AcenciA Debt Strategies Limited
Interim Report 2012

ACENCIA

Table of Contents

Summary Information

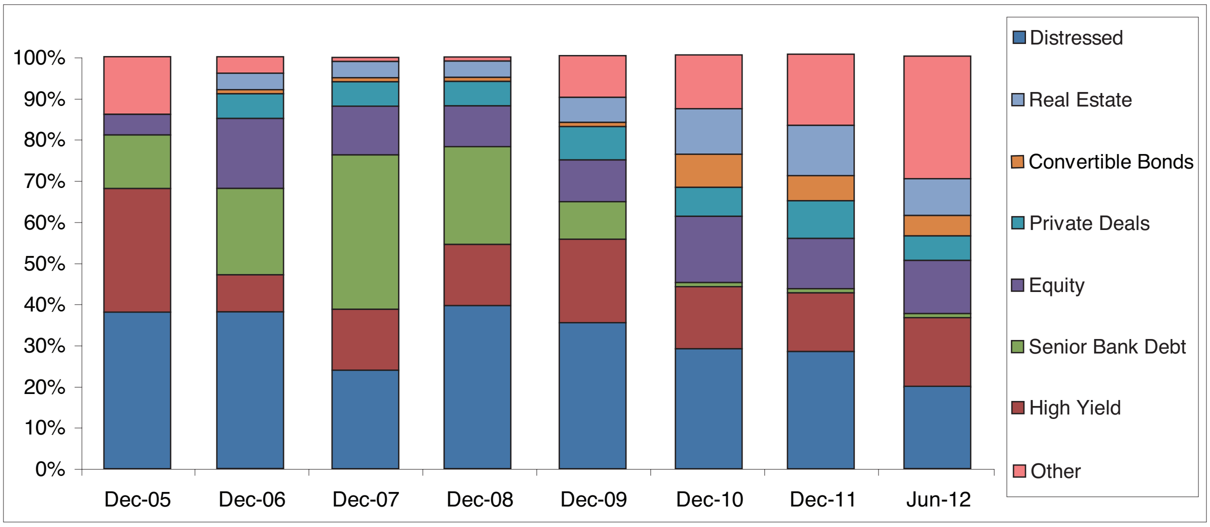
Principal Activity
AcenciA Debt Strategies Limited (“the Company” or “AcenciA”) is an authorised closed-ended investment scheme domiciled in Guernsey. The Company is listed and traded on the London Stock Exchange.

Investment Objective and Policy
The Company’s investment objective is to produce annual returns in excess of 3-month Sterling LIBOR plus 5 per cent over a rolling 3-year period, with annual standard deviation of under 5 per cent.

The Company’s investment policy is to invest in an actively managed portfolio of predominantly debt-oriented hedge funds.

Asset Allocation by Hedge Fund Strategy
The estimated allocation to underlying hedge fund strategies as at 30 June 2012 was as follows:*

Strategy Mix



Analysis of Significant Investments
The ten largest direct holdings of the Company as at 30 June 2012 are set out in the first table overleaf. Of these, five are fund of fund vehicles managed by Sandalwood Securities, Inc., the Company’s Investment Adviser. The top ten holdings on a look-through basis (i.e. showing the effective exposure to underlying single manager hedge funds, ignoring the fund of fund vehicles) are set out in the second table overleaf.

* Estimate by Saltus Partners LLP based on interviews with a sample of underlying managers.

Summary Information

The Company's top 10 Direct Holdings

Name of Investment	Strategy	Market Value £	% of Portfolio Value
Funds of Funds Managed by Sandalwood			
Sandalwood Double S	Fund of funds	27,392,478	24.95%
Sandalwood Debt Fund A Limited Partnership	Fund of funds	22,305,781	20.32%
Bodleian Partners Class A Limited Partnership	Fund of funds	20,894,966	19.03%
Sandalwood Overseas Fund SPC Class L	Fund of funds	19,306,458	17.59%
Sandalwood SPV Debt Fund A	Fund of funds	2,934,874	2.67%
Sub Total		**92,834,557**	**84.56%**
Single Manager Funds			
Cerberus Institutional Partner	Distressed securities	6,250,904	5.69%
Elliott International Fund	Multi-strategy credit	4,226,553	3.85%
GSO Liquidity Overseas Partners, L.P.	Multi-strategy credit	994,755	0.91%
Marathon Special Opportunities Fund	Multi-strategy credit	900,213	0.82%
Centerbridge Credit Partners	Distressed securities	823,411	0.75%
Sub Total		**13,195,836**	**12.02%**
Total		**106,030,393**	**96.58%**

The Company's top 10 Holdings on a Look-through Basis

Name of Investment*	Strategy	Market Value £	% of Portfolio Value
Elliott International Limited	Multi-strategy credit	15,868,859	14.45%
Cerberus SPV, LLC	Distressed securities	14,498,688	13.21%
Redwood Offshore Fund Limited	Multi-strategy credit	12,093,987	11.02%
Centerbridge Credit Partners	Distressed securities	8,732,613	7.95%
Cerberus Institutional Partner	Distressed securities	6,549,680	5.97%
Jet Capital Concentrated Fund	Multi-strategy credit	4,747,530	4.32%
Appaloosa	Distressed securities	4,279,227	3.90%
Third Point	Event Driven	3,999,959	3.64%
Scoggin Worldwide	Distressed securities	3,948,898	3.60%
Canyon Balanced Fund	Event Driven	3,872,924	3.53%
		78,592,365	**71.59%**

* In several cases the exposure to these funds is made up of a combination of an indirect investment in the domestic funds and a direct investment in the overseas sister fund, which has similar but not identical portfolio composition.

Further analysis of the Company's investment portfolio is set out in the Chairman's statement.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim condensed financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the interim management report of the Company includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company for the remaining months of the fiscal year.

J Le Pelley	**R Battey**
Chairman	Director

Date: 16 August 2012

Chairman's Statement

I am pleased to present our shareholders with this set of interim condensed unaudited financial statements for AcenciA Debt Strategies Limited covering the period from 1 January 2012 to 30 June 2012.

Performance Review
The net asset value per share of the Company, taking account of the 1.70p dividend paid in May, increased 3.5 % during the period to 99.12p at 30 June 2012. The share price fell 2.8% increasing the discount to NAV from 16.3% to 20.0%.

Investment Review
The six month period to 30 June was promising as the return achieved by AcenciA exceeded the return on the HFR Distressed Index (+3.0%) as well as the S&P Leveraged loan index (1.1%), but was lower than that from the Merrill Lynch High Yield Index (+7.1%) and S&P 500 Equities (+8.3%) though achieved with considerably less volatility.

After 2011, a year in which much of the credit markets tended to trade up or down in lockstep, it was encouraging to see the return of fundamental investing in the first quarter, where good companies with solid earnings and stronger balance sheets moved higher and those with poor long-term fundamentals declined. Left in the wake of last year's "risk on" and "risk off" trading are the inefficiencies created by investors who bought and sold securities based on sentiment change, creating substantial gaps between market value and intrinsic value among bonds, an area of opportunity that our managers were able to exploit during the first quarter.

Risk assets enjoyed a strong first three months of 2012 as we experienced the reduction of systemic macro risk in the markets largely due to the Long Term Refinancing Operation (LTRO) instituted in December in Europe, which initiated a decline in correlations across the board. Meanwhile, the U.S. Treasury market saw the long bond yield rise from 2.9% at the beginning of the year to approximately 3.5% by mid-March, resulting in the largest drop in U.S. Treasury prices since 2006. Investors were once again being paid for taking risk, and the safety of Treasuries came with a price this quarter.

