NEUBERGER BERMAN

INTERIM REPORT

UNAUDITED FINANCIAL STATEMENTS

NB Global Floating Rate Income Fund Limited

FOR THE PERIOD ENDED 30 JUNE 2012
AND PERIOD ENDED 31 DECEMBER 2011

PARTNERING WITH CLIENTS FOR OVER 70 YEARS

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COMPANY OVERVIEW

The Company's investment objective is to provide its shareholders with regular dividends, at levels that are sustainable, whilst growing the capital value of its investment portfolio over the long term, utilising the investment skills of Neuberger Berman Europe Limited (the "Investment Manager") and Neuberger Berman Fixed Income LLC (the "Sub-Investment Manager").

To pursue its investment objective, the Company invests mainly in floating rate senior secured loans issued in U.S. Dollars, Sterling and Euros by North American and European Union corporations, partnerships and other business issuers. These loans will at the time of investment often be non-investment grade.

For the purposes of efficient portfolio management, the Company has established a wholly-owned Luxembourg incorporated subsidiary, NB Global Floating Rate Income Fund (Lux) 1 S.à r.l. which in turn holds a wholly-owned subsidiary, NB Global Floating Rate Income Fund (Lux) 2 S.à r.l. which has been incorporated for the purpose of holding loans. All references to the Company in this document refer to the Company and its wholly owned Luxembourg subsidiaries.

Company (as at 30 June 2012)	**NB Global Floating Rate Income Fund Limited (the "Company")** • Guernsey incorporated, closed-ended investment company • Admitted to the Official List of the UK Listing Authority and to trading with a premium listing on the Main Market of the London Stock Exchange on 20 April 2011 • Pays dividend quarterly • Dividend yield of 5.2% • Conversion of 5,511,010 U.S. Dollar C shares into 5,797,522 U.S. Dollar ordinary shares and conversion of 115,899,186 Sterling C shares into 122,146,117 Sterling ordinary shares on 13 January 2012 • Ordinary shares (USD 121,723,069 / GBP 371,867,847) • The Company was admitted to the FTSE 250 in March 2012
Investment Manager (as at 30 June 2012)	**Neuberger Berman Europe Limited (the "Investment Manager")** • A large team of over 109 fixed income investment professionals • Portfolio Managers have an average of 20 years of industry experience • Total fixed income assets of over $89 billion • Over $11 billion in high yield bonds and loans • Non-investment grade research team of over 20 analysts

KEY FIGURES

(US$ in millions, except per share data)	At 30 June 2012	At 31 December 2011
Net Asset Value attributable to USD shareholding		
- Ordinary shares	$119.3	$131.2
- C Shares	-	$5.5
Net Asset Value attributable to Sterling shareholding		
- Ordinary shares	$569.3	$346.5
- C Shares	-	$178.5
Net Asset Value per share attributable to USD shareholding		
- Ordinary shares	$0.9804	$0.9497
- C Shares	-	$0.9913
Net Asset Value per share attributable to Sterling shareholding		
- Ordinary shares	£0.9760	£0.9479
- C Shares	-	£0.9912
Investments	**$668.2**	**$647.0**
Cash and Cash Equivalents	**$17.8**	**$64.3**
Dividend Yield – USD Ordinary shares	**5.15%**	**5.01%**
– GBP Ordinary shares	**5.18%**	**5.02%**

DIRECTORS, MANAGER AND ADVISERS

Directors

William Frewen (Chairman)
Sandra Platts
Richard Battey

All c/o the Company's registered office.

Registered Office

BNP Paribas House
1 St. Julian's Avenue
St. Peter Port
Guernsey, GY1 1WA

Designated Manager, Administrator, Custodian and Company Secretary

BNP Paribas Fund Services (Guernsey) Limited
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St. Peter Port
Guernsey
GY1 1WA

Registrar

Capita Registrars (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue
St. Sampson
Guernsey
GY2 4LH

Investment Manager

Neuberger Berman Europe Limited
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London W1J 6ER
United Kingdom

Sub-Investment Manager

Neuberger Berman Fixed Income LLC
190 S LaSalle Street
Chicago IL 60603
United States of America

Joint Broker

Oriel Securities Limited
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London EC2V 6ET
United Kingdom

Joint Broker

Dexion Capital Plc
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London EC4Y 0AH
United Kingdom

Solicitors to the Company (as to English law and U.S. securities law)

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Guernsey
GY1 4ND

Principal Bankers

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BNP Paribas House
1 St. Julian's Avenue
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GY1 1WA

CHAIRMAN'S STATEMENT AND INTERIM MANAGEMENT REPORT

Dear Shareholder,

I have pleasure in presenting you with the Semi-Annual Report of NB Global Floating Rate Income Fund Limited ("the Company") for the period to 30 June 2012.

The Company

As mentioned in the subsequent events of the Annual report, the Company successfully merged the C share portfolio into the Ordinary share portfolio in early January 2012.

I am also pleased to announce that the Company was admitted to the FTSE 250 during March 2012.

Portfolio and Company Performance

Building on the solid start that your Company made during 2011, the board remains pleased with the progress made by the investment manager. The portfolio remains fully invested with a high US bias. As at 30 June 2012, 75.81% of the Company was invested in the US, with 21.23% invested in Europe and 2.59% in cash.

The investment manager has constructed a diversified portfolio of loan investments. At the end of the reporting period, the portfolio had 184 investments across 143 issuers in 31 different sectors.

In the period to 30 June 2012, the Net Asset Value ("NAV") total return per ordinary share since 31 December 2011 increased by 3.23%, from $0.9497 to $0.9804 per USD share and 2.96% from £0.9479 to £0.9760 per GBP share. As at 30 June 2012, the Share price verses the NAV was trading at a premium of 0.10% for the USD and 0.86% for the GBP. I am pleased to report that the share price has continued to trade at a premium to NAV for a large majority of the period.

I am also pleased to report that the investment manager, despite a difficult market environment has been able to maintain its target net dividend yield of 5%. The investment manager expects to continue to declare dividends on a quarterly basis.

Outlook for the rest of the financial year

Looking to the remainder of 2012, your Board continues to be satisfied with the portfolio's performance to date and the strategy that is being applied by the investment manager. The investment manager will continue to update you on the Company's progress by way of the quarterly fact sheets and investment manager updates.

I would like to close by thanking you for your commitment and I look forward to updating you on the Company's progress later on this year.

Principal risks and related parties

The Principal risks of the Company remain unchanged from last year and are largely highlighted in note 6 to these Interim Financial Statements.

The Investment Manager's report details our view on the current investment portfolio and our views on the investment pipeline and the wider developments and challenges in the loan market environment.

Note 4 to these Interim Financial Statements discloses the Related Party transactions in the 6 months to the end of 30 June 2012. The terms are unchanged from last year and no changes to those terms are currently anticipated.

