IN THE MATTERS OF
FAIRFIELD SENTRY LIMITED
FAIRFIELD SIGMA LIMITED
FAIRFIELD LAMBDA LIMITED
(ALL IN LIQUIDATION)

Claim Numbers: 0136, 0139 and 0074 of 2009

Eighth Interim Consolidated Report of the Liquidator

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12 April 2013

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1. Glossary of Terms

ABN Amro	ABN Amro Fund Service (Isle of Man) Nominees Limited - an investor of Sentry who is a defendant to a common law restitutionary claim for mutual mistake brought by the Liquidator in the BVI, one of the defendants seeking the Court's determination of the Preliminary Issues and the test case applicant awarded Summary Judgment
Act	the Virgin Islands Insolvency Act, 2003
Agreement	the settlement agreement entered into between the Liquidator and the US Trustee of BLMIS and effective 8 July 2011
Anwar Class	collectively the plaintiffs and putative class members who are shareholders of Sentry, Sigma, Greenwich Sentry, L.P. and Greenwich Sentry Partners, L.P. that suffered a net loss of principal invested in those funds
Atlanta	Atlanta Business Inc., a beneficial shareholder which obtained a conservatory attachment in the Dutch Court against moneys held in the Dublin Citco Account and brought substantive proceedings against Sentry [and the Liquidator]
Bankruptcy Court	United States Bankruptcy Court for the Southern District of New York
BLMIS	Bernard L. Madoff Investment Securities LLC
Brada Abeln	the Liquidator's counsel in the Netherlands (in respect to the defence of the substantive proceedings brought by Atlanta and SSPF in the Dutch Court)
Brown Rudnick	Brown Rudnick LLP, the Liquidator's US counsel
BVI	British Virgin Islands
Citco	collectively the Companies' former Administrator, Custodian and Depositary, respectively Citco Fund Services Europe B.V., Citco Global Custody and Citco Bank Nederland B.V. (Dublin branch)
Colima	Colima International Limited, a company involved in litigation against PwC in Holland
Committee	Sentry's ad-hoc committee of representatives of five registered shareholders
Companies	collectively Fairfield Sentry Limited, Fairfield Sigma Limited and Fairfield Lambda Limited (all In Liquidation)
Court	the High Court of Justice (Commercial Division) of the Eastern Caribbean Supreme Court
Court of Appeal	the Court of Appeal of the Eastern Caribbean Supreme Court

District Court	United States District Court for the Southern District of New York
Dublin Citco Account	Sentry's pre-liquidation bank account held with Citco Bank Nederland B.V. in its Dublin branch which is the subject of the Dutch conservatory attachments made by SSPF and Atlanta
Dutch Court	the District Court of Amsterdam
Farnum	Farnum Place LLC, the counterparty to a trade confirmation dated 13 December 2010 entered into by the Liquidator regarding a possible sale of Sentry's admitted SIPA claim. Farnum had commenced proceedings against Sentry in the Court seeking specific performance of the Trade Confirmation. The Liquidator has filed an application in the Bankruptcy Court seeking disapproval of the Trade Confirmation.
FGB	Fairfield Greenwich (Bermuda) Limited, the Companies' Investment Manager
FGG	Fairfield Greenwich Group, the ultimate parent company of FGB and the Marketer of the Companies
Forbes Hare	the Liquidator's counsel in the BVI
Harneys	Harney Westwood & Riegels, a BVI law firm which represents a number of defendants to claims brought by the Liquidator against current and former investors in the Companies for redemption monies paid to them by the Companies
Irish Court	High Court of the Republic of Ireland (Commercial Court)
KRyS Global	the trading name of Krys & Associates (BVI) Limited
Lambda	Fairfield Lambda Limited - In Liquidation
Last Report	the Seventh Interim Report of the Liquidator, dated 2 October 2012
Liquidator	the current Liquidator of the Companies, Kenneth M. Krys and where appropriate this term is also used to collectively describe the acts of the former jointly appointed liquidators, Joanna Lau and Christopher Stride
Maples and Calder	a law firm in the BVI which represents a number of defendants to claims brought by the Liquidator against current and former investors in the Companies for redemption monies paid to them by the Companies and represents SSPF in the Liquidator's claim for injunctive relief in the BVI
Morning Mist	plaintiffs in purported derivative action on behalf of Sentry against FGG (and its individual and entity affiliates), Citco and PwC

Non-BMLIS investments	investments made by Sentry into allegedly bona-fide investments, largely in "seedling" or start-up funds and non-SEC regulated entities
O'Neal Webster	a law firm in the BVI which represents a number of defendants to claims brought by the Liquidator against current and former investors in the Companies for redemption monies paid to them by the Companies
Preliminary Issues	the applications brought in the Court, (BVI) claim no. BVIHC (Com) 30/2010 known as *Fairfield Sentry Limited (in Liquidation) v Bank Julius Baer & Co Ltd & 33 others* and 7 other claims for determination whether certain common law claims brought by Sentry in relation to the recovery of redemption payments made to members prior to Sentry's liquidation were barred by reason of either a "*good consideration*" defence or because Sentry had "certified" the NAV upon which the redemptions were based in such a manner that the NAV (and thus the redemption price based upon the NAV) were binding upon Sentry or the "*certification*" issue
Philip Lee	the Liquidator's counsel in the Republic of Ireland
Privy Council	the Judicial Committee of the Privy Council, the court of final appeal in the BVI
PwC	collectively the Companies' former Auditors, respectively PricewaterhouseCoopers LLP (a Canadian entity) and PricewaterhouseCoopers Accountants N.V. (a Dutch entity)
PwC Canada	specifically PricewaterhouseCoopers LLP (a Canadian entity)
PwC Netherlands	specifically PricewaterhouseCoopers Accountants N.V. (a Dutch entity)
Rules	the Virgin Islands Insolvency Rules, 2005
SEC	US Securities and Exchange Commission
Second Circuit	US Court of Appeals for the Second Circuit
Section 175(1)(d)	*"...with effect from the commencement of the liquidation of a company...unless the Court order, no share in the company may be transferred"* (the Act)
Section 273	*"A person aggrieved by an act, omission or decision of an office holder may apply to the Court and the Court may confirm, reverse or modify the act, omission or decision of the office holder."* (the Act)
Sentry	Fairfield Sentry Limited - In Liquidation
Seward & Kissel	Seward and Kissel LLP, the former US legal advisors of the Companies

