabilities, which qualify as financial instruments, approximates the carrying amounts presented in the statement of financial condition.

The Partnership may lend securities for securities lending transactions or pledge securities and/or cash for securities borrowed transactions. At June 30, 2010, the Partnership had no securities loaned.

The Partnership adopted the provisions of *Accounting for Uncertainty in Income Taxes* ("ASC 740-10"), formerly known as FASB Interpretation No. 48. ASC 740-10 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. ASC 740-10 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Partnership'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. Adoption of ASC 740-10 is now required for non-public entities for fiscal years beginning after December 15, 2008 and is to be applied to all open tax years as of the effective date. ASC 740-10 established financial accounting and disclosure requirements for recognition and measurement of tax positions taken or expected to be taken on a tax return. The General Partner has reviewed the Partnership's tax positions and has concluded that no material provision for income tax is required in the Partnership's unaudited interim financial statements. Such open tax years remain subject to examination by tax authorities.

2. Significant Accounting Policies (continued)

The Partnership recognizes interest and penalties, if any, related to unrecognized tax positions as income tax expense in the statement of income. During the period ended June 30, 2010, the Partnership did not incur any interest or penalties.

The Partnership may enter into repurchase agreements with financial institutions in which the Partnership agrees to repurchase and the financial institutions agree to resell such securities at a mutually agreed price upon maturity. Securities sold subject to repurchase agreements are deposited with the financial institution's custodian and, pursuant to the terms of the repurchase agreement, must have an aggregate market value greater than or equal to the repurchase price plus accrued interest at all times. If the value of the underlying securities falls below the value of the repurchase price plus accrued interest, the financial institution will require the Partnership to deposit additional collateral. At June 30, 2010, the Partnership held no repurchase agreements.

Fair value is defined as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The disclosure requirements also establish a framework for measuring fair value, and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. The three-tier hierarchy of inputs is summarized below:

- Level 1 – Quoted prices available in active markets/exchanges for identical investments as of the reporting date. The types of assets and liabilities that are classified at this level generally include equity, fixed income, and option securities listed in active markets.
- Level 2 – Pricing inputs other than observable inputs including but not limited to prices quoted for similar assets or liabilities in active markets/exchanges or prices quoted for identical or similar assets or liabilities in markets that are not active, and fair value is determined through the use of models or other valuation methodologies. The types of assets and liabilities that are classified at this level generally include corporate and asset-backed debt securities, forward contracts, and certain derivatives.
- Level 3 – Pricing inputs unobservable for the investment and include activities where there is little, if any, market activity for the investment. The inputs into determination of fair value require significant management judgment and estimation. The types of assets and liabilities that are classified at this level generally include certain corporate debt, private investments, limited partnerships, investment companies and certain derivatives.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable.

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

Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2010

2. Significant Accounting Policies (continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Investment Manager's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The following is a summary of the inputs utilized in valuing the Fund's assets and liabilities carried at fair value as of June 30, 2010:

Fair Value Measurements at June 30, 2010

	Quoted prices in active markets (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Total $
Assets				
Equity Securities	628,366,187	107,152,709	44,310,985	779,829,881
Mortgage-Backed Securities	–	353,901,534	–	353,901,534
Corporate Bonds	–	325,722,515	5,225,744	330,948,259
Bank Debt	–	234,233,996	5,993,490	240,227,486
Investment Funds	–	77,676,464	19,042,753	96,719,217
Private Common Equity Securities	–	–	25,191,918	25,191,918
Private Preferred Equity Securities	–	–	31,403,991	31,403,991
Rights and Warrants	16,640,561	–	–	16,640,561
Equity Options	112,875	–	–	112,875
Future Options	30,040	–	–	30,040
Derivative Contracts*	–	7,350,896	–	7,350,896
Total Assets	**$ 645,149,663**	**$1,106,038,114**	**$ 131,168,881**	**$ 1,882,356,658**
Liabilities				
Equity Securities	207,139,958	–	–	207,139,958
Bank Debt	–	3,302,813	–	3,302,813
Equity Options	697,663	–	–	697,663
Derivative Contracts*	–	14,405,242	–	14,405,242
Total Liabilities	**$ 207,837,621**	**$ 17,708,055**	**$ –**	**$ 225,545,676**

**Positions netted by counterparty within the respective fair value hierarchy levels.*

2. Significant Accounting Policies (continued)

The following table is a reconciliation of assets and liabilities the Fund held during the period ended June 30, 2010 at fair value using significant unobservable inputs (Level 3):

Fair Value Measurements using Significant Unobservable Inputs (Level 3)

