LEO CAPITAL GROWTH SPC
(Incorporated in the Cayman Islands)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM

1 JANUARY 2010

TO

30 JUNE 2010

LEO CAPITAL GROWTH SPC
(A closed-end investment company incorporated under the laws of the Cayman Islands)

UNAUDITED INTERIM FINANCIAL STATEMENTS
For the period from 1 January 2010 to 30 June 2010

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COMPANY INFORMATION

DIRECTORS	Ian Cooper Wolfgang Graebner Claus Helbig Pierre Kladny Jonathan Schwartz/(Chairman) All serve as independent non-executive Directors
REGISTERED OFFICE	Leo Capital Growth SPC Ogier Fiduciary Services (Cayman) Limited Queensgate House South Church Street P.O. Box 1234 GT, Grand Cayman Cayman Islands KY1-1108
MANAGER	Leonardo Capital Management Limited 20 Parliament Street P.O. Box HM 2826 Hamilton HM LX, Bermuda
SUB-MANAGER	Leo Fund Managers Limited Liscartan House 127 Sloane Street London, SW1X 9AS United Kingdom
BANKERS	J.P. Morgan AG Junghofstrasse 14 60311 Frankfurt Germany
PRIME BROKER	Goldman Sachs International Peterborough Court 133 Fleet Street London, EC4A 4QA United Kingdom
ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT	Quintillion Limited 24-26 City Quay Dublin 2 Ireland
INDEPENDENT AUDITORS	PricewaterhouseCoopers One Spencer Dock North Wall Quay Dublin 1 Ireland

COMPANY INFORMATION (Continued)

LEGAL ADVISER ON DUTCH LAW	Loyens & Loeff N.V. Weena 690 3012 CN Rotterdam The Netherlands
LEGAL ADVISER ON CAYMAN LAW	Ogier Queensgate House P.O. Box 1234 Grand Cayman Cayman Islands KY1-1108

CHAIRMAN'S STATEMENT

The first six months of 2010 have been characterised by high drama in the economic and political spheres. There was the precarious financial position of Greece with its debt rating cut to junk. The credit agencies also downgraded the credit ratings of both Spain and Portugal although not to the junk level. The EU and the IMF announced a rescue package of nearly $1 trillion. The US SEC launched a fraud probe of Goldman Sachs. The Chinese government placed restrictions on lending and real estate intended to prevent their economy from overheating.

The result of these and many other political and economic events has been very high levels of investor uncertainty, which has produced significant volatility in the financial markets.

Within this context, Leo Capital Growth had some positive months and some negative ones. In January the Fund rose 0.83% and in March it rose 2.08%. However, in the other months during the first half of 2010 it lost value. The overall result for the Fund for the first half of 2010 was -10.91%. This compares with the MSCI Europe Index which was down 4.40% while the CAC and FTSE100 fell 12.5% and 9.16% respectively.

The short term picture for the economy and equity markets remains unclear. Given this situation the Company remains cautious and continues to maintain a large cash position in its portfolio as it seeks high quality investment opportunities.

Jonathan Schwartz
Chairman
23 July, 2010

DIRECTORS' REPORT
For the period ended 30 June 2010

The Directors present their report and the unaudited interim financial statements for the period from 1 January 2010 to 30 June 2010.

PRINCIPAL ACTIVITIES
Leo Capital Growth SPC (the "Company") is an investment company whose objective is to achieve long-term capital appreciation through direct or indirect equity investment in European publicly traded companies.

OPERATION OF THE BUSINESS
The Company appointed Leonardo Capital Management Ltd. as Investment Manager (the "Manager"). The Manager in turn delegated its responsibility for investment advice and execution to Leo Fund Managers Ltd. (the "Sub-Manager"), an investment management company authorised and regulated in the UK by the Financial Services Authority. The delegation of investment advice and execution to the Sub-Manager is as envisaged in the Prospectus.

On 26 March 2010, as required by the Articles of Association, the Board of Directors convened a meeting of shareholders at which a resolution was put to holders of Participating shares regarding renewal of the appointment of Leo Fund Managers Ltd. (the "Investment Manager"). The Investment Manager's appointment was renewed for a year, the period mandated by the Articles of Association.

RESULTS FOR THE PERIOD AND STATE OF AFFAIRS AT 30 JUNE 2010
The Statement of Financial Position and the Statement of Comprehensive Income for the period ended 30 June 2010 are set out on pages 9 and 10, respectively. The Company returned a loss of 10.91% (2009 profit: 4.07%) for the period ending 30 June 2010, in comparison to its performance benchmark index, the MSCI Europe index, which decreased 4.40% (2009: +3.37%) in the same period. The Investment Manager's report discusses the performance of the Company for the period ending 30 June 2010. For information on post period end 30 June 2010 performance, please refer to note 9 'Subsequent Events'.

DIVIDENDS
The Directors do not recommend the payment of a dividend at the period end.

APPOINTMENT OF SERVICE PROVIDERS
On 1 January 2010 Quintillion Limited were appointed to replace Citi Hedge Fund Services (Ireland), Limited as Administrator to the Company.

DIRECTORS
The Directors as at 30 June 2010 are listed on page 1 and are as follows:

Ian Cooper
Wolfgang Graebner
Claus Helbig
Pierre Kladny
Jonathan Schwartz

All of the above were non-executive Directors.

The Company is not aware of any potential conflicts of interest between any duty of any of the Directors owed to it and their respective private interests. Each Director is paid an annual fee of €50,000.

DIRECTORS' REPORT (Continued)
For the period ended 30 June 2010

DIRECTORS (continued)
The Directors acknowledge their responsibility to maintain books and accounts which disclose with reasonable accuracy the positions held in the Company at any point in time. The Directors also acknowledge their responsibility in the safeguarding of the assets of the Company and take reasonable steps in the detection of fraud and other irregularities. The Directors believe they have complied with these guidelines by employing an experienced administrator with appropriate expertise in Quintillion Limited ("Quintillion), who maintain the books and accounts. Quintillion prepare valuations on a month end basis and annually produce financial statements in accordance with the International Financial Reporting Standards ("IFRS"). The Directors regularly review the Administrator's performance, the investment strategy and also the risk profile of the Company at the quarterly Board Meetings as well as from time to time during the year as required.