Sigma	Fairfield Sigma Limited - In Liquidation
SIPA	Securities Investor Protection Act 1970
SFCF	Stichting Fairfield Compensation Fund, a group involved in litigation against PwC in Holland
SSPF	Stichting Shell Pensioenfonds, a registered shareholder which obtained a conservatory attachment in the Dutch Court against the moneys held in the Dublin Citco Account and brought substantive proceedings against Sentry [and the Liquidator]
Trade Confirmation	the document dated 13 December 2010 that sets forth the terms and conditions of the potential assignment of Sentry's admitted SIPA claim in the BLMIS liquidation proceedings to Farnum
US	United States of America
US Trustee	Mr. Irving Picard, the trustee appointed by the US Federal Bankruptcy Court pursuant to the SIPA provisions, in the liquidation of BLMIS

2. Introduction

2.1 This Report provides an update as to the status regarding the current position of the liquidations of the Companies and the work performed by the Liquidator since the Last Report.

Appointment

2.2 Please refer to Section 2.2 - 2.5 of the Sixth Interim Consolidated Report of the Liquidator, dated 12 April 2012, for details of the appointment of Liquidators over Lambda, which entered Liquidation on 23 April 2009, and Sentry and Sigma, which both entered Liquidation on 21 July 2009. As at the date of this Report, Mr. Krys is the sole Liquidator of the Companies.

Duty to Report

2.3 The Liquidator is not obliged, either under the provisions of the Act or the Rules or under any of the orders of the Court pursuant to which he was appointed, to provide a report on his acts and dealings and the conduct of the liquidations until their conclusions. Given the size and scope of the liquidations of the Companies, however, the Liquidator wishes to keep the creditors and the registered shareholders of the Companies regularly apprised of the current status of the liquidations, and therefore expects to continue to provide reports biannually.

2.4 The Liquidator recognises that each of the Companies is a separate legal entity. However, given the similarities between the Companies and their collective history, the Liquidator has determined that a single consolidated report is appropriate. Where the contents of this report relate to one specific entity, this is stated. The decision to have one report for all of the Companies should not be deemed to imply or otherwise mean that the Liquidator has considered or made any decision on how they will deal with asset recoveries other than on an entity basis. Should a situation arise where there is a perceived conflict between the Companies, the Liquidator has received the Court's directions in relation to the appointment of a conflict liquidator for Sigma and/or Lambda to look into the specific matter which is the subject of the conflict.

2.5 This Report should be read in conjunction with the First Interim Report dated 16 September 2009, the Second Interim Report dated 29 March 2010, the Third Interim Report dated 30 September 2010, the Fourth Interim Report dated 11 April 2011, the Fifth Interim Report dated 30 September 2011, the Sixth Interim

Report dated 12 April 2012 and the Last Report dated 2 October 2012. These are available on the secure websites for ease of reference.

Restrictions and Qualifications of the Report

2.6 The purpose of this Report is to provide an update to the Court, creditors and registered shareholders on the work performed by the Liquidator since the Last Report.

2.7 In performing his work, the Liquidator has relied upon the integrity and accuracy of the information and documents supplied. Although the Liquidator has attempted to corroborate the information and documents he has obtained from different sources, he has not independently verified all of the information and documentation he has relied upon in preparing this Report. In addition, the Liquidator has not performed an audit or review in accordance with International Audit Standards and, consequently, no assurance is expressed in this regard.

2.8 The Liquidator reports solely on the information available to him at the time of this Report and he will update the Court, creditors and registered shareholders in future reports, as new or additional information comes to light. The Liquidator has no duty to update information at any particular time and no duty to correct any misstatements, inaccuracies or omissions upon discovery of the same or at any time.

2.9 By receiving and reviewing this Report, the recipient expressly agrees, represents and warrants to the Liquidator that dissemination of this Report is restricted to its intended recipients only and nothing in this Report may be used in any manner in relation to any proceeding (including, without limiting the generality of the foregoing, proceedings or intended proceedings against the Companies or the Liquidator) or otherwise without the Liquidator's express written consent obtained in advance.

Scope of Work Performed

2.10 The powers of the Liquidator are in accordance with the provisions of Schedule 2 of the Act and these are set out in the orders issued by the Court dated 23 April 2009 (Lambda) and 21 July 2009 (Sentry and Sigma). The Act and the Rules are available to download from the British Virgin Islands Financial Services Commission website: www.bvifsc.vg.

Sources of Financial Data and Information

2.11 The Liquidator and his staff have had access to certain information and documentation obtained from the following sources, including but not limited to:

- Citco
- FGB and FGG
- the US Trustee
- the directors, Mr. Peter Schmid and Mr. Jan Naess. (Mr. Walter Noel Junior, the other director, has however not provided any documentation);
- the former attorneys, as detailed in the Last Report;
- the Registered Agent, Codan Trustees (BVI) Limited;
- the Anwar Class;
- PwC Canada; and
- some Registered Shareholders and beneficial investors.

2.12 In certain instances, the Liquidator may have received productions of information or documentation pursuant to confidentiality agreements prohibiting the Liquidator from disclosing the contents and, in some cases, the fact of the production of the documents or provisions of the information. Due to confidentiality restrictions, the Liquidator cannot make any disclosures regarding such information or documentation at this time.

Performance of Duties

2.13 In order to comply with his duties and obligations, the Liquidator has been assisted by personnel of KRyS Global, whose work has been performed under the direction of the Liquidator.

2.14 The Liquidator is advised by his legal counsel: Forbes Hare; Brown Rudnick; Brada Abeln and Simmons & Simmons in the Netherlands; Stikeman Elliot in Canada; Stroock in the US; and Philip Lee, Michael McDonell S.C. and Bernard Dunleavy, Barrister at Law, in the Republic of Ireland. In addition, the Liquidator has instructed and been advised by leading English counsel during the period including Mr. Gabriel Moss QC, Mr. Paul Girolami QC, Mr. Alan Maclean QC, Mr. Jonathan Crow QC and Mr Andrew Westwood.

