

**SNAEFELL ALTERNATIVE INVESTMENT
FUND PLC**

**Audited financial statements
For the period ended 30 June 2013**

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

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SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

**Directory
for the period ended 30 June 2013**

Directors	F H Hunt (Resigned 23 January 2013) D Hunter (Resigned 23 January 2013) S Preskey M Balfour (appointed 23 January 2013) A Barber (appointed 23 January 2013) D Parekh (appointed 23 January 2013, resigned 18 October 2013) D Nixon (appointed 23 January 2013)
Administrator, Registered agent and Registered office:	Abacus Financial Services Limited 2 nd Floor, Sixty Circular Road Douglas Isle of Man IM1 1SA
Investment Manager:	Thomas Miller Investment (Isle of Man) Limited 5-11 St Georges Street Douglas Isle of Man IM1 1AJ
Custodian:	BNP Paribas Securities Services S.C.A Isle of Man Branch 24 North Quay Douglas Isle of Man IM1 4LE
Auditors:	Moore Stephens Chartered Accountants 26-28 Athol Street Douglas Isle of Man IM99 1BD
Isle of Man Legal Advisers:	Appleby (Isle of Man) LLC 33-37 Athol Street Douglas Isle of Man IM1 1LB
Listing Sponsor:	Appleby Securities (Bermuda) Ltd Canon's Court PO Box HM 1179 22 Victoria Street Hamilton HM EX Bermuda

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

Directors' report for the period ended 30 June 2013

Snaefell Alternative Investment Fund Plc (the "Company") is a company that was originally incorporated in Bermuda, but which was continued in the Isle of Man on 23 January 2013 and since that date is now registered in the Isle of Man under the Companies Act 2006 as an open-ended investment company and is a specialist fund pursuant to the provisions of the Isle of Man Collective Investment Schemes (Specialist Fund) Regulations 2010 (the "Regulations").

Following the discontinuation of the Company in Bermuda and its continuation in the Isle of Man with effect from 23 January 2013, the Fund's financial year end was changed from 31 December to 30 June to align with that of its sister fund Snaefell II Alternative Investment Fund Plc. These financial statements show the results for the 18 month period to 30 June 2013, with the comparative figures in the Statement of Comprehensive Income showing the results for the year to 31 December 2011, and the comparative figures in the Statement of Financial Position as at 31 December 2011.

Review of business

The Company was originally incorporated on 8 July 2002 under the laws of Bermuda; the Company was discontinued in Bermuda and continued in the Isle of Man with effect from 23 January 2013 and is now a company registered in accordance with the Isle of Man Companies Act 2006.

The Statement of Comprehensive Income is set out on page 7.

Dividends and transfers to reserves

The Directors do not recommend payment of a dividend (2011: \$Nil). The profit for the period has been transferred to reserves.

Directors

The directors of the Company during the period and to date are as follows:

F H Hunt (Resigned 23 January 2013)
D Hunter (Resigned 23 January 2013)
S Preskey
M Balfour (appointed 23 January 2013)
A Barber (appointed 23 January 2013)
D Parekh (appointed 23 January 2013, resigned 18 October 2013)
D Nixon (appointed 23 January 2013)

Auditors

The Directors appointed Moore Stephens Chartered Accountants as the Fund's Auditors. The auditors are appropriate auditors for the purposes of the Regulations.

Post balance sheet events

Post balance sheet events have been fully disclosed in note 13 to the financial statements.

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

Directors' report (continued) for the period ended 30 June 2013

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable Isle of Man law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards.

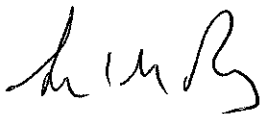
These financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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 applicable International Financial Reporting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. As explained in note 13 to the financial statements, the directors do not believe the going concern basis to be appropriate and, in consequence, these financial statements have not been prepared on that basis.

The Directors are responsible for keeping proper records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Isle of Man Companies Act 2006, the Principal Constitutional Documents and with Collective Investment Schemes (Regulated Fund) Regulations. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed for and on behalf of the Board:



Susan Preskey

Date: 19th November 2013

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

Report of the Investment Manager for the period ended 30 June 2013

2013 has so far been dominated by macro-economic news. This included further turmoil in Europe to the first indication that the Federal Reserve is considering tapering its quantitative easing (QE) program. The year began in positive fashion as markets were buoyed by the unlimited QE programs announced by the various central banks and the positive conclusion of the sequestration negotiations in USA. Thereafter, the Bank of Japan announced unprecedented QE in order to boost both growth and prices within the country. It was not all good news as in April, negative news started to emerge. Some of this as expected came from Europe as elections in Italy failed to produce a government along with the Cyprus' banking crisis. In response to the banking crisis the ECB stated that in order for Cyprus to receive any bailout funding, bank depositors with account balances greater than €100,000 in the two largest banks would be forced to help with the recapitalisation of the sector. Outside the developed world, economic data points started to suggest a slowing of growth within the Emerging Markets, in particularly, within the BRIC countries. In China, economic data started to show a greater than expected slowdown in the GDP as policy makers battled with trying to slowdown credit growth whilst maintaining a good level of economic activity.