William Frewen
Chairman
15 August 2012

INVESTMENT MANAGER'S REPORT

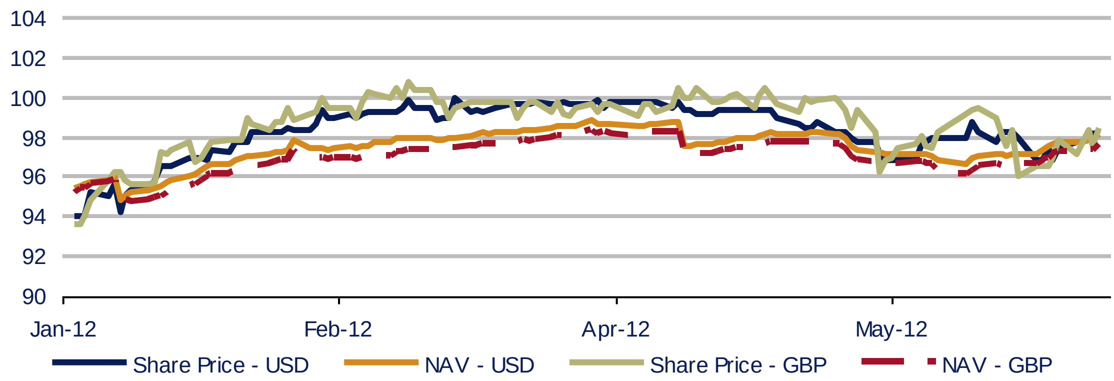
The Investment Manager remains pleased with the performance of NB Global Floating Rate Income Fund Limited ("the Company") for the period to 30 June 2012.

As at 30 June 2012, the Company was fully invested in 184 investments across 143 issuers. The credit quality of the portfolio remains in line with the investment manager's expectations, with 37.04% of the Fund being invested in BA rated investments, and 55.52% in B rated investments. Industry diversification remains strong with the company invested across 31 industries, with no single one representing more than 13% of the portfolio. The Company has made selective Bond investments, which as at 30 June 2012 accounted for 11.56% of the portfolio.

Between 31 December 2011 and 30 June 2012 the company's NAV per share has risen by 3.23% (USD ordinary shares), and 2.96% (GBP ordinary shares). The shares continue to trade at a slight premium to NAV, as at 30 June 2012 the USD shares traded at a premium of 0.10%, and the GBP shares at a premium of 0.86%.

During the period to 30 June 2012, the company declared two dividends which were paid to investors in February and May. The company continues to pay dividends in line with the original target yield of 5%. Post the period end the Company declared a further dividend which will be payable to investors on 24 August 2012.

The portfolio yield was 5.99% as at 30 June 2012.



Market Environment

In the period to 30 June 2012, the loan asset class has performed strongly with the US S&P/LSTA Loan Index returning 4.54% and the S&P European Leveraged Loan Index (ELLI) 4.93% as at the end of June. Within these performance numbers, the single B rating segment (where the portfolio has its largest exposure and is over-weight) leads the way with 5.75%. These results are particularly encouraging when we consider the full year returns for 2011 were 1.52% in the US and 0.72% in Europe.

The strong performance was weighted towards Q1 (+3.76% US, +4.36% Europe) when we saw a greater appetite for risk assets. This was driven by a combination of more positive news out of Europe such as the ECB's 3 year credit facilities as well as continuing strong economic data coming from the US. Whilst Q2 performance was a little more restrained particularly during May and June, as European sovereign debt issues returned to the fore once again, the asset class continued to evidence positive momentum.

Throughout the period, loan bid prices have remained robust even during the recent market uncertainty. For example, the US S&P/LSTA Loan Index had an average bid of 94.5 at the end of April and fell just 1.0% to 93.5, before improving to 93.9. This compares well to the last major period of volatility we experienced in August of last year when the Index fell from 94.7 at the end of July to 90.1 by the end of August, a fall of 4.8%. A combination of a lack of mutual fund outflows and increased CLO creation levels has helped keep demand for the asset class, and therefore prices, high.

The new issue pipeline has remained robust in the US and continues to provide good investment opportunities. We have seen over $50bn launched in each Quarter, primarily representing existing borrowers coming back to the market with refinancing and amend-to-extend deals. However, during Q2 we have started to see more weighting towards M&A transactions with $34bn of acquisition-related loans, the second highest quarterly result in the last two years.

INVESTMENT MANAGER'S REPORT (continued)

Market Environment (continued)

European issuance continues to underwhelm with just under €10bn seen year to date and this has seemingly been focused on more challenging, smaller deals, which have the potential to become protracted syndications and further stifle new issue.

Default rates in the US remain low as we expected with the current 12 month trailing rate at 1.04%, within our 2.0% forecast for the full year. Given the greater uncertainty in the European operating environment, the rate is higher at 5.50% but again within our target range of 5.0% - 7.0%. The portfolio has not had any defaults since inception.

Current pricing remains attractive with BB rated assets pricing in excess of 5.0% and single B above 7.0%.

Investment Pipeline

We expect our investment focus will remain in the US primary market, where we see a steady pipeline of new transactions with attractive pricing. The US pipeline currently stands at just over $15bn, the majority M&A related, whilst Europe continues to disappoint at €1.0bn. With the relative stability in the loan market since the Q1 rally, we feel that secondary market opportunities are limited, therefore we will continue our strategy of selling low current yielding assets that were bought at a discount, and reinvesting the proceeds in higher yielding new issues.

Neuberger Berman Europe Limited
August 2012

BOARD OF DIRECTORS

Directors

The Board is comprised of three independent non-executive Directors including the Chairman William Frewen. The biographical details of the Directors holding office at the date of this report are listed below and demonstrate a breadth of investment, accounting and professional experience. The performance of the Company is considered in detail at each board meeting. The Board is considered independent of the Investment Manager. The Board meets at least four times each year and deals with the important aspects of the Company's affairs, including the setting and monitoring of the investment strategy and the review of investment performance.

The Directors were all appointed on 10 March 2011, and their details are as follows:

William Frewen was re-elected as Chairman, Richard Battey and Sandra Platts were re-elected as Directors at the Annual General Meeting held on 6 June 2012.

William Frewen (Chairman)

William Frewen is a resident of the United Kingdom and has extensive experience in the fixed income sector. Mr. Frewen worked in a number of roles at Chemical Bank, Credit Suisse First Boston Limited and HSBC Bank plc from 1984 to 1998 before becoming head of Fixed Income Trading and deputy head of Capital Markets at Nomura International plc from 1998 to 2001. He served as the non-executive Chairman of Playgolf Holdings plc from 2004 to 2007, a company that was admitted to AIM in 2004 under his chairmanship. Mr. Frewen also acted as a consultant to Man Group plc from 2005 to 2006 before becoming an executive member of the board and head of Fixed Income at Threadneedle Asset Management from 2007 to 2010.

Richard Battey (Chairman of the Audit Committee)

Richard Battey is a resident of Guernsey and is a non-executive director and Chairman of the Audit Committee of AcenciA Debt Strategies Limited, Better Capital Limited, Juridica Investments Limited, Princess Private Equity Holding Limited and Prospect Japan Fund Limited. He is a non- executive director of Northwood Capital European Fund Limited and Northwood Capital Enhanced European Fund Limited. He is a Fellow of the Institute of Chartered Accountants in England and Wales having qualified with Baker Sutton & Co. in London in 1977. Richard has been a non-executive director of a number of investment companies and funds since leaving CanArgo Energy Corporation in 2006 where he was Chief Financial Officer. Prior to that role, he spent 27 years with the Schroder Group. Richard was a director of Schroders (C.I.) Limited in Guernsey from April 1994 to December 2004 where he served as Finance Director and Chief Operating Officer. He was a director of a number of the Schroder Group's Guernsey companies covering banking, investment management, trusts, insurance and private equity administration, retiring from his last Schroder directorship in December 2008.

