

UNAUDITED INTERIM FINANCIAL STATEMENTS

Theta Deep Value Fund
The Netherlands

For the period January 1st through June 30th, 2011

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General information

Fund Manager

Theta Fund Management B.V.
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*The interim financial report is not audited by
the Independent Auditor*

Depository / custodian

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Administrator

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The Netherlands

Profile

Theta Deep Value Fund is a closed mutual fund ('besloten fonds voor gemene rekening'), domiciled in The Netherlands. The Fund is regulated under the Dutch Financial Supervision Act (*Wet op het financieel toezicht*). The Fund is structured as an umbrella fund with Sub-Funds. Each Sub-Fund will issue Participations in Series with reference to a particular Dealing Day. The Fund may decide to issue Participations after the Commencement Date in a new separate Series. Within a Sub-Fund, different Classes of Participations may exist.

The Fund aims to provide high net worth individuals and institutional investors with an investment vehicle which targets above average returns in the range of 15% to 20% per annum over a five-year investment horizon. The Fund will attempt to accomplish this objective by investing in a diversified portfolio of hedge funds (collective investment vehicles) and other investment structures, which employ diverse investment styles and strategies.

Summary of the Net Asset Values as issued

	Net Asset Value (in thousands)	Participations	Net Asset Value Per participation
	<hr/>	<hr/>	<hr/>
Class A Series April 2010	355,763	370	962.01
Class A Series July 2010	179,162	175	1,023.78
Class A Series December 2010	337,316	350	963.75
Class B Series April 2010	592,974	616	962.05
Class C Series July 2009	164,129	149	1,105.24
Class C Series January 2010	60,144,490	44,188	1,361.09
Class D Series January 2010	16,542,941	11,988	1,379.97
Class E Series October 2008	1,324,930	1,234	1,073.40
Class F Series July 2008	24,311,467	25,068	969.82

Interim financial statements

(unaudited)

Statement of financial position

(all amounts in EUR)	Notes	June 30, 2011	December 31, 2010
Assets			
Investments in shares	3	101,519,041	132,504,156
Derivatives financial instruments	3	342,452	1,283,194
Total investments		101,861,493	133,787,350
Current assets			
Cash	4	2,455,352	435,540
Receivable for securities sold		186,727	452,519
Prepaid investments		-	6,051,372
Other receivables		7,103	-
Total current assets		2,649,182	6,939,431
Total assets		104,510,675	140,726,781
Liabilities			
Current Liabilities			
Due to brokers and bank overdrafts	4	-	7,456,098
Derivative financial instruments	5	345,532	945,060
Accrued expenses and other payables		211,971	445,463
Total current liabilities		557,503	8,846,621
Shareholder's equity			
Shareholder's equity			
Contributions of participants		112,242,620	120,441,361
Net income for the period		(8,289,448)	11,438,799
Total shareholder's equity	7	103,953,172	131,880,160
Total equity and liabilities		104,510,675	140,726,781

Statement of comprehensive income

(For the six month period ending June 30, unaudited)

(all amounts in EUR)	Notes	<u>2011</u>	<u>2010</u>
Investment result			
Net gains and losses on investments		(16,047,716)	18,172,350
Net gains and losses on derivatives		8,647,161	(20,810,829)
Interest income		6,844	35
Foreign currency translation	8	(593,231)	1,279,439
		<u>(7,986,942)</u>	<u>(1,359,005)</u>
Costs	9	<u>302,506</u>	<u>350,544</u>
Net income		<u>(8,289,448)</u>	<u>(1,709,549)</u>

Statement of cash flows

(For the six month period ending June 30, unaudited)

(all amounts in EUR)	Notes	2011	2010
Cash flow from operating activities			
Net receipts from investments		21,254,563	30,068,329
Net receipts from (payments for) derivatives		8,988,375	(21,481,944)
Interest received		6,445	35
Interest paid		(49,064)	(9,310)
Management fee paid		(177,480)	(182,873)
Performance fee paid		(230,429)	(6,970)
Administration fee paid		(53,103)	(64,370)
Audit fee paid		(17,255)	(18,921)
Custody fee paid		(26,119)	(42,262)
Legal fee paid		(2,668)	(20,741)
Bank charges paid		(4,253)	(7,486)
Other general expenses paid		(29,837)	(137,324)
Net cash flow generated from operating activities		29,659,175	8,096,163
Cash flow from financing activities			
Proceeds from subscriptions of participations		-	417,687
Subscriptions received in advance		-	600,000
Payments for redemptions of participations		(19,590,034)	(15,018,089)
Net cash flow used in financing activities		(19,590,034)	(14,000,402)
Net cash flow generated during the year		10,069,141	(5,904,239)
Cash and cash equivalents at beginning of year		(7,020,558)	(2,297,218)
Foreign currency translation of cash positions		(593,231)	1,279,439
Cash and cash equivalents at the end of the year	4	2,455,352	(6,922,018)
Analysis of cash and cash equivalents			
Due from brokers and cash at banks		2,455,352	276,059
Due to brokers and bank overdrafts		-	(7,198,077)
Total of cash and cash equivalents	4	2,455,352	(6,922,018)