Given the economic backdrop, equities in USA, were the best performers of the year. The S&P500 index return 12.5% during the first half. In contrast, Emerging Market equities were weak with the MSCI EM Index declining 10% over the same period. The key moves have been seen in the fixed income markets where at the beginning of the year high yield credit spreads narrowed significantly as investor shifted more assets into higher yielding securities. However, the second quarter saw a sharp reversal of spreads as expectations and confirmation from the Federal Reserve that it was considering tapering the QE program as early as Q3 2013. This caused volatility and yields in the asset class to rise considerably. In commodity markets, precious metals saw a large decline firstly due to concern that European banks may be forced to sell their assets in order to raise capital and then continued to decline after the announcement regarding QE by the Federal Reserve. Other commodities declined as concern remained about global growth. The US Dollar was a beneficiary of the economic turmoil and it rallied versus its major partners.

Hedge funds began the year in positive fashion mainly due to the strong performance of developed market equities. Other positive aspects came from the decline in the yen versus the dollar and the rally in JGBs following the Bank of Japan's announcement of quantitative easing. Given the rise in developed market equities the Fundamental sector has been a strong performer for the portfolio. There was also an increase in corporate activity as company management continue to make efficient use of their respective balance sheets. The Macro sector was a positive contributor as trends in Japanese equities and the US dollar provided upside for these managers. Protection was a detractor to performance as market volatility continued to decline.

Hedge fund returns were flat in the second quarter as the Federal Reserve took centre stage. Chairman Ben Bernanke announced that the committee was considering tapering its quantitative easing program as early as the third quarter of 2013. This resulted in volatility rising within the financial markets, in particularly, government bonds which saw yields increase significantly. Precious metals also declined sharply during the quarter. Equity markets initially sold off on the news but overall they were positive during the period. The US dollar was a beneficiary of the news, with the Dollar index reaching multi-year highs. Drivers to hedge fund performance during the quarter continued to be the Fundamental and Macro sectors.

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

**Report of the Investment Manager (continued)
for the period ended 30 June 2013**

Given the high correlation to the equity markets, the Fundamental sector continued to perform well as equity markets remained resilient during the quarter. The Macro sector was also a positive contributor as a rise in fixed income bond yields and US dollar benefited these managers. The protection sector was flat for the quarter.

Thomas Miller Investment (Isle of Man) Limited

13 August 2013

Independent Auditors' Report to the Shareholder of Snaefell Alternative Investment Fund PLC

We have audited the financial statements of Snaefell Alternative Investment Fund PLC for the period ended 30 June 2013 which are set out on pages 7 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs).

This report is made solely to the company's shareholder, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the company's shareholders 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 company and the company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they 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 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 company'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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2013 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRSs; and
- have been prepared in accordance with the requirements of the Isle of Man Companies Act 2006.

Moore Stephens

Moore Stephens
Chartered Accountants
Douglas
Isle of Man

27 November 2013

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

**Statement of comprehensive income
for the period ended 30 June 2013**

	Note	Period ended 30 June 2013 USD	Year ended 31 December 2011 USD
Income			
Interest income		396	408
Dividend income		595	-
Net investment income		991	408
Expenditure			
Custodian fees	6	(47,563)	(32,193)
Administration fees	6	(83,181)	(62,780)
Other operating expenses		(91,305)	(17,753)
Operating expenses		(222,049)	(112,726)
Investment and exchange differences			
Unrealised losses		(3,478,084)	(3,299,462)
Realised gains		5,314,841	849,671
Investment gains/(losses)		1,836,757	(2,449,791)
Net income/(expense) from operations		1,615,699	(2,562,109)
Non-operating expenses			
Auditors' fee	6	(24,627)	(30,662)
Taxation	2	-	-
Total comprehensive income/(expense) for the period		1,591,072	(2,592,771)

All comprehensive income/losses are attributable to holders of participating shares.

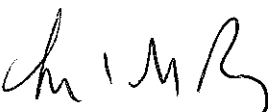
The accompanying notes form an integral part of these financial statements.

