



THIRD POINT OFFSHORE MASTER FUND L.P.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Period Ended June 30, 2012

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Statements of Financial Condition

| | Unaudited June 30, 2012 \$ | Audited December 31, 2011 \$ |
|--|-------------------------------------|---------------------------------------|
| (Stated in United States Dollars) | | |
| Assets | | |
| Cash | 20,914,301 | 12,839,805 |
| Investments in securities and commodities, at fair value (cost \$3,913,048,830, 2011: \$3,588,877,342) | 3,875,024,459 | 3,573,129,977 |
| Due from brokers | 1,418,695,599 | 1,444,040,538 |
| Securities purchased under agreement to resell | 556,213,732 | 487,426,712 |
| Net unrealized gain on derivative contracts, at fair value (including net upfront fees paid and cost of \$120,262,680, 2011: \$94,731,425) | 124,832,768 | 103,022,925 |
| Interest and dividends receivable | 14,020,124 | 13,206,943 |
| Total assets | 6,009,700,983 | 5,633,666,900 |
| Liabilities and Partners' Capital | | |
| Securities sold, not yet purchased, at fair value (proceeds \$1,064,752,640, 2011: \$1,003,804,996) | 1,026,573,369 | 965,683,752 |
| Due to brokers | 342,886,727 | 147,109,633 |
| Net unrealized loss on derivative contracts, at fair value (cost \$10,312,546, 2011: \$12,232,582) | 22,469,846 | 24,453,890 |
| Redemption payable to Feeder | 81,764,904 | 178,725,969 |
| Interest and dividends payable | 16,953,326 | 11,080,524 |
| Accrued expenses | 2,498,986 | 2,619,368 |
| Total liabilities | 1,493,147,158 | 1,329,673,136 |
| Commitments (See Note 10) | | |
| Partners' capital | 4,516,553,825 | 4,303,993,764 |
| Total liabilities and partners' capital | 6,009,700,983 | 5,633,666,900 |

See accompanying notes.

Unaudited Statements of Income

| | Half-year June 30, 2012 \$ | Half-year June 30, 2011 \$ |
|--|-------------------------------------|-------------------------------------|
| (Stated in United States Dollars) | | |
| Realized and unrealized gain/(loss) on investment transactions | | |
| Net realized gain from securities, commodities, derivative contracts and foreign currency translations | 210,323,579 | 447,624,625 |
| Net change in unrealized loss on securities, commodities and foreign currency translations | (22,218,979) | (314,068,440) |
| Net change in unrealized gain on derivative contracts and foreign currency translations | 182,668 | 47,532,041 |
| Net gain/(loss) from currencies | (4,857,275) | 507,926 |
| Net realized and unrealized gain from investment transactions | 183,429,993 | 181,596,152 |
| Investment income | | |
| Interest | 69,699,418 | 50,758,486 |
| Dividends, net of withholding taxes of \$2,217,149 (2011: \$4,330,708) | 6,063,887 | 12,901,905 |
| Stock loan fees | 61,010 | 4,200 |
| Total investment income | 75,824,315 | 63,664,591 |
| Expenses | | |
| Interest | 824,039 | 1,335,281 |
| Dividends on securities sold, not yet purchased | 3,963,144 | 2,254,997 |
| Stock borrow fees | 6,168,809 | 4,680,015 |
| Administrative and professional fees | 4,454,689 | 6,743,964 |
| Other | 2,698,300 | 2,361,119 |
| Total expenses | 18,108,981 | 17,375,376 |
| Net investment income | 57,715,334 | 46,289,215 |
| Net income | 241,145,327 | 227,885,367 |

See accompanying notes.

Unaudited Statements of Changes in Partners' Capital

Half-year June 30, 2012

| (Stated in United States Dollars) | Total \$ | General Partner \$ | Limited Partner \$ |
|---|----------------------|--------------------------|--------------------------|
| Partners' capital at beginning of year | 4,303,993,764 | 81,246,973 | 4,222,746,791 |
| Capital contributions | 188,550,620 | – | 188,550,620 |
| Capital withdrawals | (217,135,886) | – | (217,135,886) |
| Allocation of net loss: | | | |
| Pro-rata allocation | 241,145,327 | 4,415,500 | 236,729,827 |
| Incentive allocation | – | 25,148,518 | (25,148,518) |
| Net loss | 241,145,327 | 29,564,018 | 211,581,309 |
| Partners' capital at end of period | 4,516,553,825 | 110,810,991 | 4,405,742,834 |

Half-year June 30, 2011

| (Stated in United States Dollars) | Total \$ | General Partner \$ | Limited Partner \$ |
|---|----------------------|--------------------------|--------------------------|
| Partners' capital at beginning of period | 2,547,161,337 | 127,685,237 | 2,419,476,100 |
| Capital contributions | 1,440,818,613 | – | 1,440,818,613 |
| Capital withdrawals | (261,417,056) | (20,000,000) | (241,417,056) |
| Allocation of net income: | | | |
| Pro-rata allocation | 227,885,367 | 10,263,708 | 217,621,659 |
| Incentive allocation | – | 30,475,085 | (30,475,085) |
| Net income | 227,885,367 | 40,738,793 | 187,146,574 |
| Partners' capital at end of period | 3,954,448,261 | 148,424,030 | 3,806,024,231 |

See accompanying notes.

