

**NEDGROUP INVESTMENTS
PREMIUM PORTFOLIO PLC**

**REPORT AND FINANCIAL STATEMENTS
For the year ended 30 June 2011**

NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC
Annual Report and Financial Statements
For the year ended 30 June 2011

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NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC
Corporate Information
For the year ended 30 June 2011

Directors

A V Lodge
T A Wiltcher
A E Barber
J Bourbon

Secretary

H Stewart

Administrator

Credit Suisse Administration Services (IOM) Limited
18-20 North Quay
Douglas
Isle of Man
IM1 4LE

Custodian & Banker

Credit Suisse Custodial Services (IOM) Limited
18-20 North Quay
Douglas
Isle of Man
IM1 4LE

Registered office

18-20 North Quay
Douglas
Isle of Man
IM1 4LE

Auditors

KPMG Audit LLC
Heritage Court
41 Athol Street
Douglas
Isle of Man
IM99 1HN

Legal Advisor

Cains Advocates Limited
Fort Ann
South Quay
Douglas
Isle of Man
IM1 5PD

Manager

Nedgroup Investments (IOM) Limited
First Floor, Samuel Harris House
St George's Street
Douglas
Isle of Man
IM1 1AJ

NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC

Directors' Report

For the year ended 30 June 2011

The Directors present their annual report and the audited financial statements for the year ended 30 June 2011.

Principal Activity

Nedgroup Investments Premium Portfolio PLC ("the Fund") is a specialist fund incorporated in the Isle of Man on 21 August 2007. The Fund is a Registered Fund under the Collective Investment Schemes Act 2008. During the year, following a decision made by the Directors in December 2008, dealing in shares of the Fund have remained suspended whilst an orderly disposition of the Fund's assets is progressed.

Results and Dividends

The financial results of the Fund for the year ended 30 June 2011 are set out in the Statement of Total Return on page 8. The net income and capital losses for the period amounted to a negative return attributable to shareholders of US\$(3,079,532) (2010 Note 11: (\$10,016,024)). The Directors do not recommend the payment of a dividend (2010: nil).

Directors and Directors' Interests

The Directors who served during the year and to date are as follows:

A V Lodge

T A Wiltcher

A E Barber *

J Bourbon *

* Independent non-executive director

Secretary

H Stewart

Statement of Disclosure of Information to Auditors

The directors of the fund who held office at the date of approval of this annual report confirm that:

- So far as they are aware, there is no relevant audit information, information needed by the fund's auditors in connection with preparing their report, of which the fund's auditors are unaware; and
- They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the fund's auditors are aware of that information.

Auditors

The Auditors, KPMG Audit LLC, being eligible, have expressed their willingness to continue in office in accordance with Section 12 (2) of the Isle of Man Companies Act 1982.

NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC

Director's Report (continued)

For the year ended 30 June 2011

Statement of Directors' Responsibilities in Respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. In addition, the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required to give a true and fair view of the state of affairs of the Fund and of the profit or loss of the Fund for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK Accounting Standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Fund's transactions and disclose with reasonable accuracy at any time the financial position of the Fund. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities.

On behalf of the board



A V Lodge
Director

Dated: 3 November 2011

NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC

Report of the Investment Manager

For the year ended 30 June 2011

Market Commentary 12 months ended 30 June 2011

Following on from a mixed first half of the year in 2010, the period beginning 1 July 2010 to 30 June 2011 started off well for global equities as we saw the MSCI Global Equity index post an 8%+ return in July 2010. The index closed the 12 month period up 31.2% through a period which saw equity markets generally rise with fairly low volatility. In fact, the VIX index, as a measurement of volatility using the implied volatilities of S&P 500 options, fell from close to 35 at the start of the period to close to 15 by the closing of the period in review.

In the first quarter of 2011, developed equity markets proved to be highly resilient as they recovered from unforeseen major events and ended the period having quickly recovered from a drawdown of greater than -7% in March 2011 – this pushed the VIX to reach levels of close to 30 for a short period of time. Investors seemed to take the political turmoil in the Middle East North Africa Region and Japan's devastating earthquake in their stride, focusing their attention on improving economic data. These potential shocks, along with the ongoing European debt crisis proved the resilience of markets through this review period.