Sandra Platts (Chairman of the Management Engagement Committee and the Remuneration and Nomination Committee)

Sandra Platts is a resident of Guernsey and is a non-executive director of Investec Bank (C.I.) Ltd, Strategic Equity Income Ltd. and NB Global Floating Rate Income Fund Ltd., where she also chairs The Nomination and Remuneration Committee and The Management Engagement Committee. Sandra was Managing Director of Kleinwort Benson in Guernsey and Chief Operating Officer for Kleinwort Benson Private Banking Group (UK and Channel Islands). She also held directorships of the Kleinwort Benson Trust Company and Operating Boards, retiring from Kleinwort Benson boards in 2010. Sandra holds a Masters in Business Administration and The Certificate in Company Direction from the Institute of Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

The un-audited Consolidated Financial Statements, which have been prepared in conformity with US GAAP and the Financial Accounting Standards Board Accounting Standards Codification 270. "Interim Reporting", gives a true and fair view of the assets, liabilities, financial position and profit of the Company, and as required by DTR 4.2.4R.

The combination of the Chairman's Statement and the Investment Manager's report meet the requirements of an Interim Management Report, and include a fair view of the information required by;

1. DTR 4.2.7R of the Disclosure and Transparency Rules, of the UK's Financial Services Authority, being an indication of important events that have occurred during the first six months of the year and their impact on the set of financial statements; and a description of the principal risks and uncertainties for the remaining 6 months of the year; and

2. DTR 4.2.8R of the Disclosure and Transparency Rules, of the UK's Financial Services Authority, being related party transactions that have taken place in the first six months of the current year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board of Directors on 15 August 2012.

By order of the Board

William Frewen Director	Richard Battey Director
15 August 2012	15 August 2012

INDEPENDENT AUDITORS' REVIEW REPORT

Introduction

We have been engaged by the Company to review the interim financial statements in the half-yearly financial report for the six months ended 30 June 2012, which comprises the consolidated statement of assets and liabilities as at 30 June 2012 and the consolidated statement of operations, consolidated statement of changes in net assets, consolidated schedule of investments, consolidated statement of cash flows for the period then ended and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with accounting principles generally accepted in the United States of America. The consolidated interim financial statements included in this half-yearly financial report have been prepared in accordance with the Financial Accounting Standards Board Accounting Standards Codification 270, "Interim Reporting".

Our responsibility

Our responsibility is to express to the Company a conclusion on the interim set of consolidated financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK & Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the set of consolidated interim financial statements in the half-yearly financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with the Financial Accounting Standards Board Accounting Standards Codification 270, "Interim Reporting" and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
15 August 2012

(a)The maintenance and integrity of the Company's website is the responsibility of the directors; the work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

30 June 2012 and 31 December 2011
(Expressed in U.S. dollars)

	Notes	30 June 2012 (Unaudited) $	31 December 2011 (Audited) $
Assets			
Investments, at fair value (2012: cost of $676,380,046; 2011: $669,860,803)	5	668,213,876	646,979,109
Cash and cash equivalents:			
-Sterling		672,138	205,316
-Euro		4,539,492	13,080,528
-US Dollar		12,628,200	51,031,887
Total cash and cash equivalents		17,839,830	64,317,731
		686,053,706	711,296,840
Other assets:			
Receivables for investments sold		47,134,825	20,272,068
Derivative assets (for hedging purposes only)	5	11,010,358	-
Interest receivables		5,675,949	3,349,901
Other receivables and prepayments		112,306	116,110
Total assets		749,987,144	735,034,919
Liabilities			
Payables for investments purchased		59,744,382	70,618,004
Payables to Investment Manager and affiliates	5	1,289,748	1,329,375
Accrued expenses and other liabilities		329,878	425,667
Derivative liabilities (for hedging purposes only)		-	918,299
Total liabilities		61,364,008	73,291,345
Total assets less liabilities		688,623,136	661,743,574
Share Capital	9	697,636,503	696,576,586
Accumulated deficit		(9,013,367)	(34,833,012)
Total net assets		688,623,136	661,743,574

30 June 2012		Net Asset Value	Number of Shares	NAV per share
USD shareholding				
- Ordinary shares	$	119,335,736	121,723,069	$0.9804
Sterling shareholding				
- Ordinary shares	£	362,956,918	371,867,847	£0.9760
Sterling shareholding (in USD)				
- Ordinary shares	$	569,287,400	371,867,847	$1.5309

The unaudited consolidated financial statements on pages 10 to 29 were approved and authorised for issue by the Board of Directors on 15 August 2012, and signed on its behalf by:

William Frewen
Director

Richard Battey
Director

The accompanying notes are an integral part of the unaudited consolidated financial statements

UNAUDITED CONSOLIDATED SCHEDULE OF INVESTMENTS

30 June 2012 (Unaudited)

(Expressed in U.S. dollars)

	Cost $	Fair Value $	Fair Value as % of Net Assets
Portfolio of investments			
Asset backed securities	1,918,596	1,966,831	0.29
Corporate loans			
Floating rate senior secured loans	598,318,435	590,241,138	85.71
Fixed rate bonds / corporate loans	69,752,226	69,729,657	10.13
Floating rate bonds / corporate loans	6,390,789	6,276,250	0.91
Total corporate loans	674,461,450	666,247,045	96.75
Total portfolio of investments	676,380,046	668,213,876	97.04
Forwards			
Euro to U.S. Dollar		(768,352)	(0.11)
Sterling to U.S. Dollar		(801,389)	(0.12)
U.S. Dollar to Euro		50,845	0.01
U.S. Dollar to Sterling		12,529,254	1.82
		11,010,358	1.60

30 June 2012 (Unaudited)		Cost	Fair Value	Fair Value as % of Net Assets
Geographic diversity of investment portfolio				
North America	$	523,153,573	522,002,043	75.81
Europe		153,226,473	146,211,783	21.23
	$	676,380,046	668,213,876	97.04

The accompanying notes are an integral part of the unaudited consolidated financial statements

UNAUDITED CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

31 December 2011 (Audited)
(Expressed in US dollars)

	Cost $	Fair Value $	Fair Value as % of Net Assets
Portfolio of investments			
Asset backed securities	2,012,620	2,006,880	0.30
Corporate loans			
Floating rate senior secured loans	590,775,126	574,161,253	86.71
Fixed rate bonds / corporate loans	69,987,178	64,081,582	9.68
Floating rate bonds / corporate loans	7,085,879	6,729,394	1.02
Total corporate loans	667,848,183	644,972,229	97.41
Total portfolio of investments	669,860,803	646,979,109	97.71
Forwards			
Euro to U.S. Dollar		1,716,009	0.26
Sterling to U.S. Dollar		182,284	0.03
U.S. Dollar to Euro		(28,375)	(0.01)
U.S. Dollar to Sterling		(2,788,217)	(0.42)
		(918,299)	(0.14)

31 December 2011 (Audited)		Cost	Fair Value	Fair Value as % of Net Assets
Geographic diversity of investment portfolio				
North America	$	507,585,125	501,255,022	75.68
Europe		162,275,678	145,724,087	22.01
	$	669,860,803	646,979,109	97.69

The accompanying notes are an integral part of the unaudited consolidated financial statements