The Directors are responsible for preparing the interim financial statements in accordance with IFRS as adopted by the EU. In preparing the financial statements, the Directors are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent and prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business. The Directors confirm that they have complied with these requirements in preparing the financial statements.

The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Company. The Directors confirm that they have complied with the requirements in preparing the interim report.

The Directors confirm that, to the best of each person's knowledge and belief:

• the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and

• the Report of the Directors includes a fair review of the development and performance of the Company's business and the state of affairs of the business at 30 June 2010, together with a description of the principal risks and uncertainties facing the Company.

The Board of Directors hold quarterly board meetings at which key risks facing the Company and compliance with the investment brief are discussed (as referred to in note 6 'Financial Risk Management').

OTHER
The Board would also direct your attention to note 7 for 'Related Party Transactions' for the period to 30 June 2010.

With regards to the additional disclosure requirements for closed end companies which flow from the EC (Takeover Bids) Regulations, please note the following:

Note 5, 'Shareholders' Interests' details the rights and obligations of the Participating Shares and the capital structure, including the total capital in the singular Share Class.

DIRECTORS' REPORT (Continued)
For the period ended 30 June 2010

OTHER (continued)
The Participating Shares of the Company were listed on the Euronext Amsterdam under the symbol "LEO" on 12 July 2007. Although there is a 7 year lock up period of Participating Shares in the Company, preventing redemption, these Participating Shares may be transferred in accordance with procedures established for this purpose by Euroclear Netherlands or alternatively through the Company's Share registrar. The rights of holders of Participating Shares will rank pari passu with each other.

Under the Articles of Association of the Company, the Board of Directors is authorised in its absolute discretion and subject to applicable laws, to effect repurchases of up to 20% of its aggregated issued Participating Shares in any one financial period of the Company at a price per Participating Share not being greater than the Net Asset Value per Participating Share as at the most recent Valuation Day. The Board of Directors will not, however, be obliged to repurchase Participating Shares and holders of Participating Shares will have no right to require such a repurchase. Repurchased Shares will automatically be cancelled.

Please refer to note 5 'Shareholders' Interests' with reference to Management Shares.

As noted previously, the Directors receive an annual fee as compensation. The general meeting of shareholders of the Company may appoint and remove the Directors pursuant to a resolution adopted by a simple majority of the votes cast at such meeting.

By order of the Board

23 July, 2010

INVESTMENT MANAGER'S REPORT
For the Period from 1 January 2010 to 30 June 2010

Since Leo Capital Growth SPC ("LCG"/ "the Fund") inception in July 2007, the Fund has lost 13.46% comparing favourably against the MSCI Europe Index which has fallen 31%. For the first six months of 2010, the Fund yielded -10.91%. In this period, the MSCI Europe index was down 4.40%, while the CAC and FTSE100 fell 12.5% and 9.16% (-1.59% expressed in Euros) respectively. The DAX logged a slight positive return of 0.14%.

Leo Capital Growth	Jan	Feb	March	April	May	June	H1 2010
Return %	0.83	-1.50	2.08	-4.84	-4.79	-3.02	-10.91

Although markets were largely swayed by Greece's precarious fiscal position, the first 3 months of the year were positive overall and investor sentiment was bullish though fragile. As the EU announced its support for Greece and a number of companies reported better than expected earnings, equity markets surged to 18 month highs in March. This momentum was abruptly cut short however, when volatility returned to global financial markets with a vengeance in mid-April. The downward trend began with an SEC fraud probe into Goldman Sachs, followed by an intensification of Euro-area sovereign debt fears as credit rating agencies cut Greece's credit rating to junk and simultaneously lowered that of Spain and Portugal. Risk aversion was so strong that despite the announcement of a near $1 trillion package from the EU and IMF, investor concerns showed little signs of abating. Following this, fresh banking sector worries resurfaced when one of Spain's largest regional lenders was bailed out by the Spanish Central Bank, and Chinese Government restrictions on lending and real estate which were intended to prevent themselves from overheating added to concerns that global growth may slow. Markets were therefore sent spiraling downwards from these back to back sessions of negative news and investors fled from stocks world-wide and piled into defensive investments like US Treasurys and gold. Although some good news was released towards quarter-end, like that of financial institutions taking up a smaller-than-expected amount in the ECB's three-month LTRO (Long-Term Refinancing Operation), major indices still closed out the period at new lows.

During the period to 30th June 2010 we closed several profitable transactions including Generali Deutschland; Muenchener Rueckver and Tandberg ASA.

Mitchells & Butlers ("MAB") was the Fund's best performer during the period. Significant changes in its Board occurred: John Lovering was appointed as Chairman, whilst two non executive directors were replaced and another Board member added. The new Board immediately undertook a strategic review for the entire portfolio of MAB which led to continuous robust trading performance and analyst upgrades of the Company. Net gearing in the company reduced further due to operating cash flows and property disposals which generated significant cash proceeds thus contributing to reducing debt. LCG remains invested on the back of its strong operations and also as its stock valuation is underpinned by its owned property portfolio.

Infigen's stock price more than halved during the period, impacted largely by the Company's announcement of its abandonment of the sale process for its US business due to the difficult market conditions. However, the disposal strategy remains in place awaiting improvement in market conditions. Infigen reacted to its share price plunge by buying back 5% of its outstanding shares upon demands from shareholders like ourselves. LCG continues to believe that there is deep value in the Company, especially given our belief in their commitment to ultimately dispose of their US assets.