Unaudited Statements of Cash Flows

| | Half-year June 30, 2012 \$ | Half-year June 30, 2011 \$ |
|--|-------------------------------------|-------------------------------------|
| (Stated in United States Dollars) | | |
| Cash flows from operating activities | | |
| Net income | 241,145,327 | 227,885,367 |
| Adjustments to reconcile net income to net cash used in operating activities: | | |
| Purchases of investment securities and commodities | (4,770,487,476) | (4,414,767,999) |
| Proceeds from disposition of investment securities and commodities | 4,688,763,546 | 3,661,141,475 |
| Purchases of investment securities to cover short sales | (2,123,700,263) | (862,970,503) |
| Proceeds from short sales of investment securities | 2,153,493,999 | 1,597,679,193 |
| Decrease/(increase) in due from brokers | 25,344,939 | (1,237,863,923) |
| Increase in securities purchased under agreement to resell | (68,787,020) | (61,485,831) |
| Increase in interest and dividends receivable | (813,181) | (812,564) |
| Increase in securities sold under agreement to repurchase | – | 83,429,094 |
| Increase/(decrease) due to brokers | 195,777,094 | (82,274,288) |
| Increase in interest and dividends payable | 5,872,802 | 4,936,358 |
| (Decrease)/increase in accrued expenses | (120,382) | 714,890 |
| Net change in unrealized loss on securities, commodities and foreign currency translations | 22,218,979 | 314,068,440 |
| Net change in unrealized gain on derivative contracts and foreign currency translations | (182,668) | (47,532,041) |
| Net realized gain from securities, commodities, derivative contracts and foreign currency translations | (210,323,579) | (447,624,625) |
| Amortization of premium and accretion of discount, net | (24,581,290) | (6,188,830) |
| Net cash provided by/(used in) operating activities | 133,620,827 | (1,271,665,787) |
| Cash flows from financing activities | | |
| Capital contributions | 188,550,620 | 1,440,818,613 |
| Capital withdrawals | (314,096,951) | (170,249,573) |
| Net cash (used in)/provided by financing activities | (125,546,331) | 1,270,569,040 |
| Net decrease in cash | 8,074,496 | (1,096,747) |
| Cash at beginning of period | 12,839,805 | 1,105,832 |
| Cash at end of period | 20,914,301 | 9,085 |

Supplemental disclosure of cash flow information

| | | |
|--|-----------|-----------|
| Cash paid during the period for interest | 7,142,459 | 3,332,181 |
|--|-----------|-----------|

See accompanying notes.

Notes to Unaudited Condensed Interim Financial Statements

Period ended June 30, 2012

1. Organization

Third Point Offshore Master Fund L.P. (the “Partnership”) was organized as a limited partnership under the laws of the Cayman Islands and commenced operations on January 1, 2009. The Partnership was formed to carry on the business of investing and trading in securities, derivatives and other investment products. The investment objective of the Partnership is to achieve superior total returns by using a fundamentally based, bottom-up approach to investing globally both long and short securities throughout companies’ capital structures. This approach differs from a top-down methodology which first evaluates macro-economic, sector, industry or geographic factors to select the best sectors or industries for investment. The Investment Manager seeks to identify event-driven situations in which it can take either a long or short investment position where it can identify a near or long-term catalyst that would unlock value. The Partnership will continue until terminated as provided for in the Initial Exempted Limited Partnership Agreement (the “Agreement”).

The Partnership serves as the master fund in a “master-feeder” structure whereby Third Point Offshore Fund, Ltd. (the “Feeder”), a Cayman Islands exempted company, invests substantially all of its net assets in the Partnership, which conducts all investment and trading activities on behalf of the Feeder fund. The Feeder and the Partnership have the same investment objectives. At June 30, 2012, 97.55% of the Partnership’s capital was owned by the Feeder.

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

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

2. Significant Accounting Policies

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

Securities and commodities listed on a national securities or commodities exchange or quoted on NASDAQ are valued at their last sales price as of the last business day of the period. Listed securities with no reported sales on such date and over-the-counter (“OTC”) securities are valued at their last closing bid price if held long by the Partnership and last closing ask price if held short by the Partnership. Additionally, securities are valued based on dealer quotes or other quoted market prices for similar securities.

Private securities are not registered for public sale and are carried at an estimated fair value at the end of the period, as determined by the Investment Manager. Factors considered by the Investment Manager in determining fair value include cost, the type of investment, subsequent purchases of the same or similar investments by the Partnership or other investors and the current financial position and operating results of the portfolio company. In addition, the Investment Manager may employ third party valuation firms to conduct separate valuations of such private securities.

Notes to Unaudited Condensed Interim Financial Statements *continued*

Period ended June 30, 2012

2. Significant Accounting Policies (*continued*)

Due to the inherent uncertainty of valuation for these investments, the estimate of fair value for its interest in these investments may differ from the values that would have been used had a ready market existed for the investment, and the difference could be material.

The Partnership's derivatives are recorded at fair value. The Partnership values exchange-traded derivative contracts at their last sales price on the exchange where it is primarily traded. OTC derivatives, which include swap, option, swaption, and forward currency contracts, are valued at independent values provided by third party sources when available; otherwise, fair values are obtained from counterparty quotes that are based on pricing models that consider the time value of money, volatility, and the current market and contractual prices of the underlying financial instruments.