Government bonds, as measured by the JP Morgan Global Government Bond index, were up 10.2% through the period but not without volatility. Investors seemed to look towards government bonds as a safe haven during the mid to tail end of 2010, preferring risk assets towards the end of 2010 and through the start of 2011. All the performance for the index was derived during the first four months of the reporting period with the index up 10%+ by the end of October 2010. The following 6 weeks saw a near 7.5% fall in the index which was then made up through the remainder of the period. The index fell in November and early December 2010 as expectations that the global economic recovery was gathering pace reduced demand for safe-haven assets.

The iBOXX IG 30 Index, measuring the return of investment grade corporate bonds, returned 6.7% during the 12 months. US High Yield Bonds, as measured by the Merrill Lynch High Yield Master II index were up 15.4%. Finally, the JP Morgan EMBI+ index, measuring the return of emerging market debt, was up 11.8%.

Portfolio Commentary 12 months ended 30 June 2011

As at the start of the reporting period, 1 July 2010, assets in the fund were \$17.04m. By the end of the reporting period, 30 June 2011, assets had fallen to \$13.96m signalling a fall in NAV of approximately 18.1%.

Following the decision in December 2008 to suspend dealings of shares in the fund, the Directors believed that it was in the best interest of all shareholders to cease promotion of the fund to new participants and to implement an orderly disposition of the fund's assets. This exercise has been in place for the full 12 month period ended 30 June 2011. The first priority has been to pay down the leverage provider completely prior to any distributions being made to shareholders. At the start of the period in review, the leverage on the fund stood at \$14.11m. By the end of the period, this was \$11.40m, indicating that \$2.71m of leverage had been repaid over the 12 months.

NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC

Report of the Investment Manager(continued)

For the year ended 30 June 2011

Portfolio Commentary 12 months ended 30 June 2011 - continued

By and large, most positions performed negatively during the period. There were a handful of positively performing funds but these were limited to positions that tended to be small and fairly liquid, hence exacerbating the effect of the negatively performing funds. The period can be summarised in that liquidity is reaching a point of drying up. Funds that were liquid had returned capital to shareholders whilst funds that were largely illiquid managed to liquidate the saleable portions of their books and are now left with lower quality, illiquid assets. These assets are naturally harder to price and are therefore subject to the most forward looking uncertain risk.

One of the funds that fell into this criterion was Aramid Entertainment Fund. The fund failed to pay any redemption proceeds to its investors during the 12 months in review and the NAV moved -0.1%. The remaining assets on their books are extremely hard to price given both their general illiquidity and also their niche type of media assets. Valens Offshore fund is another example. The fund is split fairly equally between active assets and side-pocketed assets. The active assets were priced accordingly through the period and were in part liquidated. We received less than 10% of the starting NAV through redemptions in the active assets which were also marked down over -16.2% through the 12 months. The side pocketed assets however were not liquidated at all and they continue to grow as a percentage of our total allocation to Valens Offshore. The side-pocketed assets were marked down -0.8%. The outcome for the side-pocketed assets is binary in that if certain milestones are met for the underlying business, the payoff could be multiple otherwise the asset could go to zero.

Two of the underlying funds that are of most concern to us are Stillwater and Amincor (formerly Capstone). The assets are completely illiquid in that not only are we not receiving any proceeds but the fund is not providing a Net Asset Value (NAV) to price the fund. Therefore we continue to hold the fund at an NAV price older than the 12 months in review. Ongoing litigation and concerns surrounding new legal structures for the fund continue to hamper efforts to find a solution in order to ensure an orderly liquidation.

As a broad summary, Quantek Opportunity fund was down almost -19%, Pentagon Bernini was down almost -30% whilst Denholm Hall Russia Arbitrage saw a negative movement of -20% over the 12 months to end June 2011. The largest position in the portfolio, both at the start and end of the review period, Medley Opportunity fund, was down -8.2% and liquidated less than 10% of starting NAV.