INVESTMENT MANAGER'S REPORT
For the Period from 1 January 2010 to 30 June 2010

At Forsys, a new CEO Mr Marcel Hilmer was appointed in February. In March, Morgan Stanley commenced a process to review the strategic and financial alternatives for the company and consequently invited a select group to submit proposals with respect to a potential transaction. This process continues given requests for further information and the Company has since announced that whilst no formal agreements have been made, open discussions are continuing.

The Investment Manager attended their AGM held in Vancouver during May, and we were instrumental in replacing two non-executive directors and adding another seat to the Board with the support of fellow shareholders.

During the period, the uranium price has significantly weakened and this together with delayed communication has added to the negative sentiment towards the stock. However, given the level of reserves estimated in their Valencia mine together with the fundamental macro view that the uranium price will improve during the next 18 months, LCG considers that the demand for such reserves will enable a transaction in the foreseeable future and thus stays invested in Forsys.

Symphony International Holdings ("SIHL") reported an increase in NAV from US$0.9640 to US$1.0372 per share over the six months, mainly boosted by its Singaporean listed investment Parkway Holdings which has seen its share price soar upon receiving competing bid offers. As SIHL's share price continues to remain at a sizeable discount to its NAV, LCG will continue to work on strategies to unlock the value embedded in its unlisted entities.

In Beta Immobiliare, the strategy is following the plan we had hoped and the investment manager successfully prevented the Board from further extending the life of the fund beyond February 2011 and prompting the fund to sell its assets by mid 2011. We also agreed at the same EGM that the fund manager's performance fee would be capped. The portfolio is therefore expected to be liquidated soon and cash to be returned to shareholders.

Alpha Immobiliare remained neutral throughout the period. Management reinstated its desire to adopt a more aggressive investment approach and LCG will continue to exert pressure as major shareholders to ensure that the unrecognised value in Alpha's assets is crystallized as properties are sold.

Around March/April, LCG made two new investments. First was the arbitrage transaction between Babcock International Group and VT Group, which has closed as expected and will settle by 22 July 2010. Second was a position in Innovation Group, a UK-listed company which provides outsourcing services and software to the insurance industry. The Company has been approached by both private equity and strategic buyers with bids at 45-300% premiums in the past 15 months, and although all bids have been rejected on the basis that they significantly undervalue the company, the Fund believes that it remains an obvious takeover target.

Given the high levels of volatility in the markets at present, the Company remains cautious and continues to actively manage a large cash position in its portfolio.

In April, Stefano Roma resigned as CIO of LFM Ltd and Antonio Roma took the role as "interim CIO". Stefano Roma continues in a controlled function as both Director and investment advisor to LFM Ltd and also maintains his position on the Investment Committee of Leo Capital Growth.

Leonardo Capital Management
23 July, 2010

STATEMENT OF FINANCIAL POSITION
As at 30 June 2010
(Expressed in Euro)

	Note	As at 30 June 2010 €	As at 30 June 2009 €
Current Assets			
Cash and cash equivalents	2	122,551,213	144,790,054
Cash at broker	2	1,584,107	14,826,659
Due from broker		-	2,050
Financial assets at fair value through profit or loss	2,6	136,645,003	123,662,638
Interest and dividends receivable		593,686	826,618
Other assets and prepaid expenses		101,026	110,386
Total current assets		**261,475,035**	**284,218,405**
Equity			
Ordinary Share Capital		1	1
Total Equity		**1**	**1**
Current Liabilities			
Financial liabilities at fair value through profit or loss	6	375,140	3,621,530
Investment management fee payable	4	326,670	352,349
Dividends payable		136,797	-
Directors' fees payable	4	125,000	126,000
Due to broker	2	47,655	518
Audit fee payable		18,875	55,125
Administration fee payable	4	15,858	17,163
Interest payable		4,017	3,369
Other payables and accrued expenses		20,535	56,288
Current liabilities excluding net assets attributable to holders of redeemable Participating Shares		**1,070,547**	**4,232,342**
Net assets attributable to holders of redeemable Participating Shares on a bid/ask price basis		**260,404,488**	**279,986,063**
Adjustment for bid/ask price to last traded price	6	589,147	1,523,584
Net assets attributable to holders of redeemable Participating Shares on a last traded price basis		**260,993,635**	**281,509,647**

Net Asset Value per Share (NAV)	**As at 30 June 2010**	**As at 30 June 2009**
Euro Class Shares	**2,986**	**2,986**
NAV per Share	**€87,405.7719**	**€94,276.5059**

On behalf of the Board:

(Director)
Date: 23 July, 2010

(Director)

STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January 2010 to 30 June 2010

(Expressed in Euro)

	Note	For the 6 months to 30 June, 2010 €	For the 6 months to 30 June, 2009 €
Investment income			
Interest income	2	433,339	432,735
Dividend income	2	2,046,010	3,266,233
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	3	(29,526,217)	8,868,369
Total (loss)/income		**(27,046,868)**	**12,567,337**
Expenses			
Investment management fees	4	2,122,941	2,090,788
Dividend expense		134,920	-
Directors' fees and expenses	4	125,000	126,000
Administration fee	4	104,635	100,471
Audit fee		12,375	18,375
Prime broker fees		36,943	7,065
Other expenses		172,164	145,022
Total expenses		**2,708,978**	**2,487,721**
Operating (loss)/income		**(29,755,846)**	**10,079,616**
Finance cost			
Interest expense on margin cash	2	(1,137,370)	(528,474)
Total finance cost		**(1,137,370)**	**(528,474)**
(Loss)/profit before tax		**(30,893,216)**	**9,551,142**
Withholding tax on dividends and other investment income from operations		-	(61,696)
(Decrease)/increase in net assets attributable to holders of redeemable Participating Shares		**(30,893,216)**	**9,489,446**
Adjustment for bid/ask price to last traded price	6	(1,073,558)	1,523,584
(Decrease)/increase in net assets attributable to holders of redeemable Participating Shares resulting from operations based on last traded price		**(31,966,774)**	**11,013,030**

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATING SHARES

For the period from 1 January 2010 to 30 June 2010

(Expressed in Euro)