The Partnership's holdings in asset-backed securities ("ABS") are substantially invested in residential mortgage-backed securities ("RMBS"). 54% of the Partnership's ABS positions are invested in back-end portions of the RMBS re-securitized real estate mortgage investment conduits ("re-REMIC") structure of Alternative A-paper ("Alt-A") and prime securities. An additional 38% of the Partnership's ABS portfolio is composed of Alt-A fixed, seasoned subprime and several small non U.S. RMBS positions. The balance of the ABS positions at June 30, 2012 was held in commercial mortgage-backed securities and student loan asset-backed securities. These investments are valued based on dealer quotes or a recognized independent pricing vendor. All of these classes of ABS are sensitive to changes in interest rates and any resulting change in the rate at which borrowers sell their properties, refinance, or otherwise pre-pay their loans. Investors in these classes of ABS may be exposed to the credit risk of underlying borrowers not being able to make timely payments on loans or likelihood of borrowers defaulting on their loans. In addition, investors may be exposed to significant market and liquidity risks.

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

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

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

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

Assets and liabilities denominated in foreign currencies are translated at the closing rates of exchange at June 30, 2012. Transactions during the period are translated at the rate of exchange prevailing on the date of the transaction. Foreign currency transaction and translation gains and losses are included in the statement of income. The Partnership does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments, dividends and interest from the fluctuations arising from changes in fair values of securities and derivatives held. Periodic payments received or paid on swap agreements are recorded as realized gain or loss on investment transactions. Such fluctuations are included within the realized and unrealized gain/(loss) on investment transactions in the statement of income.

2. Significant Accounting Policies (continued)

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

The Partnership evaluates tax positions taken or expected to be taken in the course of preparing the Partnership's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet a "more likely-than-not" threshold would be recorded as a tax expense in the current period. The General Partner has reviewed the Partnership's tax positions and has concluded that no material provision for income tax is required in the Partnership's financial statements. Such open tax years remain subject to examination by tax authorities.

The Partnership would recognize interest and penalties, if any, related to unrecognized tax positions as income tax expense in the statement of income. During the period ended June 30, 2012, the Partnership did not incur any interest or penalties related to unrecognized tax positions.

The Partnership may enter into repurchase and reverse repurchase agreements with financial institutions in which the financial institution agrees to resell or repurchase and the Partnership agrees to repurchase or resell such securities at a mutually agreed price upon maturity. At June 30, 2012, the Partnership held outstanding reverse repurchase agreements valued at \$556,213,732. At June 30, 2012, the total value of securities received as collateral by the Partnership was \$534,303,664. Interest expense and income related to these transactions are included in interest payable and receivable in the statement of financial condition. Foreign currency losses of approximately \$4,725,000 on reverse repurchase agreements are included in the net loss from currencies in the statement of income. Generally, reverse repurchase agreements that the Partnership enters into mature within 30 to 90 days.

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

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

Notes to Unaudited Condensed Interim Financial Statements *continued*

Period ended June 30, 2012

2. Significant Accounting Policies (*continued*)

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

For private investments, the valuation techniques used by the Investment Manager may include market approach using comparable trading or transactions multiples and/or an income approach using discounted cash flow models where the significant inputs could include but are not limited to additional rounds of equity financing, financial metrics such as revenues, discount rates, and earnings before interest, taxes, depreciation and amortization multiples, and beta.

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

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

The key inputs for corporate, government and sovereign bonds valuation are coupon frequency, coupon rate and underlying bond spread. The key inputs for asset-backed securities are yield, probability of default, loss severity and prepayment.

Key inputs for OTC valuation vary based on the type of underlying on which the contract was written. Please see below discussion by OTC type:

- The key inputs for most OTC option contracts include notional, strike price, maturity, payout structure, current foreign exchange forward and spot rates, current market price of underlying and volatility of underlying.
- The key inputs for most forward contracts include notional, maturity, forward rate, spot rate, various interest rate curves and discount factor.
- The key inputs for swap valuation will vary based on the type of underlying on which the contract was written. Generally, the key inputs for most swap contracts include notional, swap period, fixed rate, credit or interest rate curves, current market or spot price of the underlying and the volatility of the underlying.

