

UNAUDITED INTERIM FINANCIAL STATEMENTS

Theta Legends 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.
Johannes Vermeerstraat 9
1071 DK Amsterdam
The Netherlands

Internet: www.thetacapital.com

Administrator

TMF FundAdministrators B.V.
Westblaak 89
P.O. Box 25121
3001 HC Rotterdam
The Netherlands

Legal Counsel

Greenberg Traurig, LLP
Strawinskylaan 3127
1077 ZX Amsterdam
The Netherlands

Custody Bank

ABN AMRO Bank N.V.
Prins Bernhardplein 200
1097 JB Amsterdam
The Netherlands

Custodian

TMF Bewaar B.V.
Locatellikade 1
1076 AZ Amsterdam
The Netherlands

Independent Auditor

Ernst & Young Accountants, LLP
Wassenaarseweg 80
2596 CZ The Hague
The Netherlands

*The interim financial report is not audited by
the Independent Auditor*

Profile

Theta Legends Fund (the “Fund”) is a closed mutual fund (besloten fonds voor gemene rekening), domiciled in The Netherlands. The Fund is structured as an umbrella fund with Sub-Funds. Within a Sub-Fund, different Classes of Participations may exist.

The Fund started investing on February 1st, 2010. The Fund’s investment objective is to generate investment returns around 10% per annum in a one to five year investment horizon, with a modest correlation to equities and bonds.

Summary of the Net Asset Values as issued¹

June 30, 2011

	Net Asset Value	Participations	Net Asset Value Per participation
Euro Classes (amounts in EUR)			
Class A EUR	12,214,829	117,812	103.68
Class B EUR	69,471,169	665,823	104.33
	Net Asset Value	Participations	Net Asset Value per participation
US Dollar Classes (amounts in USD)			
Class B USD	6,251,269	59,179	105.63

¹ The net asset value per share is calculated in accordance with the Information Memorandum. Refer to note 13 of the financial statements for the reconciliation between the net assets according to Dutch GAAP and the net assets according to the issued NAV.

Interim financial statements

(unaudited)

Statement of financial position

(all amounts in EUR)	Notes	2011	2010
Assets			
Investments in shares	3	84,650,060	86,960,343
Derivative financial instruments	3	94,529	433,640
Total investments		84,744,589	87,393,983
Current assets			
Cash and cash equivalents	4	1,933,075	-
Prepaid investments		-	5,975,947
Interest receivable		1,403	773
Total current assets		1,934,478	5,976,720
Total assets		86,679,067	93,370,703
Liabilities			
Current liabilities			
Due to brokers and bank overdrafts		-	1,704,877
Subscriptions received in advance	6	250,000	500,000
Derivative financial instruments	5	240,613	448,888
Accrued expenses and other payables	8	214,195	393,717
Total current liabilities		704,808	3,047,482
Shareholder's equity			
Contributions of participants	9	90,716,821	82,676,219
Undistributed result	9	(4,742,562)	7,647,002
Total shareholder's equity		85,974,259	90,323,221
Total liabilities and shareholders' equity		86,679,067	93,370,703

The accompanying notes are an integral part of these financial statements

Statement of comprehensive income

(unaudited)

(all amounts in EUR)	Notes	January 1, through June 30, 2011	January 15 through June 30, 2010
Investment result			
Net gains and losses from investments		(7,408,438)	461,750
Net gains and losses from derivatives		2,808,866	(4,222,420)
Interest income		5,526	2,766
Other income		188,496	-
Subscription and redemption fees		20,661	-
Foreign currency translation	11	(19,346)	510,223
		<u>(4,404,235)</u>	<u>(3,247,681)</u>
Costs	12	<u>338,327</u>	<u>154,565</u>
Net income		<u>(4,742,562)</u>	<u>(3,402,246)</u>

The accompanying notes are an integral part of these financial statements

Statement of cash flows

(unaudited)

