THIRD POINT

THIRD POINT OFFSHORE INVESTORS LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2012

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Chairman's Statement

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

The Company was established as a closed-end investment company, registered and incorporated in Guernsey on 19 July 2007. The Company invests its assets in Third Point Offshore Master Fund L.P. (the "Master Partnership") via Third Point Offshore Fund, Ltd. (the "Master Fund"), which pursues an opportunistic investment approach based on event-driven fundamental value analysis.

For the year ended 31 December 2012, the Company's net asset value (the "NAV") appreciated more than 20%, due to strong performance across all strategies and sectors within the Master Fund. By dynamically allocating among corporate and mortgage credit, long and short equities, and macro opportunities, Third Point LLC (the "Investment Manager") generated positive returns for shareholders, and outperformed the S&P 500 Index with less volatility. The Investment Manager has demonstrated a commitment to best practices in the research and execution of its investments with the continual goal of refining its replicable investment processes.

Throughout 2012, the Investment Manager managed gross and net exposures prudently. As the Investment Manager became increasingly constructive about more benign market conditions near year-end, concentration of its highest conviction positions grew while the overall number of positions in the portfolio decreased. As such, the concentration of the top 20 positions in the portfolio increased from 43% at the onset of the year to 58% at year-end.

The Board continues to review discount-control mechanisms regularly. We were pleased to see the discount contract somewhat as a result of consecutive years of positive performance in the Master Fund and corporate actions taken in the Fourth Quarter 2012. In November, the Board announced a $30 million reverse tender offer, a $30 million special dividend and an ongoing dividend policy for the Company. The Board has noted a decrease in the discount following these actions and anticipates further narrowing.

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 NAVs, a monthly shareholder report, a narrative quarterly letter from the Investment Manager, and other relevant information about the Company. In addition, the Investment Manager conducts a Quarterly Investor Performance Review and Business Update Webcast and Call, held within a few weeks of the end of each quarter. Shareholders are encouraged to listen to a replay and can obtain details via Investor Relations at Third Point.

In corporate governance matters, the independent Board of Directors and Audit Committee have met regularly.

My fellow Directors and I are honoured to serve our shareholders.

Marc Antoine Autheman
24 April 2013

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 2012 "Audited Financial Statements". 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 Audited Financial Statements and the related notes give a true and fair view of the financial position of the Company.

The Company

The Company was incorporated in Guernsey on 19 June 2007 as an authorised closed-ended investment scheme 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. Except in unusual circumstances, it is anticipated that the Board, following discussions with the Investment Manager, will declare an annual cash dividend equivalent to 4-5% of the Net Asset Value ("NAV") of the Company, to the extent that the positive NAV performance of the Company is sufficient to support such dividends. Details of the Special Dividend and the Tender Offer are disclosed on page 10.

Share Capital
Share Capital Conversions took place during the year ended 31 December 2012. A summary and the number of shares in issue at the year-end are disclosed in Note 6 to the Audited 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 Audited 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
The Directors of the Company during the year and to the date of this report are as listed on pages 5 and 6 of these Audited Financial Statements.

Directors' Interests
Mr Targoff holds the position of Chief Operating Officer, Partner 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.

Directors' Report continued

Corporate Governance Policy – continued

The AIC Code provides a "comply or explain" code of corporate governance designed especially for the needs of investment companies. 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 Governance Code ("The Code") and Section 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.

The UK Financial Reporting Council ("FRC") issued a revised UK Corporate Governance Code in September 2012, for reporting periods beginning on or after 1 October 2012. The AIC updated the AIC Code (including the Jersey and Guernsey editions) and its AIC Guide in February 2013 to reflect the relevant changes to the FRC document.

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 Antoine Autheman	Non-Executive Chairman	Yes	21/06/2007
Christopher Legge	Non-Executive Director	Yes	19/06/2007
Keith Dorrian	Non-Executive Director	Yes	19/06/2007
Christopher Fish	Non-Executive Director	Yes	19/06/2007
Joshua L Targoff	Non-Executive Director	No	29/05/2009

One third of the Directors retire by rotation at every AGM with the exception of Mr. J Targoff, who as the Chief Operating Officer, General Counsel and Partner 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.