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

**Statement of financial position
as at 30 June 2013**

	Note	30 June 2013 USD	31 December 2011 USD
Assets			
Current assets			
Financial assets at fair value through profit or loss	3.3	36,129,787	43,038,442
Receivable for investments sold		9,412,538	7,798,889
Investment subscriptions made in advance		-	3,850,000
Sundry receivables and prepayments		20,931	4,551
Cash and cash equivalents	8	6,557,551	852,259
Total assets		52,120,807	55,544,141
Current liabilities			
Sundry payables and accrued expenses		46,450	60,856
Total liabilities		(46,450)	(60,856)
Net assets		52,074,357	55,483,285
Represented by:			
Management shares 100 (2011:100)	9	100	100
Net assets attributable to holders of redeemable participating shares		52,074,257	55,483,185
		52,074,357	55,483,285

The financial statements on pages 7 to 24 were approved and authorised for issue by the board of Directors and were duly signed on their behalf by:


Susan Preskey
Director


Anthony Barber
Director

Date: 18 NOVEMBER 2013

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

Statement of changes in equity for the period ended 30 June 2013

	Issued share capital	Share Premium	Retained Earnings	Total
	USD	USD	USD	USD
Management shares				
Balance as at 1 January 2012	100	-	-	100
Balance at 30 June 2013	100	-	-	100
Participating shares				
As at 1 January 2012	427	55,754,589	-	55,755,016
Issued during the year	-	-	-	-
Redeemed during the year	(40)	(4,999,960)	-	(5,000,000)
Balance at 30 June 2013	387	50,754,629	-	50,755,016
Statement of income				
As at 1 January 2012	-	-	(271,831)	(271,831)
Profit for the year	-	-	1,591,072	1,591,072
Balance at 30 June 2013	-	-	1,319,241	1,391,241
Total at 30 June 2013	387	50,754,629	1,319,241	52,074,257
Management shares				
Balance as at 1 January 2011	100	-	-	100
Balance at 31 December 2011	100	-	-	100
Participating shares				
As at 1 January 2011	427	55,754,589	-	55,755,016
Issued during the year	-	-	-	-
Redeemed during the year	-	-	-	-
Balance at 31 December 2011	427	55,754,589	-	55,755,016
Statement of income				
As at 1 January 2011	-	-	2,320,940	2,320,940
Loss for the year	-	-	(2,592,771)	(2,592,771)
Balance at 31 December 2011	-	-	(271,831)	(271,831)
Total at 31 December 2011	427	55,754,589	(271,831)	55,483,185

The accompanying notes form an integral part of these financial statements.

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

**Statement of cash flow
for the period ended 30 June 2013**

	Note	Period ended 30 June 2013 USD	Year ended 31 December 2011 USD
Cash flows from operating activities			
Net increase/(decrease) in net assets attributable to holders of participating shares from operations		1,591,072	(2,592,771)
Adjustments to reconcile net increase/(decrease) in assets attributable to holders of redeemable participating shares from operations to net cash used in operating activities:			
Redemptions of participating shares		(5,000,000)	-
Net sale/(purchase) of investments		8,745,412	(8,657,163)
Realised gains		(5,314,841)	(849,671)
Unrealised losses		3,478,084	3,299,462
Change in investment receivables		2,236,351	-
Change in sundry receivables and prepayments		(16,380)	(2,456)
Change in sundry payables and accrued expenses		(14,406)	(37,791)
Net increase/(decrease) in cash and cash equivalents		5,705,292	(8,840,390)
Opening balance at 1 January 2012		852,259	9,692,649
Cash at bank 30 June 2013	8	6,557,551	852,259

The accompanying notes form an integral part of these financial statements.

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

Notes to the financial statements for the period ended 30 June 2013

1 General information

Snaefell Alternative Investment Fund Plc (the "Company") is a company that was originally incorporated in Bermuda, but which was continued in the Isle of Man and is now registered in the Isle of Man under the Companies Act 2006 as an open-ended investment company and is a specialist fund pursuant to the provisions of the Isle of Man Collective Investment Schemes (Specialist Fund) Regulations 2010 (the "Regulations").

The investment objective of the Company is to achieve annual returns of between 8% and 10% with low volatility. The Company invested initially in a limited number of funds of funds, each of which were investors in alternative investment or "hedge" funds. The Company has subsequently altered its investment strategy and begun investing directly in hedge funds.

The Company is managed by Thomas Miller Investment (Isle of Man) Limited (the "Investment Manager"), a company incorporated in the Isle of Man, as appointed by the Directors. The Investment Manager is responsible, subject to the policies and controls of the Board of Directors, for the investment of the Company's assets.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

2.1 Statement of compliance

The financial statements of Snaefell alternative investment fund Plc have been prepared in accordance with International Financial Reporting Standards (IFRS).

2.2 Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit and loss.

The preparation of these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the board of directors to exercise its judgement in the process of applying the Company's accounting policies.