(all amounts in EUR)	Notes	January 1, through June 30, 2011	January 15 through June 30, 2010
Cash flow from operating activities			
Net receipts (payments) for investments		877,792	(77,191,679)
Net receipts (payments) for derivatives		2,939,702	(3,001,648)
Interest received		4,896	2,552
Interest paid		(16,617)	(2,070)
Management fee paid		(125,780)	(7,211)
Performance fee paid		(294,908)	-
Advisory fee paid		(1,660)	(3,888)
Administration fee paid		(48,098)	-
Audit fee paid		(13,685)	-
Custody fee paid		(27,046)	(15,992)
Legal fee paid		-	(857)
Other income received		188,496	-
Incorporation costs paid		-	(3,808)
Bank charges paid		(515)	(1,251)
Other general expenses paid		10,460	-
Net cash flow used in operating activities		3,493,037	(80,225,852)
Cash flow from financing activities			
Proceeds from sales of participations		7,451,244	81,195,220
Subscriptions received in advance		250,000	200,000
Payments for redemptions of participations		(7,557,644)	-
Loans and borrowings received		20,661	-
Net cash flow generated from financing activities		164,261	81,395,220
Net cash flow generated during the period		3,657,298	1,169,368
Cash and cash equivalents at beginning of period		(1,704,877)	-
Foreign currency translation of cash positions		(19,346)	(81,116)
Cash and cash equivalents at the end of the period	4	1,933,075	1,088,252
Analysis of cash and cash equivalents			
Due from brokers		1,933,075	1,362,472
Due to brokers		-	(274,220)
Total of cash and cash equivalents	4	1,933,075	1,088,252

The accompanying notes are an integral part of these financial statements

Notes to the financial statements

1. General information

Theta Legends Fund (the “Fund”) is a closed mutual fund (besloten fonds voor gemene rekening), domiciled in The Netherlands. The Fund is managed by Theta Fund Management B.V. Theta Fund Management B.V. is regulated under the Dutch Financial Supervision Act (Wet op het financieel toezicht). The Fund is structured as an umbrella fund with Sub-Funds. Within a Sub-Fund, different Classes of Participations may exist. Participations in each Class may be issued in Series with reference to a particular Dealing Day. Each Sub-Fund may, unless provided otherwise for a specific Class, issue and redeem Participations on a monthly basis. Sub-Funds may have different assets and liabilities in their portfolios while different Classes in the same Sub-Fund will have the same assets and liabilities, except for currency hedges, but may differ in redemption characteristics, fee-structure or currency of denomination.

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 Incentive Fee potentially to be paid and the remaining lock-up period.

The Fund started investing in February 2010. As at the issue date of this semi-annual report the latest information memorandum in circulation is dated February 1, 2010.

The Fund’s investment objective is to generate investment returns around 10% per annum in a one to five year investment horizon, with a modest correlation to equities and bonds.

The Fund’s investment activities are managed by Theta Fund Management (the ‘Fund Manager’), with the administration delegated to TMF FundAdministrators B.V.

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

The comparative figures reflect the period from inception on January 15, 2010 through June 30, 2010 and are therefore not entirely comparable to the current reporting period.

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

	Period January 1 through June 30, 2011		Period January 15 through June 30, 2010	
	Investments	Derivatives	Investments	Derivatives
(all amounts in EUR)				
Total value at beginning of period	86,960,343	(15,248)	-	-
Purchases	17,488,441	-	77,083,076	3,012,611
Sales	(12,390,286)	(2,939,702)	-	-
Realized gains	1,871,000	2,938,624	-	(3,001,648)
Change in unrealized gains	(9,279,438)	(129,758)	1,042,158	(1,220,772)
Total value of investments at end of period	84,650,060	(146,084)	78,125,234	(1,209,809)

The following table shows the reconciliation of the derivatives with the statement of financial position at the reporting date.

(all amounts in EUR)	2011	2010
Contracts with a positive fair value	94,529	161,536
Contracts with a negative fair value	(240,613)	(1,371,345)
Total derivatives at end of the period	(146,084)	(1,209,809)

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	USD	1,615,000	EUR	1,092,989	1.477600	1.449255	21,363
31/08/11	EUR	7,579,972	USD	10,900,000	1.438000	1.447881	51,727
30/09/11	EUR	16,076,002	USD	23,225,000	1.444700	1.446629	21,439
Total unrealized gains on open forward contracts							94,529

4. Cash and cash equivalents

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

As of the balance sheet date the Fund has a line of credit with ABN AMRO Bank N.V. The total credit facility may at no time exceed EUR 15 million, or 20% of the securities of the Fund which are pledged, and the Fund has pledged all securities held at ABN AMRO 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 EONIA plus 145 basis points interest rate and LIBOR plus 145 basis points interest rate. First expiration of the credit line could take place in May 2012.