2. Significant Accounting Policies (continued)

Fair Value Measurements at June 30, 2012

| | Quoted prices in active markets (Level 1) \$ | Significant other observable inputs (Level 2) \$ | Significant unobservable inputs (Level 3) \$ | Total \$ |
|--|---|---|--|-------------------------|
| Assets | | | | |
| Equity Securities | | | | |
| Alternative Energy | – | 25,401,669 | – | 25,401,669 |
| Banks | – | 12,940,323 | – | 12,940,323 |
| Insurance | – | 46,779,590 | – | 46,779,590 |
| Other | 1,706,420,885 | – | – | 1,706,420,885 |
| Asset-Backed Securities | – | 907,203,347 | 4,184,049 | 911,387,396 |
| Corporate Bonds | – | 410,343,029 | 7,472,349 | 417,815,378 |
| Commodities | 287,136,548 | – | – | 287,136,548 |
| Private Common Equity Securities | – | 8,735,625 | 30,875,185 | 39,610,810 |
| Private Preferred Equity Securities | – | 44,805,150 | 36,410,793 | 81,215,943 |
| Bank Debt | – | 106,681,810 | 448,267 | 107,130,077 |
| Trade Claims | – | 97,050,774 | 108,150 | 97,158,924 |
| Investment Funds | – | 16,670,856 | 33,230,553 | 49,901,409 |
| Sovereign Debt | – | 45,485,603 | – | 45,485,603 |
| Options | 44,633,973 | 889,470 | – | 45,523,443 |
| Rights and Warrants | 168,187 | 948,274 | – | 1,116,461 |
| Derivative Contracts* | | | | |
| Contracts for Differences – Long Contracts | – | 900,243 | – | 900,243 |
| Contracts for Differences – Short Contracts | – | 1,293,330 | – | 1,293,330 |
| Credit Default Swaps – Protection Purchased | – | 135,328,392 | – | 135,328,392 |
| Foreign Currency Forward Contracts | – | 1,369,737 | – | 1,369,737 |
| Foreign Currency Options | – | 4,898,476 | – | 4,898,476 |
| Foreign Currency Swaptions | – | 1,467,907 | – | 1,467,907 |
| Interest Rate Swaps | – | 26,877 | – | 26,877 |
| Interest Rate Swaptions | – | 12,059,783 | – | 12,059,783 |
| Total Return Swaps – Long Contracts | – | 8,897,828 | 780,928 | 9,678,756 |
| Total Return Swaps – Short Contracts | – | 100,642,056 | – | 100,642,056 |
| Treasury Futures – Short Contracts | 50,674 | – | – | 50,674 |
| Total Assets | \$ 2,038,410,267 | \$ 1,990,820,149 | \$ 113,510,274 | \$ 4,142,740,690 |

*Derivative instruments are shown gross of any offsetting permitted under U.S. GAAP.

Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2012

2. Significant Accounting Policies (continued)

Fair Value Measurements at June 30, 2012

| | Quoted prices in active markets (Level 1) \$ | Significant other observable inputs (Level 2) \$ | Significant unobservable inputs (Level 3) \$ | Total \$ |
|--|---|---|--|-------------------------|
| Liabilities | | | | |
| Sovereign Debt | – | 534,303,664 | – | \$534,303,664 |
| Equity Securities | 431,867,259 | – | – | 431,867,259 |
| Corporate Bonds | – | 34,952,326 | – | 34,952,326 |
| Options | 24,778,048 | 6,136 | – | 24,784,184 |
| Rights and Warrants | – | 665,936 | – | 665,936 |
| Derivative Contracts* | | | | |
| Commodity Futures – Short Contracts | 430,048 | – | – | 430,048 |
| Contracts for Differences – Long Contracts | – | 10,032,909 | – | 10,032,909 |
| Contracts for Differences – Short Contracts | – | 5,512,800 | – | 5,512,800 |
| Credit Default Swaps – Protection Purchased | – | 17,777,447 | – | 17,777,447 |
| Credit Default Swaps – Protection Sold | – | 2,162,169 | – | 2,162,169 |
| Foreign Currency Forward Contracts | – | 1,820,619 | – | 1,820,619 |
| Foreign Currency Options | – | 82,961 | – | 82,961 |
| Interest Rate Swaps | – | 3,404,270 | – | 3,404,270 |
| Interest Rate Swaptions | – | 1,125,645 | – | 1,125,645 |
| Sovereign Debt Futures – Short Contracts | 500,376 | – | – | 500,376 |
| Total Return Swaps – Long Contracts | – | 9,241,866 | – | 9,241,866 |
| Total Return Swaps – Short Contracts | – | 113,088,730 | – | 113,088,730 |
| Treasury Futures – Short Contracts | 173,469 | – | – | 173,469 |
| Total Liabilities | \$ 457,749,200 | \$ 734,177,478 | \$ – | \$ 1,191,926,678 |

*Derivative instruments are shown gross of any offsetting permitted under U.S. GAAP.

During the period ended June 30, 2012, the Partnership made no significant reclassifications of assets or liabilities between Levels 1 and 2.

2. Significant Accounting Policies (continued)

The following table is a reconciliation of assets and liabilities the Partnership held during the period ended June 30, 2012 at fair value using significant unobservable inputs (Level 3):

Fair Value Measurements using Significant Unobservable Inputs (Level 3)