Board Structure – continued
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 9 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.

Directors' 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 Counsellor 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 Chairman of Euroclear S.A. 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 three 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.

Directors' Report continued

Directors' Biographies – continued

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 and BH Macro 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. During the year Mr Targoff has been made a Partner of the Investment Manager.

Audit Committee

The Board is satisfied that for the year under review and thereafter the committee has 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. 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 SOC1 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 4)	Audit Committee Meetings Attended (max 4)
Marc Antoine Autheman	4 of 4	3 of 4
Christopher Legge	4 of 4	4 of 4
Keith Dorrian	4 of 4	4 of 4
Christopher Fish	4 of 4	4 of 4
Joshua L Targoff [1,2]	4 of 4	N/A

[1] Mr. Targoff is not a member of the Audit Committee.
[2] Mr. Targoff does not attend Meetings as a director where recommendations from the Investment Manager are under consideration.

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. The Directors have included a Directors' Remuneration Report on page 13 of this document.

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 individual's 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 Investment 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.

Directors' Report continued

Directors' Duties and Responsibilities – continued
Northern Trust International Fund Administration Services (Guernsey) Limited ("NT"); 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, the 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 Officers' 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 NT, however it retains accountability for all functions it has 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.

- The Investment Manager and NT 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 NT, 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

Internal Control and Financial Reporting – continued

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 review 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.

Management of Principal Risks and Uncertainties

As noted in the Statement of Directors' Responsibilities in respect of the Audited Financial Statements, the Directors are required to provide a description of the principal risks and uncertainties facing the Company. The Directors have considered the risks and uncertainties facing the Company and have prepared and review regularly a risk matrix which documents the significant risks faced by the Company. This document considers the following information:

- Identifying and reporting changes in the risk environment;
- Identifying and reporting changes in the operational controls;
- Identifying and reporting on the effectiveness of controls and errors arising; and
- Reviewing the risks faced by Third Point Offshore Investors Limited and the controls in place to address those risks.

The Directors have acknowledged they are responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness by focussing on four key areas:

- Consideration of the investment advisory services provided by the Investment Manager;
- Consideration of the process for identifying, evaluating and managing any significant risks faced by the Company on an ongoing basis;
- Clarity around the duties and responsibilities of the agents and advisors engaged by the Directors; and
- Reliance on the Investment Manager and Administrator maintaining their own systems of internal controls.

Further discussion on Internal Control is documented in the Directors Report under "Internal Control and Financial Reporting".

The main risks and uncertainties that the Directors consider to apply to the Company are as follows:

- Underlying investment performance of the Master Fund. To mitigate this risk the Directors receive regular updates from the Investment Manager on the performance of the Master Fund. The Board reviews quarterly performance updates on the Master Fund and has access to the Investment Manager on any potential question raised;
- Concentration of Investor Base. The Directors receive quarterly investor reports from the Broker and there is regular communication between the Directors and Broker to identify potential significant changes in the shareholder base;

Directors' Report continued

Management of Principal Risks and Uncertainties – continued

- Discount/Premium to the NAV. The Investment Manager, Broker and when considered necessary the Board of Directors maintain regular contact with the significant shareholders to the Company. In order to seek to narrow the discount to NAV per Share at which the Shares were trading, the Board decided to: (i) return cash to all Shareholders by way of a special dividend of US$30 million in aggregate, which was declared on 1 November 2012; and (ii) provide Eligible Shareholders with an opportunity to exit a proportion of their investment in the Company by way of a Reverse Auction Tender Offer to be made by the Master Fund. The Board monitiors the discount/premium to the NAV on a regular basis and continually maintains regular contact with significant shareholders and the Investment Manager when necessary.