	Number of Shares	2010 €	Number of Shares	2009 €
Euro Class				
Net assets attributable to holders of redeemable Participating Shares at 1 January	2,986	292,960,409	2,986	270,496,617
Net increase from Share transactions	**2,986**	**292,960,409**	**2,986**	**270,496,617**
(Decrease)/increase in net assets attributable to holders of redeemable Participating Shares resulting from operations	-	(31,966,774)	-	11,013,030
Net assets attributable to holders of redeemable Participating Shares on a last traded price basis	**2,986**	**260,993,635**	**2,986**	**281,509,647**

STATEMENT OF CASH FLOWS
For the period from 1 January 2010 to 30 June 2010
(Expressed in Euro)

	For the 6 months to 30 June, 2010 €	For the 6 months to 30 June, 2009 €
Cash flows from operating activities:		
(Decrease)/increase in net assets attributable to holders of redeemable Participating Shares	(31,966,774)	11,013,030
Operating profit before working capital changes		
Adjustment from bid/ask price to last traded price	1,073,558	(1,523,584)
Adjustment for interest expense	1,137,370	528,474
Adjustments to reconcile realised (loss)/gain and (depreciation)/appreciation on investments and derivatives	19,293,682	(12,628,953)
Net increase/(decrease) in cash at broker	(788,820)	9,307,365
Net decrease in due from broker	-	14,191,963
Proceeds from sale of investments	61,528,762	85,304,572
Purchase of investments	(54,020,326)	(105,674,802)
Net increase in interest and dividends receivable	(492,637)	(225,396)
Net decrease in other assets and prepaid expenses	35,639	25,761
Net increase in dividends payable	136,797	-
Net decrease in due to broker	(747,117)	(472,165)
Net (decrease)/increase in investment management fee payable	(399,392)	13,785
Net (decrease)/increase in administration fee payable	(36,423)	1,336
Net (decrease)/increase in audit fee payable	(22,875)	18,375
Net (decrease)/increase in directors' fees payable	(1,000)	2,000
Net (decrease)/increase in other payables and accrued expenses	(98,455)	4,555
Net cash used by operations	**(5,368,011)**	**(113,684)**
Cash flows from financing activities		
Interest paid	(1,133,353)	(527,806)
Net cash from financing activities	**(1,133,353)**	**(527,806)**
Net decrease in cash and cash equivalents	(6,501,364)	(641,490)
Cash and cash equivalents at beginning of year	129,052,577	145,431,544
Cash and cash equivalents at end of year	**122,551,213**	**144,790,054**
Supplemental disclosure of cash flow information:		
Net cash received during the year for dividends	1,523,154	2,899,745
Net cash received during the year for interest	457,172	1,274,979
Net cash paid during the year for interest	(1,139,392)	(532,755)

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2010 to 30 June 2010

1. GENERAL INFORMATION

Leo Capital Growth SPC (the "Company") was incorporated and registered as a closed ended segregated portfolio company in Cayman Islands on 25 August 2006, under the Companies Law (Revised) of the Cayman Islands. On or prior to the seventh anniversary of the first issue of the Participating Shares (being 31 March 2014), the Board of Directors will convene a general meeting of shareholders at which a resolution will be put to all holders of Participating Shares to continue the existence of the Company beyond that date for a period of up to two years. Initially, only one segregated portfolio has been created: the PS Segregated Portfolio. The PS Segregated Portfolio has only one Class of Shares: the Euro Class. The Participating Shares were listed on Euronext Amsterdam on 12 July 2007.

The Company's investment objective is to achieve long-term appreciation of its assets. The Company for and on behalf of PS Segregated Portfolio seeks to achieve its objective by making significant equity investments either directly or indirectly in European publicly traded companies which the Company believes are under-managed and under-valued. The strategy may require medium to longer-term commitment in order to unlock value. There may be at any point in time significant concentration exposures to individual issuers.

The Company's investment activities are managed by Leonardo Capital Management Limited (the "Manager") who in turn has delegated responsibility for investment management to Leo Fund Managers Limited (the "Sub-Manager").

The Company's administration is delegated to Quintillion Limited (the "Administrator"). The registered office of the Company is Ogier Fiduciary Services (Cayman) Limited, Queensgate House, South Church Street, P.O. Box 1234 GT, Grand Cayman, Cayman Islands KY1-1108.

The financial statements were authorised for issue by the Directors on 23 July 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of preparation
The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical-cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 6.

Certain prior period comparatives have been reclassified to conform to current period presentation.

The accounting policies adopted are consistent with those of the previous financial period except the Company has adopted the following:

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the period from 1 January 2010 to 30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)
IFRS 7 (amendment) 'Financial instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the Company's financial position or performance.

IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the Statement of Financial Position. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the Statement of Comprehensive Income) or two statements (the Income Statement and Statement of Comprehensive Income). Where entities restate or reclassify comparative information, they are required to present a restated Statement of Financial Position as at the beginning comparative period, in addition to the current requirement to present Statements of Financial Position at the end of the current period and comparative period. The Company has applied IAS 1 (revised) from 1 January 2009, and has elected to present solely a Statement of Comprehensive Income. The adoption of this revised standard has not resulted in a significant change to the presentation of the Company's performance statement, as the Company has no elements of other comprehensive income.

IAS 32 (amendment), 'Financial instruments: Presentation', and IAS 1 (amendment), 'Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation'. The amended standards require entities to classify puttable financial instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments have identical features. As the Company's Shares are issued as 2 Classes of Share that incur differing management fee percentages, their features are not considered identical. The classes are explained further in note 5 on page 19. The adoption of these amendments did not have any significant impact on the Company's financial statements.

IFRS 8, 'Operating segments' was effective from 1 January 2009. IFRS 8 replaces IAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard ASC280, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. IFRS 8 does not affect the Company, as the Company only has one segment of business.