	Balance at January 1, 2010	Purchases, sales and settlements	Realized and unrealized gains/(losses)*	Net transfers in and/or (out) of Level 3	Balance at June 30, 2010
Assets					
Equity Securities	$ 11,953,061	$ 32,614,935	$ (257,011)	$ –	$ 44,310,985
Mortgage-Backed Securities	–	(1,049,073)	1,049,073	–	–
Corporate Bonds	6,310,430	(1,556,698)	472,012	–	5,225,744
Bank Debt	7,250,551	(43,825)	(133,368)	(1,079,868)	5,993,490
Investment Funds	6,139,016	3,667,558	1,229,893	8,006,286	19,042,753
Private Common Equity Securities	29,097,419	(3,161,627)	(743,874)	–	25,191,918
Private Preferred Equity Securities	26,201,901	(25,397,952)	30,600,042	–	31,403,991
Trade Claims	846,342	(1,128,456)	282,114	–	–
Total Assets	**$ 87,798,720**	**$ 3,944,862**	**$ 32,498,881**	**$ 6,926,418**	**$ 131,168,881**
Total change in unrealized appreciation of fair valued assets using significant unobservable inputs (Level 3) still held at June 30, 2010*					**$ 18,728,273**

**Total change in realized and unrealized gain/(loss) recorded on Level 3 financial instruments are included in net realized and unrealized gains on investment transactions in the statement of income.*

Assets and liabilities of the Fund fair valued using significantly unobservable inputs (Level 3) include investments fair valued by the Investment Manager, previously discussed in Note 2, but are not limited to such investments.

During the period ended June 30, 2010, the Partnership reclassified approximately $33,943,000 of security assets from Level 2 to 1. These securities were previously dealer quoted and subsequently listed on a national securities exchange during the period ending June 30, 2010. In addition, the Partnership reclassified approximately $10,566,000 of assets from Level 1 to 2 due to lower trading activity in these security assets.

3. Administration Fee

The Partnership has entered into an administrative services agreement with the Administrator. In accordance with the terms of this agreement, the Administrator provides certain specified fund accounting and administration, trade support and transfer agent services. For the period ended June 30, 2010, the Administrator received a fee of $890,757.

4. Due from/to Brokers

Due from brokers includes cash balances with the Partnership's clearing brokers and amounts receivable for securities transactions that have not settled at June 30, 2010. The cash at brokers is primarily related to excess uninvested balances, proceeds from securities sold, but not yet purchased, and collateral posted for OTC contracts. At June 30, 2010, the due from brokers balance included collateral posted of $10,667,051. Due to brokers consists primarily of cash and foreign currency balances owed, cash collateral from OTC counterparties received by the Partnership, collateral from securities lending transactions, and amounts payable for securities transactions that have not yet settled at June 30, 2010,

Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2010

4. Due from/to Brokers (continued)

which totaled $1,261. Margin debt balance, if any, is collateralized by certain Partnership owned securities and cash held by the brokers. Margin interest is paid either at the daily broker call rate or based on LIBOR or the Federal funds rate. Cash at the clearing brokers that is related to securities sold, not yet purchased may be restricted until the securities are purchased.

5. Special Investments

As part of its investment program, the Partnership may acquire assets or securities through direct investments or private placements that the General Partner believes either lack a readily ascertainable market value or should be held until the resolution of a special event or circumstance ("Special Investments").

Capital invested in Special Investments is generally not available for withdrawal or distribution, subject to the approval of the General Partner, until the respective Special Investment is deemed realized, as determined by the General Partner. New partners shall not participate in pre-existing Special Investments. At June 30, 2010, the held no Special Investments.

6. Allocation of Net Income or Net Loss

In accordance with the provisions of the Agreement, net income or net loss of the Partnership, other than gain and loss in Special Investments, is allocated to the general capital account of the Feeder and General Partner in proportion to their respective general capital accounts.

Net income or net loss is allocated each fiscal period, as defined in the Agreement or at other times during the fiscal period when capital contributions and withdrawals are made by the Feeder or General Partner. The Feeder's percentage ownership of the Partnership will increase when the General Partner withdrawals capital or decrease when the General Partner contributes additional capital. Therefore, the allocation of net income and net loss may vary, between the Feeder and the General Partner, upon the timing of capital transactions throughout the year.

The Partnership may invest, directly or indirectly, in equity securities in initial public offerings deemed "new issues" under Rule 5130 of the Financial Industry Regulatory Authority ("FINRA") Consolidated Rulebook. "New issues" are defined as any initial public offering of an equity, regardless of whether such security is trading at a premium in the secondary market. NASD members generally may not sell "new issues" to an account, in which certain persons or entities designated as restricted persons have beneficial interest. Gains and losses from "new issues," are allocated only to the Feeder as the General Partner is restricted.

