

Artemis Global Hedge Fund Limited

Interim Financial Report (unaudited)

For the six months ended 30 June 2008



ARTEMIS
The PROFIT Hunter

Artemis Global Hedge Fund Limited

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Artemis Global Hedge Fund Limited

Directors and other information

Directors	Thierry de Sépibus* Dr Wolfgang Schwartzkopff* Paul Turnbull* Henry Kelly* * Each of the above is a non-executive director and independent of the investment manager
Registered office	Walker House Mary Street, PO Box 908 Grand Cayman, KY1-9002 Cayman Islands
Investment manager	Artemis Investment Management Limited 57 St. James's Street London, SW1A 1LD United Kingdom 42 Melville Street Edinburgh, EH3 7HA United Kingdom
Prime broker	Goldman Sachs International Peterborough Court 133 Fleet Street London, EC4A 2BB United Kingdom
Bankers	HSBC Institutional Trust Services Ireland Ltd 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
Administrator, registrar, transfer agent and company secretary	HSBC Securities Services (Ireland) Limited 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
Legal advisors <i>(Cayman Islands law)</i>	Walkers 48 Gracechurch Street London, EC3V 0EJ United Kingdom

Artemis Global Hedge Fund Limited

Directors and other information *(continued)*

Legal advisors

(United Kingdom law)

Dechert LLP
160 Queen Victoria Street
London, EC4V 4QQ
United Kingdom

Auditors

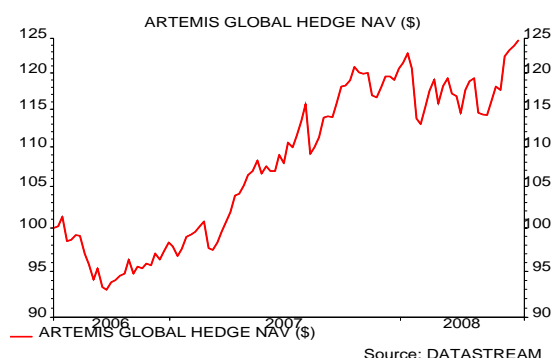
KPMG
P.O. Box 493
Century Yard
Grand Cayman, KY1-1106
Cayman Islands

Artemis Global Hedge Fund Limited

Investment manager's report

Performance

The Fund's net asset value rose by 3.9% in the first half of 2008. This takes the rolling 12 month return to 15.1%, with annualised volatility of 11.4%. This compares with cash returns of about 2% and a decline in the MSCI World Index of 11% for the year-to-date.



Investment Philosophy

The Artemis Global Hedge Fund is one of the three Artemis managed funds that rely most heavily on SmartGARP™, Artemis' proprietary stock screening system (European Hedge Fund and UK Hedge Fund being the other two). SmartGARP screens the financial DNA of 6,600 companies globally every night and focuses the fund manager's attention on stocks with the very best financial characteristics. The fund manager then uses some common sense to double-check that there is a genuine story behind the great/dreadful financial characteristics (i.e. that the financials are not skewed by accounting or tax changes, exceptional items, acquisitions/disposals etc) and then builds a hedged portfolio of attractive versus unattractive stocks that is diversified by sectors, regions and style exposures. Sounds, and is in fact, quite simple, though, sadly, this does not mean it is easy!

Review

The Fund has had a decent first half, with strong performance in the second quarter offsetting a weaker first quarter.

So far 2008 has proven to be a bit of a roller coaster ride for global equities. After a strong finish in 2007, the market started very nervously, pricing in the growing likelihood of a credit-crunch induced recession, before a series of (emergency) rate cuts and the bail-out of Bear Stearns put a floor under the market. For a while the market took hope from comments by assorted bank chief executives and central bankers pronouncing the worst to be over. However, ever rising oil and other raw material prices led to a pick up in inflation rates and inflation expectations, thus prompting fears of an end to rate cuts and even rate hikes. This proved enough to send markets spiraling to new lows.

Whilst the market as a whole ended materially weaker than it had started, this masks a huge dispersion of returns amongst different sectors, ranging from 8-12% gains for the Energy and Basic Industry sectors to 20%+ declines for Financials.

Given the polarised (or even bipolar?) nature of the market, it is not surprising that our winners during the quarter are unusually concentrated. Coal producers Massey Energy, Walter Industries and Centennial Coal were amongst the strongest performers, as were fertiliser makers CF Industries and Terra Industries. Our shorts in RH Donnelly, AMR (American Airlines), General Motors, Boyd Gaming and Barratt Developments also deserve a mention.