- Performance of the Investment Manager. The Directors review the performance of the Investment Manager on an annual basis and Board representatives conduct bi-annual visits to the Investment Manager;

- Failure of appointed service providers to the Company. The Directors conducts a formal review on each service provider annually in addition to receiving regular updates from each service provider and ensuring that there is ongoing communication between the Board and the various service providers to the Company;

- Financial Risk. The Board employs independent administrators to prepare the Audited Financial Statements of the Company and meets with the independent auditors at least twice a year to discuss all financial matters including the appropriateness of the accounting policies.

Significant Events During The Year

The Board returned approximately US$60 million using a nearly equal combination of a special dividend and a tender offer for shares.

Special Dividend

The Board returned approximately US$30 million cash to Shareholders by way of a Special Dividend. Shareholders holding shares in the GBP and EUR share classes on the record date received their dividend in their respective currency, with the total dividend paid with respect to each share class being proportional to such share class' overall ownership of the Company.

Reverse Dutch Tender Offer

After careful consideration of the Company's trading discount to NAV, the Board approved a tender offer by Third Point Offshore Master Fund L.P. (the "Master Fund") of approximately US$30 million (the "Tender Offer") in December 2012. The Master Fund holds the shares, purchased in the Tender Offer, solely for the benefit of the Company. The tender price was determined by a "reverse Dutch auction" process. The Company purchased approximately US$30 million worth of shares with a tender price at a 15% discount to NAV.

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 fifth Annual General Meeting was held on 21 May 2012 with all proposed resolutions being passed unanimously by the Shareholders.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("FATCA") became effective on 1 January 2013. The legislation is aimed at determining the ownership of US assets in foreign accounts and improving US tax compliance with respect to those assets. However, the States of Guernsey has recently announced that it

Foreign Account Tax Compliance Act – continued
has decided to enter into an intergovernmental agreement ("IGA") with U.S. Treasury in order to facilitate the requirements under the Act and is currently in negotiations with regards to how this is to be implemented, and as a result, the impact this will have on the Company remains unknown. The Board is in discussion with the Company's service providers to ensure that the Company complies with any of the requirements.

Significant Shareholdings
As at 15 April 2013, the following had significant shareholdings in excess of 3% in the Company:

Significant Shareholders	Total Shares Held	% Holdings in Class
US Dollar Shares		
Goldman Sachs Securities (Nominees) Limited	12,011,243	26.06
Vidacos Nominees Limited	8,054,332	17.48
HSBC Client Holdings Nominee (UK)	6,397,222	13.88
Morstan Nominees Limited	2,585,863	5.61
Pershing Nominees Limited	2,240,150	4.86
Euro Shares		
Bank Of New York Nominees Limited	142,000	20.85
S.N.C. Nominees Limited	100,000	14.68
Lynchwood Nominees Limited	80,664	11.85
Interactive Brokers Limited	66,646	9.79
Vidacos Nominees Limited	48,225	7.08
James Capel (Channel Islands) Nominees Limited	43,317	6.36
HSDL Nominees Limited	39,309	5.77
Sterling Shares		
James Capel (Nominees) Limited	962,048	42.03
James Capel (Channel Islands) Nominees Limited	266,535	11.65
HSBC Global Custody Nominee (UK)	265,205	11.59
Smith & Williamson Nominees Limited	116,788	5.10
TD Wealth Institutional Nominees	93,175	4.07
TD Direct Investing Nominees	73,052	3.19

Signed on behalf of the Board by:

Marc Antoine Autheman
Chairman

Christopher Legge
Director

24 April 2013

Statement of Directors' Responsibilities in Respect of the Audited Financial Statements

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

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 the applicable accounting standards have been followed subject to any material departures disclosed explained in the Audited Financial Statements; and
- prepare the Audited Financial Statements on a going concern basis unless it is inappropriate to presume that the Company 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 Audited 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 Annual 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 Annual Report and Audited Financial Statements includes information detailed in the Directors' Report, the Investment Manager's Review and Notes to the Audited 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 Antoine Autheman
Chairman

Christopher Legge
Director

24 April 2013

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' Remuneration Report continued

Directors' fees
The Company's Articles limit the fees payable to Directors to £33,000 per Director (£40,000 for the Chairman of the Company's Audit Committee and £55,000 for the Chairman) or such higher amounts as may be approved by ordinary resolution of Shareholders.