On a positive note, Ancile INOKS, a trade finance fund, continued to perform positively and delivered 4% in the 12 month period. The fund is essentially being liquidated but the underlying assets and asset coverage remain strong. RD Legal, a legal settlement factoring fund, continued to deliver the mandated 1.06% per month although the repayment of capital has effectively slowed down completely. Centar Select continued to return capital to investors and redeemed more than two-thirds of the starting NAV whilst continuing to perform positively, up 11%.

NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC
Report of the Investment Manager (continued)
For the year ended 30 June 2011

Portfolio Commentary 12 months ended 30 June 2011 – continued

The outlook for the portfolio remains uncertain with regards to both asset values and liquidation of assets. We continue to scour the secondary market for attractive bids on some of the assets as well as maintain a close relationship with the underlying leverage provider. The leverage provider must be paid in full prior to any distribution of capital to investors in Premium Portfolio.

Nedgroup Investments (IOM) Limited
Investment Manager

**Report of Independent Auditor's, KPMG Audit LLC, to the Shareholders of
NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC**
For the year ended 30 June 2011

We have audited the financial statements of Nedgroup Investments Premium Portfolio PLC for the year ended 30 June 2011 which comprise the Statement of Total Return, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards.

This report is made solely to the Fund's members, as a body, in accordance with Section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Fund's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland).

Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion

In our opinion the financial statements:

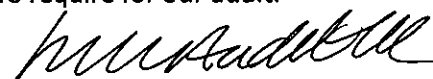
- give a true and fair view of the state of the Fund's affairs as at 30 June 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards; and
- have been properly prepared in accordance with the provisions of Companies Acts 1931 to 2004.

**Report of Independent Auditor's, KPMG Audit LLC, to the Shareholders of
NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC
For the year ended 30 June 2011 (continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

- proper books of account have not been kept and proper returns adequate for our audit have not been received from branches not visited by us; or
- the Fund's balance sheet, and statement of total return are not in agreement with the books of account and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man

8 November 2011

NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC
Statement of Total Return
For the year ended 30 June 2011

	<i>Notes</i>	2011 US\$	2010 US\$
INCOME			
Dividends		195,813	100,964
		<hr/>	<hr/>
TOTAL INCOME		195,813	100,964
Expenses			
Bank Charges		855	1,852
Other Expenses		(48,593)	60,875
Amortisation		-	26,471
Administration fee	2	30,108	36,554
Directors' fee	2	18,875	20,000
Audit fees		17,428	18,374
Custodian fee	2	6,043	8,622
		<hr/>	<hr/>
TOTAL EXPENSES		24,716	172,748
		<hr/>	<hr/>
Net income/(expenses) for the year	4e)	171,097	(71,784)
		=====	=====
Net recognised (losses) on financial instruments at fair value through profit or loss			
Unrealised	4d)	(477,059)	(8,451,473)
Realised	4d)	(2,773,570)	(1,492,767)
		<hr/>	<hr/>
Net (loss) on investments		(3,250,629)	(9,944,240)
		<hr/>	<hr/>
Returns attributable to Holders of Participating redeemable Preference Shares		(3,079,532)	(10,016,024)
		=====	=====

There were no recognised gains and losses other than those reported in the Statement of Total return, therefore a Statement of Total Recognised Gains and Losses has not been prepared.

The Directors consider that all results derive from continuing activities.

The notes on pages 10 to 21 form an integral part of these financial statements.

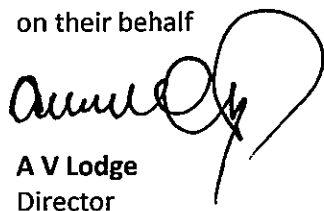
NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC

Balance sheet

As at 30 June 2011

	<i>Note</i>	2011 US\$	2010 US\$
Fixed Assets			
Financial assets at fair value through profit or loss	5	25,456,153	30,948,359
Current Assets			
Debtors and prepayments		27,631	277,883
Cash and cash equivalents		14,059	16,218
		<u>41,690</u>	<u>294,101</u>
Current Liabilities			
Accrued Expenses		(145,109)	(92,610)
Financial liabilities at fair value through profit and loss	5	(11,396,319)	(14,113,903)
		<u>(11,541,428)</u>	<u>(14,206,513)</u>
Net current liabilities		<u>(11,499,738)</u>	<u>(13,912,412)</u>
Total net assets		<u>13,956,415</u> =====	<u>17,035,947</u> =====
Net assets attributable to holders of redeemable participating preference shares		13,956,315	17,035,847
Net assets attributable to holders of management shares	4b)	<u>100</u>	<u>100</u>
	6	<u>13,956,415</u> =====	<u>17,035,947</u> =====

These financial statements were approved by the Board of Directors on 3 November 2011 and signed on their behalf


A V Lodge
Director


T Wiltcher
Director

The notes on pages 10 to 21 form an integral part of these financial statements.

NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC

Notes to the financial statements

For the year ended 30 June 2011

Nedgroup Investments Premium Portfolio PLC (the "Fund") was incorporated as a public limited liability company in the Isle of Man on 21 August 2007 and is constituted in accordance with the Collective Investment Schemes (Specialist Fund) Regulations 2010 made under the Collective Investment Schemes Act 2008 (the "Regulations").

An initial offer of participating non-voting redeemable preference shares ("Shares") in the capital of the Fund relating to the US Dollar A Class and the US Dollar B Class took place on 1 February 2008.

The Fund is a leveraged fund of hedge funds, such leverage being supplied by the issue of derivative transactions provided by a finance provider. On 22 December 2008, the dealing of shares in the US Dollar A Class and the US Dollar B Class of the Fund was suspended and has remained suspended since then.

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements of the Fund:

a) Basis of Accounting

These financial statements have been prepared under the historical cost convention except for the revaluation of financial assets held at fair value through profit and loss and in accordance with United Kingdom generally accepted accounting principles.

b) Income and Expenses

All income and expenses are accounted for on an accruals basis.

c) Investments

As the Fund's business is investing in financial assets and liabilities with a view to profiting from their total return in the form of income or capital gains, such financial assets and liabilities are designated at fair value through profit or loss on initial recognition.

All investment securities are initially recognised at fair value on their trade date. Financial assets are subsequently re-measured based on mid-market prices from quoted and unquoted sources. Investments in unquoted funds are valued at the most recently published net asset value available to the Manager from the relevant funds. Financial instruments that are not traded in an active market (for example over-the-counter derivatives) are subsequently re-measured using valuation techniques.

Gains and losses arising from changes in the fair value of securities are recognised in the Statement of Total Return. Realised gains and losses on sale are also included in the Statement of Total Return.

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with FRS 26.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC

Notes to the financial statements (continued)

For the year ended 30 June 2011

1. Accounting policies (continued)**d) Derivative financial instruments**

Derivatives are recognised at fair value through profit and loss on the trading date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models as appropriate.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Subsequent changes in the fair value of any derivative instrument are recognised immediately in the Statement of Total Return.

e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances held at banks together with bank overdrafts.

f) Cash Flow Statement

As the Fund is an open ended collective investment scheme and investments are valued at market value, there is no requirement to report a cash flow statement in accordance with Financial Reporting Standard 1 Cash Flow Statements.

g) Redeemable shares

All redeemable participating preference shares issued by the Fund provide the investors with the right to require redemption for cash at the value proportionate to the investor's share in the Fund's net assets at the redemption date. In accordance with FRS 25 such instruments give rise to a financial liability for the present value of the redemption amount.

h) Foreign Exchange

Transactions in foreign currencies are translated into the base currency of the relevant share classes at the exchange rate ruling at the date of the transaction.

Foreign currency assets and liabilities are translated into the base currency of the Fund at the exchange rate ruling at the balance sheet date. Realised and unrealised gains or losses on translation are included with realised and unrealised gains/(losses) on investments in the Statement of Total Return.

i) Forward Currency Contracts

A forward currency contract is a contract to purchase or sell a specified amount of foreign currency at an agreed future date at an exchange rate determined on the date the contract is made. The contracts are valued at the forward rate and the Fund's equity therein, representing unrealised gains or losses on the contracts, is included in net current assets. Realised and unrealised gains and losses are recorded in the Statement of Total Return and taken to the Capital Reserve.

NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC

Notes to the financial statements (continued)

For the year ended 30 June 2011

2. Fees

The Manager was paid a periodic fee equal to 1.75% per annum of the net asset value of the Dollar A Class and a fee equal to 1.00% per annum of the net asset value of the Dollar B Class, such fees to be calculated on each Dealing Day, accrued monthly and paid at the end of each month.

The Manager also received a performance fee equal to 10% of the increase in the net asset value of each Class of Shares on a Dealing Day from the highest historical net asset value (the 'Peak Net Asset Value') on any previous Dealing Day for which a performance fee was previously paid. Any such performance fee is accrued on each Dealing Day and paid quarterly.

Since dealing in Shares of the Fund was suspended the Manager has waived all fees.

A V Lodge and T A Wiltcher are Directors of the Fund and also directors of the Investment Manager during the year to 30 June 2011 and do not receive a fee. A E Barber and J Bourbon receive a fee of £5,000 each.

The Administrator receives a fee at the annual rate of 0.10% of the Net Asset Value of the Fund.

The Fund pays to the Custodian a fee of 0.040% of the Net Asset Value of the Fund.

3. Taxation

The Fund has been treated as resident for tax purposes in the Isle of Man and subject to income tax at the rate of zero per cent.

4. Share Capital and Reserves

Unclassified Shares may be issued as Participating Redeemable Preference Shares ("Participating Shares") or as Nominal Shares. Participating Shares may be issued and redeemed at prices based on the net asset value of each Class calculated at each valuation date in accordance with procedures set out in the Fund's Articles of Association. Participating Shares may be redeemed out of the issue of Nominal Shares of 1 cent. Nominal Shares are subscribed and paid for by the Manager and may be converted to Participating Shares upon the payment of the appropriate premium.

On a poll Participating Shareholders are entitled to one vote for each share held at class meetings only. Holders of Management Shares are entitled to one vote in respect of all Management Shares held and holders of Nominal shares are entitled to one vote in respect of all Nominal Shares held. On a show of hands every shareholder who is present shall have one vote. The Fund in a General Meeting may declare dividend on the Participating Shares but no dividend shall exceed the amount recommended by the Directors (if any). No dividends may be declared on the Management Shares or Nominal Shares.

NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC

Notes to the financial statements (continued)

For the year ended 30 June 2011

4. Share Capital and Reserves (continued)

In the normal course of business the Fund would strive to invest the subscriptions from participating shares in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet shareholder redemptions which were subject to a 180 day notice period. However, as stated above the dealing of Shares in the US Dollar A Class and the US Dollar B Class of the Fund have been suspended and the Directors have implemented an orderly disposition of the Fund's assets in order to raise sufficient liquidity to repay the leverage provider and to subsequently settle the liabilities arising from the redemption of all redeemable preference shares.

The Fund does not have any externally imposed capital requirements. Its objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Fund will not declare any dividends. All earnings are being retained for the repayment of its liabilities to the leverage provider and the redeemable preference shareholders.

On a winding up the assets available will be applied: firstly, in the repayment *pari passu* to the holders of Participating Shares of sums up to the nominal amount paid up thereon; secondly, in the repayment *pari passu* to the holders on Nominal Shares of sums up to the nominal amount paid up thereon; thirdly, in the repayment *pari passu* to the holders of Management Shares of sums up to the nominal amount paid up thereon; fourthly, in the payment to holders of Participating Shares of each class of any surplus of assets then remaining attributable to the Participating Shares of that Class, such payment being made in proportion to the nominal amounts paid up on such Shares; and fifthly in payment to holders of the Nominal Shares of any balance then remaining and not attributable to the Shares, in proportion to the nominal amounts paid up on such Nominal Shares.