UNAUDITED CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

30 June 2012 and 31 December 2011
(Expressed in US dollars)

	30 June 2012 (Unaudited)		31 December 2011 (Audited)	
	Cost ($)	**Fair Value ($)**	**Cost ($)**	**Fair Value ($)**
Industry diversity of Investment Portfolio				
Aerospace & defence	2,884,581	2,896,060	5,960,634	5,351,033
Air transport	3,416,241	3,464,846	4,397,217	4,218,312
Audiovisual	8,194,741	8,363,013	6,147,442	6,124,691
Automotive	15,449,083	15,468,930	17,034,491	16,839,706
Banks	13,679,794	14,157,088	13,337,706	13,407,644
Building & development	13,339,218	13,264,925	6,978,918	6,828,171
Building and building materials	13,401,195	13,479,481	5,608,635	5,045,613
Business equipment & services	53,011,630	52,145,416	41,876,407	40,360,299
Cable & satellite television	7,221,912	7,301,552	12,474,228	12,470,453
Chemical products	11,085,094	10,638,788	5,152,983	4,232,881
Chemicals & plastics	20,537,574	20,250,871	23,731,668	22,543,307
Clothing & textiles	7,920,000	7,990,000	-	-
Conglomerate	7,940,673	7,785,602	15,351,958	15,343,654
Consumption goods / food / brewery	-	-	1,429,600	1,220,261
Containers & glass products	28,153,574	27,894,414	22,984,454	22,736,580
Cosmetic & toiletries	1,823,653	1,856,820	-	-
Distribution water / gas / electricity / energy	27,241,361	27,730,639	3,795,125	3,832,500
Distribution / retail trade	8,268,784	8,304,175	8,986,362	8,732,037
Electrics / electronics	65,133,128	65,354,220	47,482,645	47,151,293
Equipment leasing	6,864,770	6,756,960	7,798,783	7,574,654
Farming / agriculture	2,173,865	2,178,982	2,282,333	2,273,506
Financial intermediaries	47,889,009	47,880,649	74,580,168	72,832,165
Food products	19,062,746	18,978,506	18,754,689	18,255,937
Food service	6,799,885	6,563,616	11,229,558	10,879,853
Food / drug retailers	4,954,528	4,985,250	4,916,750	4,847,550
Forest products	5,257,349	4,832,188	5,219,185	4,463,465
Health care	44,380,452	44,542,217	57,917,222	57,720,549
Holdings	3,273,230	2,689,928	3,273,230	2,066,969
Home furnishings	5,267,855	5,265,291	3,280,350	3,259,200
Hotels and restaurants	10,348,125	10,438,208	-	-
Industrial equipment	15,680,891	15,853,947	13,369,497	13,084,793
Insurance	1,685,100	1,693,130	1,666,496	1,670,127
Leisure Goods / activities / movies	-	-	12,385,051	12,237,876
Lodging & casinos	15,702,647	14,539,685	19,399,872	16,893,487
Mining of minerals and metals	3,787,500	3,581,250	8,359,173	8,023,648
Miscellaneous services	-	-	3,036,750	2,688,125
Nonferrous metals / minerals	2,010,758	1,986,780	2,012,500	1,987,860
Oil & gas	19,491,508	18,541,789	12,717,167	12,667,553
Other credit institutions	10,654,078	10,715,030	3,567,150	3,555,400
Packaging and paper industry	5,624,801	5,852,725	4,023,750	4,035,750

The accompanying notes are an integral part of the unaudited consolidated financial statements

UNAUDITED CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

30 June 2012 and 31 December 2011
(Expressed in US dollars)

	Cost ($)	Fair Value ($)	Cost ($)	Fair Value ($)
Industry diversity of Investment Portfolio (continued)				
Pharmaceutics / cosmetics / biotechnology	3,405,000	3,558,225	5,060,000	5,182,350
Publishing	14,204,422	12,534,497	20,616,385	18,913,749
Radio & television	20,239,448	19,726,611	25,866,727	24,964,770
Real Estate and housing	1,845,000	1,904,963	-	-
Retailers (except food & drug)	42,036,558	40,313,367	42,430,858	40,722,181
Software	4,750,963	4,865,400	-	-
Steel	6,614,950	6,663,300	-	-
Surface transport	2,611,417	2,628,256	7,242,048	7,061,846
Telecom	12,441,682	12,428,398	18,376,612	17,876,578
Telecommunications	7,889,770	7,198,688	16,439,734	13,899,093
Transportation and transportation materials	5,849,227	5,946,400	8,133,877	7,868,405
Utilities	14,880,276	14,222,800	13,174,415	13,033,235
	676,380,046	668,213,876	669,860,803	646,979,109

The accompanying notes are an integral part of the unaudited consolidated financial statements

UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

For the period ended 30 June 2012 and period ended 31 December 2011
(Expressed in US dollars)

	30 June 2012 (Unaudited)	10 March 2011 to 31 December 2011 (Audited)
	$	$
Income		
Interest income	21,837,198	16,735,433
Other income from investments	2,158,434	19,014
	23,995,632	16,754,447
Expenses		
Investment management and services	2,664,598	3,282,134
Administration and professional fees	795,875	833,583
Directors' fees and travel expenses	70,888	102,206
Total Expenses	3,531,361	4,217,923
Net Investment Income	20,464,271	12,536,524
Realised and unrealised gains and losses		
Net realised gain/(loss) on investments	598,145	(4,122,576)
Net realised gain/(loss) on derivatives	(3,764,575)	(10,902,676)
Total net realised loss	(3,166,430)	(15,025,252)
Net change in unrealised appreciation/(depreciation) on investments	14,920,472	(22,881,693)
Net change in unrealised appreciation/(depreciation) on derivatives	11,569,201	(918,299)
Total net unrealised appreciation/(depreciation)	26,489,673	(23,799,992)
Realised loss on foreign currency	(2,379,218)	(1,063,691)
Net realised and unrealised gains and losses	20,944,025	(39,888,935)
Net increase/(decrease) in net assets resulting from operations	41,408,296	(27,352,411)

The accompanying notes are an integral part of the unaudited consolidated financial statements

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the period ended 30 June 2012 and period ended 31 December 2011
(Expressed in US dollars)

30 June 2012 (Unaudited)

	C share ($)	Ord share ($)	Total ($)
Net assets as at 1 January 2012	183,998,928	477,744,646	661,743,574
Issuance of shares (net of issuance costs)			
Scrip issue	-	1,043,055	1,043,055
Conversion of C shares into ordinary shares	(183,480,114)	183,480,114	-
Dividends	(518,814)	(15,052,975)	(15,571,789)
Net increase in net assets resulting from operations	-	41,408,296	41,408,296
Net assets as at 30 June 2012	-	688,623,136	688,623,136

31 December 2011 (Audited)

	C share ($)	Ord share ($)	Total ($)
Net assets as at 10 March 2011	-	-	-
Issuance of shares (net of issuance costs)			
Initial issue (issue costs $10,146,727)	-	497,189,645	497,189,645
C share issue (issue costs $3,744,123)	183,464,169	-	183,464,169
Scrip issue	-	1,137,123	1,137,123
Tap issue (issue costs $149,350)*	-	14,785,650	14,785,650
Total proceeds from issuance of shares	183,464,169	513,112,418	696,576,587
Dividends	-	(7,480,602)	(7,480,602)
Net increase / (decrease) in net assets resulting from operations	534,759	(27,887,170)	(27,352,411)
Net assets as at 31 December 2011	183,998,928	477,744,646	661,743,574

* See note 9 for further details.