Notes to the financial statements

1. General information

Theta Deep Value Fund is a closed mutual fund (besloten fonds voor gemene rekening), domiciled in the Netherlands. The Fund is regulated under the Act on the Supervision of Investment Institutions of The Netherlands. Participations are offered in The Netherlands under an exemption. The Fund is structured as an umbrella fund with Sub-Funds. Each Sub-Fund will issue Participations in Series of a Class with reference to a particular Dealing Day. At June 30, 2011 only 1 Sub-Fund is active.

Participations in different Series of the same Sub-Fund relate to the same portfolio of assets and liabilities and differ only in the Net Asset Value, the Management Fee, and Performance fee potentially to be paid and the remaining lock-up period.

The Fund started investing in July 2006. At the issue date of this annual report, the latest information memorandum in circulation is dated January 1, 2010.

The Fund aims to provide high net worth individuals and institutional investors with an investment vehicle which targets above average returns in the range of 15% to 20% per annum on a five-year investment horizon. The Fund shall attempt to accomplish this objective by investing in a diversified portfolio of hedge funds (collective investment vehicles) and other investment structures, which employ diverse investment styles and strategies.

As of November 1, 2009 the Fund changed the frequency of NAV calculation from quarterly to monthly.

The interim financial statements were authorized for issue by the Board of Directors on August 18, 2011.

2. Summary of significant accounting policies

Basis of preparation

The interim financial statements of the Fund have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code and Dutch Accounting Standard 394. The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Fund's annual financial statements as at 31 December 2010.

Unless stated otherwise, assets and liabilities have been accounted for at face value.

Significant accounting policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2010.

3. Investments

The movements of the investments are as follows.

	Period January 1, 2011 through June 30, 2011		Period January 1, 2010 through June 30, 2010	
(all amounts in EUR)	Investments	Derivatives	Investments	Derivatives
Total value at beginning of period	132,504,156	338,134	148,465,451	-
Purchases	19,981,120	-	16,840,106	20,977,230
Sales	(34,918,519)	(8,988,375)	(45,740,272)	-
Realized gains	14,346,192	8,988,375	10,415,855	(21,481,944)
Change in unrealized gains	(30,393,908)	(341,214)	7,756,496	671,113
Total value of investments at end of period	101,519,041	(3,080)	137,737,636	166,399

Derivative financial instruments

The carrying amounts of open forward contracts (derivative financial instruments) with positive fair values at June 30, 2011 are as follows:

Expiration Date	Contract currency	Bought	Contract currency	Sold	Contract rate	Current rate	Unrealized EUR
29/07/11	EUR	1,548,205	USD	2,200,000	1.421000	1.449255	30,184
31/08/11	EUR	37,194,105	USD	53,500,000	1.438400	1.447881	243,544
30/09/11	EUR	35,772,414	USD	51,650,000	1.443850	1.446629	68,724
Total unrealized gains on open forward contracts							342,452

4. Cash and cash equivalents

At June 30, 2011 and December 31, 2010 no restrictions on the use of cash and cash equivalents exist.

As of the balance sheet date the Fund maintained a line of credit with KAS Bank N.V. for a total maximum amount of EUR 37.5 million. The total credit facility may at no time exceed 15% of the securities of the Fund which are pledged and the Fund has pledged all securities held at KAS Bank N.V. The sale of such pledged assets requires the release of these assets by the Custodian. The credit facility is interest bearing at an EURIBOR plus 120 basis points interest rate. The facility is automatically renewed at January 31 each year unless otherwise stipulated.

5. Financial liabilities

The carrying amounts of open forward contracts (derivative financial instruments) with negative fair values at June 30, 2011 are as follows:

Expiration Date	Contract currency	Bought	Contract currency	Sold	Contract rate	Current rate	Unrealized EUR
29/07/11	EUR	19,526,748	USD	28,800,000	1.474900	1.449255	(345,532)
Total unrealized losses on open forward contracts							(345,532)

6. Related party transactions

Related party transactions are transfers of resources, services or obligations between related parties and the Fund, regardless of whether a price has been charged. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions or is part of key management of the Fund. The following parties are considered related parties (all amounts in EUR).