IAS 39 (amendment), 'Financial instruments: Recognition and measurement'. The amendment was part of the IASB's annual improvements project published in May 2008. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. Adoption did not have a significant impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the period from 1 January 2010 to 30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following accounting standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2009 but are not relevant for the Company's operations:

New accounting standards, amendments and interpretations
1. IAS 23 (amendment), 'Borrowing costs';
2. IAS 39 and IFRIC 9 (amendments), 'Embedded derivatives' (effective for all periods ending on or after 30 June 2009);
3. IFRS 1 (amendment), 'First-time adoption of IFRS', and IAS 27, 'Consolidated and separate financial statements';
4. IFRS 2 (amendment), 'Share-based payment';
5. IFRIC 15, 'Agreements for construction of real estates'.

Financial assets and liabilities at fair value through profit or loss
This category has two sub-categories: financial assets and liabilities held for trading, and those designated by management at fair value through profit or loss at inception. These may include equity shares, convertible debt, contracts for difference, exchange traded and OTC options, warrants, futures and other derivative instruments.

The Company makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are classified as financial liabilities at fair value through profit or loss.

Gains arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the Statement of Comprehensive Income in the period in which they arise. Interest income on debt instruments will be calculated using the effective interest method and presented separately in the Statement of Comprehensive Income.

The Company recognises financial assets and financial liabilities at fair value through profit or loss on the trade date - the date it commits to purchase or sell short the instruments. From this date any gains and losses arising from changes in fair value of the assets or liabilities are recognised. Investments are derecognised when the rights to receive cashflows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Derivative financial instruments
Derivatives are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received). Subsequent changes in the fair value of any derivative instrument are recognised immediately in the Statement of Comprehensive Income.

The Company may hold the following derivative instruments:

Contracts for difference (CFDs)
CFDs and equity swaps are agreements between the Company and third parties, which allow the Company to acquire an exposure to the price movement of specific securities without actually purchasing the securities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the period from 1 January 2010 to 30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contracts for difference (CFDs) (continued)
During the period in which the CFDs are open, changes in the value of the contracts are recognised as gains or losses by marking to market the contracts on a daily basis and reflect the difference between the value of the underlying securities and the contract price. Variation margin payments are made or received by the Company depending upon the fluctuation in the value of the underlying security.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the Statement of Financial Position, but they do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and do not therefore indicate the Company's exposure to credit or market price risks.

The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

Long and short dividends on CFDs are received or paid based on the dividends paid on the security underlying the CFD. They are posted as variation margin adjustments on the ex date to compensate for the drop in share price which occurs on the ex dividend date. Interest expense or income is charged on the first working day following the day to which it relates and is calculated on the notional value of the open long or short position at rates agreed with the counterparty to the contract. As at 30 June 2010 the Company held CFD positions with a market value of €363,200 (2009: €Nil).

Options
The Company purchases or sells put and call options through listed exchanges and the OTC markets. Options purchased by the Company provide the Company with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option. The Company is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value. The Company held no options at period end.

Futures contracts
A futures contract is an agreement between two parties to buy or sell a security, index or currency at a specific price or rate at a future date. Upon entering into a futures contract, the Company is required to deposit with a broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as "initial cash margin". Subsequent payments ("variation margin") are made or received by the Company each day, depending upon the daily fluctuation in the value of the contract. The daily changes in contract value are recorded as unrealised gains or losses and the Company recognises a realised gain or loss when the contract is closed. Unrealised gains and losses on futures contracts are recognised in the Statement of Comprehensive Income. Futures contracts are entered into for speculative purposes or to hedge the Company's overall market risks. The Company traded future contracts during the period but held no futures contracts at period end.

Dividend income
Dividends are credited to the Statement of Comprehensive Income on the dates on which the relevant securities are listed as "ex-dividend".

Interest income and expense
Interest income and expense are recognised in the Statement of Comprehensive Income using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the period from 1 January 2010 to 30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

Functional and presentation currency
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Euro, which reflects the Company's primary activity of investing in EU securities and derivatives.

The Company has also adopted the Euro as its presentation currency, as the Company is listed in Amsterdam and its main investors are also based in Europe.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Translation differences on non-monetary items, such as equities, held at fair value through profit or loss are reported as part of the fair value gain or loss.

Cash and cash equivalents
The Company considers short term, highly liquid investments with original maturities of three months or less to be cash equivalents. The majority of the Company's cash and cash equivalents are held with Goldman Sachs International (the "Prime Broker"). The remainder of the Company's cash and cash equivalents are held with J.P. Morgan International, ING Bank and Citi deposit accounts.

Cash and cash equivalents comprise the following balances with original maturity of less than 90 days.

	As at 30 June 2010	As at 30 June 2009
	€	€
Goldman Sachs Funds PLC - Euro Liquid Reserves Fund	61,584,890	-
Citi deposit accounts	53,166,089	-
Goldman Sachs International	6,847,227	-
J.P. Morgan Chase	945,792	144,790,054
ING Bank	7,215	-
	122,551,213	144,790,054

Cash at brokers
Amounts receivable from or payable to brokers include cash balances with the Company's clearing broker. Under a revolving facility with the Prime Broker, Goldman Sachs International, the Company is able to borrow amounts in various currencies collateralised by the cash and securities held on its behalf by Goldman Sachs International.

	As at 30 June 2010	As at 30 June 2009
Cash at broker	€	€
Goldman Sachs International	1,584,107	14,826,659
	1,584,107	14,826,659

Due to/from broker
Due to/from broker represents monies drawn down by the Company in respect of security purchases and short sales and derivative contracts entered into by the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the period from 1 January 2010 to 30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation
The Company is domiciled in the Cayman Islands. Under the current laws of the Cayman Islands, there is no income, estate, corporation, capital gains or other taxes payable by the Company.

The Company currently incurs withholding tax imposed by certain countries on investment income, dividend income and capital gains. Such income is recorded gross of withholding tax in the Statement of Comprehensive Income. Such taxes may not be recoverable by the Company or its shareholders.

Share capital
The Participating Shares of the PS Segregated Portfolio are classified as financial liabilities.