The fees payable by the Company in respect of each of the Directors who served during 2012 and 2011, were as follows:

	2012 £	2011 £
Marc Antoine Autheman (Chairman)	55,000	55,000
Christopher F L Legge (Audit Committee Chairman)	40,000	40,000
Keith Dorrian	33,000	33,000
Christopher N Fish	33,000	33,000
Joshua L Targoff*	–	–
Total	161,000	161,000
USD equivalent	US$256,307	US$256,943

* Joshua L Targoff waived his fee.

Performance graphs
The tables shown on page 15 detail the share price returns over the year.

Signed on behalf of the Board by:

Marc Antoine Autheman
Chairman

Christopher F L Legge
Director

24 April 2013

Investment Manager's Review

Performance summary*

USD Class	31-Dec-12	31-Dec-11	% Change
Share Price	11.18	9.80	14.1%
Net asset value per share	13.77	11.75	17.2%
Premium/(discount)	(18.8%)	(16.6%)	

EUR Class	31-Dec-12	31-Dec-11	% Change
Share Price	10.47	9.70	7.9%
Net asset value per share	13.17	11.31	16.4%
Premium/(discount)	(20.5%)	(14.2%)	

GBP Class	31-Dec-12	31-Dec-11	% Change
Share Price	10.45	9.5	10.0%
Net asset value per share	13.08	11.19	16.9%
Premium/(discount)	(20.1%)	(15.1%)	

** For the period 1 January 2012 to 31 December 2012.*

Strategy Performance
For the year ended 31 December 2012, the net asset value per share increased by 17.2% in the U.S. Dollar class, 16.4% in the Euro class, and 16.9% in the Sterling class.

The Investment Manager generated strong returns in the second half of the year, generating positive returns and alpha across geographies and strategies despite a flat market. Noting fundamental political and economic shifts early in the Third Quarter, the Investment Manager swiftly increased both gross and net exposures amidst a positive market environment and capitalised on a number of compelling event-driven situations.

Third Quarter gains were helped by more constructive market conditions, allowing for opportunities across strategies and sectors. The Investment Manager was more bullish than the market consensus on the survival of the Euro and prospects for the European Union. As such, the Investment Manager was able to uncover several interesting opportunities in European credits, a theme which rewarded returns throughout the year. Equity positions in more cyclical sectors increased in size and credit, both corporate and mortgage, continued its strong performance for the year. In the Fourth Quarter, the positive climate and returns continued and the portfolio continued to gain across geographies and strategies. Notably, the portfolio benefitted from investments in European sovereign credits, strong performance in core equity positions, and positive results from both the corporate and structured credit strategies.

The investment framework employed by the Investment Manager has allowed the Firm to look beyond headlines, conduct in-depth and unbiased research, and develop a variant view. As such, the Investment Manager was able to confidently and successfully deploy capital in an uncertain environment. The Investment Manager's ability to generate returns was boosted by a breakdown in market correlations, a shift which delivered the key to allow the Investment Manager to deliver alpha returns across asset classed, sectors and geographies throughout the second half of the year. Furthermore, by maintaining a disciplined investment approach, the Investment Manager was able to avoid major losses and volatility for the year. Despite various political, macroeconomic and market-related concerns at the onset of 2013, the Investment Manager remains confident in its ability to uncover idiosyncratic and uncorrelated opportunities.

Investment Manager's Review continued

Risk Outlook

The Investment Manager remains focused on concerns regarding the broader political environment, leverage and global growth. As such, the Investment Manager will continue to monitor gross and net exposures and attempt to increase and decrease exposures accordingly. The Investment Manager continues to maintain a diversified portfolio, with exposure to long/short equity, credit, mortgage and macro investments. Geographic exposure is concentrated in the United States.