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

Notes to the financial statements (continued) for the period ended 30 June 2013

2 Summary of significant accounting policies (continued)

2.2 Basis of preparation (continued)

The following standards and interpretations were issued and available for early application but have not yet been applied by the company in these financial statements:

- IAS 1 (Amended) Presentation of Items of Other Comprehensive Income
- IFRS 7 (Amended) Disclosure: Offsetting Financial Assets and Financial Liabilities
- IFRS 10 Consolidated Financial Statements
- IFRS 10 (Amended) Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 11 (Amended) Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 12 (Amended) Disclosure of Interests in Other Entities
- IFRS 13 Fair value Measurement
- IAS 27 (Amended) Separate Financial Statements
- IAS 28 (Amended) Investments in Associates and Joint Ventures
- IFRS 2009-2011 Annual improvements (various standards)

The Directors anticipate that the adoption of the above standards and interpretations will have no material impact on the financial statements of the company.

Standards effective but not relevant

- IFRS 1 (amended) Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- IFRS 1 (Amended) Government Loans

There are no other amendments to published standards effective for the current period which are applicable to these financial statements and therefore require disclosure.

2.3 Foreign currency translation

(a) Functional and presentation currency

The board of Directors have decided that the presentational currency of the financial statements is US Dollars as this is the functional currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the average exchange rate for the period. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of comprehensive income.

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

Notes to the financial statements (continued) for the period ended 30 June 2013

2 Summary of significant accounting policies (continued)

2.4 Financial assets and financial liabilities at fair value through profit and loss

(a) Classification

Financial assets designated at fair value through profit and loss at inception are those that are managed and their performance evaluated on a fair value basis. The Company's policy is for the board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(b) Recognition/Derecognition

Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all of the risks and rewards of ownership.

(c) Measurement

Financial assets and financial liabilities at fair value through profit or loss are recognised at fair value as determined by the Investment Manager, with the change in this value included in net unrealised gain or loss in investments in the Statement of Comprehensive Income. In determining fair value of investments, the Investment Manager utilises the Net Asset Valuations of the Underlying Funds which are drawn from their most recent Net Asset Value provided by the relevant fund administrator which value securities and other financial instruments at fair value. In cases where the Underlying Fund is liquidating and no Net Asset Value is being provided by the Underlying Administrator, the Underlying Funds are valued by the Investment Manager at fair value.

However, some Underlying Funds may invest in non-marketable securities, such as non-publically traded securities, or investments in limited partnerships whose value is determined in good faith by the investment advisor in those funds. Appreciation or depreciation of investments in underlying funds is net of all fees paid to their investment managers.

Transaction costs are expensed in the statement of comprehensive income. Gains and losses arising from changes in fair value of the "financial assets or financial liabilities at fair value through the profit or loss" category are presented in the statement of comprehensive income in the period in which they arise. Dividend and interest income is reflected through the statement of comprehensive income.

2.5 Cash and cash equivalents

Cash and cash equivalents include amounts held at bank and money market funds with daily liquidity.

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

Notes to the financial statements (continued) for the period ended 30 June 2013

2 Summary of significant accounting policies (continued)

2.6 Expenses

All expenses, including Investment Manager fees, Administration fees and Custodian fees, are recognised in the statement of income on an accruals basis.

Included in other operating expenses paid by the Company are Directors' fees.

2.7 Redeemable participating shares

Redeemable participating shares are redeemable at the shareholder's option and are classified as equity in accordance with International Accounting Standard ("IAS") 32: Financial Instruments "Presentation". The redeemable participating shares are carried at the redemption amount that is payable at the date of the Statement of Financial Position if the shareholder exercised its right to put the shares back to the Company.

2.8 Income

Income earned is accounted for on an accruals basis and is shown gross of any irrecoverable withholding tax where applicable.

2.9 Taxation

The company is subject to Isle of Man income tax at 0% pursuant to Section 14A of the Isle of Man Income Tax Act 1970 (as amended). No charge to Isle of Man taxation arises on capital gains.

2.10 Going concern

During the period to 30 June 2014, the directors intend to liquidate the fund (as explained in note 13 to the financial statements), and consequently the financial statements are not therefore prepared on a going concern basis. In such circumstances, International Accounting Standards require financial statements which are not prepared on a going concern basis, be drawn up to include all assets at their realisable value, and to make provision for all liabilities expected to arise as a result of the cessation of trade. The Directors are satisfied that all assets and liabilities are stated at their realisable values in the financial statements.

It is the directors' opinion that any liabilities arising as a result of the cessation of trade is not material, and these amounts have therefore not been reflected in the financial statements.

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

Notes to the financial statements (continued)
for the period ended 30 June 2013

3 Financial risk management

3.1 Risk exposure and categorisation of financial instruments

The Company maintains positions in a variety of non-derivative financial instruments as dictated by its Investment Management strategy. The nature and extend of the financial instruments outstanding at the Statement of Position date and the risk management policies are discussed later.