5. Derivative financial instruments

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	11,775,853	USD	17,400,000	1.477600	1.449255	(230,316)
31/08/11	USD	1,600,000	EUR	1,112,656	1.438000	1.447881	(7,581)
30/09/11	USD	2,950,000	EUR	2,041,946	1.444700	1.446629	(2,716)
Total unrealized losses on open forward contracts							(240,613)

6. Subscriptions received in advance

The subscriptions received in advance represent the amounts received from shareholders for subscriptions to shares of the Fund for the first business day of the next month. Shareholders are required to deposit the amounts with the Fund prior to the issuance of shares.

As at June 30, 2011 the subscriptions received in advance amount to EUR 250,000 (at December 31, 2010: EUR 500,000).

7. 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. The Fund Manager is considered a related party.

Fund Manager

Theta Fund Manager B.V. acts as the Fund Manager. Under the terms of a management agreement the Fund Manager shall be entitled to receive a Management Fee based on the Net Asset Value of a Class of Shares of the Fund. The Fund Manager also receives an Incentive Fee payable out of each Class in respect of each financial year. The Incentive Fee is based on the amount by which the Total Return exceeded the Benchmark Return ("hurdle rate").

The Fund has one Sub-Fund having eight Classes with the following terms:

1. Class A-EUR: 1.00% Management Fee, and a 5% Incentive Fee.
2. Class A-USD: 1.00% Management Fee, and a 5% Incentive Fee.
3. Class B-EUR: 0.50% Management Fee, and a 5% Incentive Fee.
4. Class B-USD: 0.50% Management Fee, and a 5% Incentive Fee.
5. Class C-EUR: 0.50% Management Fee, and a 5% Incentive Fee.
6. Class C-USD: 0.50% Management Fee, and a 5% Incentive Fee.
7. Class D-EUR: No Management Fee, and a 5% Incentive Fee.
8. Class D-USD: No Management Fee, and a 5% Incentive Fee.

The classes C and D are no longer offered nor active as of February 1, 2011.

For all Classes, the Incentive Fee is, for each Series, calculated and payable annually and is subject to a hurdle rate of 3-month Euribor + 2% per annum.

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 the Incentive Fee) during a financial year and the Benchmark Return being based on a rate of 3-months Euribor + 2%. No Incentive Fee is charged when the Net Asset Value, including distributions, at the end of a financial year.

There is a Redemption Charge of 1% of the Net Asset Value of the Participations at the Dealing Day on which a redemption is effected, of which 0.5% is payable to the Fund for administrative expenses with respect to the redemption and 0.5% is payable to the Fund Manager.

8. Accrued expenses and other payables

As at June 30, the accrued expenses and other payables consist of the following (all amounts in EUR):

	2011	2010
Interest payable	-	932
Management fee payable	127,448	35,470
Performance fee payable	22	294,908
Administration fee payable	22,450	23,107
Audit fee payable	7,438	14,875
Custody fee payable	29,601	21,050
Exit fees payable	20,571	-
Other general fees payable	6,665	3,375
Total accrued expenses and other payables	214,195	393,717

9. Share capital

Movement of shareholders' equity for the Euro Classes during the period started January 1, 2011 through June 30, 2011 is as follows.

(all amounts in EUR)	Class A	Class B	Class C	Class D	Total
<i>Contributions of participants</i>					
Balance at beginning of period	7,860,908	10,062,757	349,000	58,967,700	77,240,365
Allocation of result	563,995	901,159	33,527	5,451,620	6,950,301
Proceeds from shares issued	4,151,426	3,800,000	-	-	7,951,426
Redemption of shares	(105,427)	(753,049)	-	(5,471,000)	(6,329,476)
Switch of shares	382,527	58,948,320	(382,527)	(58,948,320)	-
Total contributions at end of period	12,853,429	72,959,187	-	-	85,812,616
<i>Undistributed profit</i>					
Balance at beginning of period	563,995	901,159	33,527	5,451,620	6,950,301
Allocation of result	(563,995)	(901,159)	(33,527)	(5,451,620)	(6,950,301)
Net income for the period	(636,133)	(3,099,870)	(2,467)	(388,148)	(4,126,618)
Redemption of shares	-	-	-	-	-
Switch of shares	(2,467)	(388,148)	2,467	388,148	-
Total undistributed profit at end of period	(638,600)	(3,488,018)	-	-	(4,126,618)
Shareholders' equity at end of period	12,214,829	69,471,169	-	-	81,685,998

Movement of shareholders' equity for the US Dollar Classes during the period started January 1, 2011 through June 30, 2011 is as follows.