| | Balance at January 1, 2012 | Transfers into Level 3 | Purchases | Sales | Realised and unrealized gains (losses)* | Transfers out of Level 3 | Balance at June 30, 2012 |
|---|----------------------------------|------------------------------|---------------------|------------------------|---|--------------------------------|--------------------------------|
| Assets | | | | | | | |
| Asset-Backed | | | | | | | |
| Securities | \$ – | \$ 1,201,599 | \$ 2,781,409 | \$ (106,545) | \$ 307,586 | \$ – | \$ 4,184,049 |
| Corporate Bonds | 2,176,806 | 6,847,704 | 51,512 | (4,476,243) | 2,872,570 | – | 7,472,349 |
| Bank Debt | 448,267 | – | – | – | – | – | 448,267 |
| Private Common | | | | | | | |
| Equity Securities | 46,161,484 | – | 3,138,760 | (9,111,687) | 4,387,144 | (13,700,516) | 30,875,185 |
| Private Preferred | | | | | | | |
| Equity Securities | 48,502,256 | – | 3,495,915 | (19,482,572) | 3,895,192 | – | 36,410,791 |
| Investment Funds | 29,984,976 | – | 505,261 | (25,487) | 2,765,803 | – | 33,230,553 |
| Rights and Warrants | 252,367 | – | – | (252,366) | – | – | 1 |
| Trade Claims | 149,499 | – | – | (14,684) | (26,664) | – | 108,151 |
| Total Assets | \$ 127,675,655 | \$ 8,049,303 | \$ 9,972,857 | \$ (33,469,584) | \$ 14,201,631 | \$ (13,700,516) | \$ 112,729,346 |
| Liabilities | | | | | | | |
| Total Return Swaps – | | | | | | | |
| Long Contracts | \$ (2,385,547) | \$ – | \$ – | \$ – | \$ 3,166,474 | \$ – | \$ 780,928 |
| Total change in unrealized appreciation of fair valued assets using significant unobservable inputs (Level 3) still held at June 30, 2012* | | | | | | | \$ 15,730,421 |

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

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

For assets and liabilities that were transferred into Level 3 during the period, gains/(losses) are presented as if the assets or liabilities had been transferred into Level 3 at the beginning of the period; similarly, for assets and liabilities that were transferred out of Level 3 during the period, gains/(losses) are presented as if the assets or liabilities had been transferred out at the beginning of the period. During the period ended June 30, 2012, securities transferred into and out of Level 3 due to changes in the quantity and transparency of pricing inputs

In May 2011, the FASB issued the ASU 2011-04 *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards* (“IFRS”). ASU 2011-04 includes common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS. ASU 2011-04 will require reporting entities to disclose the following information for fair value measurements categorized within Level 3 of the fair value hierarchy: quantitative information about the unobservable inputs used in the fair value measurement, the valuation processes used by the reporting entity and a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs. In addition, ASU 2011-04 will require reporting entities to make disclosures about amounts and reasons for transfers in and out of Level 1 and Level 2 fair value measurements. The new and revised disclosures are effective for annual reporting periods beginning after December 15, 2011. The Partnership is currently evaluating the implications of ASU 2011-04 and its impact on the financial statements.

Notes to Unaudited Condensed Interim Financial Statements *continued*

Period ended June 30, 2012

2. Significant Accounting Policies (continued)

In December 2011, the FASB issued ASU 2011-11, *Disclosures about Offsetting Assets and Liabilities*. ASU 2011-11 requires entities to disclose both gross and net information about financial instruments and derivative instruments that are either (i) offset in the statement of assets and liabilities, or (ii) subject to an enforceable master netting arrangement or similar arrangement, irrespective of whether they are offset in the statement of assets and liabilities. In addition, ASU 2011-11 requires disclosure of collateral received and posted in connection with master netting agreements or similar arrangements. The requirements of ASU 2011-11 are effective for interim and annual reporting periods beginning on or after January 1, 2013. The adoption of ASU 2011-11 will not have any impact on the Partnership's financial position or results of operations, as ASU 2011-11 only affects disclosures about offsetting.

3. Administration Fee

The Partnership has entered into an administrative services agreement with the Administrator. In accordance with the terms of this agreement, the Administrator provides certain specified fund accounting and administration, trade support and transfer agent services. For the period ended June 30, 2012, the Administrator received a fee of \$1,744,689.

4. Due from/to Brokers

Due from brokers includes cash balances with the Partnership's clearing brokers and amounts receivable for securities transactions that have not settled at June 30, 2012. The cash at brokers is primarily related to excess uninvested balances, proceeds from securities sold, but not yet purchased, and collateral posted for OTC contracts. At June 30, 2012, the due from brokers balance included collateral posted of \$53,199,418. Due to brokers consists primarily of cash and foreign currency balances owed, cash collateral from OTC counterparties received by the Partnership, collateral from securities lending transactions, and amounts payable for securities transactions that have not yet settled. At December 31, 2011, the due to brokers balance included collateral received of \$4,829,265. In addition, the due from and to brokers' balances at June 30, 2012 included non-U.S. currency balances with total value of \$25,170,230. Margin debt balance, if any, is collateralized by certain Partnership owned securities and cash held by the brokers. Margin interest is paid either at the daily broker call rate or based on LIBOR or the Federal funds rate. Cash at the clearing brokers that is related to securities sold, not yet purchased may be restricted until the securities are purchased. The Partnership clears substantially all of its securities transactions through seven major international securities firms (Goldman Sachs, UBS, JPMorgan, Barclays, Citi, Credit Suisse and Morgan Stanley) pursuant to clearance agreements.

5. Special Investments

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

The Feeder and the General Partner's interest in Special Investments is equal to their proportionate interest in the Partnership at the time such investment is deemed to be a Special Investment. Capital invested in Special Investments is generally not available for withdrawal or distribution, subject to the approval of the General Partner, until the respective Special Investment is deemed realized, as determined by the General Partner. New partners shall not participate in pre-existing Special Investments. At June 30, 2012, the Partnership held no Special Investments.