The Company has categorised its investments into three levels based upon the hierarchy defined in IFRS7. Financial instruments are categorised by their inputs used to derive the fair value. Level 1 investments use inputs from unadjusted quoted prices from active markets. Level 2 investments reflect inputs rather than quoted prices, but use observable market data, including the published prices of managed investment funds where those funds may be redeemed at that price. Level 3 investments are valued using unobservable inputs.

The Company invests in managed investment funds which are not quoted in active markets and may be subject to restrictions on redemptions such as lock-up periods, redemption gates and side pockets. Investments in these managed investment funds are valued based on the Net Asset Value per share as determined by the underlying fund administrators.

The investments that the Company is able to redeem at Net Asset Value as at the measurement date have been classified as Level 3 investments. Investments classified within Level 3 include funds with net asset values which may not be readily realisable in the near term due to lock-up periods, funds with redemption fees, withdrawal periods greater than quarterly, or periods in which redemptions and/or net asset values of the underlying managed investment fund are suspended due to adverse market conditions.

Investments may be split between Level 2 and Level 3 if different share classes have different redemption terms.

The following table analyses within the fair value hierarchy the Company's Investments measured at fair value at the period end:

	Period ended 30 June 2013 USD	Year ended 31 December 2011 USD
Level 2	35,661,391	42,117,139
Level 3	468,396	921,303
Total investments	36,129,787	43,038,442

The changes in financial assets measured at fair value for which the Company has used Level 3 inputs to determine fair value are as follows:

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

Notes to the financial statements (continued)
for the period ended 30 June 2013

3 Financial risk management (continued)

3.1 Risk exposure and categorisation of financial instruments (continued)

	Period ended 30 June 2013 USD	Year ended 31 December 2011 USD
Opening balance	921,303	1,249,055
Purchases	-	-
Sales	-	-
Realised & unrealised losses	(452,907)	(327,752)
Total investments	468,396	921,303

There were no transfers between levels during the period.

3.2 Market price risk

The Company invests in a limited number of funds of funds and hedge funds. Managers of hedge funds are selected with complementary investment strategies in mind. Non-directional strategies are emphasised. The Fund monitors the managers of these funds and their activity. Managers of funds of funds are selected by the fund based on their perceived ability to select and monitor underlying hedge fund managers (including continuous review and active risk management).

There is a risk that the value of Shares may go down as well as up and there can be no assurance that investors will receive back the amount originally invested. If the price of financial assets of the Company moved by 0.1% this could have a positive or negative impact of £36,130 on total assets.

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

Notes to the financial statements (continued) for the period ended 30 June 2013

3.1 Risk exposure and categorisation of financial instruments (continued)

3.3 Interest rate risk

The majority of the Company's financial assets are interest bearing. As a result, the Company is subject to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest income is directly sensitive to interest rate movements.

The table below summarises the Company's exposure to liquidity rate risks:

	Matures in less than 1 year USD	Matures in more than 1 year USD	Non- interest bearing USD	Total USD
As at 30 June 2013				
Financial assets at fair value through profit or loss	36,129,787	-	-	36,129,787
Other receivables and prepayments	9,412,538	-	20,931	9,433,469
Cash at bank	6,557,551	-	-	6,557,551
Total assets	52,099,876	-	20,931	52,120,807

	Matures in less than 1 year USD	Matures in more than 1 year USD	Non- interest bearing USD	Total USD
As at 31 December 2011				
Financial assets at fair value through profit or loss	-	43,038,442	-	43,038,442
Other receivables and prepayments	11,653,440	-	-	11,653,440
Cash at bank	-	-	852,259	852,259
Total assets	11,653,440	43,038,442	852,259	55,544,141

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

Notes to the financial statements (continued) for the period ended 30 June 2013

3 Financial risk management (continued)

3.3 Interest rate risk (continued)

	Marketable Instruments USD
As at 30 June 2013	36,129,787
	<hr/>
As at 31 December 2011	43,038,442
	<hr/>

3.4 Credit risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Company.

The Company is exposed to credit risk related to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the counterparties. The Company monitors the credit rating and financial positions of the counterparties to further mitigate this risk. At 30 June 2013, all of the Company's assets were exposed to credit risk.

The carrying amounts of the financial assets best represent the maximum credit risk at 30 June 2013.

The Company monitors its risk by monitoring the credit quality and financial position of the Bank.

The Underlying Funds' managers analyse credit concentration based on the counterparty, industry and geographical location of the financial assets that they hold.

3.5 Liquidity risk

Shareholders may redeem their Shares in accordance with the Articles. Substantial redemptions could require the Fund to liquidate investments more rapidly than otherwise desirable in order to raise the necessary cash to fund the redemptions this may have an impact on the value of the Shares.