Currency

2.15 All references to $ in this report refer to the US dollar unless otherwise specified.

3. Executive Summary

Redeemer claims

3.1 The Liquidator's pursuit of common law claims for return of fictitious profits and overpaid redemptions, restitution of redemption proceeds and/or statutory avoidance claims under the Act ("**Redeemer Claims**") is a significant aspect of his recovery strategy for the Companies. As at 12 April 2013, the Liquidator has 347 claims pending against redeeming investors worldwide seeking to recover an approximate amount of $7.6 billion.

3.2 Of these, 314 claims are pending against redeeming investors in the US with an approximate total claim value of $6.2 billion. In the BVI, 33 claims have been filed against redeeming investors with an approximate claim value of $1.4 billion.

3.3 The Liquidator continues to be approached by defendants to the Redeemer Claims to discuss potential settlement. To date, the Liquidator, as a result of successful settlement negotiations, has recovered $26.1 million arising out of the Redeemer Claims and negotiated settlements *in principle* for further amounts of approximately $896,000. The Liquidator continues to pursue commercially reasonable settlements to avoid the unnecessary risks and costs associated with litigation.

3.4 As set out in the Last Report, the Liquidator and the Preliminary Issues defendants applied to the Court of Appeal for leave to appeal the judgments upholding the *good consideration* defence and denying the *certification* point, respectively, to the Privy Council. The hearing took place on 4 October 2012. The Court of Appeal refused the Liquidator's application for leave to appeal on the basis that Sentry's application had been made out of time and that the Court of Appeal did not have jurisdiction to extend the time limit. The Court of Appeal granted leave to the Preliminary Issues defendants to appeal the *certification* point.

3.5 Prior to the 4 October 2012 hearing, the Liquidator had made a further application directly to the Privy Council for special leave to appeal the *good consideration* and Summary Judgment decisions, out of an abundance of caution. On 15 February 2013, the Privy Council confirmed, in a confidential letter, that the Board had granted permission to appeal the *good consideration* defence. The appeal relating to the adjournment of ABN Amro's Summary Judgment application was refused. The final sealed order supporting the Board's decision was issued on 2 April 2013.

PwC

3.6 The Liquidator continues to progress his claims against PwC, the former auditors of the Companies. PwC Netherlands audited the Companies from 1999 to 2005. PwC Canada audited the Companies in 2006 and 2007.

3.7 On 16 October 2012, counsel for PwC Netherlands filed a motion to consolidate the Liquidator's claims with that of Colima and SFCF, who were also suing PwC Netherlands in relation to the audit of the Companies. The motion, were it granted, would have meant all the claims would be heard simultaneously.

3.8 After taking advice from counsel on the potential repercussions of having the motion granted, the Liquidator filed a Statement of Defence against PwC Netherland's motion to consolidate. On 6 February 2013, the Dutch Court ruled in favour of the Liquidator. PwC Netherlands submitted their Statement of Defence to the Liquidator's Dutch counsel on 9 April 2013. At the date of this Report, the Dutch Court has not advised the Liquidator and PwC whether they will need to file additional submissions.

3.9 On 19 February 2013, PwC Canada filed their Statement of Defence to the Liquidator's claim, which included a counterclaim against the Companies for breach of contract and misrepresentation. The Liquidator is working with his Canadian counsel to prepare a Statement of Reply and Defence of Counterclaim.

Recovery efforts of the Funds held in the Dublin Citco Account

3.10 The Liquidator continues to seek the recovery of the approximately $71 million held in the Dublin Citco Account for the benefit of Sentry's creditors.

3.11 Since the Last Report, the Liquidator's substantive pleadings for the appeal of the Irish decision were filed with a Certificate of Urgency. This was granted on 25 October 2012 and the matter is to be heard on an expedited basis. Irish counsel expects to be notified shortly of the proposed listing which is not likely to be before the end of 2013.

3.12 The Court of Appeal's order ("Anti-suit Order") in support of its judgment handed down on 17 September 2012 granting Sentry's application to restrain SSPF from pursuing the proceedings in the Netherlands was settled on 3 October 2012. The Anti-suit Order restrains SSPF from taking any further steps in the Dutch proceedings and awards costs in favour of Sentry.

3.13 Once the Anti-suit Order was settled, the Liquidator determined to apply to have it recognised in the US to obtain the relief and assistance afforded under the provisions of Chapter 15 and deter non compliance by SSPF. On 27 November 2012, the Liquidator was given sanction by the Court to seek, on behalf of Sentry, said recognition. The matter is scheduled to be heard by the Bankruptcy Court on 30 May 2013.

3.14 SSPF filed its application seeking leave to appeal the Court of Appeal's decision to the Privy Council, which the Liquidator opposed. On 14 January 2013, the Court of Appeal held that SSPF was entitled to conditional leave to appeal the Anti-suit Order to the Privy Council. During the same hearing, however, the Court of Appeal declined to hear SSPF's additional application for a stay of the Anti-suit Order pending the appeal. SSPF's stay application is scheduled to be heard during the week of 6 May 2013.

Farnum litigation

3.15 On 13 December 2010, the Liquidator entered into a Trade Confirmation with Farnum regarding the price and terms of a sale of Sentry's potential SIPA claim in the BLMIS estate. The Trade Confirmation was not a sale contract in itself, as at that time Sentry's potential SIPA claim had not been allowed as the negotiations between the US Trustee and the Liquidator were ongoing.

3.16 Following the Liquidator's application on 18 April 2012 in the Bankruptcy Court seeking disapproval of the Trade Confirmation, as it was not in the best interests of the Companies, the Bankruptcy Court suggested, the Liquidator attempt to settle the matter with Farnum through mediation. Mediation took place on 11 October 2012 but no agreement could be reached. The matter reverted to the Bankruptcy Court who heard the case on 9 January 2013, and issued a written decision declining to conduct a review of the Trade Confirmation under Section 363 of the Bankruptcy Code, as the Liquidator had requested. The judgment included grounds that the Liquidator and his counsel disagree with.

3.17 On 22 January 2013, the Liquidator filed a notice of appeal in the Bankruptcy Court. The matter is ongoing; and on 5 April 2013 the Liquidator filed his opening appeal brief to the District Court. Farnum's responding

brief is due 6 May 2013 and the Liquidator's reply brief is due 22 May 2013, after which the District Court may set a date for oral argument.