At 31 December 2012, exposure in the Investment Manager's portfolio across four funds and three managed accounts with $10.1BN in total assets under management was as follows:[1]

	Long	Short	Net
Distressed Credit	5.5%	–	5.5%
Equities	70.1%	(27.0%)	43.1%
Mortgage Credit	17.4%	(1.6%)	15.8%
Performing Credit	13.2%	(5.0%)	8.2%
Risk Arbitrage	1.3%	–	1.3%
Macro	9.7%	(19.9%)	(10.2%)
Private	2.2%	–	2.2%

Net equity exposure is defined as the long exposure minus the short exposure of all equity positions (including long/short, arbitrage, and other strategies), and can serve as a rough measure of the exposure to fluctuations in overall market levels. The Investment Manager continues to closely monitor the liquidity of the portfolio, and is comfortable that the current composition is aligned with the redemption terms of the fund. The funds are hard closed as effective July 1, 2011.

[1] *Relates to the Third Point Offshore Master Fund L.P*

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 2012 which comprise the Statements of Assets and Liabilities, Statements of Operations, Statements of Changes in Net Assets, Statements of Cash Flows, and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and accounting principles generally accepted in the United States of America.

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 Audited Financial Statements set out on page 12, 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 and express an opinion on 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 Annual Report and Audited 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 2012, 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, recognised auditors
Guernsey, Channel Islands

24 April 2013

Statements of Assets and Liabilities

(Stated in United States Dollars)	As at 31 December 2012 $	As at 31 December 2011 $
Assets		
Investment in Third Point Offshore Fund Ltd at fair value (Cost: $496,731,169, 2011: $518,308,588)	694,970,177	591,241,393
Cash	189,506	37,206
Other assets	13,315	200,688
Total assets	**695,172,998**	**591,479,287**
Liabilities		
Accrued expenses and other liabilities	183,652	169,522
Directors' fees payable (Note 5)	87,777	83,531
Administration fee payable (Note 4)	39,000	73,300
Total liabilities	**310,429**	**326,353**
Net assets	**694,862,569**	**591,152,934**
Number of Ordinary Shares in issue (Note 6)		
US Dollar Shares	45,305,367	42,859,769
Euro Shares	1,244,195	3,137,012
Sterling Shares	2,323,257	2,399,202
Net asset value per Ordinary Share (Notes 8 and 12)		
US Dollar Shares	$13.77	$11.75
Euro Shares	€13.17	€11.31
Sterling Shares	£13.08	£11.19
Number of Ordinary B Shares in issue (Note 6)		
US Dollar Shares	30,203,589	28,573,188
Euro Shares	829,463	2,091,341
Sterling Shares	1,548,840	1,599,471

Approved by the Board of Directors on 24 April 2013 and signed on its behalf by:

Marc Antoine Autheman
Chairman

Christopher Legge
Director

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

Statements of Operations

(Stated in United States Dollars)	For the year ended 31 December 2012 $	For the year ended 31 December 2011 $
Realised and unrealised gain from investment transactions allocated from Master Fund		
Net realised gain from securities, commodities, derivative contracts and foreign currency translations	58,909,245	65,556,882
Net change in unrealised gain/(loss) on securities, commodities, derivative contracts and foreign currency translations	93,838,713	(60,698,580)
Net gain/(loss) from currencies allocated from Master Fund	1,332,456	(3,323,062)
Total net realised and unrealised gain from investment transactions allocated from Master Fund	**154,080,414**	**1,535,240**
Net investment loss allocated from Master Fund		
Interest income	10,386,200	16,777,862
Dividends, net of withholding taxes of $931,233 (31 December 2011: $1,213,788)	4,159,938	3,118,895
Other income	105,439	8,777
Stock borrow fees	(1,323,612)	(2,280,129)
Incentive allocation	(14,745,475)	(300,845)
Management fee	(12,701,806)	(12,571,547)
Dividends on securities sold, not yet purchased	(1,230,541)	(951,392)
Interest expense	(1,230,239)	(968,815)
Other expenses	(2,665,505)	(3,193,323)
Total net investment loss allocated from Master Fund	**(19,245,601)**	**(360,517)**
Company income		
Fixed deposit income	139	–
Total Company income	**139**	**–**
Company expenses		
Administration fee (Note 4)	(168,763)	(181,039)
Directors' fees (Note 5)	(256,307)	(256,943)
Other fees	(583,548)	(473,593)
Expenses paid on behalf of Third Point Offshore Independent Voting Company Limited (Note 4)	(125,251)	(80,778)
Total Company expenses	**(1,133,869)**	**(992,353)**
Net loss	**(20,379,331)**	**(1,352,870)**
Net increase in net assets resulting from operations	**133,701,083**	**182,370**