Unfortunately the euphoria ended during the second quarter. For the third year in a row, the second quarter proved to be volatile for the financial markets. The European debt crisis was once again the dominant theme pushing markets lower, led by political uncertainty in Greece and fears over the country's potential exit from the Euro. Compounding matters is the sovereign, banking, and regional fiscal crisis in Spain and, to a lesser extent, Italy. Investors sold Italian and Spanish governments' bonds, causing a sharp increase in yields, thereby increasing borrowing costs for both Spain and Italy. It is unclear how central bankers will find a solution to this black hole. The debt will ultimately have to be cut - the answer to solving a debt crisis is not additional debt. Potential solutions seem to change weekly, if not daily. The one positive takeaway is that when things get tough European policy makers have reacted rationally to provide a solution, even if it is temporary – they appear to be willing to go to extraordinary lengths to save the Euro and the EU.

During the quarter, U.S. unemployment data remained weak and Chinese economic data continued to show signs of hard landing, causing investors to question if policy effectiveness is beginning to wane. It appears the effectiveness of each passing highly reactionary crisis response effort is shrinking. For instance, spreads on Italian and Spanish sovereign debt responded favourably to the most recent European policy announcement, which led to a rally during the final week of the month before reversing in early July as investors continue to worry about the banking crisis in Spain.

While macroeconomic concerns remain the central driving force, there are a few positives for the global economy. Oil prices are sharply lower, a recovery in the fragile U.S. housing market appears to be taking shape, and corporations have done a great job in pushing out their near-term debt maturities and strengthening their balance sheets. These positive notes notwithstanding, we recognise that we are living in volatile and uncertain times. During the second half of the year, the global markets will have to digest a U.S. Presidential election, the continuing implementation of Basel III, Dodd Frank, the Volker Rule, and the U.S. "fiscal cliff." It has been reported by several governmental agencies and sell-side analysts that if Congress does not act and the various tax cuts currently in place expire there could be a material decline in U.S. GDP growth and higher unemployment.

Performance of Underlying Managers

The biggest winners for the period were the Fund's long-biased managers. Appaloosa led all managers for the first half, followed by Redwood, Canyon Balanced, Centerbridge and Third Point. The Fund's long/short credit managers also generated gains for the first six months of 2012. Elliott led all long/short credit funds, followed by Cerberus, Scoggin World Wide and Jet.

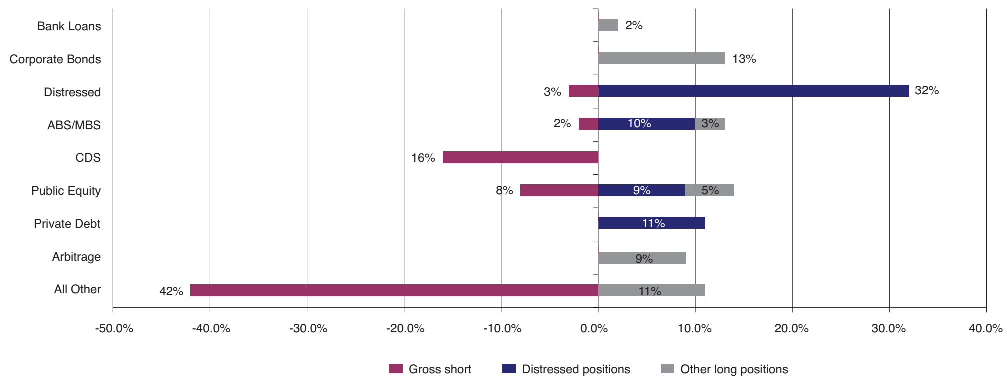
Overall, gains for the first half were broad-based. Thematically, many of our managers generated gains from investments in liquidation plays such as Washington Mutual, Lehman Brothers, Capmark, Nortel, and Glitnir, the Icelandic bank. Many of these holdings received approval from the bankruptcy courts on reorganisation plans and cash is set to be distributed shortly, allowing value to be realised. Another area of profitability was long holdings in European bank preference shares. Banks in Europe took advantage of low cost funds from the European Central Bank's lending facility, the LTRO, which allowed them to refinance their higher cost debt and increase their Tier 1 capital ratios. In the U.S., our managers also benefitted from the strong capital flows in the U.S. high yield market, which allowed companies to retire or refinance their existing high-priced debt with new cheaper bonds or loans. Our managers were able to take advantage of this trend by purchasing short duration paper which had a high likelihood of being called and/or refinanced. Lastly, our managers generated gains from investments in asset-backed securities. Within that sector, performance was driven by positive carry (yield) on long securities as well as mark-to-market gains on RMBS and CMBS positions.

Our managers also generated gains from relative value trades, short positions in European sovereign debt, and Spanish bank shorts. There were several winners on the short side as spreads in many of our managers' single name shorts widened due to company-specific negative events. Small losses were incurred from long positions in select energy related investments and a spread widening in the Porsche/Volkswagen arbitrage deal. Lastly, the Fund's illiquid investments continue to perform well and generated solid returns.

Portfolio Positioning

The portfolio remains allocated to predominantly multi-strategy debt managers with a particular focus on distressed debt. The exposures by investment type at the end of June are given in Chart 1 below.

Chart 1: Exposure by Investment Type

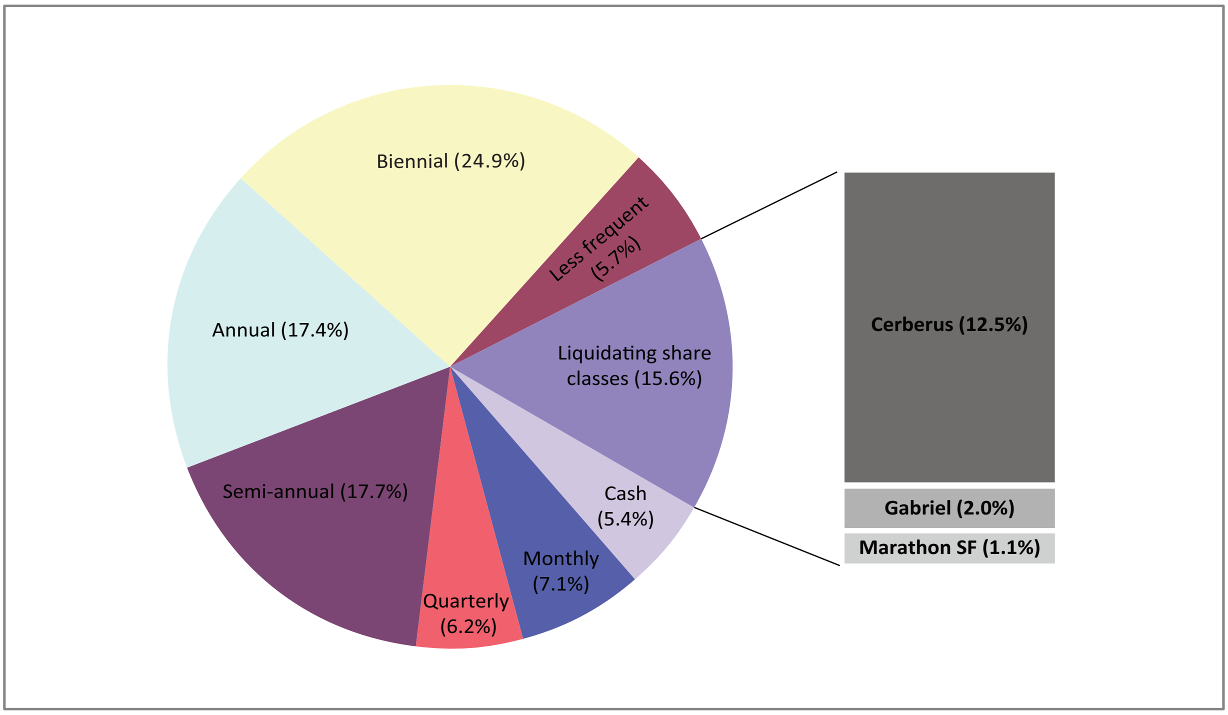


As at 30 June, on a look-through basis, the Company's aggregated exposures were 98% long and 68% short for a net long exposure of 30% measured as a percentage of net asset value. Approximately 61% of the Fund is invested in the U.S. with 27% in Europe and 12% in other geographies.