Agreement between the Liquidator and the US Trustee

3.18 As previously reported, on 8 July 2011, the Agreement between the Liquidator and the US Trustee became effective. The Liquidator has taken all necessary steps to comply with the terms of the Agreement since its approval including paying the initial cash contribution of $24 million. In connection with the US Trustee's payment in November 2012 of a second interim dividend of 33.556% to holders of allowed SIPA claims, the US Trustee applied the distributions due to Sentry to the unpaid $46 million due to the US Trustee under the Agreement. As a result of those distributions, the $46 million has now been paid in full, the SIPA claim is now admitted in full for the amount of $230 million in the liquidation estate of BLMIS. Sentry received a payment of $38,673,840 on 28 November 2012 and a third interim distribution cheque on 2 April 2013 in the amount of $10,858,300, representing an additional distribution of 4.721%. These amounts are being held in Sentry's escrow account at Citibank in the US pending resolution of the Farnum matter.

4. Analysis and Work Performed to Date

4.1 Since the Last Report, the most significant tasks have been:

[a] Investigation, settlement and progression of the Redeemer Claims;

[b] Progressing litigation against PwC, the former auditors of the Companies;

[c] Coordinating and managing the litigation in the Republic of Ireland, the Netherlands and the BVI and revisiting the legal strategy as developments occur to recover the funds held in the Dublin Citco Account;

[d] Defending litigation in relation to the potential sale of the SIPA claim belonging to Sentry;

[e] Complying with the Agreement between the Liquidator and the US Trustee;

[f] Ongoing discussions with Citco, and related extension of tolling arrangements;

[g] Evaluating claims against Seward & Kissel, the Companies' former US legal advisors;

[h] Keeping the Court and (in the case of Sentry only) the Committee regularly apprised of the administration and conduct of the Liquidation(s); and

[i] Collecting the proceeds on Non-BLMIS investments and reviewing information presently held in relation to same.

Claims brought against redeeming investors and settlements – general overview

4.2 A substantial aspect of the Liquidator's recovery strategy is the pursuit of the Redeemer Claims. As at 12 April 2013, 314 claims are pending against redeeming investors in the US with an approximate total claim value of $6.2 billion (the "**US Redeemer Actions**"). Per Section108 of the US Bankruptcy Code and the decision of the Bankruptcy Court on 23 May 2011, the statute of limitations for US claims was tolled for a two year period, until 22 July 2012.

4.3 In the BVI, 33 claims have been filed against redeeming investors with an approximate claim value of $1.4 billion (the "**BVI Redeemer Actions**").

4.4 Each Redeemer Claim can involve a number of defendants. As such, the number of Redeemer Claims filed does not reflect the number of defendants being pursued, which is currently in excess of 900.

4.5 The Liquidator has been approached by a number of defendants and potential defendants in the US Redeemer Actions and beneficiaries of defendants in the BVI Redeemer Actions, with a view to entering into

settlement negotiations. The Liquidator considers that it is in the best interests of the Companies' estates that, where possible, commercially reasonable settlements be pursued to avoid unnecessary litigation risks and costs. As such, the Liquidator has encouraged such discussions and makes all reasonable efforts to determine and achieve settlements with these parties.

4.6 As at the date of this Report, the Liquidator had negotiated settlements which have resulted or will result in payments to the Companies of approximately $26.1 million. The Liquidator has also negotiated settlements *in principle* with several additional defendants totalling approximately $896,000. Steps to finalise these settlements are underway.

US Claims brought against redeeming investors - summary

4.7 As at 12 April 2013, there are 314 US Redeemer Actions. Generally, the actions filed in the US include:

- Common law claims for recovery of redemption monies, based on restitutionary and/or contract causes of action, received within the six year period prior to filing the complaint or, pursuant to the toll provided by Section 108 of the US Bankruptcy Code, the period running from 14 June 2004 to the date of filing, whichever is longer; and
- Statutory avoidance claims under Sections 245 and 246 of the Act.

4.8 The US Redeemer Actions remain subject to the Bankruptcy Court's Stay Order, as detailed in Section 4.8 in the Last Report.

US Claims brought against redeeming investors - Remand, Abstention and Jurisdictional Issues

4.9 Please refer to Sections 4.6 to 4.9 of the Last Report for information on the Remand Decisions and related matters as no significant developments have occurred during the intervening period.

US Claims brought against redeeming investors – Discovery of Unidentified Beneficiaries and Amendments to Complaints

4.10 As noted in Section 4.13 in the Last Report, the Bankruptcy Court's 19 July 2012 order retained the Liquidator's right to amend those complaints that were amendable as of right. To date, Brown Rudnick has amended 183 of the complaints that were amendable as of right to add common law causes of action based in contract law.

4.11 The remaining 131 (out of 314) complaints have not yet been amended because they are not amendable as of right. In connection with the future amendment of these remaining complaints, the Liquidator is entering into stipulations with defendants under which briefing on amendment issues is deferred and certain objections that defendants could raise to the amendment of these complaints are waived.

BVI Claims brought against redeeming investors

4.12 As discussed in the Last Report, on 25 July 2012, the Court of Appeal granted the Liquidator sanction for leave to pursue appeals to the Privy Council of the Preliminary Issues and Summary Judgment decisions.

4.13 On 4 October 2012 the Court of Appeal heard both Sentry's and the Preliminary Issues defendants' applications. The Court of Appeal refused Sentry's application for leave to appeal on the basis that Sentry's application had been made out of time and that the Court of Appeal had no jurisdiction to extend the time limit under the relevant Order in Council. The Preliminary Issues defendants were granted leave to appeal the dismissal of the *certification* point to the Privy Council.

4.14 Prior to the 4 October 2012 hearing, Forbes Hare advised the Liquidator to make a further application directly to the Privy Council for special leave to appeal the *good consideration* and Summary Judgment decisions, in the event that it was found that Sentry's application to the Court of Appeal was out of time. This further application was opposed by the Preliminary Issues defendants.

4.15 In the direct application for special leave to appeal the *good consideration* point, the Privy Council was also asked to consider Sentry's request for an adjournment (which had been denied by both the Court and Court of Appeal). Sentry had initially requested the adjournment in response to ABN Amro's application for Summary Judgment immediately following the hearing on 16 September 2011 when the written decision in favour of the Preliminary Issues defendants' *good consideration* defence was handed down by the Court. Sentry's rationale for the adjournment was to allow the Liquidator the time to investigate matters of good faith.