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

Statements of Changes in Net Assets

(Stated in United States Dollars)	For the year ended 31 December 2012 $	For the year ended 31 December 2011 $
Increase in net assets resulting from operations		
Net realised gain from securities, commodities, derivative contracts and foreign currency translations allocated from Master Fund	58,909,245	65,556,882
Net change in unrealised gain/(loss) on securities, commodities, derivative contracts and foreign currency translations allocated from Master Fund	93,838,713	(60,698,580)
Net gain/(loss) from currencies allocated from Master Fund	1,332,456	(3,323,062)
Total net investment loss allocated from Master Fund	(19,245,601)	(360,517)
Total Company income	139	–
Total Company expenses	(1,133,869)	(992,353)
Net increase in net assets resulting from operations	**133,701,083**	**182,370**
Decrease in net assets resulting from Capital share transactions		
Dividend distribution	(29,991,448)	–
Net assets at the beginning of the year	**591,152,934**	**590,970,564**
Net assets at the end of the year	**694,862,569**	**591,152,934**

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

Statements of Cash Flows

(Stated in United States Dollars)	For the year ended 31 December 2012 $	For the year ended 31 December 2011 $
Cash flows from operating activities		
Net increase in net assets resulting from operations	133,701,083	182,370
Adjustments to reconcile net increase in net assets to net cash provided by operating activities:		
Investment in Master Fund	31,106,029	1,005,999
Net realised gain from securities, commodities, derivative contracts and foreign currency translations	(58,909,245)	(65,556,882)
Net change in net unrealised (gain)/loss on securities, commodities, derivative contracts and foreign currency translations	(93,838,713)	60,698,580
Net (gain)/loss from currencies allocated from Master Fund	(1,332,456)	3,323,062
Net investment loss allocated from Master Fund	19,245,601	360,517
Decrease/(increase) in other assets	187,373	(110,574)
Increase/(decrease) in accrued expenses and other liabilities	14,130	(20,372)
Increase in directors' fees payable	4,246	23,664
(Decrease)/increase in administration fee payable	(34,300)	27,789
Net cash provided by/(used in) operating activities	**30,143,748**	**(65,847)**
Cash flows from financing activities		
Dividend distribution	(29,991,448)	–
Net cash used in financing activities	**(29,991,448)**	**–**
Net increase/(decrease) in cash	**152,300**	**(65,847)**
Cash at the beginning of the year	**37,206**	**103,053**
Cash at the end of the year	**189,506**	**37,206**

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 2012

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 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 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 Annual Report and Audited Financial Statements.

Investment Manager

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 $14,745,475 (31 December 2011: $300,845) of incentive fees for the year ended 31 December 2012.

3. Significant Accounting Policies

Basis of Accounting

These Audited 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 Audited 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 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. At 31 December 2012, the Company's US Dollar, Euro and Sterling shares represented 12.93%, 0.45% and 1.02% (31 December 2011: 12.11%, 1.10% and 1.00%) respectively of the Master Fund's net asset value.

ASU 2011-04 clarifies the application of some requirements for measuring fair value and requires additional disclosure for fair value measurements. The disclosure requirements are expanded to include for fair value measurements categorised in Level 3 of the fair value hierarchy: 1) a quantitative disclosure of the unobservable inputs and assumptions used in the measurement; 2) a description of the valuation processes in place; and 3) a narrative description of the sensitivity of the fair value to changes in unobservable inputs and interrelationships between those inputs.