Update on illiquids

The general liquidity profile of AcenciA's holdings as at 30 June 2012 is shown in Chart 2.

Chart 2: Liquidity profile*



* This liquidity analysis is calculated on a look-through basis, for all manager positions greater than 1% of NAV. It does not take into account initial lock-ups, gates or redemption suspensions. It also excludes uncalled capital commitments.

The illiquid investments continued to perform well and to return cash.

Fund	Fund type	H1'12 Performance
Cerberus Institutional	Closed ended limited partnership	+3.28%
GSO	Closed ended limited partnership	+7.01%
Cerberus, SPV	Liquidating share class	+2.98%
Marathon Structured SPV	Liquidating share class	+0.29%
Gabriel	Liquidating share class	+4.60%

Current trading and Investment Outlook

AcenciA achieved an increase in estimated NAV per share for the month of July of 0.7%.

We are entering an environment that we believe will be very favourable for the Company's multi-strategy credit approach for a number of reasons. Specialised areas of the credit/distressed debt markets continue to be attractive on both an absolute and relative basis, which has allowed our managers to assemble portfolios with high total return potential. The contracting supply and escalating need for yield should provide fertile ground for our multi-strategy credit managers, who have a bias towards complex assets at the high end of the spread spectrum. Increasingly, accommodative interest rate policies are compressing yield/return profiles for a vast majority of financial assets and creating a shortage of long-dated products with wide spreads. For example, at the end of 2008, 70% of the high yield market was trading at spreads above 1000 basis points; by the end of 2011 this figure has fallen to 12%. The dramatic shrinking of the universe of high spread products, the increased need for yield, and the artificially low-rate structure have created an environment that is very conducive to corporate balance sheet repair. As investors begin to anticipate refinancing and start buying into these securities prior to maturity, prices should appreciate and our managers should be able to generate higher IRRs. This phenomenon was a big driver for many of our managers' returns during the first half of 2012 and should remain a driver for the rest of the year.

Some of our managers continue to spend a significant amount of time in the Residential Mortgage Backed Securities (RMBS) space in an effort to unlock value in those securities that are perceived to be undervalued. They have been finding securities with yield profiles in the low to mid-teens even under weak fundamental scenarios and in some cases they believe that total returns in excess of 20% are possible, even without an improvement in housing. One reason our managers remain excited about RMBS is due to shrinking supply of this type of paper. RMBS securities outstanding will be reduced by $175 billion a year over the next two years in a $1.1 trillion market where there is virtually no new issuance. At face value, the shrinking supply is expected to enhance the value of the underlying securities as investors look to own this paper. Additionally, these assets are being purchased at deeply discounted prices and provide positive exposure to reflation (economic improvement) and inflation, which will likely be economic themes in the not too distant future.

We anticipate that weak global growth may cause some companies to miss their financial targets and be required to restructure or file for bankruptcy protection. In addition, we expect the ongoing deleveraging fueled by banking regulations may force both U.S. and European banks to sell their stressed and distressed assets. In closing, we believe that market volatility should create attractive opportunities in corporate stressed and distressed investments as companies face financial challenges and other participants sell on fear and uncertainty. We are also mindful of the ever-present macro risks related to the ongoing sovereign debt crisis in Europe and a potential slowdown in China.

Share buyback programme

The Company has continued its share buyback programme throughout the period. In total, 2,984,269 shares were acquired and cancelled during the six month period to 30 June 2012, at discounts ranging between 17.9% and 20.3%

Dividend

In line with its policy to pay annual dividends totaling 3.5% of the Company's net asset value by means of six monthly interim and final dividend payments, the Board is pleased to declare an interim dividend of 1.73p per share. On an annualised basis this represents a dividend yield of 4.3%, based on the closing share price of the Company of 81.25p on 15 August 2012. The dividend will be paid on 28 September 2012 to ordinary shareholders on the register at 31 August 2012. The ex–dividend date will be 29 August 2012.

J Le Pelley, Chairman

Date: 16 August 2012

Investment Portfolio

At 30 June 2012 the Company's investment portfolio comprised the following principal holdings:

Name of Investment	Strategy	Market Value £	% of Portfolio Value
Sandalwood Double S	Fund of funds	27,392,478	24.95%
Sandalwood Debt Fund A Limited Partnership	Fund of funds	22,305,781	20.32%
Bodleian Partners Class A Limited Partnership	Fund of funds	20,894,966	19.03%
Sandalwood Overseas Fund SPC Class L	Fund of funds	19,306,458	17.59%
Cerberus Institutional Partner	Distressed securities	6,250,904	5.69%
Elliott International Fund	Multi-strategy credit	4,226,553	3.85%
Sandalwood SPV Debt Fund A	Fund of funds	2,934,874	2.67%
Sub Total		**103,312,014**	**94.10%**
Other (individually less than 1% of portfolio value)		6,476,152	5.90%
Total		**109,788,166**	**100.00%**

Investment Portfolio

At 30 June 2012 the Company's investment portfolio on a look-through basis comprised the following principal holdings:

Name of Investment	Strategy	Market Value £	% of Portfolio Value
Elliott International Limited	Multi-strategy credit	15,868,859	14.45%
Cerberus SPV, LLC	Distressed securities	14,498,688	13.21%
Redwood Offshore Fund Limited	Multi-strategy credit	12,093,987	11.02%
Centerbridge Credit Partners	Distressed securities	8,732,613	7.95%
Cerberus Institutional Partner	Distressed securities	6,549,680	5.97%
Jet Capital Concentrated Fund	Multi-strategy credit	4,747,530	4.32%
Appaloosa	Distressed securities	4,279,227	3.90%
Third Point	Event Driven	3,999,959	3.64%
Scoggin Worldwide	Distressed securities	3,948,898	3.60%
Canyon Balanced Fund	Event Driven	3,872,924	3.53%
Thoroughbred	Distressed securities	3,405,350	3.10%
Gabriel Capital, LP	Distressed securities	2,296,403	2.09%
Gracie Credit Opportunities Fund	Multi-strategy credit	1,703,989	1.55%
Pennant Credit Opportunities Fund	Multi-strategy credit	1,590,285	1.45%
Marathon Structured Finance	Multi-strategy credit	1,301,498	1.19%
Sub Total		**88,889,890**	**80.97%**
Other (individually less than 1% of portfolio value)		20,898,276	19.03%
Total		**109,788,166**	**100.00%**