The accompanying notes are an integral part of the unaudited consolidated financial statements

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2012 and period ended 31 December 2011
(Expressed in US dollars)

	30 June 2012 (Unaudited)	10 March 2011 to 31 December 2011 (Audited)
	$	$
Cash flows from operating activities:		
Net decrease in net assets resulting from operations	41,408,296	(27,352,411)
Adjustment to reconcile net decrease in net assets resulting from operations:		
Net realised (gain)/loss on investments	(598,145)	4,122,576
Net change in unrealised (appreciation)/depreciation on investments and derivatives	(26,489,673)	23,799,992
Changes in receivables for investments sold	(26,862,757)	(20,272,068)
Changes in interest receivables	(2,326,048)	(3,349,901)
Changes in other receivables and prepayments	3,804	(116,110)
Amortisation of discount on loans	(1,074,966)	-
Changes in payables for investments purchased	(10,873,622)	70,618,004
Changes in payables to Investment Manager and affiliates	(39,627)	1,329,375
Changes in accrued expenses and other liabilities	(95,789)	425,667
Purchase of investments	(435,803,578)	(1,198,340,076)
Sale of investments	430,802,938	524,356,698
Net cash used in operating activities	(31,949,167)	(624,778,254)
Cash flows from financing activities:		
Proceeds from initial and tap issuance of ordinary and C shares	-	695,439,464
Dividends paid (net of Scrip issue)	(14,528,734)	(6,343,479)
Net cash provided by financing activities	(14,528,734)	689,095,985
Net increase in cash and cash equivalents	(46,477,901)	64,317,731
Cash and cash equivalents at beginning of period	64,317,731	-
Cash and cash equivalents at end of period	17,839,830	64,317,731

The accompanying notes are an integral part of the unaudited consolidated financial statements

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF BUSINESS

NB Global Floating Rate Income Fund Limited (the "Company") is a Guernsey Registered Closed-ended Collective Investment Scheme registered and incorporated in Guernsey under The Companies (Guernsey) Law, 2008 (as amended), on 10 March 2011, with registration number 53155. The Company's shares were admitted to trading on the Main Market of the London Stock Exchange on 20 April 2011.

The Initial Public Offering of the Company took place on 15 April 2011, raising gross proceeds of approximately $507.3 million. The Company raised an additional $187 million by means of a Placing and Offer for Subscription of C shares.

The Company's investment objective is to provide its shareholders with regular dividends, at levels that are sustainable, whilst growing the capital value of its investment portfolio over the long term, utilising the investment skills of the Investment Manager, Neuberger Berman Europe Limited and the Sub-Investment Manager, Neuberger Berman Fixed Income LLC. To pursue its investment objective, the Company will invest mainly in floating rate senior secured loans issued in U.S. Dollars and Sterling by North American and European Union corporations, partnerships and other business issuers. These loans will at the time of investment often be non-investment grade.

For the purposes of efficient portfolio management, the Company has established a wholly-owned Luxembourg incorporated subsidiary, NB Global Floating Rate Income Fund (Lux) 1 S.à r.l. which in turn holds a wholly-owned subsidiary, NB Global Floating Rate Income Fund (Lux) 2 S.à r.l. which has been incorporated for the purpose of holding loans. All references to the Company in this document refer to the Company and its wholly owned Luxembourg subsidiaries.

The Company's share capital is denominated in US Dollars and Sterling and consists of US Dollar Shares and Sterling Shares.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying unaudited consolidated financial statements have been presented on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (U.S. GAAP). Management believes that the underlying assumptions are appropriate and that the Company's unaudited consolidated financial statements therefore present the true and fair financial position and complies with the Guernsey company law. The functional and reporting currency of the Company is the United States Dollar.

Basis of consolidation

The unaudited consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiary undertakings as at 30 June 2012. The results of the subsidiary undertakings are included in the unaudited consolidated statement of comprehensive income.

All intra-group balances, transactions, income and expenses are eliminated in full.

Use of estimates

The preparation of unaudited consolidated financial statements in conformity with U.S. GAAP requires that the Directors make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Such estimates and associated assumptions are generally based on historical experience and various other factors that are believed to be reasonable under the circumstances, and form the basis of making the judgments about attributing values of assets and liabilities that are not readily apparent from other sources. Actual results may vary from such accounting estimates in amounts that may have a material impact on the financial information of the Company.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Interest earned on debt instruments is accounted for net of applicable withholding taxes and it is recognised as income over the terms of the loans. Discounts received or premiums paid in connection with the acquisition of loans are amortised into interest income using the effective interest method over the contractual life of the related loan. If a loan pays off prior to maturity, the recognition of the fees and costs is accelerated as appropriate. The Investment Manager raises a provision when the collection of principal or interest is deemed doubtful.

Cash and cash equivalents

The Company's cash and cash equivalents comprise cash in hand and demand deposits and highly liquid investments with original maturities of less than 90 days that are both readily convertible to known amounts or cash and so near maturity that they represent insignificant risk of changes in value.

Valuation of investments

The Company carries investments on its unaudited consolidated statement of assets and liabilities at fair value in accordance with U.S. GAAP, with changes in fair value recognised within the unaudited consolidated statement of operations in each reporting period. Quoted investments are valued according to their bid price as at the close of the relevant reporting date. Investments in private securities are priced at the bid price using a pricing service for private loans. Asset backed securities are valued according to their bid price. If a price cannot be ascertained from the above sources, the Company will seek bid prices from third party broker/dealer quotes for the investments. The Investment Manager believes that bid price is the best estimate of fair value and is in line with the valuation policy adopted by the Company.

In cases where no third party price is available, or where the Investment Manager, Neuberger Berman Europe Limited, determines that the provided price is not an accurate representation of the fair value of the investment, the Sub-Investment Manager, Neuberger Berman Fixed Income LLC, determines the valuation based on the Sub-Investment Manager's fair valuation policy.

The overall criterion for fair value is a price at which a round lot of the securities involved would change hands in a transaction between a willing buyer and a willing seller, neither being under compulsion to buy or sell and both having the same knowledge of the relevant facts.

Consistent with the above criterion, the following criteria is considered when applicable:

- Valuation of other securities by the same issuer for which market quotations are available;
- Reasons for absence of market quotations;
- The soundness of the security, its interest yield, the date of maturity, the credit standing of the issue and the current general interest rates;
- Recent sales prices and/or bid and asked quotations for the security;
- Value of similar securities of issuers in the same or similar industries for which market quotations are available;
- Economic outlook of the industry;
- Issuer's position in the industry;
- The financial information of the issuer; and
- The nature and duration of any restriction on disposition of the security.

Derivative financial instruments

The Company may, from time to time, hold derivative financial instruments for the purposes of hedging foreign currency exposure. These derivatives are measured at fair value in accordance with U.S. GAAP, with changes in fair value recognised within the unaudited consolidated statement of operations in each reporting period.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments (continued)

Depending on the product and the terms of the transaction, the fair value of the over the counter (OTC) derivative products, such as foreign exchange contracts, can be modelled taking into account the counterparties' creditworthiness and using a series of techniques, including simulation models. Many pricing models do not entail material subjectivity because the methodologies employed do not necessitate significant judgements and the pricing inputs are observed from actively quoted markets. The forward exchange contracts valued by the company using pricing models fall into this category and are categorized within level 2 of the fair value hierarchy.

As Shares are denominated in U.S. Dollars and Sterling and investments are denominated in U.S. Dollars, Euro or Sterling, holders of any class of Shares are subject to foreign currency fluctuations between the currency in which such Shares are denominated and the currency of the investments made by the Company. Consequently, the Investment Manager seeks to engage in currency hedging between the U.S. Dollars and any other currency in which the assets of the Company or a class of Shares is denominated, subject to suitable hedging contracts such as forward currency exchange contracts being available in a timely manner and on terms acceptable to the Investment Manager, in their sole and absolute discretion.

Realised gains and losses on investments

All investment transactions are recorded on a trade date basis. Upon sale or maturity, the difference between the consideration received and the cost of the investment is recognised as a realised gain or loss. The cost is determined based on the average cost method.