Artemis Global Hedge Fund Limited

Investment manager's report (continued)

On the negative side, our Technology shorts and our European Banks longs stand out. Our negative stance towards Technology was driven by a combination of stretched valuations, downgrades to profit forecasts and very optimistic sentiment towards the sector. In the event, however, the first quarter results season turned out to be resilient, sector fundamentals, such as global semiconductor sales, reversed their trend and sentiment became even more optimistic. Thus in the Technology sector alone we gave up about 2.5% of performance. Notable losers include Equinix, Adtran, Ericsson and Cerner, all of which bounced around 30% during April. Moreover, since the rise in their share prices reflected an improvement in company fundamentals (as evidenced in first quarter results) we closed our short positions, thus realising the losses.

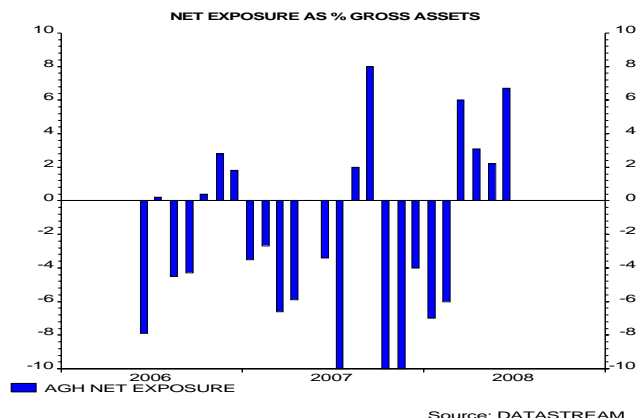
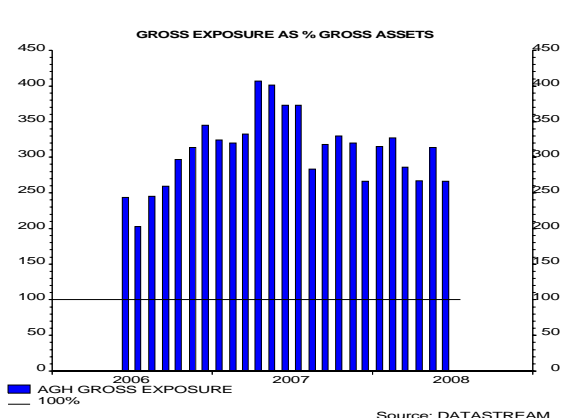
As regards European Banks, we have been long, not so much because they seem to be cheaply valued, but rather because it is currently the most hated sector globally, directors are buying shares in their companies and central banks have started to succeed in steepening the yield curve. Clearly though this has so far been wrong, with Anglo Irish Bank, Royal Bank of Scotland and National Bank of Greece amongst the biggest offenders. Fortunately the blow was softened by a number of very effective shorts in US Banks, such as Washington Mutual, Marshall & Ilsey and Wachovia.

Current Positioning

Our principal bets are to be net long Basic Resources, Retail and Chemicals and net short Utilities, Construction and Travel and Leisure. Regionally we have cut back on our exposure to Emerging markets and Asia-Pacific in favour of US and Europe. On the whole this has helped to shift the risk profile of our long book down relative to the risk profile of the short book. To offset any sensitivity towards market movements, we have therefore lifted the net exposure of the Fund.

Gross and Net Exposure

Gross and net exposure are running at 266% and 7% respectively. Our bias is towards a gradual increase of gross exposure going forward.



Outlook

The Fund has had a solid start to the year and we will work hard to build on this in coming months.

Peter Saacke

Investment Manager

Artemis Investment Management Limited

Artemis Global Hedge Fund Limited

Consolidated balance sheet (unaudited)