The General Partner receives an incentive allocation equal to 20% of the net profit allocated to each shareholder invested in the Feeder, as defined in the Agreement (the "Full Incentive Allocation"). For purposes of determining net profits, gain or loss from realized (or deemed realized) Special Investments will be included. If a shareholder invested in the Feeder has a net loss during any fiscal year and, during subsequent years, there is a net profit attributable to such shareholder, the shareholder must recover an amount equal to 2.5 times the amount of the net loss chargeable in the prior years before the General Partner is entitled to the Full Incentive Allocation. Until this occurs, the shareholder invested in the Feeder will be subject to a reduced incentive allocation equal to half of the Full Incentive Allocation. For the period ended June 30, 2010, the General Partner accrued an incentive allocation of $19,809,175.

7. Related Party Transactions

The Investment Manager does not charge the Partnership a management fee. Management fees are charged to the Feeder.

Third Point Loan LLC ("Loan LLC") serves as a nominee of the Partnership and other investment management clients of the Investment Manager (collectively the "Beneficial Owners") for certain investments. Loan LLC has appointed the Investment Manager as its true and lawful agent and attorney. At June 30, 2010, the Partnership had net investments of $364,691,675 registered in the name of Loan LLC, and these investments are included in investments in securities in the statement of financial condition.

At June 30, 2010, the Partnership held equity swap contracts with two investment funds with the same Investment Manager as the Partnership. For the period ended June 30, 2010, the change in unrealized loss on the swap contracts was $599,633. For the period ended June 30, 2010, the Partnership realized losses of $7,588,763 on swap contracts with affiliated funds.

At June 30, 2010, the Partnership held shares of Third Point Offshore Investors Limited ("ListCo"), a London Stock Exchange listed entity that is managed by the Investment Manager. As part of ListCo's share buy-back program, the Partnership has the ability to purchase shares in the after-market and allocate all gains or losses and implied financing costs entirely to the ListCo's shares in the Feeder. At June 30, 2010, the Partnership owned 2,805,000 U.S. Dollar Shares in ListCo with a market value of $22,538,167 and an unrealized loss of $6,738,247 related to the share buy-back program.

8. Financial Instruments with Off-Balance Sheet Risk or Concentrations of Credit Risk

In the normal course of its business, the Partnership trades various financial instruments and enters into various investment activities with off-balance sheet risk. These financial instruments include securities sold, not yet purchased, forward currency contracts, credit default swaps, index swaps, total return swaps and contracts for differences. Generally, these financial instruments represent future commitments to purchase or sell other financial instruments at specific terms at specified future dates. Each of these financial instruments contains varying degrees of off- balance sheet risk whereby changes in the market values of the securities underlying the financial instruments or fluctuations in interest rates and index values may exceed the amounts recognized in the statement of financial condition.

Securities sold, not yet purchased are recorded as liabilities in the statement of financial condition and have market risk to the extent that the Partnership, in satisfying its obligations, may have to purchase securities at a higher value than that recorded in the statement of financial condition.

Substantially all securities transactions of the Partnership are cleared by several major U.S. securities firms. At June 30, 2010, substantially all of the investments in securities, securities sold, not yet purchased and due from brokers are positions with and amounts due from these brokers. The Partnership had substantially all such individual counterparty concentration with these brokers or their affiliates.

Foreign currency forward contracts expose the Partnership to market risk to the extent that adverse changes occur in the exchange rate of the underlying foreign currency.

The Partnership enters into total return swaps, contracts for differences and index swaps that involve the exchange by the Partnership with another party of their respective commitments to pay or receive from the counterparty a net amount based on the change in market value of a particular equity or index and a specified notional holding. The use of these contracts exposes the Partnership to market risks equivalent to actually holding securities of the notional value but typically involve little capital commitment relative to the exposure achieved. The gains or losses of the Partnership may therefore be magnified on the capital

Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2010

8. Financial Instruments with Off-Balance Sheet Risk or Concentrations of Credit Risk (continued)

commitment. Entering into total return swaps, contracts for differences and index swaps involves the risk of dealing with counterparties and their abilities to meet the terms of the contracts.

Credit default swap contracts entered into by the Partnership typically represent the exchange by the Partnership with a counterparty of a commitment to provide a level of credit protection for a commitment to pay interest at a fixed rate based on the potential risk of default of the relevant underlying issuers. The Partnership purchases credit default swaps in order to effectively obtain short credit exposure to particular issuers. With regard to credit default swap protection purchased, the Partnership is at risk for its commitment to pay interest at a fixed rate according to the terms of the respective contracts.