	2011 US\$	2010 US\$
a) Authorised share capital		
100 Management Shares of US\$1 each	100	100
1,000,000,000 Unclassified Shares of 0.01 cent each	10,000,000	10,000,000
b) Issued share capital		
Management shares of US\$1 each	100	100
Participating Redeemable Preference shares of US\$0.01:		
Class A Shares		
As at 30 June 2010/2009	364	364
As at 30 June 2011/2010	364	364
	364	364

NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC
Notes to the financial statements (continued)
For the year ended 30 June 2011

4. Share Capital and Reserves (continued)	2011	2010
	US\$	US\$
b) Issued share capital (continued)		
Class B Shares		
As at 30 June 2010/2009	3,085	3,085
As at 30 June 2011/2010	3,085	3,085
	=====	=====
Total participating Redeemable Preference shares of US\$0.01 in issue at 30 June 2011/2010	3,449	3,449
	=====	=====
	2011	2010
	Number	Number
Management shares of US\$1 each	100	100
Participating Redeemable Preference shares of US\$0.01:		
Class A Shares		
As at 30 June 2010/2009	36,371	36,371
As at 30 June 2011/2010	36,371	36,371
	=====	=====
Class B Shares		
As at 30 June 2010/2009	308,537	308,537
As at 30 June 2011/2010	308,537	308,537
Total participating Redeemable Preference shares of US\$0.01 in issue at 30 June 2011/2010	344,908	344,908
	=====	=====
	2011	2010
	US\$	US\$
c) Share Premium		
As at 30 June 2010/2009	34,580,099	34,580,099
As at 30 June 2011/2010	34,580,099	34,580,099
	=====	=====

NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC

Notes to the financial statements (continued)

For the year ended 30 June 2011

4. Share Capital and Reserves (continued)	2011	2010
	US\$	US\$
d) Capital reserve		
As at 30 June 2010/2009	(17,129,547)	(7,185,306)
Movement in fair value of Investments held at end of period	(477,059)	(8,451,473)
Realised loss on investments	(2,773,570)	(1,492,768)
	-----	-----
As at 30 June 2011/2010	(20,380,176)	(17,129,547)
	=====	=====
e) Revenue reserve		
As at 30 June 2010/2009	(418,053)	(346,269)
Net income/(expenditure) for the period	171,097	(71,784)
	-----	-----
As at 30 June 2011/2010	(246,956)	(418,053)
	=====	=====
5. Financial Assets and Liabilities at Fair Value Through Profit or Loss		
	2011	2010
	US\$	US\$
Financial Assets		
Investments in funds		
Cost at 30 June 2011/2010	39,382,310	44,822,355
Revaluation	(13,926,157)	(13,873,996)
	-----	-----
Valuation at 30 June 2011/2010	25,456,153	30,948,359
	=====	=====
Financial Liabilities		
Options held to maturity (note 7)		
Cost at 30 June 2011/2010	(8,776,168)	(11,918,651)
Revaluation	(2,620,151)	(2,195,252)
	-----	-----
Valuation at 30 June 2011/2010	(11,396,319)	(14,113,903)
	=====	=====

NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC
Notes to the financial statements (continued)
For the year ended 30 June 2011

6. Reconciliation of Movement in Shareholders' Funds	2011	2010
	US\$	US\$
Shareholders' funds		
Brought forward	17,035,947	27,051,972
Net income/(expenses) for the year	171,097	(71,784)
Net (loss) on investments held at fair value through profit and loss	(3,250,629)	(9,944,241)
	-----	-----
As at 30 June 2011/2010	13,956,415	17,035,947
	=====	=====

7. Financial Instruments and Risk Exposure

The Board of Directors has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board has appointed the Investment Committee of the Investment Manager as responsible for developing and monitoring the Fund's risk management policies. The Investment Committee meets monthly and reports regularly on its activities.

The Fund, in the normal course of business, enters into investment transactions in financial instruments and the day to day risk management of the Fund is undertaken by the Investment Manager. Financial instruments include investments, cash, interest receivable, dividends receivable, subscriptions receivable, derivatives and accrued expenses. The value of these financial instruments in the financial statements approximates their fair value.