Independent Review Report
For the period ended 30 June 2012

Introduction
We have been engaged by the Company to review the condensed unaudited set of financial statements in the interim report for the six months ended 30 June 2012 which comprises the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, Statement of Financial Position, Statement of Cash Flows and related notes 1 to 23. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' Responsibilities
The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this interim report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect to half-yearly financial reporting in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement, or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

BDO Limited
Chartered Accountants

Place du Pre, Rue du Pre, St Peter Port, Guernsey

Date: 16 August 2012

Statement of Comprehensive Income (unaudited)

For the six month period ended 30 June 2012

	Notes	1 January 2012 to 30 June 2012 (unaudited) £	1 January 2011 to 31 December 2011 (audited) £	1 January 2011 to 30 June 2011 (unaudited) £
Net gains/(losses) on fair value through profit or loss investments	11	3,013,175	(458,074)	728,630
Other gains and losses	5	845,771	426,521	3,165,200
		3,858,946	(31,553)	3,893,830
Income				
Other operating income	6	4,385	19,736	8,463
Expenses				
Management fees	8	45,244	143,263	128,474
Other expenses	8	(371,842)	(1,001,246)	(393,962)
		(326,598)	(857,983)	(265,488)
Net expenses		(322,213)	(838,247)	(257,025)
Finance costs	7	-	(335)	(271)
Profit/(loss) for the financial period/year		**3,536,733**	**(870,135)**	**3,636,534**
Other comprehensive income		-	-	-
Total comprehensive income/(loss)		**3,536,733**	**(870,135)**	**3,636,534**
Basic and Diluted Earnings/(Loss) per Share	**10**	**2.97p**	**(0.65)p**	**2.52p**
Weighted average number of Shares outstanding	**10**	**118,903,108**	**134,048,226**	**144,374,360**

All items in the above statement derive from continuing operations.
All income is attributable to the Shares of the Company.
The accompanying notes on pages 15 to 26 form an integral part of the condensed unaudited Financial Statements.

Statement of Changes in Shareholders' Equity (unaudited)
For the six month period ended 30 June 2012

	Notes	Share Premium £	Distributable Reserve £	Accumulated Profits/(losses) £	Total £
For the six month period ended 30 June 2012 (unaudited)					
At 31 December 2011		**-**	**150,434,377**	**(33,516,670)**	**116,917,707**
Total comprehensive income for the period		-	-	3,536,733	3,536,733
Shares acquired and cancelled	16(a)	(2,378,248)	-	-	(2,378,248)
Transfer to Share Premium	16(a)	2,378,248	(2,378,248)	-	-
Dividend paid	23	-	-	(2,018,958)	(2,018,958)
At 30 June 2012		**-**	**148,056,129**	**(31,998,895)**	**116,057,234**

	Notes	Share Premium £	Distributable Reserve £	Accumulated Profits/(losses) £	Total £
For the year ended 31 December 2011 (audited)					
At 31 December 2010		**-**	**177,628,096**	**(27,917,995)**	**149,710,101**
Total comprehensive loss for the year		-	-	(870,135)	(870,135)
Shares acquired and cancelled	16(a)	(27,193,719)	-	-	(27,193,719)
Transfer to Share Premium	16(a)	27,193,719	(27,193,719)	-	-
Dividends paid		-	-	(4,728,540)	(4,728,540)
At 31 December 2011		**-**	**150,434,377**	**(33,516,670)**	**116,917,707**

	Notes	Share Premium £	Distributable Reserve £	Accumulated Profits/(losses) £	Total £
For the six month period ended 30 June 2011 (unaudited)					
At 31 December 2010		**-**	**177,628,096**	**(27,917,995)**	**149,710,101**
Total comprehensive income for the period		-	-	3,636,534	3,636,534
Shares acquired and cancelled	16(a)	(15,028,561)	-	-	(15,028,561)
Transfer to Share Premium	16(a)	15,028,561	(15,028,561)	-	-
Dividend paid		-	-	(2,522,445)	(2,522,445)
At 30 June 2011		**-**	**162,599,535**	**(26,803,906)**	**135,795,629**

The accompanying notes on pages 15 to 26 form an integral part of the condensed unaudited Financial Statements.

Statement of Financial Position (unaudited)
At 30 June 2012

	Notes	30 June 2012 (unaudited) £	31 December 2011 (audited) £	30 June 2011 (unaudited) £
Non-current assets				
Investments at fair value through profit or loss	11	109,788,166	109,844,172	128,799,956
Current assets				
Prepayments		116,347	61,788	112,072
Other receivables		106,178	102,441	117,062
Due from broker	11	-	-	3,737,270
Forward currency deals awaiting settlement	20	135,684	-	-
Cash and cash equivalents	12	6,069,565	7,246,920	5,006,926
Total current assets		6,427,774	7,411,149	8,973,330
Current liabilities				
Forward currency deals awaiting settlement	20	-	133,583	893,969
Accrued expenses	14	158,706	173,441	181,878
Other payables	16(a)	-	30,590	901,810
Total liabilities		158,706	337,614	1,977,657
Net current assets		**6,269,068**	**7,073,535**	**6,995,673**
Net assets		**116,057,234**	**116,917,707**	**135,795,629**
Equity attributable to equity holders				
Share capital	15	-	-	-
Share premium	16(a)	-	-	-
Other distributable reserve	16(b)	148,056,129	150,434,377	162,599,535
Accumulated losses		(31,998,895)	(33,516,670)	(26,803,906)
Total shareholders' equity		**116,057,234**	**116,917,707**	**135,795,629**
Net asset value per Share	**17&19**	**99.12p**	**97.37p**	**101.45p**

The condensed unaudited Financial Statements on pages 11 to 26 were approved by the Board of Directors and authorised for issue on 16 August 2012. They were signed on its behalf by:-

J Le Pelley
Chairman

R Battey
Director

The accompanying notes on pages 15 to 26 form an integral part of the condensed unaudited Financial Statements.

Statement of Cash Flows (unaudited)
For the six month period ended 30 June 2012

	Notes	1 January 2012 to 30 June 2012 (unaudited) £	1 January 2011 to 31 December 2011 (audited) £	1 January 2011 to 30 June 2011 (unaudited) £
Cash flows from operating activities				
Profit/(loss) for the period/year		3,536,733	(870,135)	3,636,534
Increase in prepayments and other receivables		(58,296)	(13,648)	(78,553)
Decrease in accrued expenses and other payables		(14,735)	(264,683)	(256,246)
		3,463,702	(1,148,466)	3,301,735
Purchase of investments	11 & 18	(1,000,181)	(13,106,072)	(12,700,000)
Sales of investments	11 & 18	4,069,362	36,263,344	14,350,922
		6,532,883	22,008,806	4,952,657
Adjustment for:				
Realised (gains)/losses on investments	11	(900,663)	(14,779,730)	1,996,668
Movement in unrealised gains on investments	11	(2,112,512)	15,237,804	(2,725,298)
Movement in unrealised gains on forward foreign exchange contracts	20	(269,267)	(1,923,517)	(1,163,131)
Net cash inflow from operating activities		**3,250,441**	**20,543,363**	**3,060,896**
Cash flows from financing activities				
Shares acquired and cancelled	16(a)	(2,408,838)	(27,366,435)	(14,330,057)
Dividends paid		(2,018,958)	(4,728,540)	(2,522,445)
Net cash outflow from financing activities		**(4,427,796)**	**(32,094,975)**	**(16,852,502)**
Net decrease in cash and cash equivalents		**(1,177,355)**	**(11,551,612)**	**(13,791,606)**
Cash and cash equivalents at beginning of period/year		**7,246,920**	**18,798,532**	**18,798,532**
Cash and cash equivalents at end of period/year	12 & 18	**6,069,565**	**7,246,920**	**5,006,926**

The accompanying notes on pages 15 to 26 form an integral part of the condensed unaudited Financial Statements.