4.16 Following the Court of Appeal's refusal to grant leave to the Liquidator, Forbes Hare sought to have Sentry's application to the Privy Council for leave to appeal dealt with on an expedited basis.

4.17 On 15 February 2013, the Privy Council confirmed, in a confidential letter, that the Board had granted Sentry permission to appeal in relation to the *good consideration* point. The request relating to the adjournment of ABN Amro's Summary Judgment application was denied on the basis that the adjournment issue had already been considered and rejected by the Court and the Court of Appeal and was a purely procedural decision which did not give rise to an arguable point of law of general public importance.

4.18 The final sealed order supporting the Board's decision was issued on 2 April 2013.

4.19 Forbes Hare were contacted by Maples and Calder, counsel for certain of the Preliminary Issues defendants, seeking agreement to consolidate the *good consideration* and *certification* appeals and to produce a joint record of appeal. The Liquidator considers that this approach is expedient and cost effective and has therefore instructed Forbes Hare to contact Maples and Calder and agree to their suggestion in principle.

4.20 The Section 273 applications, detailed in Sections 4.24 to 4.27 in the Sixth Interim Report, remain stayed pending the outcome of the appeals to the Privy Council.

Claims brought against the former auditor of the Companies, PricewaterhouseCoopers

4.21 As reported in the Last Report, the Liquidator has commenced proceedings in both the Netherlands and Canada against PwC, the former auditor of the Companies. PwC Netherlands audited the Companies between 1998 and 2005, while PwC Canada audited the Companies between 2006 and 2007.

PwC Netherlands

4.22 As reported in the Last Report, the Liquidator served a Writ of Summons on PwC Netherlands and four individual partners on 30 May 2012.

4.23 On 16 October 2012, the Liquidator's Dutch counsel was served a motion from PwC's Dutch counsel seeking a ruling to consolidate the Liquidator's claim with that of SFCF and Colima. SFCF and Colima are also suing PwC in the Netherlands on behalf of investors, however the Liquidator was not a party to this litigation. PwC's motion requested that the Dutch Court hear both claims simultaneously.

4.24 The Liquidator obtained advice from his Dutch counsel on the issue of consolidation, and determined that it was in the interests of the Companies to oppose PwC's application. Counsel lodged a statement of defence against the motion on 26 November 2012.

4.25 On 6 February 2013, the Dutch Court issued a judgment in favour of the Liquidator denying PwC's motion to consolidate. The Liquidator's claim will be heard independently from those of SFCF and Colima.

4.26 PwC Netherlands submitted their Statement of Defence to the Liquidator's Dutch counsel on 9 April 2013. At the date of this Report, the Dutch Court has not advised the Liquidator and PwC whether they will need to file additional submissions. It is expected that the Liquidator will receive directions from the Dutch Court on the next steps within two weeks.

PwC Canada

4.27 As reported in the Last Report, the Liquidator issued a statement of claim against PwC Canada on 28 May 2012. On 21 September 2012, the Liquidator served this claim on PwC Canada and on 24 September 2012 on the lead engagement partner for the Canadian audits.

4.28 The Liquidator's Canadian counsel received a Statement of Defence from PwC Canada on 19 February 2013. The Statement of Defence received also contained a Counterclaim against the Companies for breach of contract and misrepresentation. The Liquidator disputes this Counterclaim.

4.29 The Liquidator's Canadian counsel is currently in the process of preparing a draft Statement of Reply and Statement in Defence of Counterclaim. A deadline for these filings is presently being finalised.

Recovery Efforts of the Funds held in the Dublin Citco Account: Irish recognition proceedings

4.30 Since the Last Report, the Liquidator's substantive pleadings for the appeal of the Irish decision were filed on 23 October 2012 with a Certificate of Urgency requesting that the matter be put on a fast-track list to be heard on an expedited basis. This was granted during a hearing held on 25 October 2012.

4.31 SSPF and Atlanta filed their submissions to the Irish Supreme Court in relation to Sentry's appeal on 29 November 2012 and 3 December 2012, respectively. Irish counsel continue to prepare for the appeal and

expect to be notified shortly of the proposed listing of the hearing which is customarily six to nine months from the date of the hearing. The matter is therefore not likely to be heard until late 2013 or early 2014.

Recovery Efforts of the Funds held in the Dublin Citco Account: Anti-suit injunction

4.32 As noted in Section 4.40 to 4.42 of the Last Report, the Court of Appeal handed down its judgment overturning the first instance decision and granted Sentry the injunction it sought. In its judgment the Court of Appeal found that:

1. SSPF had submitted to the BVI jurisdiction by submitting a proof of claim in Sentry's liquidation; and
2. that as a matter of public policy, SSPF could not participate in the statutory scheme in the BVI and simultaneously pursue proceedings in the Dutch Courts thereby gaining priority over Sentry's other unsecured creditors.

The order consequential on the judgment ("Anti-suit Order") was settled on 3 October 2012 and restrains SSPF from taking any further steps in the Dutch proceedings and awarded costs in favour of Sentry.

4.33 On 8 October 2012, SSPF applied for leave to appeal the Anti-suit Order. The Liquidator was advised by Forbes Hare to oppose SSPF's application. On 21 November 2012, BVI counsel for SSPF, Maples and Calder filed their skeleton argument in support of their application seeking leave to appeal the Court of Appeal's decision to the Privy Council.

4.34 This matter was heard by the Court of Appeal on 14 January 2013, at which time the Court of Appeal granted SSPF conditional leave to appeal its decision to the Privy Council. No date has been set to hear the matter.

4.35 At the same hearing, the Court of Appeal declined to hear an additional application filed by SSPF seeking a stay of the Anti-suit Order pending the appeal. Instead, the Court of Appeal issued directions as to the future conduct of the matter. At the date of this Report, SSPF have filed their evidence in reply and skeleton argument while Sentry has filed evidence and written submissions in answer. The matter is scheduled to be heard during the week commencing 6 May 2013 when the Court of Appeal next sits in the BVI.

4.36 The Liquidator, via counsel, has given undertakings to the Court that, pending the outcome of SSPF's stay application:

1. Sentry would not take any steps to prejudice SSPF's position in the Dutch proceedings; and
2. Specifically that Sentry will take such steps as are necessary to keep the Dutch proceedings on the "sleeping docket."

