



North Star International Investment Fund Limited

Financial Statements

Year to 31st March 2013

Directors' Report

The Directors have pleasure in submitting their report and financial statements for the year to 31st March 2013.

General

The financial crisis which began in 2007/8 continued unabated during this financial year and continued to have a significant effect on all of the North Star Group business, not least because the sudden contraction of credit availability affected our traditional method of operation with gearing - but also because of poor market sentiment in general.

Principle Activity

During the period the principal activity was investment in listed bonds, futures, options and interest rate arbitrage. All of the Company's activities were outside the Cayman Islands.

Financial

The financial statements are expressed in thousands of Danish Kroner. The results are set out in the profit and loss account on page 2. Net assets at close of business on 31st March 2013 amounted to DKK 390 per redeemable preferred share (31st March 2012: DKK 399 per share).

Directors

The Directors during the period were as follows:

J. S. Clements

M. Kj  ller-Petersen

C. Magee

By order of the Board:

C. Magee – Secretary

12th December 2014

Registered Office

CIBC Financial Centre
3rd Floor
P.O. Box 694
George Town
Grand Cayman KY1-1107

North Star International Investment Fund Limited

Profit & Loss Account for the year to 31st March 2013

| | DKK'000 |
|--|---------|
| Income from operations (including gains/losses on investments & foreign exchange) | 175 |
| Administrative expenses (<i>Note 4</i>) | (671) |
| Profit / (Loss) for the period | (496) |

Statement of Assets and Liabilities as at 31st March 2013

| | DKK'000 |
|--|---------|
| Assets | |
| Cash at bank | 19,806 |
| Investments | 2,483 |
| Accrued income and prepaid expenses | 6 |
| Total assets | 22,295 |
| Liabilities | |
| Bank loans and overdrafts | 0 |
| Creditors and accruals | 190 |
| Total liabilities | (190) |
| Net assets attributable to holders of redeemable shares | 22,105 |
| Net asset value per share | DKK 390 |

Review Report

In accordance with the instructions of the Board of Directors, we have reviewed the above financial statements of North Star International Investment Fund for the period ended March 31, 2013.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

Our review was conducted in accordance with Swiss Auditing Standard 910 applicable to review engagements, which requires that a review be planned and performed to obtain moderate assurance about whether the financial statements are free from material misstatement. This review is limited primarily to inquiries of personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not comply with the financial policies as set out in the notes.

GF Audit

Alberto IMONDI
Licensed Audit Expert
Auditor in charge

Laurent BASSIN
Licensed Audit Expert

Lausanne, Switzerland 12th December, 2014

North Star International Investment Fund Limited

Portfolio

As at 31st March 2013

| | Currency | Principal '000 | Market value DKK'000 | % of portfolio |
|---|----------|-------------------|-------------------------|-------------------|
| Bonds by latest maturity date | | | | |
| 8.83% UBS Capital Securites Ltd - Perpetual | EUR | 100 | 796 | 32.1% |
| 5% Nordea Annuitetslån OA10 2041 | DKK | 441,903 | 469 | 18.9% |
| 4% Realkredit Danmark 23S SA 2041 | DKK | 1,153,202 | 1,216 | 48.9% |
| Total bonds | | | 2,481 | 99.9% |
| Mortgages | DKK | | 2 | 0.1% |
| Total investment | | | 2,483 | 100.0% |

Futures and forward contracts

The Company enters into forward contracts, options and futures to exploit market opportunities. None were outstanding at the year end.

Notes - forming part of the financial statements

1. Organisation

North Star International Investment Fund Limited ("the Company") was incorporated on 10th March 2009 as a closed-ended exempted company under the Companies Law of the Cayman Islands.

The Company acquired the whole undertakings of five other Cayman Islands companies ("the Old Companies") with effect from midnight on 15th March 2009. Upon this acquisition the Company issued shares to the shareholders of the Old Companies equivalent to the total net asset values introduced by the Old Companies to the Company. The Old Companies, having ceased their business and having no assets or liabilities, were in due course struck-off and so ceased to exist.

Under the terms of the sale of the Old Company's businesses to the Company the latter has assumed responsibility for all liabilities of the Old Companies, both known and unknown, with effect from midnight on 15th March 2009.

2. Significant accounting policies

Basis of preparation

The financial statements are presented in thousands of Danish Kroner.

The financial statements are prepared on a fair value basis for all financial assets and liabilities at fair value through profit or loss including derivative financial instruments. Other financial assets and liabilities are stated at amortised cost or redemption amount (redeemable shares).

The accounting policies have been consistently applied by the Company and are consistent with those used for the Old Companies.

Foreign currencies translation

Assets and liabilities in foreign currencies are translated into Danish Kroner at the rates of exchange ruling at 31st March 2013. Transactions in foreign currencies are translated into Danish Kroner at the rate of exchange ruling at the date of the transaction. Exchange differences are included in the profit and loss account.

North Star International Investment Fund Limited

3. Share capital

Issued:

| <u>2012/13</u> | No. in issue at 31st March 2012 | No. in issue at 31st March 2013 |
|-------------------|------------------------------------|------------------------------------|
| Management shares | 100 | 100 |
| "A" shares | 8,819 | 8,819 |
| "B" shares | 54,988 | 43,923 |
| USD Ords | 340 | 340 |
| EUR Ords | 2,068 | 2,068 |
| GBP Ords | 1,835 | 1,532 |
| | <u>72,331</u> | <u>56,782</u> |

4. Administrative Expenses

| | DKK'000 |
|-------------------------------|------------|
| Management & performance fees | 515 |
| Directors' fees | 316 |
| Other | 160 |
| | <u>671</u> |

The Company has no employees. Management and performance fees are paid to North Star Fund Managers (Cayman) Limited, owner of the management shares.

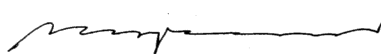
5. Taxation

There are no taxes on income or gains in the Cayman Islands, accordingly, no provision for income taxes is included in these financial statements.

The financial statements on pages 2 to 4 were approved by the Board of Directors on 12th December 2014



J.S. Clements, Director



M. Kjoller-Petersen, Director