At 30 June 2008

	<i>AGHFL</i> <i>Euro Class</i> €	<i>AGHFL</i> <i>Sterling Class</i> £	<i>AGHFL</i> <i>USD Class</i> US\$	<i>AGHFL</i> <i>Master</i> US\$	<i>Consolidated</i> <i>Total</i> <i>30 June 2008</i> US\$	<i>Consolidated</i> <i>Total</i> <i>31 Dec 2007</i> US\$
Assets						
Financial assets at fair value through profit or loss	16,570	770,858	-	290,839,144	292,398,536	139,892,884
Investment in Master Fund	3,951,415	79,652,409	57,727,744	-	-	-
Cash and cash equivalents	-	-	-	4,388,528	4,388,528	10,661,253
Balances due from brokers	-	-	-	213,080,609	213,080,609	91,587,773
Dividends receivable	-	-	-	456,412	456,412	53,069
Interest receivable	-	-	-	9,885	9,885	38,702
Other assets	-	-	-	10,416	10,416	-
Total assets	3,967,985	80,423,267	57,727,744	508,784,994	510,344,386	242,233,681
Liabilities						
Financial liabilities at fair value through profit or loss	(1,529)	(50,178)	-	(283,350,266)	(283,452,481)	(136,943,169)
Balances due to brokers	-	-	-	(1,826,451)	(1,826,451)	(722,807)
Performance fees payable	(32,492)	(921,400)	(538,905)	-	(2,422,798)	(2,437,724)
Equalisation credit payable	-	-	-	-	-	(2,014,855)
Management fees payable	-	-	-	(721,589)	(721,589)	(382,257)
Administration fees payable	-	-	-	(26,278)	(26,278)	(35,937)
Audit fees payable	-	-	-	(66,781)	(66,781)	(41,766)
Other accrued expenses	-	-	-	(410,541)	(410,541)	(117,573)
Total liabilities (excluding net assets attributable to holders of redeemable shares)	(34,021)	(971,578)	(538,905)	(286,401,906)	(288,926,919)	(142,696,088)
Net Assets attributable to holders of redeemable shares	3,933,964	79,451,689	57,188,839	222,383,088	221,417,467	99,537,593
Net Asset Value per redeemable share	122.29	127.62	125.22			
Number of redeemable shares per class	32,170	622,568	456,699			

See accompanying notes to the consolidated interim financial statements.

Artemis Global Hedge Fund Limited

Consolidated income statement (unaudited)

For six months ended 30 June 2008

	<i>AGHFL</i> <i>Euro Class</i> €	<i>AGHFL</i> <i>Sterling Class</i> £	<i>AGHFL</i> <i>USD Class</i> US\$	<i>AGHFL</i> <i>Master</i> US\$	<i>Consolidated</i> <i>Total</i> <i>June 2008</i> US\$	<i>Consolidated</i> <i>Total</i> <i>June 2007</i> US\$	<i>Consolidated</i> <i>Total</i> <i>December 2007</i> US\$
<i>Investment income</i>							
Interest income	-	-	-	3,337,483	3,337,483	1,426,010	4,393,898
Dividend income	-	-	-	3,987,054	3,987,054	580,869	1,144,418
Other income	-	-	-	17,153	17,153	-	17,454
Net gains from financial assets and liabilities at fair value through profit or loss	93,784	3,194,419	3,865,471	14,174,973	12,181,795	4,121,455	11,548,292
Net foreign exchange gains/(losses)	107,062	1,715,915	-	(125,420)	3,456,202	313,587	710,520
Net investment income	200,846	4,910,334	3,865,471	21,391,243	22,979,687	6,441,921	17,814,582
<i>Expenses</i>							
Interest expense	-	-	-	(1,537,668)	(1,537,668)	(786,431)	(2,322,578)
Dividend expense	-	-	-	(4,317,836)	(4,317,836)	(1,021,255)	(1,859,641)
Management fees	-	-	-	(1,288,202)	(1,288,202)	(224,986)	(822,733)
Administration fees	-	-	-	(125,466)	(125,466)	(25,034)	(79,158)
Performance fees	(32,492)	(921,400)	(538,904)	-	(2,422,798)	(682,227)	(2,421,253)
Audit fees	-	-	-	(21,920)	(21,920)	(18,209)	(39,549)
Directors' fees	-	-	-	(22,025)	(22,025)	(20,956)	(42,021)
Prime broker fees	-	-	-	(929,959)	(929,959)	(145,297)	(170,566)
Other expenses	-	-	-	(105,251)	(105,251)	(9,354)	(125,748)
Operating expenses	(32,492)	(921,400)	(538,904)	(8,348,327)	(10,771,125)	(2,933,749)	(7,883,247)
Net income from operations before taxation	168,354	3,988,934	3,326,567	13,042,916	12,208,562	3,508,172	9,931,335
Withholding tax on dividend income	-	-	-	(682,650)	(682,650)	(92,132)	(192,994)
Change in net assets attributable to holders of redeemable shares resulting from operations	168,354	3,988,934	3,326,567	12,360,266	11,525,912	3,416,040	9,738,341

See accompanying notes to the consolidated interim financial statements.