ASU 2011-04 became effective for interim and annual periods beginning after 15 December 2011, for public entities and was effective for annual periods beginning after 15 December 2011 for non-public entities. The Company has adopted this standard beginning on 1 January 2012. The implementation of this standard has not had a material impact on the process for measuring fair values, the financial position or the results of operations.

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 Audited 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

Notes to the Audited Financial Statements
continued
For the year ended 31 December 2012

3. Significant Accounting Policies (continued)

Use of Estimates – continued

amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from those estimates. Other than what is underlying in the 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 December 2011, the FASB issued ASU 2011-11, Balance Sheet (Topic 210) - Disclosures about Offsetting Assets and Liabilities. The amendments are effective for annual reporting periods beginning on or after 1 January 2013, and interim periods within those annual periods. Retrospective disclosures are required to be presented for all comparative periods. The adoption of ASU 2011-11 will not have any impact on the Company's financial position or results of operations, as ASU 2011-11 only affects disclosures about offsetting. The Board believes the above changes will only enhance disclosures and should not impact the financial statements of the Company.

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$168,763 with US$39,000 outstanding (31 December 2011: US$181,039 with US$73,300 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 advisors engaged by the directors of

4. Material Agreements (continued)

Related Party – continued

VoteCo and premiums for directors and officers insurance. The Company has also agreed to indemnify the directors of VoteCo in respect of all liabilities that they may incur in their capacity as directors of VoteCo.

5. Directors' Fees

The Chairman is entitled to a fee of £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 Director's fees during the period amounted to US$256,307 (31 December 2011: US$256,943) with US$87,777 (31 December 2011: US$83,531) 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 2012	42,859,769	3,137,012	2,399,202
Shares Converted			
Total shares transferred to share class during the year	2,478,438	7,692	16,651
Total shares transferred out of share class during the year	(32,840)	(1,900,509)	(92,596)
Shares in issue at end of year	**45,305,367**	**1,244,195**	**2,323,257**

	US Dollar Shares $	Euro Shares $	Sterling Shares $
Share Capital Account			
Share capital account at 1 January 2012	503,588,391	45,912,857	41,651,686
Shares Converted			
Total share value transferred to share class during the year	31,578,425	124,078	317,786
Total share value transferred out of share class during the year	(412,652)	(29,873,407)	(1,734,230)
Distributions	(25,858,563)	(2,023,411)	(2,109,474)
Net increase in net assets resulting from operations	114,955,510	7,493,289	11,252,284
Share capital account at end of year	**623,851,111**	**21,633,406**	**49,378,052**

Notes to the Audited Financial Statements
continued
For the year ended 31 December 2012

6. Share Capital (continued)

	US Dollar Shares	Euro Shares	Sterling Shares
Number of Ordinary B Shares			
Shares in issue as at 1 January 2012	28,573,188	2,091,341	1,599,471
Shares converted			
Total shares transferred to share class during the year	1,652,294	5,128	11,100
Total shares transferred out of share class during the year	(21,893)	(1,267,006)	(61,731)
Shares in issue at end of year	**30,203,589**	**829,463**	**1,548,840**

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 are 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 21 May 2012, 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. Pursuant to the Director's share repurchase authority, the Company, through the Master Fund, commenced a share repurchase program in December 2007. In addition, the Directors approved a tender offer in December 2012. The Shares are being held by the Master Partnership. The Master Partnership'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 11% of the shares outstanding at 31 December 2012 (31 December 2011: 5.80%). In addition, 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.

6. Share Capital (continued)

At 31 December 2012 and 31 December 2011 the Master Fund held the following Shares in the Company in the after-market:

31 December 2012	Currency	Number of Shares	Cost	Average Cost per Share
US Dollar Shares	USD	5,115,096	54,526,355	$10.66
Euro Shares	EUR	207,307	2,176,724	€10.50
Sterling Shares	GBP	52,892	552,721	£10.45

31 December 2011	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 2012 other investment funds owned by or affiliated with the Investment Manager owned 5,630,444 (31 December 2011: 5,630,174) US Dollar Shares in the Company.