3. NET GAIN/LOSS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS AND FOREIGN CURRENCY

	As at 30 June 2010 €	As at 30 June 2009 €
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss during the year comprise:		
Realised gain on investments at fair value through profit or loss	1,572,995	12,530,881
Change in unrealised (loss)/gain on investments at fair value through profit or loss	(20,207,358)	794,275
Net realised and change in unrealised (loss)/gain on investments at fair value through profit or loss	(18,634,363)	13,325,156
Realised loss on foreign exchange	(4,857,356)	(1,031,306)
Change in unrealised loss on foreign exchange	(6,034,498)	(3,425,481)
Net realised and change in unrealised loss on foreign currency	(10,891,854)	(4,456,787)
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(29,526,217)	8,868,369

4. FEES AND EXPENSES

Investment management fee
Pursuant to the investment management agreement dated 12 January 2007, the Company pays the Manager a monthly investment management fee at an annual rate of 1.5% of the Net Asset Value of the PS Segregated Portfolio (payable in arrears every month).

Investment management fees incurred during the period amounted to €2,122,941 (2009: €2,090,788) and investment management fees payable at 30 June 2010 amounted to €326,670 (2009: €352,349).

Performance fee
On the winding-up of the Company or on the redemption of all of the Participating Shares of the PS Segregated Portfolio, the Company shall pay a performance fee to the Manager pursuant to terms of the investment management agreement equivalent to 20% of the appreciation in the Net Asset Value of the PS Segregated Portfolio over the period since a performance fee was last paid or, if no performance fee has been paid, since the date of the first issue of Participating Shares.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the period from 1 January 2010 to 30 June 2010

4. FEES AND EXPENSES (continued)

Performance fee (continued)
In the event that the Manager's appointment is terminated by the Company prior to the winding-up of the Company or the redemption of all of the Participating Shares of the PS Segregated Portfolio for any reason, the Company shall pay a performance fee to the Manager equivalent to 20% of the appreciation in the Net Asset Value of the PS Segregated Portfolio over the period since a performance fee was last paid or, if no performance fee has been paid, since the date of the first issue of Participating Shares to the last Business Day on the month immediately prior to which such termination becomes effective. For the period ended 30 June 2010, the performance fee accrued amounted to €Nil (2009: €Nil).

Administration fee
The Company has engaged the services of Quintillion Limited, to provide administrative services for a fee. The Company pays the Administrator a monthly fee based on the following breakdown of net assets: 8 basis points of the first €100 million of net assets of the Company, 7 basis points on net assets over €100 million and less than €300 million, and 6 basis points of net assets over €300 million, subject to a minimum of €120,000 per annum, paid monthly in arrears. Administration fees incurred during the period amounted to €104,635 (2009: €100,471) and administration fees payable at 30 June 2010 amounted to €15,858 (2009: €17,163).

Directors' fees
The listing of the members of the Board of Directors is shown on page 1 of the interim report.

Each Director is paid a fee of €50,000 per annum by the Company. The Directors will also be entitled to payment of all reasonable expenses incurred in connection with their appointment as Directors of the Company.

Directors' fees incurred during the period amounted to €125,000 (2009: €126,000) and Directors' fees payable at 30 June 2010 amounted to €125,000 (2008: €126,000).

Preliminary expenses
The PS Segregated Portfolio is responsible for paying the preliminary costs and expenses of, and incidental to, the establishment of the Company, the negotiation and preparation of the contracts to which it is a party, preparation of Prospectus and any supplements thereto and the stock exchange listing of the Participating Shares on Euronext Amsterdam. These preliminary costs and expenses were capped at €200,000 and any expenditure in excess of this amount was borne by the Manager. In accordance with IFRS the costs and expenses borne by the Company paid immediately following the Listing Date and therefore expensed in the fiscal period in which they are incurred. As of 30 June 2010 a preliminary expense amount of €Nil (2009: €Nil is to be borne by the Investment Manager.

5. SHAREHOLDERS' INTERESTS

The Company has an authorised share capital of €250,000,001 divided into 100 Management Shares with a nominal value of €0.01 each and 5,000 Participating Shares with a nominal value of €50,000 each. All Management Shares have been issued to the Manager at their nominal value.

However, on incorporation the authorised share capital had been €50,000 divided into 100 Management Shares with a nominal value of €0.01 each and 4,999,900 Participating Shares with a nominal value of €0.01 each. At 31 March 2007, 39,800 Participating Shares had been issued and these were consolidated into 394 Participating Shares after the increase of the nominal value of the Participating Share from €0.01 to €50,000 in June 2007.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the period from 1 January 2010 to 30 June 2010

6. FINANCIAL RISK MANAGEMENT

Each Management Share will carry the right to one vote on all matters in general meetings of the shareholders of the Company, except on a resolution to change the Manager or wind-up/continue the Company at the end of its seven year life, being 31 March 2014. The Management Shares do not entitle holders to participate in the Company's profits and losses. Upon winding up of the Company the holders of Management Shares are entitled to receive their paid in capital €0.01 per Share after payment of the amounts due to holders of Participating Shares.

The holders of Participating Shares shall be entitled to receive notice of and attend, in person or by proxy, at each meeting of shareholders, but shall only be entitled to speak or vote at any such meeting on a resolution which proposes to vary the special rights attaching to the Participating Shares or to amend the Memorandum or the Articles of Association of the Company, to remove and appoint the Directors of the Company, to vote on the winding-up/continuation of the Company at the end of its seven year life or to vote for a change in Manager. They are entitled to receive any dividends that may be declared by the Company and upon the winding-up of the Company, the full amount of the assets of the PS Segregated Portfolio available for the distribution will be distributed to registered holders of Participating Shares.