Notes to the Condensed Unaudited Financial Statements
For the six month period ended 30 June 2012

1. General Information

The Company was incorporated as a company with limited liability in Guernsey on 13 October 2005 and is an authorised closed-ended investment scheme domiciled in Guernsey. The Shares are listed on the London Stock Exchange.

The financial information for the year 1 January 2011 to 31 December 2011 is derived from the financial statements delivered to the UK Listing Authority. The Auditors reported on these financial statements, their report was unqualified and did not contain a statement under Section 263 (2) of the Companies (Guernsey) Law, 2008.

These condensed financial statements have been reviewed, not audited.

The Company invests in a portfolio consisting primarily of debt-oriented hedge funds. The Company's investment strategy is to provide annual returns in excess of 3-month LIBOR plus 5 per cent over a rolling 3 year period, and annual standard deviation of under 5 per cent.

2. Significant Accounting Policies

Basis of Accounting

The condensed unaudited financial statements of the Company have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting and should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Accounting Convention

The interim condensed unaudited Financial Statements have been prepared under the historical cost or amortised cost basis, modified by the revaluation of certain financial instruments. The principal accounting policies adopted are set out below. The preparation of financial statements in conformity with International Financial Reporting Standards requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The interim condensed unaudited Financial Statements are presented in Sterling because that is the currency of the primary economic environment in which the Company operates and the currency in which capital is raised. The functional currency of the Company is also considered to be Sterling.

Standards and Interpretations in issue but not yet effective

At the date of authorisation of these interim condensed unaudited Financial Statements, the following Standards and interpretations, which have not been applied in these interim condensed unaudited Financial Statements but will be relevant in future periods, were in issue but not yet effective.

IAS 1 (amended) – Presentation of Financial Statements – for accounting periods beginning on or after 1 July 2012.

IAS 19 (amended) - Employee Benefits – for accounting periods beginning on or after 1 January 2013.

IAS 28 (amended) – Investments in Associates – for accounting periods beginning on or after 1 January 2013.

IAS 27 (amended) – Consolidated and Separate Financial Statements – for accounting periods beginning on or after 1 January 2013.

IFRS 11 – Joint Arrangements – for accounting periods beginning on or after 1 January 2013.

IFRS 9 – Financial Instruments – Classification and Measurement – for accounting periods beginning on or after 1 January 2013.

IFRS 12 – Disclosures of interests in other entities – for accounting periods beginning on or after 1 January 2013.

2. Significant Accounting Policies (continued)

IFRS 13 – Fair Value Measurement – for accounting periods beginning on or after 1 January 2013.

IFRS 10 – Consolidated Financial Statements – for accounting periods beginning on or after 1 January 2013.

The directors believe that other pronouncements, which are in issue but not yet operative or adopted by the Company, will not have a material impact on the interim condensed unaudited Financial Statements of the Company.

The directors believe that the interim condensed unaudited Financial Statements contain all of the information required to enable Shareholders and potential investors to make an informed appraisal of the investment activities and profits and losses of the Company for the period to which it relates and does not omit any matter or development of significance.

Investments

The Directors value all investments in funds at the net asset values of those funds as at the relevant valuation date, as determined in accordance with the terms of the funds and as notified to the Company by the relevant fund manager or the relevant administrator. The valuation date of each fund may not always be coterminous with the valuation date of the Company and in such cases the valuation of the fund at the last valuation date is used.

The net asset values reported by the relevant fund managers and/or fund administrators and used by the Directors as at 30 June 2012 may be unaudited as at that date and may differ from the amounts which would have been realised from a redemption of the investment in the relevant fund as at 30 June 2012.

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value.

Investments are classified as fair value through profit or loss. As the Company's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, listed equities and fixed income securities are designated as fair value through profit or loss on initial recognition. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the Company is provided internally on this basis to the Company's key management personnel.

Financial assets designated as at fair value through profit or loss are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Investments in units of unit trusts or shares in Open Ended Investment Companies ("OEICs") are valued at the closing price released by the relevant investment managers or administrator.

Gains and losses arising from changes in the fair value of investments classified as fair value through profit or loss are recognised in the Statement of Comprehensive Income.

Foreign Exchange

Foreign currency assets and liabilities are translated into Sterling at the rate of exchange ruling at the reporting date (30 June 2012: £1: US$1.5706; 31 December 2011: £1: US$1.5541; 30 June 2011: £1: US$1.6054). Transactions in foreign currencies are translated at the rate of exchange ruling on the transaction date. Differences thus arising are dealt with in the Statement of Comprehensive Income.

The Board of Directors considers Sterling the currency that most faithfully represents the economic environment in which the Company operates. Sterling is the currency in which the Company measures its performance and reports its results, as well as the currency in which capital is raised.

2. Significant Accounting Policies (continued)

Forward Currency Contracts

A forward currency contract obligates the Company to receive or deliver a fixed quantity of foreign currency at a specified price on an agreed future date. These contracts are accounted for when any contract becomes binding and are valued in the Statement of Financial Position at the period end present value of the quoted forward price. Realised and unrealised gains and losses are included in the Statement of Comprehensive Income.

Income

Dividend income from investments is recognised when the Shareholders' rights to receive payment has been established, normally the ex-dividend date.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

Expenses

All expenses are accounted for on an accruals basis and are presented as revenue items, except for expenses that are incidental to the disposal of an investment which are deducted from the disposal proceeds.

Finance costs

Finance costs are accounted for on an accruals basis and relate to bank interest resulting from the Company drawing down on the facility with Bank Julius Baer & Co Limited. All finance costs are expensed through the Statement of Comprehensive Income as incurred.

Financial Instruments

Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. The Company shall offset financial assets and financial liabilities if the Company has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

A financial asset (in whole or in part) is derecognised either:

- when the Company has transferred substantially all the risk and rewards of ownership;
- when it has not retained substantially all the risk and rewards and when it no longer has control over the asset or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

Other Receivables

Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and Cash Equivalents

Cash includes amounts held in interest bearing overnight accounts and debt balances. Cash and cash equivalents comprise bank balances and cash held by the Company including short-term bank deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value.

Financial Liabilities and Equity

Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Financial liabilities and equity are recorded as the proceeds received, net of issue costs.

2. Significant Accounting Policies (continued)

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the Statement of Comprehensive Income.

Other Accruals and Payables
Other accruals and payables are not interest-bearing and are stated at their nominal value.

Derivative Financial Instruments
The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates. The Company uses forward foreign exchange contracts to hedge these exposures. The Company does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives. The Company does not use hedge accounting and all gains or losses on forward foreign exchange contracts are taken to the Statement of Comprehensive Income.

Interest-bearing Loans and Borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Comprehensive Income over the period of the borrowings on an effective interest basis.

Operating Segments
The Directors are of the opinion that the Company is engaged in a single segment of business of investing in predominantly debt-oriented hedge funds.