4.37 Atlanta's $6.9 million attachment remains unaffected by the Anti-suit Order. The Liquidator is continuing to consider with his counsel what steps to take in relation to Atlanta's attachment.

4.38 In the interim, the Liquidator instructed Brown Rudnick to take the appropriate steps to have the Anti-suit Order recognised under the provisions of Chapter 15 in the US. Chapter 15 authorises the Bankruptcy Court to provide relief when it is necessary to protect assets of the debtor or the interests of creditors. US recognition of the Anti-suit Order would provide additional protection in preventing SSPF from gaining an unfair priority over Sentry's other creditors and in furthering the fair and equitable distribution of Sentry's assets within the BVI's liquidation regime.

4.39 With a view to saving costs and time, Brown Rudnick approached SSPF's US counsel to seek their consent to such recognition. As this consent was not given, Brown Rudnick on 30 March 2013, filed the necessary motion papers before the Bankruptcy Court. The hearing has been scheduled to take place on 30 May 2013.

Recovery Efforts of the Funds held in the Dublin Citco Account: Dutch proceedings

4.40 On 31 October 2012, at the request of both Sentry and SSPF, the Dutch Court placed these proceedings on the "sleeping docket" until 3 April 2013.

4.41 As agreed by the Liquidator, through his counsel's undertakings discussed in Section 4.36 above, on 26 March 2013, Dutch counsel wrote to the Dutch Court to agree the referral of the case to the next sleeping docket pending the determination of SSPF's stay application.

4.42 Given the ongoing litigation it remains inappropriate to comment further on the Liquidator's strategy in regards to these proceedings. The Liquidator is taking all necessary legal advice from his legal team and, insofar as is possible, keeping Sentry's Committee fully apprised of the developments in this matter.

Sale of the SIPA Claim - Farnum Litigation

4.43 As noted in the Last Report, the Liquidator entered into a Trade Confirmation with Farnum on 13 December 2010 for the sale of its SIPA claim in the BLMIS estate. Significant events occurring up to 2 October 2012 are detailed in Sections 4.52 to 4.56 in the Last Report.

4.44 On 18 April 2012, the Liquidator filed an application in the Bankruptcy Court seeking disapproval of the Trade Confirmation, as it was not in the best interests of the Companies. Prior to hearing the matter, the Bankruptcy Court suggested that Farnum and the Liquidator attempt to mediate the matter.

4.45 Pursuant to the suggestion of the Bankruptcy Court, the Liquidator made arrangements with Farnum to attend mediation in New York, with Judge Gropper acting as mediator. The Liquidator and Farnum were unfortunately not able to reach a settlement of the matter.

4.46 Following the failure of the parties to reach a settlement in mediation, the Bankruptcy Court rescheduled the hearing. On 9 January 2013, the Bankruptcy Court held a hearing regarding the Liquidator's application for the Bankruptcy Court's review of the Trade Confirmation under relevant provisions of the US Bankruptcy Code, including Section 363 thereof.

4.47 On 10 January 2013, the Bankruptcy Court refused the Liquidator's application and declined to conduct a review of the Trade Confirmation under Section 363 of the US Bankruptcy Code. The Bankruptcy Court ruled that a Section 363 review of the Trade Confirmation was not warranted because, according to the Bankruptcy Court's decision, the SIPA claim is not "within the territorial jurisdiction of the United States." The Bankruptcy Court further stated that the decision not to apply Section 363 was "consistent with" principles of comity, in light of the Court's judgment with respect to the Trade Confirmation detailed in section 4.53 of the Last Report.

4.48 On 22 January 2013, the Liquidator filed a notice of appeal of the Bankruptcy Court decision to the District Court, on the grounds the Liquidator and counsel did not agree with the Bankruptcy Court's judgment. The matter is ongoing, and on 5 April 2013 the Liquidator filed his opening appeal brief to the District Court. Farnum's responding brief is due 6 May 2013 and the Liquidator's reply brief is due 22 May 2013, after which the District Court may set a date for oral argument.

4.49 A hearing took place on 5 March 2013 to determine the issue of liability for costs in respect of the Farnum BVI proceedings. The court ordered that Farnum should be able to recover all of its costs of the BVI proceedings against the estate, such costs to be assessed if not agreed. The Liquidator has not yet been provided details of costs.

The US Trustee

4.50 Since the Agreement between the US Trustee and the Liquidator became effective on 8 July 2011, the Liquidator and the US Trustee have continued to work closely to assist each other in pursuing claims for which recoveries are to be shared between the parties under the Agreement.

4.51 *Subsequent transferee claims brought against the Companies' redeeming investors*

The US Trustee has filed claims against certain of the Companies' redeeming investors ("**subsequent transferees**") who were paid redemption proceeds in the six years prior to his appointment essentially seeking some of the same amounts claimed by the Companies under both New York state and federal bankruptcy laws.

4.52 To date, the US Trustee has filed avoidance claims under the US Bankruptcy Code against 133 subsequent transferee defendants (compared with 128 at the date of the Last Report) for over approximately $4.6 billion relating to the redemptions and profits received by investors from the Companies (compared with $4.4 billion at the date of the Last Report).

4.53 As part of the Agreement with the US Trustee, the Companies have agreed a sharing formula for any recoveries of redemption monies. Should these claims be successful the Companies will receive a share (between 40-85%) of the settlement proceeds in accordance with the provisions of the Agreement.

4.54 The US Trustee has faced several legal challenges to these claims since they were filed. In the period since the Last Report, Judge Rakoff of the District Court has issued three decisions that significantly improve the viability of the US Trustee's subsequent transferee claims, thereby improving the Companies' position.

Section 550 Order

4.55 In a summary order issued on 5 December 2012, Judge Rakoff denied motions to dismiss that had been filed in suits brought by the US Trustee against subsequent transferees. Defendants had argued that no recovery against subsequent transferees is permitted under Bankruptcy Code Section 550(a) unless the plaintiff obtains a final judgment avoiding the initial transfer, and that the US Trustee did not and could not obtain such judgments of avoidance of the initial transfers to the Companies, as they had settled the US Trustee's avoidance claims rather than giving the US Trustee a judgment of avoidance.