The Company's financial position and performance is affected by a range of financial risks which include: market risk comprising price risk, currency risk and interest rate risk, credit risk and liquidity risk. The Company endeavours to mitigate the effect of these financial risks on its performance through its risk management policies. The responsibility for monitoring risk on a day-by-day basis in the Company rests with key personnel in the Sub-Manager, Leo Fund Managers Ltd. These key personnel include the Chief Investment Officer, Chief Operating Officer and the Chief Risk Officer. The Board regularly receives information from the Manager (including the VaR) at the quarterly meetings. In the course of its quarterly meetings the Board reviews the Company's risks and also does so outside the Board meetings as required. Outside of these meetings any exceptional risks are communicated to the Board immediately by the Manager.

These risk management policies facilitate the Company to pursue its primary goal of achieving above average absolute shareholder returns in both rising and falling markets with a low degree of correlation to European equity markets.

Market risk
Market risk is due to changes in actual prices, interest rate changes and currency risk. The Investment Manager recognises the interdependency between price, interest and currency risk. As such, the Company Manager employs IT systems which enable real-time monitoring of positions, profit and loss and various other risk factors.

Given the investment strategy and objectives, the Company will tend to have a portfolio comprising a small number of highly concentrated equity positions. The focus of risk monitoring is therefore on real-time profit and loss, concentration as a percentage of the assets under management, the percentage ownership, liquidity in terms of the number of average traded days volume, analysis by industry sector, market capitalisation and country of risk.

The investment objective of the Company is long-term capital appreciation. The Company seeks to achieve this objective by making significant equity investments either directly or indirectly in European publicly traded companies which the Company believes are under-managed and under-valued. Such investments are generally not of a short-term nature.

The Company's holding of financial instruments is susceptible to market price risk arising from uncertainties about future price movements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the period from 1 January 2010 to 30 June 2010

6. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)
The Company's overall market positions are monitored on a daily basis by the Company's Sub-Manager through use of its bespoke real time risk management software ("LeoPos").

The Sub-Manager monitors Value at Risk ("VaR") on a daily basis using LeoPos. The system uses a historical covariance model based upon a one day time horizon and a 95% confidence limit. At the end of each month the figure is compared to a number produced by downloading portfolio data into the standard Bloomberg VaR model. It is the process that the quarterly average VaR and quarterly closing VaR figures are provided to the Directors of the Company at the quarterly Company board meetings. The VaR figure provided is calculated by taking the EUR Value at Risk figure calculated by the standard Bloomberg VaR model and dividing this by the prior month end confirmed Assets Under Management.

(Daily) VaR at 30 June 2010	0.56% (2009: 1.12%)
Average (Daily) VaR for Period	0.69% (2009: 0.69%)

Some limitations of VAR/sensitivity analysis are;

- the models are based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive (in the case of probability-based methods, such as VAR, profits and losses are almost certain to exceed the reported amount with a frequency depending on the confidence interval chosen); and
- future market conditions could vary significantly from those experienced in the past.
- VAR as a measure of risk has been extensively questioned by scholars and investment professionals and may not reflect the true underlying risk.

Interest rate risk
The majority of the Company's financial assets and liabilities are either non-interest bearing or held as cash and cash equivalents or cash at broker. As a result, the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Currency risk
While the functional currency for the Company is the Euro, the Company also holds assets denominated in other currencies. The Company aims to reduce its currency exposure by funding the purchase of financial assets denominated in non-Euro currencies with borrowings in the same currency. Adjustments to the level of borrowing are made from time to time to offset any exposures arising from mark to market profits or losses on the respective financial assets.

The Sub-Manager is responsible for monitoring the Company's exposure to currency risk on a daily basis. It is the process that the quarterly average VaR and quarterly closing VaR figures are provided to the Directors of the Company at the quarterly Company board meetings where currency risk to the Company is also considered.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the period from 1 January 2010 to 30 June 2010

6. FINANCIAL RISK MANAGEMENT (continued)

Currency risk (continued)

The table below summarizes the Company's exposure to non Euro currencies.

At 30 June 2010
(Expressed in Euro)

CCY	Cash and bank balances	Financial assets/liabilities at fair value through profit or loss	Other assets	Other liabilities	Total
AUD	(21,167,733)	18,710,870	493,485	-	(1,963,378)
CAD	(28,676,736)	11,418,749	-	(14,592)	(17,272,579)
GBP	(27,318,656)	27,149,951	-	(136,797)	(305,502)
USD	(4,361,556)	5,482,733	5,154	-	1,126,331
	(81,524,681)	62,762,303	498,639	(151,389)	(18,415,128)

These cash amounts are netted above for presentation on the statement of financial position. This is due to the right of offset which exists at the Prime Broker Goldman Sachs International. A margining agreement exists with Goldman Sachs International which allows the Company to go negative on cash. Interest is charged for negative margin cash.

At 30 June 2009
(Expressed in Euro)

CCY	Cash and bank balances	Financial assets/liabilities at fair value through profit or loss	Other assets	Other liabilities	Total
AUD	(21,697,892)	20,799,962	824,668	-	(73,262)
CAD	(9,748,762)	9,134,668	-	-	(614,094)
GBP	(27,733,606)	25,766,850	-	-	(1,966,756)
NOK	3	-	-	-	3
SEK	2	-	-	-	2
USD	6,335	-	-	-	6,335
	(59,173,920)	55,701,480	824,668	-	(2,647,772)

Credit risk
The Company is exposed to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the statement of financial position date, if any.

All transactions in listed securities are settled delivery versus payment thereby eliminating credit risk. Counterparty risk will arise in respect of over-the-counter transactions, including CFDs. Payment is made on a purchase once the broker has received the securities. The trade will fail if either party fails to meet their obligation. As Goldman Sachs has an AA- credit rating and Citi has an A-1 rating the credit risk is deemed minimal.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the period from 1 January 2010 to 30 June 2010

6. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)
Per the Prime Broker Agreement between Goldman Sachs International (the "Prime Broker") and the Company, any part of the Company's property may be commingled with cash or securities of the same description of other customers of the Prime Broker and accordingly the Company shall not necessarily have the right to any specific securities certificates, but will instead be entitled, to the transfer or delivery of an amount of securities of any issue that is of the same description and in the same amount.