3. Going Concern and Other Critical Accounting Judgements

The Board assessment of the Company's position as at 30 June 2012 and the factors impacting the forthcoming period are set out in the Chairman's Statement on pages 4 to 7. As part of its efforts to control the Company's share price discount to net asset value, the Board committed to shareholders to convene an Extraordinary General Meeting of the Company in September 2011 to put to the Company's shareholders a resolution for the winding-up of the Company as an investment trust. The shareholders voted against the winding-up of the Company. The financial position of the Company, its cash flows, and its liquidity position is set out on pages 11 to 14 of the condensed unaudited financial statements.

The Company has considerable financial resources and after making enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future despite the continued uncertain economic outlook. Accordingly the Directors continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

In the application of the Company's accounting policies, which are described in note 2 to the condensed unaudited financial statements, management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate was revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. Going Concern and Other Critical Accounting Judgements (continued)

Critical Judgements in Applying Accounting Policies

The most critical judgement, apart from those involving estimates (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements is in respect of functional currency.

Functional Currency and Presentation Currency

The Board of Directors considers Sterling the currency that most faithfully represents the economic environment in which the Company operates. Sterling is the currency in which the Company measures its performance and reports its results, as well as the currency in which capital is raised.

Key Sources of estimation uncertainty

The following are the key assumptions and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair Value of Investments at fair value through profit or loss

As disclosed in note 2, the Company invests in debt oriented hedge funds. The investments are valued at the net asset value of that fund as at the relevant valuation date in accordance with the terms of the funds and as notified by the relevant fund manager / administrator. However the valuation date may be non-coterminous with the valuation date of the Company and hence in such cases the latest valuation is used.

The values used in the financial statements may be unaudited as at that date and hence may differ from the amount which may have been realised on redemption of the investment at the reporting date.

4. Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

For management purposes, the Company is organised in to one main operating segment, which focuses on long term growth from investments. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

In terms of the funds in which the Company invests, these are predominantly incorporated in the United States. The underlying investments in the funds however, may be in other countries.

	1 January 2012 to 30 June 2012 (unaudited) £	1 January 2011 to 31 December 2011 (audited) £	1 January 2011 to 30 June 2011 (unaudited) £
Net gains/(losses) on fair value through profit or loss investments by location of assets			
United States and the Caribbean	3,013,175	(458,074)	728,630
	3,013,175	(458,074)	728,630

	1 January 2012 to 30 June 2012 (unaudited) £	1 January 2011 to 31 December 2011 (audited) £	1 January 2011 to 30 June 2011 (unaudited) £
Non-current assets by location of assets			
United States and the Caribbean	109,788,166	109,844,172	128,799,956
	109,788,166	109,844,172	128,799,956

Notes to the Condensed Unaudited Financial Statements
For the six month period ended 30 June 2012

5. Other Gains and Losses

	1 January 2012 to 30 June 2012 (unaudited) £	1 January 2011 to 31 December 2011 (audited) £	1 January 2011 to 30 June 2011 (unaudited) £
Held for trading: Derivative financial instruments:			
Net realised foreign exchange gains/(losses) on forward foreign exchange contracts, currency transactions and translations	576,504	(1,496,996)	2,002,069
Net movement in unrealised foreign exchange gains/(losses) on forward foreign exchange contracts (note 20)	269,267	1,923,517	1,163,131
	845,771	**426,521**	**3,165,200**

6. Other Operating Income

	1 January 2012 to 30 June 2012 (unaudited) £	1 January 2011 to 31 December 2011 (audited) £	1 January 2011 to 30 June 2011 (unaudited) £
Other operating income arising on financial assets not at fair value through profit or loss:			
Bank interest	4,385	19,736	8,463
	4,385	**19,736**	**8,463**

7. Finance Costs

	1 January 2012 to 30 June 2012 (unaudited) £	1 January 2011 to 31 December 2011 (audited) £	1 January 2011 to 30 June 2011 (unaudited) £
Finance costs arising on financial liabilities not at fair value through profit or loss:			
Bank debt interest	**-**	**335**	**271**

The bank interest resulted from the Company's debt facility with Bank Julius Baer & Co Limited to fund the purchase of investments in the short term.

8. Expenses

	1 January 2012 to 30 June 2012 (unaudited) £	1 January 2011 to 31 December 2011 (audited) £	1 January 2011 to 30 June 2011 (unaudited) £
Management fees	584,172	1,327,355	720,185
Sandalwood management fee rebate	(629,416)	(1,470,618)	(848,659)
	(45,244)	**(143,263)**	**(128,474)**
Other expenses:			
Accounting, secretarial and administration fees	75,721	126,277	61,434
Marketing expenses	67,193	121,363	43,626
Loan commission fees	61,920	124,724	61,986
Other expenses	57,226	213,559	125,643
Directors' remuneration	41,053	82,500	40,954
Custodian fees	29,209	66,367	36,009
Legal and professional fees	26,882	21,186	10,514
Auditors' remuneration for audit services	12,638	27,770	13,796
Costs of winding-up vote	-	217,500	-
	371,842	**1,001,246**	**393,962**
Total expenses	**326,598**	**857,983**	**265,488**

8. Expenses (continued)

The Sandalwood Securities, Inc. ("Sandalwood") management fee rebate is the management fee levied by Sandalwood in relation to the net asset value of Sandalwood funds invested in by AcenciA. This management fee is treated as a reduction to the AcenciA management fee, so as to avoid duplication in fees paid to Sandalwood. The management fee charged by Sandalwood in relation to its funds is 1.5% of the net asset value of each fund.

The Company has no employees. The Directors are the only key management personnel of the Company. Their remuneration disclosed above is all in respect of short-term benefits.

No amounts were paid to the auditors during the period in respect of non-audit services.

Management and Performance fees

The Company is responsible for the fees of the Investment Manager in accordance with the Management Agreement between the Company and the Investment Manager dated 2 November 2005.

For the services performed under the Management Agreement, the Company pays the Investment Manager a management fee equal to 1% per annum of total assets.

The Investment Manager compensates the Investment Adviser and the Sub-Manager for their services to the Company under the terms of the Investment Advisory Agreement and Sub-Management Agreement.

In addition to the management fee, subject to satisfaction of the High Water Mark Provision and the Performance Hurdle Provision, the Investment Manager will be entitled to a performance fee equivalent to 10 per cent of the amount by which the value of the Net Asset Value per share at the end of each Accounting Period exceeds the value of the Net Asset Value per share at the end of the previous Accounting Period. Under the High Water Mark Provision, the Net Asset Value per share at the end of each Accounting Period must be greater than the value of the Net Asset Value per share at the end of any previous Accounting Period after taking account of any dividend paid. Under the Performance Hurdle Provision the Net Assets must have increased by at least 3 per cent during the relevant Accounting Period after taking account of any dividend paid. The current High Water Mark for the Company is 102.77p per Share and consequently no performance fee arose in respect of the period ending 30 June 2012 (31 December 2011: £nil; 30 June 2011: £nil). Following payment of the interim dividend of 1.73p per share payable on 28 September 2012, the High Water Mark will reduce to 101.04p per share.

The Investment Management Agreement may be terminated by either party giving the other not less than six months' written notice. The Sub-Management Agreement will terminate at the same time as the Investment Management Agreement terminates or otherwise on either party giving twelve months' written notice.

The Investment Advisory Agreement may not be terminated prior to the expiry of the initial period, which ran until 31 December 2010. Thereafter it may be terminated on six months' written notice. In the event that the Investment Advisory Agreement is terminated, the Investment Adviser will remain entitled to a pro rata share of its fees to the extent that and for so long as the Company's assets remain invested in funds which were recommended by the Investment Adviser, including any funds managed or advised by the Investment Adviser.