However, on 22 December 2008, the Directors took the decision to suspend the dealing of Shares in the US Dollar A Class and the US Dollar B Class of the Fund.

The Board has determined that a suspension in dealings of the Shares was necessary as, in the opinion of the Board, it was not possible to receive remittances in respect of the assets of each Class without undue delay. This was caused by a significant portion of the underlying funds in which the assets of each Class are invested having increased their respective redemption notice periods and/or pushed out their own dealing days or suspended redemptions altogether.

In addition, due to market conditions at the time, the leverage provider gave notice that the option referred to and forming part of the financial liabilities in note 5 above be exercised upon the expiry date of 31 January 2009 and it has not been possible to source an alternative provider.

The Directors believed that it was in the best interest of all shareholders to cease promotion of the Fund to new participants and to implement an orderly disposition of the Fund's assets. The Directors recognise that with an increasing number of underlying funds suspending dealing or imposing "gates" on redemptions it could take a considerable period of time to sell all assets at a fair market value.

NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC

Notes to the financial statements (continued)

For the year ended 30 June 2011

7. Financial Instruments and Risk Exposure (continued)

During the period of suspension in dealings of the Shares, the Fund is required to sell assets to realise sufficient cash in order to settle the liabilities due to the leverage provider. Thereafter the return of capital to shareholders will be made in staged distributions in line with the orderly redemption profile of the underlying funds. The continued holding of such instruments gives ongoing exposure to market risk, currency risk, interest rate risk, credit risk and liquidity risk which are discussed further below.

Market Risk

Market risk is the risk that the market price of the financial instrument will fluctuate due to macroeconomic issues such as changes in market factors specific to security, market interest rates and foreign exchange rates.

The Fund's financial assets and future cash flows are susceptible to market price risk arising from uncertainties about future values of instruments. Ongoing risk controls and systems after investment include qualitative and quantitative analysis.

Qualitative Analysis – regular meetings with each utilised manager are conducted. There is a monthly process of summarising the performance drivers of each of the funds held in the portfolios. Anomalies in the returns, or deviations from expectations, are investigated, and contact is made with the manager. If this proves unsatisfactory, a review process is undertaken, potentially including an on-site meeting with the manager where required.

Quantitative analysis - changes in historic and expected correlations across strategies are monitored, and the impact this has on the portfolio's expected risk and return characteristics.

Each fund's risk profile is considered, and its marginal contribution to portfolio's net risk values calculated.

At 30 June 2011 the Fund's market risk is affected by three main components, changes in actual market prices, interest rate and foreign currency movements. Interest rate and foreign currency movements are covered separately.

If the investment portfolio valuation fell by 1% from the amount detailed in the financial statements as at 30 June 2011 it would have had the effect, with all other variables held constant, of reducing net capital return before taxation by US\$254,562. An increase in the investment portfolio valuation would have an equal and opposite effect on the net capital return before taxation.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The net asset values per share of the Fund are computed in U.S. Dollars whereas the investments of the Fund may be acquired, valued and disposed of in other currencies. The U.S. Dollar value of the investments of the Fund designated in another currency may rise and fall due to exchange rate fluctuations in respect of the relevant currency. As at 30 June 2011 substantially all of the Fund's assets and liabilities are denominated in U.S. Dollars.

NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC

Notes to the financial statements (continued)

For the year ended 30 June 2011

7. Financial Instruments and Risk Exposure (continued)**Interest Rate Risk**

The Fund is exposed to risks associated with the effects of fluctuations in the prevailing levels of market rate interest on its financial position and cash flows. The Fund held a call option with an original cost of US\$29,500,000 whose strike price is determined by reference to US\$ monthly Libor plus 1.5%. The option holder gave notice to terminate the option on 31 January 2009.

If interest rates had increased by 1% over the period, with all other variables remaining constant, it would have had the effect of reducing the net revenue return before taxation on an annualised basis of US\$295,000. If there had been a decrease in interest rates of 1% there would have been an equal and opposite effect in terms of net revenue return before taxation.