Fund Manager

Management fee

Theta Fund Management B.V. acts as the Fund Manager. Under the terms of a management agreement the Fund Manager is entitled to receive a Management Fee based on the Net Asset Value of a Series of Shares of the Fund. The Fund Manager is also entitled to receive a Performance fee: An Performance fee shall be payable to the Fund Manager calculated and out of each Series in respect of each financial year. The Performance fee is based on the amount by which the Total Return exceeded the Benchmark Return ("hurdle rate"). The following Classes are in issue:

- Class A: 0.50% Management Fee, 10% Performance fee subject to a hurdle rate of 8% per annum and perpetual High Water Marks with a 2 year initial hard lock-up;
- Class B: 0.50% Management Fee, 15% Performance fee subject to a hurdle rate of 8% per annum and perpetual High Water Marks with no hard lock-up;

The following share classes are in issue but are not offered:

- Class C: 0.50% Management Fee, 15% Performance fee subject to a hurdle rate of 8% per annum and perpetual High Water Marks with a 2 year initial hard lock-up;
- Class D: No Management Fee, 15% Performance fee subject to a hurdle rate of 8% per annum and perpetual High Water Marks with a 2 year initial hard lock-up;
- Class E: 0.50% Management Fee, 12.5% Performance fee subject to a hurdle rate of 8% per annum and perpetual High Water Marks with a 2 year initial hard lock-up;
- Class F: No Management Fee, 12.5% Performance fee subject to a hurdle rate of 8% per annum and perpetual High Water Marks with a 2 year initial hard lock-up.

For this purpose, both the Total Return and the Benchmark Return shall be determined in accordance with article 11.3 of the Terms and Conditions, Total Return being the increase in Net Asset Value (before accrual for Performance fee) during the Financial Year and the Benchmark Return being based on a rate of 8% per annum. No Performance fee is charged when the Net Asset Value, including distributions, at the end of the calendar year is below the highest Net Asset Value at year-end of any of the previous financial years. The Performance fee, quarterly determined on a pro rata basis and calculated and charged to the Net Asset Value, is paid to the Fund Manager once a year, after the end of the financial year of the Fund or at redemption, if applicable.

The Fund Manager may impose a Subscription Charge of up to 2% of the Subscription Price, payable to the Fund Manager. The Fund Manager may impose a Redemption Charge of up to 1% of the Net Asset Value of the Participations at the Dealing Day on which a redemption is effected, payable to the

Fund Manager. (Part of) The Redemption Charge is used for administrative expenses with respect to the redemption.

As of June 30, 2011, the Directors of the Fund Manager own 375 Class D 01-2010 participations, 2,145.8 Class D 01-2009 participations and 3,558.52 Class F 07-2008 participations.

7. Share capital

As per June 30, 2011, the Fund's share capital exists of 5 Classes divided in 9 series. The movement of shareholders' equity during the period started January 1, 2011 through June 30, 2011 is as follows.

	Series 07-2006	Series 10-2006	Series 01-2007	Series 01-2007 (seed)
(all amounts in EUR)				
<i>Contributions of participants</i>				
Balance at beginning of period	(14,274,064)	(1,686,775)	(3,296,665)	(298,020)
Allocation of result	14,274,064	1,686,775	3,296,665	298,020
Redemption of shares	-	-	-	-
Shares switch	-	-	-	-
Total contributions at end of period	-	-	-	-
<i>Undistributed result</i>				
Balance at beginning of period	14,274,064	1,686,775	3,296,665	298,020
Allocation of result	(14,274,064)	(1,686,775)	(3,296,665)	(298,020)
Net income for the period	-	-	-	-
Shares switch	-	-	-	-
Total undistributed result at end of period	-	-	-	-
Shareholders' equity at end of period	-	-	-	-
	Series 04-2007	Series 04-2007 (seed)	Series 07-2007	Series 07-2007 (seed)
(all amounts in EUR)				
<i>Contributions of participants</i>				
Balance at beginning of period	(1,023,923)	(649,137)	(2,530,556)	(1,550,067)
Allocation of result	1,023,923	649,137	2,530,556	1,550,067
Redemption of shares	-	-	-	-
Shares switch	-	-	-	-
Total contributions at end of period	-	-	-	-
<i>Undistributed result</i>				
Balance at beginning of period	1,023,923	649,137	2,530,556	1,550,067
Allocation of result	(1,023,923)	(649,137)	(2,530,556)	(1,550,067)
Net income for the period	-	-	-	-
Shares switch	-	-	-	-
Total undistributed result at end of period	-	-	-	-
Shareholders' equity at end of period	-	-	-	-