6. Allocation of Net Income or Net Loss

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

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

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

The General Partner receives an incentive allocation equal to 20% of the net profit allocated to each shareholder invested in the Feeder, as defined in the Agreement (the "Full Incentive Allocation"). For purposes of determining net profits, gain or loss from realized (or deemed realized) Special Investments will be included. If a shareholder invested in the Feeder has a net loss during any fiscal year and, during subsequent years, there is a net profit attributable to such shareholder, the shareholder must recover an amount equal to 2.5 times the amount of the net loss chargeable in the prior years before the General Partner is entitled to the Full Incentive Allocation. Until this occurs, the shareholder invested in the Feeder will be subject to a reduced incentive allocation equal to half of the Full Incentive Allocation. The General Partner, in its sole discretion, may elect to reduce, waive or calculate differently the Full Incentive Allocation of the Feeder and its underlying investors that are partners, members, employees, affiliates or other related investors of the Investment Manager or the General Partner. For the period ended June 30, 2012, the General Partner received an incentive allocation of \$25,148,518.

7. Related Party Transactions

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

Third Point Loan LLC ("Loan LLC") serves as nominee of the Partnership and other affiliated investment management clients of the Investment Manager for certain investments. Loan LLC has appointed the Investment Manager as its true and lawful agent and attorney. At June 30, 2012, Loan LLC held \$365,984,350 of the Partnership's investments which are included in investments in securities and in derivative contracts in the statement of financial condition. The Partnership's pro rata interest in the underlying investments registered in the name of the Loan LLC and the related income and expense are reflected accordingly in the accompanying statement of financial condition, the underlying condensed schedule of investments and the statement of income. The valuation policy with respect to investments held by Loan LLC is the same as the Partnership's valuation policy as described in Note 2.

Notes to Unaudited Condensed Interim Financial Statements *continued*

Period ended June 30, 2012

7. Related Party Transactions (continued)

As of June 30, 2012, the Partnership held equity swap contracts with two investment funds with the same Investment Manager as the Partnership. At June 30, 2012, the aggregate unrealized loss on the swap contracts was \$4,310,262. For the period ended June 30, 2012, the Partnership realized losses of \$126,430 on swap contracts with affiliated funds. At June 30, 2012, the Partnership held shares of Third Point Offshore Investors Limited ("ListCo"), a London Stock Exchange listed entity that is managed by the Investment Manager. As part of ListCo's share buy-back program, the Partnership has the ability to purchase shares in the after-market and allocate all gains or losses and implied financing costs entirely to the ListCo's shares in the Feeder. At June 30, 2012, the Partnership owned 2,805,000 U.S. Dollar Shares in ListCo with a market value of \$27,629,250 and an unrealized gain of \$11,829,320 related to the share buy-back program.

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

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

Securities sold, not yet purchased are recorded as liabilities in the statement of financial condition and have market risk to the extent that the Partnership, in satisfying its obligations, may have to purchase securities at a higher value than that recorded in the statement of financial condition. The Partnership's investments in securities and amounts due from brokers are partially restricted until the Partnership satisfies the obligation to deliver securities sold, not yet purchased.

Forward and future contracts are a commitment to purchase or sell financial instruments, currencies or commodities at a future date at a negotiated rate. Forward and future contracts expose the Partnership to market risks to the extent that adverse changes occur to the underlying financial instruments such as currency rates or equity index fluctuations.

Option contracts give the purchaser the right but not the obligation to purchase or sell to the option writer financial instruments, commodities or currencies within a defined time period for a specified price. The premium received by the Partnership upon writing an option contract is recorded as a liability, marked to market on a daily basis and is included in securities sold, not yet purchased in the statement of financial condition. In writing an option, the Partnership bears the market risk of an unfavorable change in the financial instrument underlying the written option. Exercise of an option written by the Partnership could result in the Partnership selling or buying a financial instrument at a price different from the current fair value.

Swaption contracts give the Partnership the right, but not the obligation, to enter into a specified interest-rate swap within a specified period of time. The Partnership's market and counterparty credit risk is limited to the premium paid to enter into the swaption contract and net unrealized gains.

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

Total return swaps, contracts for differences, index swaps, and interest rate swaps that involve the exchange of cash flows between the Partnership and counterparties based on the change in market value of a particular equity, index, or interest rate on a specified notional holding. The use of these contracts exposes the Partnership to market risks equivalent to actually holding securities of the notional value but typically involve little capital commitment relative to the exposure achieved. The gains or losses of the Partnership may therefore be magnified on the capital commitment.

Credit default swaps protect the buyer against the loss of principal on one or more underlying bonds, loans, or mortgages in the event the issuer suffers a credit event. Typical credit events include failure to pay or restructuring of obligations, bankruptcy, dissolution or insolvency of the underlying issuer. The buyer of the protection pays an initial and/or a periodic premium to the seller and receives protection for the period of the contract. If there is not a credit event, as defined in the contract, the buyer receives no payments from the seller. If there is a credit event, the buyer receives a payment from the seller of protection as calculated by the contract between the two parties.

The Partnership may also enter into index and/or basket credit default swaps where the credit derivative may reference a basket of single-name credit default swaps or a broad-based index. Generally, in the event of a default on one of the underlying names, the buyer will receive a pro-rata portion of the total notional amount of the credit default index or basket contract from the seller. When the Partnership purchases single-name, index and basket credit default swaps, the Partnership is exposed to counterparty nonperformance.