Artemis Global Hedge Fund Limited

Consolidated statement of changes in net assets attributable to holders of redeemable shares (unaudited)

For six months ended 30 June 2008

	<i>AGHFL Euro Class €</i>	<i>AGHFL Sterling Class £</i>	<i>AGHFL USD Class US\$</i>	<i>AGHFL Master US\$</i>	<i>Consolidated Total June 2008 US\$</i>	<i>Consolidated Total June 2007 US\$</i>
Balance at 1 January 2008	3,218,789	30,932,618	33,491,173	104,759,315	99,537,593	24,728,649
Currency translation	-	-	-	-	547,381	(47,620)
Issue of redeemable shares during the period	518,458	43,625,605	43,205,697	132,000,414	130,797,337	6,971,666
Redemption of redeemable shares during the period	(904)	(4,412)	(23,004,000)	(26,736,907)	(23,014,199)	(15,014)
Change in net assets attributable to holders of redeemable shares resulting from operations	168,354	3,988,934	3,326,567	12,360,266	11,525,912	3,416,040
Equalisation capital	29,267	908,944	169,402	-	2,023,443	-
Balance at 30 June 2008	3,933,964	79,451,689	57,188,839	222,383,088	221,417,467	35,053,721

See accompanying notes to the consolidated interim financial statements.

Artemis Global Hedge Fund Limited

Consolidated statement of cash flows (unaudited)

For six months ended 30 June 2008

	<i>AGHFL Euro Class €</i>	<i>AGHFL Sterling Class £</i>	<i>AGHFL USD Class US\$</i>	<i>AGHFL Master US\$</i>	<i>Consolidated Total June 2008 US\$</i>	<i>Consolidated Total June 2007 US\$</i>
Operating activities						
Change in net assets attributable to holders of redeemable shares resulting from operations	168,354	3,988,934	3,326,567	12,360,266	11,525,912	3,416,040
Currency translation	-	-	-	-	547,381	(47,620)
Adjustment for movement in net gains on financial assets and liabilities at fair value through profit or loss	(93,784)	(3,194,419)	(3,865,471)	(14,174,973)	(12,181,795)	(4,121,455)
Net operating cash flow before changes in operating assets and liabilities	<u>74,570</u>	<u>794,515</u>	<u>(538,904)</u>	<u>(1,814,707)</u>	<u>(108,502)</u>	<u>(753,035)</u>
Net purchases and sales of trading securities	(526,622)	(44,836,884)	(18,913,705)	10,419,592	6,185,457	2,235,296
Decrease in interest receivable	-	-	-	28,817	28,817	(1,432)
Increase in other assets	-	-	-	(121,906,595)	(121,883,882)	(11,326,667)
(Decrease)/increase in performance fees and other payables	(65,502)	421,176	(749,088)	1,736,661	1,722,247	3,422,096
Net change in operating assets and liabilities	<u>(592,124)</u>	<u>(44,415,708)</u>	<u>(19,662,793)</u>	<u>(109,721,525)</u>	<u>(113,947,361)</u>	<u>(5,670,707)</u>
Cash flows from operating activities	<u>(517,554)</u>	<u>(43,621,193)</u>	<u>(20,201,697)</u>	<u>(111,536,232)</u>	<u>(114,055,863)</u>	<u>(6,423,742)</u>

Artemis Global Hedge Fund Limited

Consolidated statement of cash flows (unaudited) *(continued)*

For six months ended 30 June 2008

	<i>AGHFL Euro Class €</i>	<i>AGHFL Sterling Class £</i>	<i>AGHFL USD Class US\$</i>	<i>AGHFL Master US\$</i>	<i>Consolidated Total June 2008 US\$</i>	<i>Consolidated Total June 2007 US\$</i>
Financing activities						
Proceeds from issue of redeemable shares	518,458	43,625,605	43,205,697	132,000,414	130,797,337	6,971,666
Payments on redemption of redeemable shares	(904)	(4,412)	(23,004,000)	(26,736,907)	(23,014,199)	(15,014)
Increase in equalisation payable	-	-	-	-	-	39,552
Cash flows from financing activities	<u>517,554</u>	<u>43,621,193</u>	<u>20,201,697</u>	<u>105,263,507</u>	<u>107,783,138</u>	<u>6,996,204</u>
Decrease in cash and cash equivalents during the period	-	-	-	(6,272,725)	(6,272,725)	572,462
Cash and cash equivalents at beginning of the period	-	-	-	10,661,253	10,661,253	-
Cash and cash equivalents at end of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,388,528</u>	<u>4,388,528</u>	<u>572,462</u>
Supplementary information on cash flows from operating activities						
Interest received	-	-	-	3,366,300	3,366,300	1,424,578
Interest paid	-	-	-	(1,537,668)	(1,537,668)	(904,243)
Dividends received	-	-	-	3,583,711	3,583,711	520,771
Dividends paid	-	-	-	(4,317,836)	(4,317,836)	(1,021,255)
Withholding tax paid	-	-	-	(682,650)	(682,650)	(92,132)

See accompanying notes to the consolidated interim financial statements.