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(all amounts in EUR)

	Series 07-2008	Series 07-2008 (seed)	Series 07-2008 L	Series 10-2008 L
<i>Contributions of participants</i>				
Balance at beginning of period	624,565	129,554	1,466,425	(57,515)
Allocation of result	(624,565)	(129,554)	(1,466,425)	57,515
Redemption of shares	-	-	-	-
Shares switch	-	-	-	-
Total contributions at end of period	-	-	-	-
<i>Undistributed result</i>				
Balance at beginning of period	(624,565)	(129,554)	(1,466,425)	57,515
Allocation of result	624,565	129,554	1,466,425	(57,515)
Net income for the period	-	-	-	-
Shares switch	-	-	-	-
Total undistributed result at end of period	-	-	-	-
Shareholders' equity at end of period	-	-	-	-

(all amounts in EUR)

	Series 01-2009	Series 01-2009 L	Series 01-2009 (seed)	Series 07-2009
<i>Contributions of participants</i>				
Balance at beginning of period	(71,587)	(40,881)	(344,528)	(13,740)
Allocation of result	71,587	40,881	344,528	13,740
Redemption of shares	-	-	-	-
Shares switch	-	-	-	-
Total contributions at end of period	-	-	-	-
<i>Undistributed result</i>				
Balance at beginning of period	71,587	40,881	344,528	13,740
Allocation of result	(71,587)	(40,881)	(344,528)	(13,740)
Net income for the period	-	-	-	-
Shares switch	-	-	-	-
Total undistributed result at end of period	-	-	-	-
Shareholders' equity at end of period	-	-	-	-

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	Class A Series 04-2010	Class A Series 07-2010	Class A Series 12-2010	Class B Series 04-2010
(all amounts in EUR)				
<i>Contributions of participants</i>				
Balance at beginning of period	369,811	175,000	350,000	33,000
Allocation of result	13,517	18,044	13,452	1,208
Redemption of shares	-	-	-	-
Shares switch	-	-	-	604,712
Total contributions at end of period	383,328	193,044	363,452	638,920
<i>Undistributed result</i>				
Balance at beginning of period	13,517	18,044	13,452	1,208
Allocation of result	(13,517)	(18,044)	(13,452)	(1,208)
Net income for the period	(27,564)	(13,882)	(26,136)	(45,943)
Shares switch	-	-	-	(3)
Total undistributed result at end of period	(27,564)	(13,882)	(26,136)	(45,946)
Shareholders' equity at end of period	355,764	179,162	337,316	592,974
	Class B Series 07-2010	Class C Series 07-2008	Class C Series 01-2009	Class C Series 07-2009
(all amounts in EUR)				
<i>Contributions of participants</i>				
Balance at beginning of period	550,000	10,050,713	571,587	162,240
Allocation of result	54,712	901,257	51,461	14,605
Redemption of shares	-	(1,210,015)	-	-
Shares switch	(604,712)	(9,741,955)	(623,048)	-
Total contributions at end of period	-	-	-	176,845
<i>Undistributed result</i>				
Balance at beginning of period	54,712	901,257	51,461	14,605
Allocation of result	(54,712)	(901,257)	(51,461)	(14,605)
Net income for the period	(3)	(47)	(4)	(12,716)
Shares switch	3	47	4	-
Total undistributed result at end of period	-	-	-	(12,716)
Shareholders' equity at end of period	-	-	-	164,129

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(all amounts in EUR)	Class C Series 01-2010	Class D Series 07-2008	Class D Series 01-2009	Class D Series 01-2010
<i>Contributions of participants</i>				
Balance at beginning of period	54,394,175	2,273,112	2,490,328	19,875,885
Allocation of result	5,039,731	220,080	235,274	2,117,294
Redemption of shares	(4,868,268)	(390,782)	-	(8,894,110)
Shares switch	10,365,003	(2,102,410)	(2,725,602)	4,828,012
Total contributions at end of period	64,930,641	-	-	17,927,081
<i>Undistributed result</i>				
Balance at beginning of period	5,039,731	220,080	235,274	2,117,294
Allocation of result	(5,039,731)	(220,080)	(235,274)	(2,117,294)
Net income for the period	(4,786,100)	(14)	(7)	(1,384,119)
Shares switch	(51)	14	7	(21)
Total undistributed result at end of period	(4,786,151)	-	-	(1,384,140)
Shareholders' equity at end of period	60,144,490	-	-	16,542,941