The Partnership's credit derivatives include credit default swaps where the Partnership has purchased or sold/written credit protection on an underlying instrument. Credit default swaps provide protection against the risk of default on a set of debt obligations issued by a specified reference entity or entities. The Partnership enters into credit default swap contracts as part of its investment activities and to protect against adverse movements in credit performance relating to its investment activities.

The Partnership's maximum risk of loss from counterparty risk as the protection buyer is the fair value of the contract. As a protection seller, the Partnership may expose itself to risk of loss from credit risk related events specified in the contract. Typical credit events include failure to pay or restructuring of the obligations of the referenced entity, bankruptcy, dissolution or insolvency of the referenced entity. The Partnership may also recover amounts on the underlying reference obligation delivered to the Partnership under credit default swaps where credit protection was sold. At June 30, 2010, the Partnership held no protection sold credit default swaps.

Credit spreads on the underlying, together with the period of expiration, is indicative of the current status of the payment/performance risk by the Partnership. Higher credit spreads and shorter expiration dates are indicative of a higher likelihood of payment/performance by the Partnership while lower credit spreads and longer expiration dates, are indicative of a lower likelihood of payment/performance by the Partnership.

A credit default swap protects the buyer against the loss of principal on a bond or loan in case of a default by the issuer. The protection buyer pays a periodic premium (generally quarterly) over the life of the contract and is protected for the period. The Partnership in turn will have to perform under a credit default swap if a credit event as defined under the contract occurs.

Index and basket credit default swaps are credit default swaps that reference multiple names through underlying baskets or portfolios of single name credit default swaps. Generally, in the event of a default on one of the underlying names, the Partnership will have to pay a pro-rata portion of the total notional amount of the credit default index or basket contract.

The Partnership's exposure to credit risk associated with counterparty nonperformance on forward and swap contracts is limited to the net unrealized gains by counterparty inherent in such contracts which are recognized in the statement of financial condition. At June 30, 2010, this amount was $7,350,896, which includes unrealized gain on equity swap contracts with two investment funds with the same Investment Manager as the Partnership.

From time to time, the Partnership may engage in writing option contracts. The premium received by the Partnership upon writing an option contract is recorded as a liability, marked to market on a daily basis and is included in securities sold, not yet purchased in the statement of financial condition. In writing an option, the Partnership bears the market risk of an unfavorable change in the financial instrument

8. Financial Instruments with Off-Balance Sheet Risk or Concentrations of Credit Risk (continued)

underlying the written option. Exercise of an option written by the Partnership could result in the Partnership selling or buying a financial instrument at a price different from the current market value. At June 30, 2010, the Partnership held written options with the fair value of $697,662.

The Partnership's investments in securities and amounts due from brokers are partially restricted until the Partnership satisfies the obligation to deliver securities sold, not yet purchased.

The Partnership reduces its credit risk with counterparties by entering into master netting agreements with its counterparties, therefore, assets represent the Partnership's unrealized gains, less unrealized loss for derivative contracts in which the Partnership has a master netting agreement. Similarly, liabilities represent the Partnership's unrealized losses less unrealized gains for derivative contracts in which the Partnership has a master netting agreement.

9. Derivative Contracts

In the normal course of business, the Partnership enters into derivative contracts. The derivatives that the Partnership invests in are primarily equity options, rights, warrants, foreign currency forward contracts, credit default on index and equity total return swap contracts and contracts for differences. Typically, derivatives serve as a component of the Partnership's investment strategy and are utilized primarily to structure the portfolio, or individual investments, to economically match the investment objective of the Partnership. Market values of derivatives are determined by using quoted market prices when available; otherwise fair values are based on pricing models that consider the time value of money, volatility, and the current market and contractual prices of underlying financial instruments.

The Partnership enters into derivative contracts relating to foreign currency, equity, and other market/credit risks for the following reasons:

- Trading Purposes – The Partnership utilizes derivative contracts to gain exposure to certain investments. The utilization of derivative contracts allows for an efficient means in which to trade certain asset classes.

- Hedging Purposes – The Partnership uses derivatives to hedge certain risks. For example, foreign currency contracts are used to hedge non-U.S. Dollar denominated investments.

Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2010

9. Derivative Contracts (continued)

The following table identifies the volume and fair value amounts of derivative instruments included in the statement of financial condition, categorized by primary underlying risk, at June 30, 2010. Balances are presented on a gross basis, prior to the application of the impact of counterparty netting. Total derivative assets and liabilities are adjusted on an aggregate basis to take into consideration the effects of master netting arrangements, less collateral held, which is included in due to/from brokers in the statement of financial condition.

	Fair Value $	Notional Amounts $
Derivative Assets by Primary Underlying Risk*		
Equity Price		
Call Option – Long Contracts	4,823,760	363,717,264
Contracts for Differences – Long Contracts	16,105,837	21,476,797
Swaption – Long Contracts	214,577	101,870,162
Total Return Swap Contracts – Long Contracts	3,553,047	3,482,966
Credit		
Credit Default Swap Contracts – Protection Purchased	747,824	90,153,000
Foreign Currency Exchange Rates		
Foreign Currency Forward Contracts – Purchase Contracts	2,244,468	227,007,965
Total Derivative Assets	**27,689,513**	**807,708,154**
Derivative Liabilities by Primary Underlying Risk*		
Equity Price		
Contracts for Differences – Long Contracts	19,274,554	8,484,856
Contracts for Differences – Short Contracts	2,026,116	1,633,168
Total Return Swap Contracts – Long Contracts	11,125,502	12,387,796
Foreign Currency Exchange Rates		
Foreign Currency Forward Contracts – Purchase Contracts	2,317,687	182,387,389
Total Derivative Liabilities	**34,743,859**	**204,893,209**

**Included in net unrealized gain/(loss) on derivative contracts in the statement of financial condition.*

9. Derivative Contracts (continued)

The following table sets forth by major risk type the Partnership realized and unrealized gains/(losses) related to trading activities for the period ended June 30, 2010 in accordance with ASC 815. These realized and unrealized gains/(losses) are included in the statement of income.

Realized and Unrealized Gain/(Loss) for the year ended June 30, 2010

	Realized Gain/(Loss) $	Unrealized Gain/(Loss) $
Primary Underlying Risk		
Equity Price		
Call Option – Long Contracts	(682,370)	(3,984,905)
Contracts for Differences – Long Contracts	380,289	(17,507,840)
Contracts for Differences – Short Contracts	576,339	1,642,520
Swaption – Long Contracts	–	(58,725)
Total Return Swap Contracts – Long Contracts	(8,133,352)	(7,868,677)
Credit		
Credit Default Swap Contracts – Protection Purchased	5,174,713	(5,004,986)
Credit Default Swap Contracts – Protection Sold	(3,555,342)	7,501,613
Foreign Currency Exchange Rates		
Foreign Currency Forward Contracts – Purchase Contracts	47,361,799	(37,818)
Commodity Price		
Futures – Short Contracts	(959,215)	–
	40,162,861	**(25,318,818)**

Exposure of all net liability derivatives that are subject to ISDA agreement termination events were $14,405,242 at June 30, 2010. In relation to such positions, the Partnership posted $8,706,483 of net collateral at June 30, 2010.

10. Commitments

Loan and other participation interests purchased by the Partnership such as bank debt may include revolving credit arrangements or other financing commitments obligating the Partnership to advance additional amounts on demand. At June 30, 2010, the Partnership had unfunded capital commitments of $38,358,881.

11. Indemnifications

In the normal course of business, the Partnership enters into contracts that contain a variety of indemnifications and warranties. The Partnership's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Partnership that have not yet occurred. However, the Partnership has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote. Thus, no amounts have been accrued related to such indemnifications.

Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2010

12. Financial Highlights

The following represents the ratios to average Feeder capital and total return information for the period ended June 30, 2010:

Ratios to average limited partners' capital:	
Total expenses	0.91%
Incentive allocation	1.26%
Total expenses and incentive allocation	**2.17%**
Net investment income	**1.67%**

The ratios above are calculated for the Feeder. The computation of such ratios based on the amount of expenses, incentive allocation, and net investment income assessed to each shareholder's investment in the Feeder may vary from these ratios.

Total return before incentive allocation	12.78%
Incentive allocation	(1.48%)
Total return after incentive allocation	**11.30%**

Total return is calculated for the Feeder's investment in the Partnership. Each shareholder's return on their investment in the Feeder may vary from these returns.

13. Subsequent Events

Subsequent to June 30, 2010, the Partnership received approximately $44 million in subscriptions from shareholders, of which approximately $11 million was received in advance. In addition, the Partnership received redemption requests of approximately $17 million for the period through December 31, 2010. Subsequent events were evaluated by the Partnership's management until August 24, 2010, which is the date the Unaudited Condensed Interim Financial Statements were issued.