Operating expenses

Operating expenses are recognised on an accruals basis. Operating expenses include amounts directly or indirectly incurred by the Company as part of its operations.

Issuance cost

In line with the Prospectus, the expenses incurred for the initial placing were borne by the Company up to a maximum of 2 per cent of the Gross Issue Proceeds. These expenses include placing fees and commissions; registration, listing and admission fees; the cost of settlement and escrow arrangements; printing, advertising and distribution costs; legal fees, and any other applicable expenses incurred in connection with the offering of shares.

All such expenses are charged to capital, reducing the issue proceeds received.

Currency translation

Monetary assets and liabilities denominated in a currency other than U.S. Dollars are translated into U.S. Dollar equivalents using spot rates as at the period end date. On initial recognition, a foreign currency transaction is recorded and translates at the spot exchange rate at the transaction date. Non monetary assets and liabilities are translated at the historic exchange rate. There were no non-monetary assets held during the period. Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. The rates of exchange against U.S. dollars at 30 June 2012 were 1.568471 USD: 1GBP and 1.269050 USD: 1 EUR (31 December 2011: 1.554112 USD: 1GBP and 1.29815 USD: 1 EUR).

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 – AGREEMENTS AND RELATED PARTIES

Investment Management Agreement

The Board is responsible for managing the business affairs of the Company but has delegated certain functions to the Investment Manager under the Investment Management Agreement dated 18 March 2011.

The Investment Manager of the Company is Neuberger Berman Europe Limited, an indirect wholly owned subsidiary of NB Group. The Investment Manager has delegated certain of its responsibilities and functions to the Sub-Investment Manager, Neuberger Berman Fixed Income LLC, also an indirect wholly-owned subsidiary of NB Group (together the Investment Manager).

The Investment Manager is responsible for the discretionary management of the assets held in the Company Portfolio and will conduct the day-to-day management of the Company's assets (including un-invested cash). The Investment Manager is not required to and generally will not submit individual investment decisions for approval by the Board.

The Investment Manager is entitled to a management fee, which shall accrue daily, and be payable quarterly in arrears, at a rate of 0.75 percent per annum of the Company's NAV. For the period ended 30 June 2012, the management fee expense was $2,664,598 (31 December 2011: $3,282,134), of which $1,289,748 (31 December 2011: $1,329,375) was unpaid at the period end.

The Investment Manager is not entitled to a performance fee.

Administration and Custody Agreement

The Company has appointed BNP Paribas Fund Services (Guernsey) Limited as Administrator, Secretary, Custodian and Designated Manager of the Company pursuant to the Administration and Custody Agreement. In such capacity, the Administrator is responsible for the day–to-day administration of the Company (including but not limited to the calculation and publications of the estimated daily Net Asset Value), general secretarial functions (including but not limited to the maintenance of the Company's accounting and statutory records) and certain safekeeping and custody services. The Administrator is currently entitled to the following fees per annum:

On first $100m of the net asset value	0.08%
On $100m - $250m of the net asset value	0.06%
On $250m - $500m of the net asset value	0.03%
Any amount greater than $500m of the net asset value	0.015%

The Administrator is entitled to an annual minimum of £100,000 (approximately $156,800).

The Secretary is entitled to an annual fee of £36,000 (approximately $56,400) plus fees for ad hoc board meetings and services. The Custodian is entitled to a fee of 0.02 percent of the Market Value of the portfolio and a fee of 0.045 percent per annum (which will be adjusted to 0.035 percent per annum if assets exceeded $500m) of the net asset value, with a minimum annual fee of £50,000 (approximately $78,400) in respect of portfolio and loan administration.

For the period ended 30 June 2012, the administration fee expense was $127,244 (31 December 2011: $245,263), the secretarial fee was $44,279 (31 December 2011: $45,749) and the custodian and loan administration fee expense was $221,554 (31 December 2011: $254,956). Of these amounts an administration fee of $77,996 (31 December 2011: $85,861), a secretarial fee of $13,923 (31 December 2011: $13,983) and a custodian and loan administration fee of $91,898 (31 December 2011: $73,528) were unpaid at the period end.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 – RELATED PARTY TRANSACTIONS

The Directors are related parties and are remunerated for their services at a fee of £25,000 (approximately $39,000) per annum (£35,000 for the Chairman – approximately $54,000). In addition, the Chairman of the Audit Committee receives an additional £5,000 (approximately $7,800) for his services in this role. For the period ended 30 June 2012, the directors' fees and travel expenses amounted to $70,888 (31 December 2011: $102,206). Of these, $23,493 (31 December 2011: $12,773) were unpaid at the period end.

The contract with Neuberger Berman Europe Limited is the only related party transaction currently in place. Other than fees payable in the ordinary course of business, there have been no material transactions with these related parties which have affected the financial position or performance of the Company in the financial year.

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

A financial instrument is defined by ASC 825, Disclosures about Fair Value of Financial Instruments, as cash, evidence of an ownership interest in an entity, or a contract that creates a contractual obligation or right to deliver to or receive cash or another financial instrument from a second entity on potentially favourable terms. Fair value estimates are made at a discrete point in time, based on relevant market data, information about the financial instruments, and other factors.

Fair value was determined using available market information and appropriate valuation methodologies. Estimates of fair value of financial instruments without quoted market prices are subjective in nature and involve various assumptions and estimates that are matters of judgement. Accordingly, fair values are not necessarily indicative of the amounts realised on disposition of financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on estimated fair value amounts.

The following estimates and assumptions were used at 30 June 2012 to estimate the fair value of each class of financial instruments:

- Valuation of financial investments – The loans and bonds are valued at bid price. The Investment Manager believes that bid price is the best estimate of fair value and is in line with the valuation policy adopted by the Company.

- Cash and cash equivalents – The carrying value is a reasonable estimate of fair value due to the short-term nature of these instruments.

- Receivables for Investments Sold – The carrying value reasonably approximates fair value as they reflect the value at which investments are sold to a willing buyer and settlement period on their balances is short term.

- Interest receivables – The carrying value reasonably approximates fair value.

- Other receivables and prepayments – The carrying value reasonably approximates fair value.

- Derivatives – the Company estimates fair values of derivatives based on the latest available forward exchange rates.

- Payables for Investments Purchased – The carrying value reasonably approximates fair value as they reflect the value at which investments are purchased from a willing seller and settlement period on their balances is short term.

- Payables to Investment Manager and affiliates – The carrying value reasonably approximates fair value.

- Accrued expenses and other liabilities – The carrying value reasonably approximates fair value.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

A fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value is established under FASB ASC Topic 820. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3). The levels of the fair value hierarchy under FASB ASC Topic 820-10-35-39 to 55 are as follows:

The guidance establishes three levels of the fair value hierarchy as follows:

Level 1: price quotations in active markets/exchanges for identical securities;

Level 2: other observable inputs (including but not limited to: quoted prices for similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs);

Level 3: unobservable inputs based on the best information available in the circumstance, to the extent observable inputs are not available (including the Company's own assumption used in determining the fair value of investments).

The Company has adopted the authoritative guidance contained in FASB ASC 820-10, Fair Value Measurements and Disclosures, for estimating the fair value of the financial instruments that have calculated net asset value per share in accordance with FASB ASC 946-10.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following table details the Company's financial instruments that were accounted for at fair value as at 30 June 2012.