4.56 Judge Rakoff dismissed the motions and indicated that he would issue a written decision "in due course"; the decision has not yet been issued. Judge Rakoff's order eliminates what was a potential dispositive threshold defence that would have prevented the US Trustee from moving forward with his subsequent transferee claims.

Section 502(d) Order

4.57 In a summary order issued on 12 February 2013, Judge Rakoff rejected an argument advanced by defendants in suits brought by the US Trustee that they were entitled to prompt and immediate payment of their Securities Investor Protection Act ("**SIPA**") customer claims even if they were alleged recipients of a preferential payment or fraudulent transfer and were defendants to an avoidance action brought by the US Trustee. The defendants had argued that Section 502(d) of the Bankruptcy Code (which permits the US Trustee to disallow claims made by entities that received a fraudulent transfer or preference until those transfers were repaid) does not apply under SIPA.

4.58 Departing from reasoning he had relied on in a written decision issued in September 2011 in a previous, related case, Judge Rakoff ruled that Section 502(d) does in fact apply under SIPA. As a result of the decision, the US Trustee will be able to disallow SIPA claims in situations where he is suing the holder thereof for fraudulent transfer or preference, until the avoidance judgment is repaid in full to the US Trustee. In addition, the Bankruptcy Court has the authority to preside over these actions (authority that Judge Rakoff had previously indicated could be withdrawn if Section 502(d) did not apply).

Section 546(e) Order

4.59 In a summary order also issued on 12 February 2013, Judge Rakoff ruled that Section 546(e), a US Bankruptcy Code safe harbour provision that can provide an absolute defence to avoidance actions

connected to securities transactions, is not a defence to the US Trustee's six-year New York avoidance claims where the initial transferee or subsequent transferee had "actual knowledge" of the Madoff fraud. Judge Rakoff indicated that a full written opinion would be issued in due course. This ruling expanded the net for avoiding transfers to six years with respect to transferees with alleged knowledge.

Distributions by the US Trustee

4.60 Pursuant to the terms of the Agreement, Sentry's SIPA claim against the BLMIS estate was allowed at the amount of $230 million, contingent upon the payment of $70 million in cash to the US Trustee. Upon the Liquidator's initial payment of $24 million of Sentry's cash, the SIPA Claim was allowed at an interim amount of $78 million, pending payment of the remaining $46 million. In connection with the US Trustee's payment in November 2012 of a second interim dividend of 33.556% to holders of allowed SIPA claims, the US Trustee applied the distributions due to Sentry to the unpaid $46 million due to the US Trustee under the Agreement. As a result of those distributions, the $46 million has now been paid in full, the SIPA claim is now allowed at the full amount of $230 million, and Sentry received a payment of $38,673,840 on 28 November 2012.

4.61 On 13 March 2013, the Bankruptcy Court authorized the US Trustee to make a third interim distribution to holders of allowed SIPA claims, which, when combined with the first interim distribution of 4.602% on 5 October 2011 and the second interim distribution described above, brings the cumulative distribution to approximately 42.87%. On 2 April 2013, Sentry received the third interim distribution cheque in the amount of $10,858,300, representing the additional distribution of 4.721%.

Chapter 15

4.62 As previously reported, the Liquidator obtained formal recognition of the Companies' liquidation proceedings as "foreign main proceedings" in the Bankruptcy Court pursuant to Chapter 15 of the US Bankruptcy Code on 22 July 2010. On 16 September 2011 this decision, which was affirmed by the District Court that hears appeals from the Bankruptcy Court, was subject to a further appeal by Morning Mist to the United States Court of Appeals for the Second Circuit. The appeal was heard on 19 November 2012, and a judgment has not been received at the date of this Report.

Citco

4.63 The Liquidator's primary focus with respect to Citco has remained unchanged since the Last Report, namely the continued collection of the Companies' books and records. The Liquidator extended the tolling agreement with Citco for a further year to 27 February 2014.

Seward & Kissel

4.64 On 19 July 2012, the Liquidator entered into a tolling agreement with Seward & Kissel, the Companies' former US legal advisers. By subsequent agreement the tolling period was extended until 19 March 2013. Upon the advice of counsel, the Liquidator concluded that potential claims against Seward & Kissel for alleged legal malpractice in failing to advise the Companies about the possibility of a Chapter 11 bankruptcy filing were not in the Companies' best interests. Accordingly, having sought and obtained the approval of the Court on 13 February 2013, the Liquidator will not be bringing any claims against Seward & Kissel. No further extension of the tolling period has been requested.

Court applications and communication with the Committee

4.65 The terms of the Liquidator's appointment are such that prior sanction from the Court in respect of the commencement, continuance or defence of any legal action must be sought. As a result, the Liquidator, through his BVI counsel, has had to make a number of applications to the Court since the Last Report.

4.66 The Liquidator consults with the Committee on a number of recovery matters relating to Sentry and also keeps the Committee apprised as to his activities and strategies by way of bi-monthly written updates and numerous memoranda. The Liquidator holds conference calls with the Committee on a monthly basis and holds face to face meetings with the Committee on a quarterly basis.

4.67 The Committee is actively involved in reviewing and consulting on the Liquidator's fees and Sentry's liquidation expenses (including those of the Liquidator's lawyers and other service-providers) and its views are brought to the attention of the Court when it reviews and approves the Liquidator's fees and expenses. The finalised protocol sets out the timetable for the Liquidator to present invoices for review and the deadline for queries to be raised by the Committee.

4.68 The members of the Committee have not changed since the date of the Last Report. See Section 4.65 of the Sixth Interim Report for details.

4.69 Three of the members of the Committee are themselves defendants to claims for redemption monies received prior to the commencement of the liquidation. As such, the Liquidator considers that those Committee members have a conflict of interest and therefore the Liquidator is unable to fully share with them his strategies, legal advice and related information in regard to the claims bring pursued against the redeeming investors.

4.70 Since the Last Report, the Liquidator has held one in-person meeting with the unconflicted members of the Committee to discuss the revised Redeemer Claim strategy. At the meeting held on 11 March 2013, the Liquidator and his legal counsel updated these members on the status of the litigation in the BVI and US, provided them with requested information and consulted on the litigation strategy going forward.