Artemis Global Hedge Fund Limited

Notes

Forming part of the consolidated interim financial statements

1. Significant accounting policies

These financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) and interpretations adopted by the International Accounting Standards Board (“IASB”). Specifically these financial statements have been prepared in accordance with IAS (International Accounting Standard) 34: Interim Financial Reporting.

The comparative figures for the Balance Sheet relate to the year ended 31 December 2007, while the comparative figures for the Income Statement relate to the period ended 30 June 2007 and the year ended 31 December 2007. The comparative figures for the Statement of Changes in Net Assets Attributable to Redeemable Shareholders and Statement of Cash Flows relate to the period ended 30 June 2007.

The accounting policies used in the preparation of these financial statements are consistent with those used in the Company’s most recent annual financial statements for the year ended 31 December 2007. There have been no changes to the Company’s accounting policies since the date of the Company’s last annual financial statements, for the year ended 31 December 2007. The format of these financial statements differs in some respects from that of the most recent annual financial statements, in that the notes to the financial statements are presented in summary form.

2. Significant matters arising during the period

There were no significant matters arising during the six months ended 30 June 2008. Further details of the Company’s performance during the period are included in the Investment Manager’s report on page 3.

3. Related parties

Investment Manager

The Company appointed Artemis Investment Management Limited, an investment management company incorporated in the United Kingdom, to implement the investment strategy as specified in the prospectus. Goldman Sachs International has been appointed as Prime Broker and HSBC Securities Services (Ireland) Limited has been appointed as Administrator.

Management Fee

Under the Investment Management Agreement, the Master Fund will pay a fee to the Investment Manager at the annual rate of 1.5 per cent of the Net Asset Value of the Master Fund (the ‘Management Fee’), accrued monthly on each Dealing Day and payable quarterly in arrears. The Management Fee for six months ended 30 June 2008 was US\$1,288,202 (30 June 2007: US\$224,986; 31 December 2007: US\$822,733). Included in liabilities at 30 June 2008 are investment management fees payable of US\$721,589 (31 December 2007: US\$382,257).

Artemis Global Hedge Fund Limited

Notes

Forming part of the consolidated interim financial statements (continued)

3. Related parties (continued)

Performance Fee

The Investment Manager is also entitled to a performance fee which is payable in arrears in respect of each fiscal year. The performance fee is equal to 20 per cent of the increase in the net asset value per Share after adding back any distributions of the applicable share class outstanding in respect of each Performance Period subject to a high water mark. The performance fee for the six months ended 30 June 2008 was US\$2,422,798 (30 June 2007: US\$682,227; 31 December 2007: US\$2,421,253). Included in liabilities at 30 June 2008 are performance fees payable of US\$2,422,798 (31 December 2007: US\$2,437,724).

Prime Brokerage and Custodial Fees

The Prime Broker Goldman Sachs International receives Prime Broker fees, which are based upon a combination of transaction charges, interest costs and borrowing fees at normal commercial rates. The Prime Brokerage and Custodial Fees for the six months ended 30 June 2008 were US\$929,959 (30 June 2007: US\$145,297; 31 December 2007: US\$170,566). Included in liabilities at 30 June 2008 are Prime Broker and Custodial fees payable of US\$Nil (31 December 2007: US\$Nil).

Administration Fees

HSBC Securities Services (Ireland) Limited (the “Administrator”) is entitled to a monthly fee, which is calculated and paid by the Master Fund to the Administrator.

The Administration fee for the six months ended 30 June 2008 was US\$125,466 (30 June 2007: US\$25,034; 31 December 2007: US\$79,158). Included in liabilities at 30 June 2008 are administration fees payable of US\$26,278 (31 December 2007: US\$35,937).

Directors’ fees

The Company will pay each Director an annual fee of US\$10,000. None of the Directors have, nor have had, an interest in any of the Company’s share classes.

Shareholdings of related parties

The Investment Manager held no redeemable shares at 30 June 2008 and 31 December 2007.



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