Financial Instruments at Fair Value as at 30 June 2012

Financial investments		**Level 1 ($)**	**Level 2 ($)**	**Level 3 ($)**	**Total ($)**
Floating rate senior secured loans		-	590,241,138	-	590,241,138
Fixed rate bonds/corporate loans		-	69,729,657	-	69,729,657
Floating rate bonds/corporate loans		-	6,276,250	-	6,276,250
Asset Backed Securities		-	1,966,831	-	1,966,831
Total financial investments		-	668,213,876	-	668,213,876
Financial Assets	**No of contracts**				
Derivatives (for hedging purposes only)	5	-	12,580,099	-	12,580,099
Financial liabilities					
Derivatives (for hedging purposes only)	3	-	(1,569,741)	-	(1,569,741)
Total	8	-	11,010,358	-	11,010,358

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial Instruments at Fair Value as at 31 December 2011

Financial investments	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
Floating rate senior secured loans	-	574,161,253	-	574,161,253
Fixed rate bonds/corporate loans	-	64,081,582	-	64,081,582
Floating rate bonds/corporate loans	-	6,729,394	-	6,729,394
Asset Backed Securities	-	2,006,880	-	2,006,880
Total financial investments	-	646,979,109	-	646,979,109

Financial Assets	No of contracts				
Derivatives (for hedging purposes only)	6	-	1,898,293	-	1,898,293
Financial liabilities					
Derivatives (for hedging purposes only)	5	-	(2,816,592)	-	(2,816,592)
Total	11	-	(918,299)	-	(918,299)

The following table presents the impact of derivative instruments on the Statement of Operations in conformity with U.S. GAAP.

Primary underlying risk	For the period from 1 January 2012 to 30 June 2012	For the period from 10 March 2011 to 31 December 2011
Realised loss on foreign currency	(2,379,218)	(1,063,691)
Net realised loss on derivatives	(3,764,575)	(10,902,676)
Net change in unrealised depreciation on derivatives	11,569,201	(918,299)
Total	5,425,408	(12,884,666)

NOTE 6 – RISKS

The Company is subject to various risks, including, but not limited to, market risk, foreign exchange risk, credit risk and liquidity risk. The Investment Manager attempts to monitor and manage these risks on an ongoing basis. While the Investment Manager generally seeks to hedge certain portfolio risks, the Investment Manager is not required and may not attempt to hedge all market or other risks in the portfolio, and it may decide to only partially hedge certain risks.

Market Risk and Price Risk

Market risk is the potential for changes in the value of investments. Categories of market risk include, but are not limited to interest rate and foreign exchange risk. Interest rate risk primarily results from exposures to changes in the level, slope and curvature of the yield curve, the volatility of interest rates and credit spreads.

Price risk is the risk that the price of the security will fall. The exposure to price risk is managed by the Investment Manager by diversifying the portfolio and economically using forward contracts.

Foreign exchange risk

Foreign exchange risk arises from various currency exposures, primarily with respect to Sterling investments and share issue proceeds. The Company makes use of hedging techniques, as part of its risk management strategy, including but not limited to the use of forward exchange contracts to mitigate its exposure to this risk. These instruments involve market risk, credit risk, or both kinds of risks. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movement in currency and securities values and interest rates.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 – RISKS (CONTINUED)

Credit Risk
The Company may invest in a range of bank debt investments, asset backed securities and corporate and other bonds and other credit sensitive securities. Until such investments are sold or are paid in full at maturity, the Company is exposed to credit risk relating to whether the issuer will meet its obligations when the securities come due.

The cash and other liquid securities held can subject the Company to a concentration of credit risk. The Investment Manager attempts to mitigate the credit risk that exists with cash deposits and other liquid securities by regularly monitoring the credit ratings of such financial institutions and at times attempting to hold a significant amount of the Company's cash and cash equivalents in U.S. Treasuries or other highly liquid securities.

Credit risk is the risk of losses due to the failure of counterparty to perform according to the terms of a contract. Since the Company does not clear all of its own securities transactions, it has established accounts with other financial institutions for this purpose. This can, and often does, result in a concentration of credit risk with one or more of these institutions. Such risk, however, is partially mitigated by the obligation of certain of these financial institutions to comply with rules and regulations governing financial institutions in countries where they conduct their business activities.

These rules and regulations generally require maintenance of minimum net capital and may also require segregation of customers' funds and financial instruments from the holdings of the financial institutions themselves. The Company actively reviews and attempts to manage exposures to various financial institutions in an attempt to mitigate these risks.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its obligations as and when these fall due. Liquidity risk is managed by the Investment Manager so as to ensure that the Company maintains sufficient working capital in cash or near cash form so as to be able to meet the Company's ongoing requirements as these are budgeted for.

Other Risks
Legal, tax and regulatory changes could occur during the term of the Company that may adversely affect the Company. The regulatory environment for alternative investment vehicles is evolving, and changes in the regulation of alternative investment vehicles may adversely affect the value of investments held by the Company or the ability of the Company to pursue its trading strategies. The effect of any future regulatory change on the Company could be substantial and adverse.

NOTE 7 – INCOME TAXES

The Company is exempt from Guernsey tax on income derived from non-Guernsey sources. However, certain of its underlying investments may generate income that is subject to tax in other jurisdictions, principally in the United States.

In accordance with U.S. GAAP, Management is required to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognised is measured as the largest amount of benefit that is greater than fifty per cent. likely of being realised upon ultimate settlement. De-recognition of a tax benefit previously recognised could result in the Company recording a tax liability that would reduce net assets. This policy also provides guidance on thresholds, measurement, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition that is intended to provide better financial statement comparability among different entities.

As of 30 June 2012, the Company has recorded no liability for net unrecognised tax benefits relating to uncertain tax positions they have taken or expect to take in future tax returns (31 December 2011:Nil).

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 – FINANCIAL HIGHLIGHTS

30 June 2012	Sterling Series of Ordinary Share Class as at 30/06/2012	USD Series of Ordinary Share Class as at 30/06/2012
Per share operating performance	**(£)**	**($)**
Net asset value per share at the beginning of the period	0.9479	0.9497
Shareholder activity in the period	(0.0008)	(0.0059)
Income from investment operations (a)		
Net income per share for the period (b)	0.0296	0.0297
Net realised and unrealised gain/(loss) from investments	0.0308	0.0343
Foreign currency translation	(0.0041)	-
Distribution per share during the period	(0.0274)	(0.0274)
Total gain/(loss) from operations	0.0281	0.0307
Net asset value per share at the end of the period	0.9760	0.9804

Total return* (b)	Sterling Series of Ordinary Share Class as at 30/06/2012	USD Series of Ordinary Share Class as at 30/06/2012
Total return	3.05%	3.87%

Ratios to average net assets (b)	Sterling Series of Ordinary Share Class as at 30/06/2012	USD Series of Ordinary Share Class as at 30/06/2012
Net income (c)	5.93%	6.10%
Expenses (c)	(1.00)%	(1.15)%

31 December 2011	Sterling Series of Ordinary Share Class as at 31/12/2011	USD Series of Ordinary Share Class as at 31/12/2011	Sterling Series of C Share Class as at 31/12/2011	USD Series of C Share Class as at 31/12/2011
Per share operating performance	**(£)**	**($)**	**(£)**	**($)**
Net proceeds per share at the initial offering	0.9800	0.9800	0.9800	0.9800
Shareholder activity in the period	-	0.0017	-	-
Income from investment operations (a)				
Net income per share for the period (b)	0.0242	0.0233	0.0028	0.0028
Net realised and unrealised gain/(loss) from investments (c)	(0.0939)	(0.0404)	(0.0001)	0.0085
Foreign currency translation	0.0525	-	0.0085	-
Distribution per share during the period	(0.0149)	(0.0149)	-	-
Total gain/(loss) from operations	(0.0321)	(0.0320)	0.0112	0.0113
Net asset value per share at the end of the period	0.9479	0.9497	0.9912	0.9913