(all amounts in EUR)	Class E Series 10-2008	Class E Series 01-2009	Class F Series 07-2008	Total
<i>Contributions of participants</i>				
Balance at beginning of period	1,004,293	305,022	27,836,195	96,824,447
Allocation of result	90,722	27,554	2,639,888	35,055,713
Redemption of shares	-	-	(4,274,365)	(19,637,540)
Shares switch	332,576	(332,576)	-	-
Total contributions at end of period	1,427,591	-	26,201,718	112,242,620
<i>Undistributed result</i>				
Balance at beginning of period	90,722	27,554	2,639,888	35,055,713
Allocation of result	(90,722)	(27,554)	(2,639,888)	(35,055,713)
Net income for the period	(102,660)	(1)	(1,890,252)	(8,289,448)
Shares switch	(1)	1	-	-
Total undistributed result at end of period	(102,661)	-	(1,890,252)	(8,289,448)
Shareholders' equity at end of period	1,324,930	-	24,311,466	103,953,172

The movement of the shares during the period is as follows:

	Shares beginning of period	Shares issued	Shares redeemed	Shares end of period
Class A Series 04-2010	370	-	-	370
Class A Series 07-2010	175	-	-	175
Class A Series 12-2010	350	-	-	350
Class B Series 04-2010	33	583	-	616
Class B Series 07-2010	550	-	(550)	-
Class C Series 07-2008	10,635	-	(10,635)	-
Class C Series 01-2009	500	-	(500)	-
Class C Series 07-2009	149	-	-	149
Class C Series 01-2010	40,526	7,067	(3,405)	44,188
Class D Series 07-2008	2,392	-	(2,392)	-
Class D Series 01-2009	2,146	-	(2,146)	-
Class D Series 01-2010	14,828	3,255	(6,095)	11,988
Class E Series 10-2008	947	287	-	1,234
Class E Series 01-2009	264	-	(264)	-
Class F Series 07-2008	29,238	-	(4,170)	25,068
Total	103,103	11,192	(30,157)	84,138

8. Foreign currency translation

Realized and unrealized exchange differences consist of realized and unrealized translation losses on assets and liabilities other than financial instruments at fair value through profit or loss and amount to a loss of EUR 593,231 (2010: gain EUR 1,279,439).

The following average and closing rates have been applied in preparation of these financial statements:

	Period January 1, 2011 through June 30, 2011		Period January 1, 2010 through June 30, 2010	
	Average	Closing	Average	Closing
<i>Showing the equivalent of 1 Euro</i> United States Dollar	1.4050	1.4502	1.3286	1.2237

9. Costs

(For the six month period ending June 30)

	<u>2011</u>	<u>2010</u>
<i>Cost accruing to management</i>		
Management fee	169,077	181,930
<i>Other costs</i>		
Interest expenses	9,571	8,591
Administration fee	51,146	63,881
Audit fee	8,092	9,461
Custody fee	32,900	31,903
Legal fee	2,262	20,741
Bank charges	4,253	7,486
Other general expenses	25,205	26,551
	<u>133,429</u>	<u>168,614</u>
Total costs	<u>302,506</u>	<u>350,544</u>

10. Schedule of investments in investment funds at June 30 by strategy

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
(all amounts are in EUR)		
Activist	10,605,186	14,206,967
Distressed/Restructuring	35,627,977	29,074,332
Special Situations	11,485,465	15,570,448
Energy/Basic Materials	4,289,961	9,885,119
Fundamental Growth	11,847,819	18,101,242
Discretionary Commodity	5,855,158	10,276,569
Discretionary Thematic	2,430,421	11,620,304
Fixed Income Asset-Backed	7,153,366	11,116,609
Fixed Income - Corporate	9,556,493	12,239,055
Multi-Strategy	2,667,195	5,646,991
Total	<u>101,519,041</u>	<u>137,737,636</u>

11. Personnel

The Fund did not employ any personnel during the period ended June 30, 2011 and 2010.

12. Events after balance sheet date

No important events that may impact the financial position as reported in this report have occurred after the balance sheet date.

13. Information

This semi-annual report and the prospectus of the Fund are available free of charge at the Fund Manager or available for download free of charge from the Fund Manager's website: <http://www.thetacapital.com>.