10. Significant Events

In 2012, the Company distributed approximately $30 million in a special dividend and purchased approximately $30 million of the Company's shares in a tender offer. Additionally, the Board has adopted a new dividend policy for 2013 and beyond. Please refer to the Director's Report for further discussion.

11. Subsequent Events

In connection with ASC 855, the Company has evaluated subsequent events through 24 April 2013, the date the Audited Financial Statements were available to be issued, and no subsequent events were identified which required accrual or disclosure in these Audited Financial Statements.

Notes to the Audited Financial Statements
continued
For the year ended 31 December 2012

12. Financial Highlights

The following tables include selected data for a single Ordinary Share of each of the Ordinary Share classes in issue at the year end and other performance information derived from the Audited Financial Statements.

	US Dollar Shares 31 December 2012 $	Euro Shares 31 December 2012 €	Sterling Shares 31 December 2012 £
Per Share Operating Performance			
Net Asset Value beginning of the year	11.75	11.31	11.19
Income from Operations			
Net realised and unrealised loss from investment transactions allocated from Master Fund[2]	3.02	2.79	2.81
Net loss	(0.41)	(0.35)	(0.37)
Total return from operations	**2.61**	**2.44**	**2.44**
Dividend distribution	(0.59)	(0.58)	(0.55)
Net Asset Value, end of the year	**13.77**	**13.17**	**13.08**
Total return before incentive fee allocated from Master Fund	24.51%	24.10%	24.34%
Incentive allocation from Master Fund	(2.30%)	(2.53%)	(2.53%)
Total return after incentive fee allocated from Master Fund	**22.21%**	**21.57%**	**21.81%**

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 2012 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 £
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 transactions 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 allocation from Master Fund	0.25%	0.11%	0.00%
Incentive fee allocation from Master Fund	0.09%	0.07%	0.00%
Total return after incentive fee allocation from Master Fund	**0.34%**	**0.18%**	**0.00%**

12. Financial Highlights (continued)

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 2012 $	Euro Shares 31 December 2012 €	Sterling Shares 31 December 2012 £
Supplemental data			
Net Asset Value, end of the year	**623,851,111**	**16,390,186**	**30,397,717**
Average Net Asset Value, for the year[3]	**549,959,120**	**31,345,094**	**27,856,642**
Ratio to average net assets			
Operating expenses[1]	(3.55%)	(3.53%)	(3.56%)
Incentive fee allocated from Master Fund	(2.34%)	(2.00%)	(2.29%)
Total operating expense[1]	(5.89%)	(5.53%)	(5.85%)
Net Loss[1]	(3.22%)	(2.93%)	(3.19%)

	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%)

[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.

Notes to the Audited Financial Statements
continued
For the year ended 31 December 2012

13. Ongoing Charge Calculation

During the year, the Association of Investment Companies ("AIC") recommended that Ongoing Charges disclosure should replace the Total Expense Ratio which has traditionally been calculated by investment companies. Ongoing charges for the year ended 31 December 2012 and 31 December 2011 have been prepared in accordance with the AIC's recommended methodology. Performance fees were charged on the Fund. In line with AIC guidance, an Ongoing Charge has been disclosed both including and excluding performance fees. The Ongoing charges for the year ended 31 December 2012 and 31 December 2011 excluding performance fees and including performance fees are based on Company and allocated Master Fund expenses outlined below.

(excluding performance fees)	31 December 2012	31 December 2011
US Dollar Shares	2.60%	2.67%
Euro Shares	2.57%	2.68%
Sterling Shares	2.61%	2.67%

(including performance fees)	31 December 2012	31 December 2011
US Dollar Shares	4.94%	2.73%
Euro Shares	4.57%	2.70%
Sterling Shares	4.90%	2.66%

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

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