Administration fees

In respect of the services provided under the Administration Agreement, from 1 October 2011 the Company pays Butterfield Fulcrum Group (Guernsey) Limited ("BFG") a fee of 0.125% per annum on the first £50 million of the net asset value of the Company, and 0.10% per annum on the excess. This is subject to a minimum monthly payment of £3,750. In addition, the Company pays BFG £15,000 per annum for corporate secretarial services and £7,500 per annum for financial statement preparation. Prior to 1 October 2011 the fee was 0.085% per annum of the net asset value of the Company, subject to a minimum annual payment of £10,000. BFG is also entitled to receive fees for any extraordinary duties performed to be charged on a time spent basis. The Administration Agreement is terminable by either side on three months' notice.

8. Expenses (continued)

Custodian fees

The Company is responsible for the fees of the Custodian (Bank Julius Baer & Co Limited) in accordance with the Custodian Agreement made between the Company and the Custodian dated 2 November 2005.

In respect of services provided under the Custodian Agreement, the Company pays the Custodian a quarterly fee at the rate of 0.05% of the Net Asset Value of the Company per annum subject to a minimum fee of £3,325 per quarter. The Custodian Agreement is terminable by either side on three months' notice. The Custodian does not have any decision-making discretion relating to the investment of the assets of the fund.

9. Tax Status

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and is charged an annual exemption fee of £600.

10. Basic and Diluted Earnings/(Loss) Per Share

Basic and diluted earnings/(loss) per Share are calculated by dividing net income/(loss) available by the weighted average number of Shares outstanding during the period.

	1 January 2012 to 30 June 2012 Number of Shares (unaudited)	1 January 2011 to 31 December 2011 Number of Shares (audited)	1 January 2011 to 30 June 2011 Number of Shares (unaudited)
Weighted average number of Shares	**118,903,108**	**134,048,226**	**144,374,360**

The weighted average number of Shares during the period to 30 June 2012 is based on the number of Shares in issue during the period under review, as detailed in note 15.

11. Investments

	30 June 2012 (unaudited) £	31 December 2011 (audited) £	30 June 2011 (unaudited) £
Fair value through profit or loss investments			
Opening fair value as at beginning of period/year	109,844,172	128,349,819	128,349,819
Purchases at cost	1,000,181	18,215,771	17,809,699
Sales - proceeds	(4,069,362)	(36,263,344)	(18,088,192)
- realised gains/(losses) on sales	900,663	14,779,730	(1,996,668)
Movement in unrealised gains on investments for the period/year	2,112,512	(15,237,804)	2,725,298
	3,013,175	(458,074)	728,630
Closing fair value at end of period/year	**109,788,166**	**109,844,172**	**128,799,956**
Closing cost	94,724,542	96,893,060	97,885,741
Unrealised gains on investments	15,063,624	12,951,112	30,914,215
Closing fair value at end of period/year	**109,788,166**	**109,844,172**	**128,799,956**

As at 30 June 2012 £nil (31 December 2011: £nil and 30 June 2011: £3,737,270) of investment sales proceeds were receivable.

12. Cash and Cash Equivalents

	30 June 2012 (unaudited) £	31 December 2011 (audited) £	30 June 2011 (unaudited) £
Opening cash and cash equivalents	7,246,920	18,798,532	18,798,532
Net movement in the period/year	(1,177,355)	(11,551,612)	(13,791,606)
Closing cash and cash equivalents	**6,069,565**	**7,246,920**	**5,006,926**

12. Cash and Cash Equivalents (continued)

Cash and cash equivalents comprise bank balances and cash held by the Company including short-term bank deposits with an original maturity of three months or less. The carrying value of these assets approximates to their fair value.

13. Current Assets and Liabilities

The Directors consider that the carrying amount of other receivables and other payables approximates to their fair value.

14. Accrued Expenses

	30 June 2012 (unaudited) £	31 December 2011 (audited) £	30 June 2011 (unaudited) £
Management fee	92,036	99,398	111,712
Directors' remuneration	20,174	20,625	20,329
Auditors' remuneration	13,709	22,320	13,746
Accounting, secretarial and administration fees	11,977	12,913	9,496
Registrar fee	7,633	6,599	5,734
Printing costs	7,132	6,378	6,308
Trustee fee	4,602	4,970	5,586
Sundry expenses	1,443	238	8,967
	158,706	**173,441**	**181,878**

15. Share Capital

Authorised Capital

The Company has the power to issue an unlimited number of Shares of no par value.

Issued Capital

	Treasury	Shares	Total
30 June 2012 (unaudited)			
At 1 January 2012	-	120,072,146	120,072,146
Shares acquired and cancelled during the period	-	(2,984,269)	(2,984,269)
Shares of no par value at 30 June 2012	-	**117,087,877**	**117,087,877**
31 December 2011 (audited)			
At 1 January 2011	-	151,061,992	151,061,992
Shares acquired and cancelled during the year	-	(30,989,846)	(30,989,846)
Shares of no par value at 31 December 2011	-	**120,072,146**	**120,072,146**
30 June 2011 (unaudited)			
At 1 January 2011	-	151,061,992	151,061,992
Shares acquired and cancelled during the period	-	(17,213,771)	(17,213,771)
Shares of no par value at 30 June 2011	**-**	**133,848,221**	**133,848,221**

The Company acquired and cancelled 2,984,269 shares during the period at an average price of 79.69p per share.

Buy Back of Shares and Authority to Buy Back Shares

By way of an ordinary resolution passed by a written resolution dated 2 November 2005 the Company took authority, in accordance with Clause 5 of The Companies (Purchase of Own Shares) Ordinance 1998, to make market purchases of fully paid Shares, provided that the maximum number of Shares authorised to be purchased shall be 14.99% of the issued Share Capital of the Company issued pursuant to the Initial Public Offering ("IPO"). The minimum price which may be paid for a Share pursuant to such authority is one penny and the maximum price which may be paid for a Share is an amount equal to the higher of 105% of the average of the middle market quotations for a Share taken from the Official List for the five business days immediately preceding the date on which the Share is purchased or the higher of the price of the last independent trade and the highest current independent bid at the time of purchase.

15. Share Capital (continued)

By way of a special resolution at the Annual General Meeting held on 25 April 2012, shareholders approved the renewed authority that the Company be authorised to purchase its own shares. Such authority will expire at the Annual General Meeting of the Company in 2013 unless such authority is varied, revoked or renewed prior to such date by a special resolution of the Company in general meeting.

16. Reserves

a) Share Premium Account

	30 June 2012 (unaudited) £	31 December 2011 (audited) £	30 June 2011 (unaudited) £
Share Premium Account as at beginning of period/year	-	-	-
Shares acquired and cancelled during the period/year	(2,378,248)	(27,193,719)	(15,028,561)
Transfer from distributable reserve	2,378,248	27,193,719	15,028,561
Share Premium Account as at end of period/year	**-**	**-**	**-**

As at 30 June 2012 £nil (31 December 2011: £30,590; 30 June 2011: £901,810) of Share transactions were unsettled.

b) Distributable Reserve

	30 June 2012 (unaudited) £	31 December 2011 (audited) £	30 June 2011 (unaudited) £
Distributable Reserve as at beginning of period/year	150,434,377	177,628,096	177,628,096
Transfer to Share Premium Account	(2,378,248)	(27,193,719)	(15,028,561)
Distributable Reserve as at end of period/year	**148,056,129**	**150,434,377**	**162,599,535**

With confirmation of the Royal Court in Guernsey on 25 November 2005 the amount standing to the credit of the Share Premium account, net of issue costs, immediately following the issue of the Ordinary Shares was transferred to a Distributable Reserve and the Share Premium amount was cancelled. Approval was also granted by the Royal Court in Guernsey on 27 July 2007 to reduce the amount standing to credit of the Share Premium account, net of issue costs. The amount standing following the C Share issues of June 2006 and February 2007 was transferred to the Distributable Reserve and the Share Premium amount cancelled.