In accordance with the Company's policy, the Administrator monitors the Company's liquidity position on a daily basis.

3.6 Currency risk

The value of non-US dollar currency denominated securities of issuers will be affected by changes in currency exchange rates or exchange control regulations. A decline in the exchange rate would reduce the value of certain portfolio securities. Currency fluctuations relative to the US dollar of an investor's currency of reference may adversely affect the value of an investor's investments.

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

Notes to the financial statements (continued) for the period ended 30 June 2013

3 Financial risk management (continued)

3.7 Investment movements

	USD
As at 1 January 2012	43,038,442
Net sale of investments	(8,745,412)
Realised gains	5,314,841
Unrealised loss	(3,478,084)
As at 30 June 2013	36,129,787

4 Critical accounting estimates and judgements

The preparation of Financial Statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses in the financial statements and accompanying notes during the year.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision.

5 Income

	Period ended 30 June 2013 USD	Year ended 31 December 2011 USD
Interest income	396	408
Dividend income	595	-
Net investment income	991	408

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

Notes to the financial statements (continued) for the period ended 30 June 2013

6 Fees

6.1 Investment Manager fees

The Company pays the Investment Manager an investment management fee at a rate which is in line with acceptable commercial standards for such services. The Company does not presently pay an incentive fee to the Investment Manager, but may do so in future; accordingly, Shares are issued in Series to facilitate the calculation and payment of any such incentive fee.

During the period Investment Manager's fees of \$Nil (year to 31 December 2011: \$NIL) were charged. Fees outstanding at the period end amounted to \$Nil (year to 31 December 2011: \$NIL).

6.2 Administrator fees

The Administrator is entitled to receive fees from the Company in accordance with its customary charges. The fees, which are accrued and payable monthly in arrears are based on the Net Asset Value of each Class and are charged at an annual rate of 10 basis points (before any deduction for accrued administration fees and incentive fees, if applicable), subject to a minimum annual fee of £20,000 per Class to be applied monthly, such that the amount payable in respect of any month is the greater of the ad valorem amount for that month and one-twelfth of the annual minimum.

In addition, the Administrator will be paid the sum of £2,500 per annum for accounts preparation and £2,500 per annum for the provision of registered agent and corporate secretarial services to the Company. The Administrator is also entitled to receive reimbursement for any reasonable out of pocket expenses

During the period Administrator fees of \$83,181 (year to 31 December 2011: \$62,780) were charged. Fees outstanding at the period end amounted to \$17,302 (2011: \$6,925).

6.3 Auditors' fees

The fees of the Auditors are fixed by the Directors. During the period auditors' fees of \$24,627 (2011: \$30,662) were charged. Fees outstanding at the period end amounted to \$18,370 (2011: \$35,000).

6.4 Fiduciary Custodian fees

The Custodian is entitled to receive fees from the Company in accordance with its customary charges. The fees, which are accrued and payable monthly in arrears are based on the Net Asset Value of the Company (plus borrowings if any) and are charged at a rate of 5 basis points per annum subject to a minimum fee of £1,250 per month in respect of safe keeping. In addition, transactional fees will be chargeable together with charges for administrative requests and out of pocket expenses.

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

Notes to the financial statements (continued) for the period ended 30 June 2013

6 Fees (continued)

6.4 Fiduciary Custodian fees (continued)

During the period Custodian fees of \$47,563 (year to 31 December 2011: \$32,192) were charged and an amount of \$3,809 (as at 31 December 2011: \$10,056) was outstanding at the period end.

7 Distributions payable

It is the intention of the Board not to make distributions of net income by way of dividends.

8 Cash and cash equivalents

All cash balances are held with the bank. Cash and cash equivalents also includes investments in TMI Liquidity Fund PLC.

The Company and TMI Liquidity Fund PLC are related through common Investment Manager and Directors. The Company has \$6,485,232 (31 December 2011: \$139,244) invested in TMI Liquidity Fund PLC as of 30 June 2013.

9 Share capital

The authorised share capital of the Company is \$10,000 divided into 100 Manager Shares of a par value of \$100 each and 990,000 non-voting shares of a par value of \$0.01 each.

A new series of shares may be issued on the first business day of each month other than a dealing day which occurs on the first business day of a calendar year. Shares are issued in a series to ensure equitable apportionment of incentive fees payable to the Investment Manager. The minimum initial subscription for shares by an investor is \$100,000.

At each financial year end of the Company, each series of shares other than the initial series will be consolidated into the initial series unless, if at the financial year end either the Net Asset Value of such series is below its prior high Net Asset Value or the Net Asset Value of the initial series is below its prior high Net Asset Value.

Shares may be redeemed on the first business day of each month upon 30 days prior written notice.