Upon selling credit default swap protection, the Partnership may expose itself to risk of loss from related credit events specified in the contract. At June 30, 2012, the Partnership sold protection on an index-reference obligation with a maximum potential payout amount of \$2,322,441, a credit spread of 0.44% and maturity in 2046. The fair value of such protection sold totaled \$2,163,400, as of June 30, 2012. Credit spreads of the underlying together with the period of expiration is indicative of the likelihood of a credit event under the credit default swap contract and the Partnership's risk of loss. Higher credit spreads and shorter expiration dates are indicative of a higher likelihood of a credit event resulting in the Partnership's payment to the buyer of protection. Lower credit spreads and longer expiration dates would indicate the opposite and lowers the likelihood the Partnership needs to pay the buyer of protection.

In addition to off-balance sheet risks related to specific financial instruments, the Partnership may be subject to concentration of credit risk with particular counterparties. Substantially all securities transactions of the Partnership are cleared by several major securities firms. The Partnership had substantially all such individual counterparty concentration with these brokers or their affiliates as of June 30, 2012. However, the Partnership reduces its credit risk with counterparties by entering into master netting agreements. Therefore, assets represent the Partnership's greater unrealized gains less unrealized losses for derivative contracts in which the Partnership has master netting agreements. Similarly, liabilities represent the Partnership's greater unrealized losses less unrealized gains for derivative contracts in which the Partnership has master netting agreements. Furthermore, Partnership obtains collateral from counterparties to reduce its exposure to counterparty credit risk.

The Partnership's maximum exposure to credit risk associated with counterparty nonperformance on derivative contracts is limited to the net unrealized gains by counterparty inherent in such contracts which are recognized in the statement of financial condition. At June 30, 2012, the Partnership's maximum counterparty credit risk exposure was \$124,832,768.

Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2012

9. Derivative Contracts

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

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

- **Trading Purposes** – The Partnership utilizes derivative contracts to gain exposure to certain investments. The utilization of derivative contracts allows for an efficient means in which to trade certain asset classes.
- **Hedging Purposes** – The Partnership uses derivatives to hedge certain risks. For example, foreign currency contracts are used to hedge non-U.S. Dollar denominated investments.

The following table identifies the volume and fair value amounts of derivative instruments included in the statement of financial condition, categorized by primary underlying risk, as of June 30, 2012. Balances are presented on a gross basis, prior to the application of the impact of counterparty netting. Total derivative assets and liabilities on the statement of financial condition are adjusted on an aggregate basis to take into consideration the effects of master netting arrangements, less collateral held, which is included in due to/from brokers in the statement of financial condition.

| | Fair Value ¹ \$ | Notional Amounts ² \$ |
|--|-------------------------------|-------------------------------------|
| Derivative Assets by Primary Underlying Risk* | | |
| Equity Price | | |
| Contracts for Differences – Long Contracts | \$ 900,243 | \$ 26,350,817 |
| Contracts for Differences – Short Contracts | 1,293,330 | 22,044,212 |
| Total Return Swaps – Long Contracts | 9,678,756 | 218,184,195 |
| Total Return Swaps – Short Contracts | 100,642,056 | 66,651,514 |
| Credit | | |
| Credit Default Swaps – Protection Purchased | 135,328,392 | 525,968,228 |
| Interest Rates | | |
| Interest Rate Swaps | 26,877 | 1,314,372,994 |
| Interest Rate Swaptions | 12,059,783 | 24,402,284 |
| Treasury Futures – Short Contracts | 50,674 | 19,739,500 |
| Foreign Currency Exchange Rates | | |
| Foreign Currency Forward Contracts | 1,369,737 | 43,324,628 |
| Foreign Currency Options | 4,898,476 | 1,122,266,981 |
| Foreign Currency Swaptions | 1,467,907 | 1,167,040,562 |
| Total Derivative Assets | \$ 267,716,231 | \$ 6,798,708,797 |

9. Derivative Contracts (continued)

| | Fair Value ¹ \$ | Notional Amounts ² \$ |
|---|-------------------------------|-------------------------------------|
| Derivative Liabilities by Primary Underlying Risk* | | |
| Commodity Price | | |
| Commodity Futures – Short Contracts | \$ 430,048 | \$ 17,967,040 |
| Credit | | |
| Credit Default Swaps – Protection Purchased | 17,777,447 | 190,296,781 |
| Credit Default Swaps – Protection Sold | 2,162,169 | 4,485,841 |
| Sovereign Debt Futures – Short Contracts | 500,376 | 266,292,512 |
| Equity Price | | |
| Contracts for Differences – Long Contracts | 10,032,909 | 123,923,822 |
| Contracts for Differences – Short Contracts | 5,512,800 | 43,360,157 |
| Total Return Swaps – Long Contracts | 9,241,866 | 37,439,569 |
| Total Return Swaps – Short Contracts | 113,088,730 | 199,315,529 |
| Interest Rates | | |
| Interest Rate Swaps | 3,404,270 | 1,775,636,144 |
| Interest Rate Swaptions | 1,125,645 | 10,615,255 |
| Treasury Futures – Short Contracts | 173,469 | 36,104,375 |
| Foreign Currency Exchange Rates | | |
| Foreign Currency Forward Contracts | 1,820,619 | 189,134,838 |
| Foreign Currency Options | 82,961 | 152,706,036 |
| Total Derivative Liabilities | \$ 165,353,309 | \$ 3,391,509,416 |

1. Statement of financial condition location: Net unrealized gain and loss on derivative contracts.

2. The absolute notional exposure represents the Partnership's derivative activity at June 30, 2012, which is representative of the volume of derivatives held during the period.