The Distributable Reserve may be applied in any manner in which the Company's profits available for distribution are able to be applied, including purchase of the Company's own Shares and the payment of dividends.

17. Net Asset Value Per Share

The net asset value per Share of £0.9912 (31 December 2011: £0.9737; 30 June 2011: £1.0145) is based on the net assets at the period end of £116,057,234 (31 December 2011: £116,917,707; 30 June 2011: £135,795,629) and on 117,087,877 (31 December 2011: 120,072,146; 30 June 2011: 133,848,221) shares, being the number of shares in issue at the period end.

18. Notes to the Cash Flow Statement

Purchases and sales of investments are considered to be operating activities of the Company, given its purpose, rather than investing activities. The cash flows arising from these activities are shown in the Statement of Cash Flows.

Cash and cash equivalents (which are presented separately on the face of the Statement of Financial Position) comprise cash at bank.

19. Reconciliation of Accounting NAV and Published NAV Per Share

	Net Asset Value £	NAV per share £
30 June 2012 (unaudited)		
Published Net Asset Value	116,049,087	0.9911
Adjustments to expense accruals	8,147	0.0001
Net Asset Value	**116,057,234**	**0.9912**
31 December 2011 (audited)		
Published Net Asset Value	116,922,513	0.9738
Adjustments to expense accruals	(4,806)	(0.0001)
Net Asset Value	**116,917,707**	**0.9737**
30 June 2011 (unaudited)		
Published Net Asset Value	135,789,957	1.0145
Adjustments to expense accruals	5,672	-
Net Asset Value	**135,795,629**	**1.0145**

20. Commitments and Contingent Liabilities

At the reporting date the following commitments in respect of forward foreign exchange contracts existed with the Custodian:

As at 30 June 2012:

Maturity Date	Contract amount	Buy	Sell	Unrealised Profit/(Loss) (unaudited) £
29 August 2012	USD (126,200,000)	GBP	USD	135,684
				135,684

(Forward rate for 29 August 2012: £1: US$1.5682).

As at 31 December 2011:

Maturity Date	Contract amount	Buy	Sell	Unrealised Profit/(Loss) (audited) £
27 February 2012	USD (126,500,000)	GBP	USD	(133,583)
				(133,583)

(Forward rate for 27 February 2012: £1: US$1.5533).

As at 30 June 2011:

Maturity Date	Contract amount	Buy	Sell	Unrealised Profit/(Loss) (unaudited) £
23 August 2011	USD (176,000,000)	GBP	USD	(893,969)
				(893,969)

(Forward rate for 23 August 2011: £1: US$1.6044).

The movement in the unrealised gain/loss on the forward foreign exchange contracts is a gain of £269,267 as at 30 June 2012 (31 December 2011: gain of £1,923,517; 30 June 2011: gain of £1,163,131).

At 30 June 2012 the Company had total outstanding capital commitments of US$765,571 regarding its investment in Cerberus (31 December 2011: US$765,571; 30 June 2011: US$1,417,774).

The Company has no contingent liabilities at the reporting date.

21. Related Party Transactions

Saltus (Channel Islands) Limited (the "Investment Manager"), Saltus Partners LLP (the "Sub-Manager"), Sandalwood Securities, Inc. (the "Investment Adviser") and the Directors are regarded as related parties. The only related party transactions are described below:

The fees and expenses payable to the Manager are explained in Note 8. The management fee balance due at the end of the period was £92,036 (31 December 2011: £99,398; 30 June 2011: £111,712).

There were no direct transactions with the Investment Adviser during the period.

The basic fee paid to each independent non-executive director was £22,500, except for the Chairman who received £32,500 and Mr R Battey who receives an additional £5,000 per annum for being Chairman of the Audit Committee.

22. Bank Facilities

The Company has a multi-purpose multi-currency revolving overdraft and foreign exchange credit facility with Bank Julius Baer & Co Limited (the "Bank") which was entered into on 11 March 2010. The Bank has agreed to provide the Company with a loan facility in the aggregate principal amount of up to the lower of £25,000,000 or 10% of the market value of the Company's assets deposited with the Custodian, extendable to 15% in relation to foreign exchange exposure. This facility is secured by a charge over all of the Company's underlying assets and is in accordance with the conditions of the Security Interest Agreement dated 2 November 2005 between the Company, the Bank and the Custodian. The interest rate chargeable is the Bank's floating lending rate plus a margin of 1.75% per annum payable quarterly in arrears.

The facility is terminable at any time by the Bank on 120 days notice.

At 30 June 2012 the Company had drawn down £nil (31 December 2011 and 30 June 2011: £nil) on this facility.

23. Dividends

The Company's dividend policy is to pay annual dividends totalling 3.5% of the Company's net asset value by means of six monthly interim and final payments.

On 27 March 2012 the Directors recommended a final dividend of 1.70p per share in relation to the year ended 31 December 2011 which was paid on 9 May 2012, at a total cost of £2,018,958.

The Directors have declared an interim dividend in relation to the six months ended 30 June 2012 of 1.73p per share which will be paid on 28 September 2012 to shareholders on the register at 31 August 2012. The ex-dividend date will be 29 August 2012.

Management and Administration

Directors
J Le Pelley (Chairman)
R Battey
W Scott

Registered Office and Directors' Address
2nd Floor
Regency Court
Glategny Esplanade
St Peter Port
Guernsey GY1 3NQ

Investment Manager
Saltus (Channel Islands) Limited
2nd Floor
Regency Court
Glategny Esplanade
St Peter Port
Guernsey GY1 3NQ

Sub-Manager
Saltus Partners LLP
72 New Bond Street
London W1S 1RR

Investment Adviser
Sandalwood Securities, Inc.
101 Eisenhower Parkway
Roseland
NJ 07068
USA

Custodian
Bank Julius Baer & Co Limited
(Guernsey Branch)
PO Box 87
Lefebvre Court
Lefebvre Street
St Peter Port
Guernsey GY1 4BS

Independent Auditors
BDO Limited
P O Box 180
Place du Pre
Rue du Pre
St Peter Port
Guernsey GY1 3LL

Administrator and Secretary
Butterfield Fulcrum Group (Guernsey) Limited
2nd Floor
Regency Court
Glategny Esplanade
St Peter Port
Guernsey GY1 3NQ

Registrar
Capita IRG Registrars (Guernsey) Limited
2nd Floor
1 Le Truchot
St Peter Port
Guernsey GY1 4AE

Legal Advisers in Guernsey
Carey Olsen
Carey House
Les Banques
St Peter Port
Guernsey GY1 4BZ

Legal Advisers in United Kingdom
Macfarlanes LLP
20 Cursitor Street
London EC4A 1LT

Financial Adviser/Corporate Broker
J.P. Morgan Cazenove
20 Moorgate
London
EC2R 6DA

Placing Agent
Kepler Partners LLP
Bennet House
54 St James's Street
London SW1A 1JT