Credit risk

All of the Fund's financial assets are subject to credit risk and the maximum exposures to such risk are stated in the Balance Sheet. All investment funds in which the Fund invests are "principal's markets" in which they are fully subject to the risk of counterparty default. There is a significant amount of credit risk associated with these investments and the ability of the underlying fund to pay out redemption requests. The Fund manages this risk performing ongoing quantitative and qualitative reviews in order to monitor counterparties and their likelihood of default. Details of any concentrations of credit risk by strategy are summarised below.

Strategy	Allocation in portfolio as at 30 June 2011
Asset Backed Lending	93.36%
Hedge Event Driven	3.81%
Hedge Relative Value	2.74%
Asset Backed Securities	0.04%
Cash & Receivables	0.06%

Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to settle or meet its obligations in a timely manner or at a reasonable price. The primary source of the Fund's liquidity risk is from redemptions of its redeemable preference shares held by investors and from the maturity of the call option held by the lender on the Fund's borrowings.

The above risk has now effectively crystallised in that the liability in respect of the option is due and payable. Because the majority of the Fund's assets are not traded in active markets and are generally illiquid, the Fund is not currently able to meet its obligations. Furthermore values that would be generated from forced liquidations of its generally illiquid assets may be significantly less than their carrying amounts.

NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC

Notes to the financial statements (continued)

For the year ended 30 June 2011

7. Financial Instruments and Risk Exposure (continued)**Liquidity Risk (continued)**

A liquidity analysis indicates that approximately 70% of the funds comprising the portfolio are currently making repayments in some form. Regular communication with the managers of these funds leads us to be unable to predict with any degree of certainty when the proceeds from the sale of all underlying assets will be received. The current expectation is that sufficient proceeds will have been received by the end of 2011 to enable the leverage provider to have been repaid in full. These estimates are based on the most recently available information from the underlying funds and could be subject to change.

The Fund is therefore managing this risk by the suspension of dealing in shares as mentioned above and by an ongoing negotiated payment schedule of the option liability.

8. Net Asset Value per share

	2011 US\$	2010 US\$
Net assets attributable to holders of redeemable participating preference shares	13,956,315	17,035,847
Number of shares in issue	344,907.82	344,907.82
	-----	-----
Net asset value per share	40.46	49.39
	=====	=====

9. Related Party Transactions

A.V. Lodge and T. A. Wiltcher, are Directors of the Fund during the year to 30 June 2011, and none of them receive any fee for so acting. They are also directors of the Nedgroup Investments (IOM) Limited (the Investment Manager),

H Stewart, Secretary of the Fund, is also the Secretary of the Administrator.

The fees payable to the Investment Manager, Independent Non-executive Directors and Administrator are disclosed in note 2.

10. Unamortised formation costs

	2011 US\$	2010 US\$
Formation costs brought forward	-	26,471
Formation costs incurred during period	-	-
Amortisation expense of period	-	(26,471)
	-----	-----
Formation costs carried forward	-	-
	=====	=====

NEDGROUP INVESTMENTS PREMIUM PORTFOLIO PLC

Notes to the financial statements (continued)

For the year ended 30 June 2011

11. Withdrawal of Funding Provided by Leverage Provider

The leverage provider to the Fund withdrew its funding on 31 January 2009 and it has not been possible to source an alternative provider. Accordingly, the Directors ceased promotion of the shares and suspended dealings in the shares in order to utilise funds generated from an orderly disposal of assets to be used to settle liabilities due to the leverage provider and thereafter return the remaining proceeds to shareholders.

12. Post Balance Sheet Events

On 31st August 2011 Credit Suisse provided formal notice of their intention to close their Isle of Man operation. Termination notices were received from Credit Suisse Administration Services (Isle of Man) Limited and Credit Suisse Custodian Services (Isle of Man) Limited. The effective date for the termination of the agreements is 30th November 2011. The Directors intend to appoint Credit Suisse Administration Services (Ireland) Limited and Credit Suisse Custodian Services (Ireland) Limited as the new Administrator and Custodian and the appropriate documentation is currently being drafted. The Directors intend to appoint ILS Fiduciaries (IOM) Limited as the new company secretary and registered office of the Company.