Notes to Unaudited Condensed Interim Financial Statements *continued*

Period ended June 30, 2012

9. Derivative Contracts (continued)

The following table sets forth by major risk type the Partnership realized and unrealized gains/(losses) related to trading activities for the period ended June 30, 2012 in accordance with ASC 815. These realized and unrealized gains/(losses) are included in the statement of income.

| Offshore | Realized Gain/(Loss) \$ | Unrealized Gain/(Loss) \$ |
|---|-------------------------------|---------------------------------|
| Primary Underlying Risk | | |
| Commodity Price | | |
| Commodities Futures – Short Contracts | \$ 2,103,789 | \$ (5,760,734) |
| Credit | | |
| Credit Default Swaps – Protection Purchased | (3,003,647) | (61,543) |
| Credit Default Swaps – Protection Sold | (3,927,488) | 9,395,917 |
| Equity Price | | |
| Contracts for Differences – Long Contracts | (13,986,173) | 7,409,832 |
| Contracts for Differences – Short Contracts | (2,638,660) | 10,023,972 |
| Index Futures – Long Contracts | (2,526,093) | – |
| Index Futures – Short Contracts | 960,032 | – |
| Total Return Swaps – Long Contracts | (6,557,027) | 2,203,003 |
| Total Return Swaps – Short Contracts | (431,712) | (12,478,467) |
| Foreign Currency Exchange Rates | | |
| Foreign Currency Forward Contracts | (7,858) | 1,464,594 |
| Foreign Currency Options | (4,601,173) | (1,702,393) |
| Foreign Currency Swaptions | (25,764) | 109,661 |
| Interest Rates | | |
| Interest Rate Swaps – Pay Fixed, Receive Floating | (3,344,879) | 2,515,012 |
| Interest Rate Swaptions | 12,789,010 | (14,111,048) |
| Sovereign Debt Futures – Long Contracts | (221,158) | 143,634 |
| Sovereign Debt Futures – Short Contracts | (4,545,885) | 1,154,025 |
| Treasury Futures – Short Contracts | (736,283) | (122,797) |
| | \$ (30,700,969) | \$ 182,668 |

The Partnership's International Swaps and Derivatives Association ("ISDA") agreements with its counterparties provide for various termination events including decline in NAV of the Partnership over a certain period, key man provisions, document delivery schedules, and Employment Retirement Income Security Act and bankruptcy provisions. Upon the triggering of a termination event, a counterparty may avail itself of various remedies including, though not limited to, waiver of the termination event, request for additional collateral, renegotiation of the ISDA agreement, or immediate settlement of positions.

Exposure of all derivatives in a net liability position that are subject to ISDA agreement termination events were \$22,469,846 as of June 30, 2012. The Partnership posted \$36,825,313 of collateral as of June 30, 2012. If a trigger event had occurred at June 30, 2012, for those derivative financial instruments in a net liability position, after the application of master-netting agreements, no additional amounts would be required to be posted by the Partnership since the aggregate fair value of the required collateral posted exceeded the settlement amounts of open derivative contracts. During the period ended June 30, 2012, the Partnership did not experience any trigger events.

10. Commitments

Loan and other participation interests purchased by the Partnership such as bank debt may include revolving credit arrangements or other financing commitments obligating the Partnership to advance additional amounts on demand. At June 30, 2012, the Partnership had unfunded capital commitments of \$12,723,256.

11. Indemnifications

In the normal course of business, the Partnership enters into contracts that contain a variety of indemnifications and warranties. The Partnership's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Partnership that have not yet occurred. However, the Partnership has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote. Thus, no amounts have been accrued related to such indemnifications. The Partnership also indemnifies the General Partner, the Investment Manager and employees from and against any loss or expense, including, without limitation any judgment, settlement, legal fees and other costs. Any expenses related to this indemnification are reflected in administrative and professional fees in the statement of income.

12. Financial Highlights

The following represents the ratios to average Feeder capital and total return information for the period ended June 30, 2012:

| | |
|---|--------------|
| Ratios to average limited partners' capital: | |
| Total expenses | 0.40% |
| Incentive allocation | 0.56% |
| Total expenses and incentive allocation | 0.96% |
| Net investment income | 1.27% |

The ratios above are calculated for the Feeder taken as a whole. The computation of such ratios based on the amount of expenses, incentive allocation, and net investment income assessed to each shareholder's investment in the Feeder may vary from these ratios. The net investment income ratio does not reflect the effect of any incentive allocation.

| | |
|--|--------------|
| Total return before incentive allocation | 5.48% |
| Incentive allocation | (0.58%) |
| Total return after incentive allocation | 4.90% |

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

13. Subsequent Events

Subsequent to June 30, 2012, the Partnership received \$30 million in capital contributions and recorded capital withdrawal requests of approximately \$1 million effective August 31, 2012. In addition, based on requests received from the Feeder, the Partnership estimates redemptions of approximately \$165 million, effective September 30, 2012. Subsequent events were evaluated by the Partnership's management until August 24, 2012, which is the date the financial statements were available to be issued.

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