There was no movement in share capital for the year ended 31 December 2011. Movement in share capital for the period ended 30 June 2013 is analysed in the statement of changes in equity.

The number of redeemable participating shares at 30 June 2013 is \$38,795 (31 December 2011: 42,684). The Net Asset Value per share at 30 June 2013 is \$1,342.29 (31 December 2011: \$1,299.86)

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

Notes to the financial statements (continued) for the period ended 30 June 2013

10 Commission

The average rate of dealing commission, including mark up and mark down added to the cost of investments purchased and deducted from the proceeds of investments sold, was 0% as no commissions were paid.

11 Related party transactions

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 regarding financial or operational decisions.

11.1 Investment Managers fees

As well as being directors of the Company, S Preskey and M Balfour are also directors of the Investment Manager. The total fees paid to the Investment Manager in the period are disclosed in note 6.1.

11.2 Directors' fees

The Company pays D Nixon and A Barber an annual fee of £6,000 payable in advance. The remuneration of the Directors is determined by the Company in a general meeting. The other Directors receive no remuneration from the Company. No director has any interest in the Shares of the Company.

The total fees paid to directors in the period were \$7,248 (year to 31 December 2011: \$NIL) with \$Nil outstanding at 30 June 2013 (31 December 2011: \$NIL).

All balances owed to the related parties above are interest free and repayable within 12 months.

12 Ultimate Controlling Party

At 30 June 2013, BCB Paragon Trust Limited as Trustees of the Horseshoe Purpose Trust owned the issued management shares.

13 Post balance sheet events

Significant redemptions

On 28th October 2013, the sole shareholder in the Fund made a decision to cease its investment in Absolute Return Funds. This prompted a redemption request to be received by the Manager and which has in turn required for the funds portfolio to be liquidated. The Board of Directors agreed that the Fund should be liquidated and wound up and this process is now underway. It is anticipated that the fund will be de-registered and the company wound up during 2014.

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

Notes to the financial statements (continued) for the period ended 30 June 2013

14 Valuation of financial assets as at 30 June 2013

Shares	Investment	Fair Value \$	Percentage of Net Assets
517	BHR Offshore Fund Ltd Class A Series Jan 2010	836,506	1.61%
248	BHR Offshore Fund Ltd Class A Series SP Aug 2011	304,287	0.58%
34	Butterfield Money Market Fund USD Class B	857	0.00%
200	Conquest Macro Fund Ltd - Class 1X Series 0212	118,946	0.23%
300	Conquest Macro Fund Ltd - Class 1X Series 0412	202,772	0.39%
700	Conquest Macro Fund Ltd - Class 1X Series 0413	714,213	1.37%
1,200	Conquest Macro Fund Ltd - Class 1X Series 0810	613,635	1.18%
1,505	Conquest Macro Fund Ltd - Class 1X Series 0909	739,752	1.42%
20,256	Contrarian Emerging Markets Class A Series 1 2010	2,721,196	5.23%
213	Cyril Systematic USD Fund Class USD	2,956,818	5.68%
34	Drake Global Opportunities Fund Ltd - Series 1	33,914	0.07%
189	ECF Value Fund International Ltd - Series 1	1,140,987	2.19%
1,211	Emil Van Essen Spread Arbitrage Feeder Fnd Class B	1,082,441	2.08%
969	Emil Van Essen Spread Arbitrage Fnd Class B 0212	866,825	1.66%
404	Emil Van Essen Spread Arbitrage Fnd Class B 0412	359,781	0.69%
10,926	Finisterre Sovereign Debt Fund - Class A Series 1	2,911,883	5.59%
500	Force Capital II Limited 04/12	546,736	1.05%
981	Force Capital II Ltd Initial 2010+2011+2012	1,557,313	2.99%
850	Forum Global Opportunities Class A1 Series 04/12	795,999	1.53%
350	Forum Global Opportunities Class A1 Series 04/13	377,905	0.73%
74	Forum Global Opportunities Fund Class A Series 1	284,564	0.55%
3	Galleon Diversified Sub-Trust	0	0.00%
1,326	Harvey SMidCap Offshore Fund Ltd Series 1 Class A1	2,763,840	5.31%
459	JANA Nirvana Offshore Ltd Class A Series 01/2007	939,861	1.80%
11,973	Laurus Offshore Fund Ltd - Benchmark 2	468,396	0.90%
280	Linden International Ltd - Class A Series 04/12	287,031	0.55%
561	Linden International Ltd - Class A Series 2/11	540,538	1.04%
274	Linden International Ltd - Class A Series 8/04	644,766	1.24%
5,000	Lioneye Offshore Fund Ltd Class A Series 2013-04	499,261	0.96%
17	Longacre International II Ltd Class A Series 0308	18,921	0.04%
1	Longacre International II Ltd Class D Series 0410	562	0.00%
4,540	Omni Macro Fund I Ltd Ordinary Share Class 01 2012	866,045	1.66%
9,870	Omni Macro Fund I Ltd Ordinary Share Class 02 2012	1,882,892	3.62%
943	P/E Fund Ltd - Class F2 The Global Aggressive Fund	1,181,295	2.27%
3,483	Selectinvest ARV II Ltd Class C Shares 2009 RR	448,615	0.86%
43	Seneca Capital Int Ltd - Class 3 Series B	5,477	0.01%
619	Seneca Capital Int SLV Ltd - Class 1 Series A	40,550	0.08%
600	SYW (Cayman) Ltd Class C Series 2013-04	492,027	0.94%
6,656	The Mulvaney Global Markets Fund 1XL Sub Fund	2,922,999	5.61%
29,016	Vardana Fund Limited Class A S14	2,959,381	5.67%
Total investments at fair value through profit or loss		36,129,787	69.38%