The Company's money will not be segregated from the money of the Prime Broker and will be used by the Prime Broker in the course of the Prime Broker's business.

The credit risk associated with favorable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis.

All CFDs are transacted with the Prime Broker. Collateral and margin management is the process of managing assets pledged by one party to another to mitigate credit risk between the parties and to minimise the effects of potential default. As at 30 June 2010 the Company held CFD positions with a market value of €363,200 (2009:€Nil) . The Sub-Manager monitors the credit/counterparty exposure to the Company on a daily basis. See page 17 of this report for other broker exposure. In the event of failure of the Prime Broker or other brokers, the Company will be a general creditor.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company invests predominantly in publicly traded European equities. Illiquidity may result from the size of the positions taken in any one entity and/or adverse market conditions. The Company invests only a limited proportion of it's assets in investments not actively traded on a stock exchange. The Company may from time to time invest in derivative contracts traded over the counter, which are not traded in an organised public market and may be illiquid. As a result, the Company may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements. As the Company is closed ended there is no requirement to provide funding for capital redemptions. At 30 June 2010 all current liabilities that are stated in the Statement of Financial Position are payable within one month.

The Sub-Manager monitors liquidity on a daily basis using LeoPos which shows the number of average traded days volume in real-time. At 30 June 2010 47.71% (2009: 80.09%) of the positions in the portfolio were within weekly liquidity with the remaining 52.29% (2009: 19.91%) of positions being greater than weekly liquidity. The Board of Directors monitors the liquidity of the positions in the portfolio at the quarterly board meetings.

Fair value estimation risk
The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. When the Company holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies the bid or ask price to the net open position, as appropriate. In the case of money market funds, unaudited net asset valuations are provided by the underlying funds' administrators.

6. FINANCIAL RISK MANAGEMENT (continued)

Fair value estimation risk (continued)
The Company may from time to time invest in financial instruments that are not traded in an active market (for example, in over-the-counter derivatives). The fair value of such instruments is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. As required by IAS 39, a bid/ask adjustment has been made to the last traded price.

Effective 1 January 2009 the Company adopted the Amendments to IFRS 7 'Financial Instruments: Disclosures', which requires enhanced disclosures about financial instruments carried at fair value and liquidity risk.

Investments measured and reported at fair value are classified and disclosed in one of the following fair value hierarchy levels based on the significance of the inputs used in measuring its fair value:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the valuation date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices in active markets included within Level 1 that are observable for the asset or liability, either directly or indirectly. Fair value is determined through the use of models or other valuation methodologies.

Level 2 inputs include the following:

a. Quoted prices for similar assets or liabilities in active markets.
b. Quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.
c. Inputs other than quoted prices that are observable for the asset or liability (e.g. interest rate and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks and default rates).
d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Company's own assumptions about how market participants would be expected to value the asset or liability. Unobservable inputs are developed based on the best information available in the circumstances, other than market date obtained from sources independent of the Company and might include the Company's own data.

An investment is always categorised as level 1, 2 or 3 in its entirety. In certain cases, the fair value measurement for an investment may use a number of different inputs that fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and is specific to the investment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the period from 1 January 2010 to 30 June 2010

6. FINANCIAL RISK MANAGEMENT (continued)

Fair value estimation risk (continued)
The fair values of investments valued under Levels 1 to 3 are as follows:

Financial assets at fair value through profit or loss	**30 June 2010 €**	**Level 1 €**	**Level 2 €**	**Level 3 €**
Equity securities	135,906,663	135,906,663	-	-
Equity swap	738,340	-	738,340	-
Total	**136,645,003**	**135,906,663**	**738,340**	-

Financial liabilities at fair value through profit or loss	**30 June 2010 €**	**Level 1 €**	**Level 2 €**	**Level 3 €**
Equity swap	(375,140)	-	(375,140)	-
Total	**(375,140)**	-	**(375,140)**	-

Financial assets at fair value through profit or loss	**30 June 2009 €**	**Level 1 €**	**Level 2 €**	**Level 3 €**
Equity securities	123,662,638	123,662,638	-	-
Total	**123,662,638**	**123,662,638**	-	-

Financial liabilities at fair value through profit or loss	**30 June 2009 €**	**Level 1 €**	**Level 2 €**	**Level 3 €**
Equity securities	(3,621,530)	(3,621,530)	-	-
Total	**(3,621,530)**	**(3,621,530)**	-	-

There were no significant transfers between levels during the period.

7. RELATED PARTY TRANSACTIONS

As at 30 June 2010:
- Francesco Marotta a Director of the Investment Manager (Leonardo Capital Management Limited) held 2 Participating Shares.
- Leonardo Capital Management Limited held 1 Participating Shares of the Company.
- Woodbourne Trustees, as Trustee of the C&C Trust, 50% owner of Leonardo Capital Management, held 42 Participating Shares.
- Woodbourne Trustees, as Trustee of the Leonardo Trust, 50% owner of Leonardo Capital Management, held 251 Participating Shares.
- Ian Cooper, a Director of the Company held 5 Participating Shares.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the period from 1 January 2010 to 30 June 2010

8. FOREIGN CURRENCY RATES VERSUS EUR (Functional Currency) at 30 June:

	As at 30 June 2010	**As at 30 June 2009**
AUD	1.4501	1.735
CAD	1.3016	1.629
CHF	-	1.5254
GBP	0.8187	0.8517
NOK	-	9.0282
SEK	9.5329	10.8675
USD	1.2249	1.4026
TRY	1.9395	-

9. SUBSEQUENT EVENTS

There were no subsequent events

10. CHANGES IN ACCOUNTING STANDARDS

On 12 November 2009, the IASB issued IFRS 9 Financial Instruments ('IFRS 9'), covering classification and measurement of financial instruments, as the first part of its project to replace IAS 39. IFRS 9 is effective for annual periods beginning on or after 1 January 2013.

11. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved on 23 July, 2010.