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 – FINANCIAL HIGHLIGHTS (continued)

Total return* (b)	Sterling Series of Ordinary Share Class as at 31/12/2011	USD Series of Ordinary Share Class as at 31/12/2011	Sterling Series of C Share Class as at 31/12/2011	USD Series of C Share Class as at 31/12/2011
Total return	(3.28)%	(3.26)%	1.14%	1.11%

Ratios to average net assets (b)	Sterling Series of Ordinary Share Class as at 31/12/2011	USD Series of Ordinary Share Class as at 31/12/2011	Sterling Series of C Share Class as at 31/12/2011	USD Series of C Share Class as at 31/12/2011
Net income (c)	4.45%	4.28%	2.10%	2.09%
Expenses (c)	(1.07)%	(1.01)%	(0.98)%	(0.97)%

(a) Average shares outstanding were used for calculation.
(b) An individual shareholder's return may vary from these returns based on the timing of the shareholder's subscriptions.
(c) Annualized.

*Total return or loss is calculated for the ordinary share class only, which is calculated based on movement in the net asset value, and does not reflect any movement in the market value. Subscription shares are not presented as they are not profit participating shares.

NOTE 9 – SHARE CAPITAL

The share capital of the Company consists of an unlimited number of ordinary shares of no par value which upon issue the Directors may classify as:

(i) U.S. Dollar shares, Sterling shares or Euro shares or as Shares of such other classes as the Directors may determine;

(ii) B shares of such classes denominated in such currencies as the Directors may determine; and

(iii) C shares of such classes denominated in such currencies as the Directors may determine.

The rights attached to the above shares are one vote in respect of each share held and, in the case of a general meeting of all Shareholders:

(a) one vote in respect of each U.S. Dollar Share held by the shareholder;

(b) 1.6 votes in respect of each Sterling Share held by the shareholder; and

(c) in respect of a Share of a class denominated in any currency other than U.S. Dollars, Sterling or Euro held by the shareholder, such number of votes per Share of such class as shall be determined by the Directors in their absolute discretion upon the issue for the first time of Shares of the relevant class.

The Directors may effect distributions of capital proceeds attributable to the Ordinary Shares to holders of Ordinary Shares by issuing B Shares of a particular class to holders of Ordinary Shares of a particular class pro-rata to their holding of Ordinary Shares of such class.

The B Shares are issued on terms that each B Share shall be compulsorily redeemed by the Company shortly following issue and the redemption proceeds paid to the holders of such B Shares on such terms and in such manner as the Directors may from time to time determine.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 – SHARE CAPITAL (CONTINUED)

The B Shares do not:

(a) carry any right to any dividends or other distributions of the Company other than as expressly permitted under these Articles;

(b) entitle the holder thereof to any surplus assets of the Company remaining after payment to all the creditors of the Company apart from a distribution in respect of any capital paid up on the B Shares, which shall rank behind any amounts due in respect of other classes of shares and such distribution shall be distributed pro rata; or

(c) carry any right to receive notice of, or attend or vote at, any general meeting of the Company or any right to vote on written resolutions of the Company.

The Directors are authorised to issue C Shares of such classes (and denominated in such currencies) as they may determine in accordance with Article 4 and with C Shares of each such class being convertible into Ordinary Shares of such class as the Directors may determine at the time of issue of such C Shares.

C Shares will not carry the right to attend and receive notice of any general meetings of the Company, nor will they carry the right to vote at such meetings.

There were no Euro shares or C shares in issue as at 30 June 2012.

From 1 January 2012 to 30 June 2012	**USD Series of C Shares**	**Sterling Series of C Shares**	**USD Series of Ordinary Shares**	**Sterling Series of Ordinary Shares**	**Total**
Balance as at 1 January 2012	5,511,010	115,899,186	138,173,155	235,224,040	494,807,391
Scrip Issue **	-	-	342,389	14,621,036	14,963,425
Monthly Conversions***	-	-	(22,589,997)	(123,346)	(22,713,343)
Conversion of C Shares****	(5,511,010)	(115,899,186)	5,797,522	122,146,117	6,533,443
Balance as at 30 June 2012	-	-	121,723,069[1]	371,867,847[2]	493,590,916

From 10 March 2011 to 31 December 2011	**USD Series of C Shares**	**Sterling Series of C Shares**	**USD Series of Ordinary Shares**	**Sterling Series of Ordinary Shares**	**Total**
Balance as at 10 March 2011	-	-	-	-	-
Initial Shares Issued	5,511,010	115,899,186	107,220,280	243,973,227	472,603,703
Tap Issues*	-	-	12,114,891	1,715,000	13,829,891
Scrip Issue **	-	-	91,565	710,833	802,398
Balance as at 31 December 2011	5,511,010[3]	115,899,186[4]	138,173,155[5]	235,224,040[6]	494,807,391

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 – SHARE CAPITAL (CONTINUED)

The shares of no par value had the following issue proceeds
[1] $88,740,618
[2] $592,973,113 (£378,058,066)
[3] $5,402,918
[4] $178,061,251 (£114,574,272)
[5] $135,646,236
[6] $377,466,181 (£242,882,225)

*During the period to 31 December 2011, 13,829,891 shares in total were issued under block listing application as tap issues.

** At the time of each quarterly dividend declaration, the Company offered a scrip dividend alternative for the distribution to those investors who wish to receive additional ordinary shares in lieu of a cash payment.

*** The Company offers a monthly conversion facility pursuant to which Shareholders may elect to convert some or all of their Shares of a class into Shares of any other class.

****On 5 January 2012, the Company announced a Conversion ratio for the conversion of C shares into Ordinary shares. The conversion ratio, based on the NAV of each share class as at 31 December 2011, (as calculated in accordance with the Company's prospectus dated 7 September 2011 (the "Prospectus")), was 1.05390 Sterling Ordinary Shares for every one Sterling C Share held, and 1.05199 Dollar Ordinary shares for every one Dollar C Share held. On this basis an application was made to the UK Listing Authority for 122,146,117 Sterling Shares and 5,797,522 US Dollar Shares (together the "New Shares") to be admitted to the Official List. Application was also made for the New Shares to be admitted to trading on the London Stock Exchange, which became effective when the dealings in the New Shares commenced on 17 January 2012. The C Shares were permanently removed from trading on the London Stock Exchange with effect from the opening of trading at 8:00 a.m. on 17 January 2012.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events for the Company through 15 August 2012, the date the unaudited consolidated financial statements are available to be issued, and had concluded there are not any material events that require disclosure or adjustment of the unaudited consolidated financial statements other than those listed below.

On 5 July 2012, the Company declared a dividend of $0.01310 per USD share and £0.01310 per Sterling share, covering the period 1 April 2012 to 30 June 2012. This dividend is payable to shareholders on 24 August 2012.

NOTE 11 - DIVIDENDS

a) The following dividends were declared for Ordinary Shareholders as follows:

Period	Date declared	Payment Date	USD Share	Sterling Share
Quarter ended 31 December 2011	5 January 2012	24 February 2012	$0.01187	£0.01187
Special dividend (to C shareholders only at the Conversion of C shares)	5 January 2012	24 February 2012	$0.00323	£0.00323
Quarter ended 31 March 2012	12 April 2012	25 May 2012	$0.01260	£0.01260
Quarter ended 30 June 2012	5 July 2012	24 August 2012	$0.01310	£0.01310