SNAEFELL ALTERNATIVE INVESTMENT FUND PLC

Notes to the financial statements (continued)
for the period ended 30 June 2013

14 Valuation of financial assets as at 31 December 2011

Shares	Investment	Fair Value \$	Percentage of Net Assets
2529	BHR Offshore Fund Ltd. - Class A, Series Jan 2010-3	2,501,744	4.51%
248	BHR Offshore Fund Ltd. - Class A, Series SP Aug 2011	248,467	0.45%
389	Castlerigg International Ltd. - Side Pocket, Series 1	34,083	0.06%
1505	Conquest Macro Fund Ltd. - Class 1 X, Series 0909	1,299,871	2.35%
1200	Conquest Macro Fund Ltd. - Class 1 X, Series 0810	1,078,262	1.94%
14296	Contrarian Emerging Markets Off Fund Ltd. - Class A, Series 4 2011	1,539,431	2.77%
111	Cyril Systematic D Fund - Class USD	1,664,363	3.00%
42	Drake Global Opportunities Fund - Class C, Series 1	39,255	0.07%
834	ECF Value Fund International Ltd. - Series 1	3,699,409	6.67%
107	ECF Value Fund International Ltd. - Series 7	470,657	0.85%
6441	Finisterre Sovereign Debt Fund - Class A, Initial Series 1	1,628,260	2.93%
12000	Finisterre Sovereign Debt Fund - Class A, Series 21	1,322,135	2.38%
2050	Force Capital Ltd. - Initial Series	2,925,360	5.28%
1034	Force Capital II Ltd.	1,008,719	1.82%
421	Forum Global Opportunities Fund - Class A, Series 1 (04/11)	1,818,642	3.28%
318	Forum Global Opportunities Fund - Class A, Series 1 (07/11)	1,371,133	2.47%
3	Galleon Diversified Sub-Trust	7,338	0.01%
1000	Harvey Offshore Fund Ltd. - Class A1, Series 7/11	906,396	1.63%
1750	Harvey SMidCap Offshore Fund Ltd. - Class A, Series 1-4/11	1,612,725	2.91%
688	Jana Nirvana Offshore Fund Ltd. - Class A, Series 01 2010	730,440	1.32%
1300	Jana Nirvana Offshore Fund Ltd. - Class A, Series 02 2011	1,208,930	2.18%
750	Jana Nirvana Offshore Fund Ltd. - Class A, Series 04 2010	759,937	1.37%
13	Jana Offshore Partners Ltd. - Side Pocker B	25,418	0.05%
11973	Laurus Offshore Fund Ltd. - Class A, Benchmark 2	921,303	1.66%
1328	Linden International Ltd. - Class A, Series 8/04	2,853,274	5.14%
1100	Linden International Ltd. - Class A, Series 2/11	965,169	1.74%
70	Longacre International II, Ltd. - class A, Seies 0308	64,813	0.12%
40	Longacre International II, Ltd. - Class D, Series 0410	121,404	0.22%
27814	M Kingdon Offshore Ltd. - Class A1	3,063,442	5.52%
4446	M Kingdon Offshore Ltd. - Class A2	489,150	0.88%
989	P/E Funds Limited - The Global Aggressive Fund - Class F2	1,271,483	2.29%
9307	Select Invest ARV II Ltd. - Series C 2009 RR	1,000,901	1.80%
1250	Seneca capital International Ltd. - Class 1, Series A	105,404	0.19%
182	Seneca capital International Ltd. - Class 3, Series B	12,325	0.02%
3448	The Mulvaney Global Markets Fund, Ltd. - 1XL Sub Fund	1,656,088	2.98%
22000	Vardana International Limited - Class A, S14	2,212,302	3.99%
40000	Vardana International Limited - Class A, S17	400,409	0.72%
Total investments at fair value through profit or loss		43,038,442	77.57%