(all amounts in USD)	<u>Class A</u>	<u>Class B</u>	<u>Class D</u>	<u>Total</u>
<i>Contributions of participants</i>				
Balance at beginning of period	20,000	1,350,000	6,036,412	7,406,412
Allocation of result	1,346	133,322	702,443	837,111
Proceeds from shares issued	-	-	-	-
Redemption of shares	(21,346)	-	(1,660,500)	(1,681,846)
Switch of shares	-	5,078,355	(5,078,355)	-
Total contributions at end of period	-	6,561,677	-	6,561,677
<i>Undistributed profit</i>				
Balance at beginning of period	1,346	133,322	702,443	837,111
Allocation of result	(1,346)	(133,322)	(702,443)	(837,111)
Net income for the period	180	(277,057)	(33,351)	(310,228)
Redemption of shares	-	(180)	-	(180)
Switch of shares	-	(33,351)	33,351	-
Total undistributed profit at end of period	-	(310,408)	-	(310,408)
Shareholders' equity at end of period	-	6,251,269	-	6,251,269

The movement of the shares during the period January 1, 2011 through June 30, 2011 is as follows:

	<u>Shares beginning of period</u>	<u>Shares issued or switched</u>	<u>Shares redeemed or switched</u>	<u>Shares end of period</u>
Class A EUR	77,193	41,592	(973)	117,812
Class B EUR	100,069	572,693	(6,940)	665,822
Class C EUR	3,490	-	(3,490)	-
Class D EUR	585,187	-	(585,187)	-
Class A USD	199	-	(199)	-
Class B USD	13,390	45,789	-	59,179
Class D USD	60,574	-	(60,574)	-
Total	840,102	660,074	(657,363)	842,813

10. Schedule of investments in hedge funds

(all amounts are in EUR)	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Strategy		
Fundamental Value	30,445,774	28,529,988
Special Situations	12,038,902	17,486,604
Discretionary Thematic	22,045,231	14,504,040
Systematic Diversified	6,295,781	10,820,479
Fixed Income – Corporate	13,824,372	15,619,232
Total	84,650,060	86,960,343

11. Foreign currency translation

Foreign currency translation results from translation of financial liabilities are recognized through the comprehensive income statement. Realized and unrealized exchange rate differences consist of the following components (all amounts in EUR):

	January 1, through June 30, 2011	January 15, through June 30, 2010
Foreign currency translation gains / (losses) of translating USD Classes into the presentation currency	(398,263)	591,387
Realized and unrealized translation gains / (losses) on other assets and liabilities	378,917	(81,164)
Total foreign currency translation	(19,346)	510,223

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

	Period January 1 Through June 30, 2011		January 15 through June 30, 2010	
	Average	Closing	Average	Closing
<i>Showing the equivalent of 1 Euro</i>				
United States Dollar	1.4050	1.4502	1.3180	1.2240

12. Costs

	January 1, through June 30, 2011	January 15, through June 30, 2010
<i>Cost accruing to management</i>		
Management fee	217,758	37,317
	217,758	37,317
<i>Other costs</i>		
Interest expenses	15,685	2,080
Administration fee	47,233	41,564
Advisory fee	1,660	3,888
Performance fee	22	-
Audit fee	6,248	8,655
Custody fee	45,706	31,805
Legal fee	-	6,364
Bank charges	515	1,251
Incorporation costs	-	19,527
Other general expenses	3,500	2,114
	120,569	117,248
Total costs	338,327	154,565

13. Net asset value as issued

The following schedule shows the reconciliation between the net asset value determined in accordance with Part 9, Book 2 of the Dutch Civil Code and Dutch Accounting Standard 394 and the net asset value determined in accordance with the Articles of Association. The Articles of Association states that the incorporation costs should be amortized in 5 years. Part 9, Book 2 of the Dutch Civil Code and Dutch Accounting Standard 394 states that incorporation costs should be expensed immediately. To determine the net asset value in accordance with the Articles of Association the following schedule is presented (all amounts in EUR):

	June 30, 2011	December 31, 2010
Net assets attributable to holders of participations in accordance with Dutch GAAP	85,974,259	90,323,221
Adjustments		
Amortization of incorporation costs	22,365	25,486
Adjusted net assets to holders of participations in accordance with the Articles of Association	85,996,624	90,348,707

14. Personnel

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

15. Securities lending

The fund lends no securities from or to other parties.

16. 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.

17. 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>