Realisation of Non-BLMIS Investments

4.71 Since the Last Report, the Liquidator has continued to liquidate the remaining investments in the Non-BLMIS portfolio. Since the date of the Last Report, $8,157 has been received, being the final distribution from Fairfield Lion Investment Fund Asia. The estimated value of the remaining Non-BLMIS investments, as reported by FGG, is $6,787,911.

4.72 From the date of the Liquidator's appointment, total monies received from the Non-BLMIS portfolio are $76,286,446.

4.73 A schedule of remaining investments is provided quarterly, with the last statement received on 28 February 2013. The remaining investments, adjusted for receipts received in the intervening period, are detailed below:

Investment	Estimated Value	Comment
Enhanced Guardian II	$3,400,000	Invested in Guardian II, which is attempting to recover funds through redeemer claims. Timing of payment of distribution will depend on time taken to complete claims.
Irongate Global Strategy	$934,353	A pending settlement should release cash reserves held at present totalling circa 55% of total NAV. Release of these funds should see payments to Sentry directly and through other Non-BLMIS Investments who are shareholders in Irongate Global Strategy (see below).

Investment	Estimated Value	Comment
Chester Global Strategy	$945,064	A pending settlement should release cash reserves held at present totalling circa 55% of total NAV. Once settlement is achieved, payment should be made to Sentry.
Fairfield Aerium International	$680,924	Partial distribution was received during the period since the Last Report. Timing of further distributions is uncertain.
Fairfield Investment	$371,713	Approximately 70 % of distributions have now been received. Finalisation of the liquidation is dependent on resolution of a number of redeemer claims made by the company.
Wilshire Portable Alpha	$155,857	A pending settlement in relation to Irongate (see above), one of Wilshire Portable Alpha's investments, should result in a distribution to Sentry.
Fairfield Argenis Healthcare	$300,000	Up until the latest report received from FGG, this investment was listed as having a nil valuation. The fund is being placed in liquidation. The first and final distribution is expected to be received in 2013.
Total	**$6,787,911**	

Anwar class action settlement

4.74 In November, counsel for the Anwar class action announced the settlement of claims asserted on behalf of the Companies against former members, partners and associates of FGG. The Companies themselves are not parties to the class action, and cannot provide legal advice with regard to your participation in the settlement.

4.75 At present, the Liquidator has not sought or received from the Court directions on a distribution strategy, as the Liquidator is not currently in a position to estimate if and when a distribution to Shareholders might be made. Accordingly, the Liquidator is unable to advise what effect participating in the class action settlement will have on your claim in the liquidations.

Requests to Transfer Shareholdings

4.76 The Liquidator regularly receives requests to transfer shares held by investors in the Companies. In accordance with the provisions of Section 175(1)(d) of the Act, such transfers are prohibited unless leave of the Court is sought and obtained.

4.77 In relation to Sentry and Sigma only, the Court ordered, on 7 July 2011 and 26 March 2012 respectively, that the Liquidator now has a general discretion to register the transfer of shares in circumstances where there might be no adverse impact on the estates. As a result of the orders, registered shareholders may avoid the costs of making an application pursuant to Section 175(1)(d) of the Act, subject to the Liquidator's discretion. Any registered shareholder interested in transferring their shares should contact the Liquidator by sending an email to fairfieldsentry@KRyS-Global.com or fairfieldsigma@KRyS-Global.com for further information.

Directors

4.78 The Liquidator has a tolling agreement with Messrs. Jan Naess and Peter Schmid which is currently due to expire on 11 September 2013. The third director, Walter Noel Junior is already named as a co-defendant in Sentry's claim against FGG: this claim is due to be assigned to the US Trustee per the terms of the Agreement as discussed below.

FGG

4.79 As previously reported, prior to the Liquidator's appointment, Sentry had filed claims with an approximate value of $920 million against FGG seeking recovery of investment management and performance fees paid to it.

4.80 Under the terms of the Agreement between the Liquidator and the US Trustee, the Liquidator is to assign this claim to the US Trustee. The assignment of this claim has been challenged by Morning Mist, which sought to withdraw the reference to the Bankruptcy Court as to this issue. Morning Mist's withdrawal motion is pending with the District Court. All activity on the FGG litigation has been extended by the Liquidator and the US Trustee, with approval by the Bankruptcy Court, to 29 May 2013.

5. Financial Analysis

5.1 A comparative analysis of the Companies' financial position from the Last Report to the current estimated asset position follows. Lambda has no tangible assets and therefore no analysis for Lambda is detailed.

5.2 These analyses do not provide for potential recoveries from claims against redeeming investors or former third party service providers.

SENTRY				
Assets	**Position as at**	**Position as at**	**Position as at**	**Variance**
	21-Jul-09	**31-Aug-12**	**28-Feb-13**	**Aug12 to Feb13**
Cash	$71,126,716	$103,398,846	$132,058,138	$28,659,292
Non-BLMIS investments	$79,506,337	$3,622,208	$3,855,857	$233,649
Fee deferral assets	$21,000,000	$2,941,402	$2,932,052	-$9,350
SIPA claim receivable	$Nil	$24,297,940	-$14,375,900	-$38,673,840
Total	**$171,633,053**	**$134,260,396**	**$124,470,147**	**-$9,790,249**

SIGMA					
Assets	**Position as at**	**Position as at**	**Position as at**	**Variance**	**Variance USD**
	21-Jul-09	**31-Aug-12**	**28-Feb-13**	**Aug12 to Feb13**	**Aug12 to Feb13**
Cash	$62,411,835	$62,844,882	$63,470,687	$625,805	$625,805
	€ 185,873	€ 186,375	$Nil	-€ 186,375	-$238,107
Promissory Note	€80,000	€80,000	€80,000	€Nil	$Nil
Total	**$62,411,835**	**$62,844,882**	**$63,470,687**	**$625,805**	$625,805
	€ 185,873	**€ 186,375**	**€ Nil**	-€ 186,375	-$238,107
Total (Converted)					**$387,698**

5.3 The following is a reconciliation of Sentry's cash balance:

Sentry Cash	Position as at 21-Jul-09	Position as at 31-Aug-12	Position as at 28-Feb-13
Held by Liquidator	$Nil	$28,682,569	$18,637,491
Received from US Trustee (see Section 4.60)	$Nil	$3,589,560	$42,285,774
Dublin Citco Account (see Section 4.33)	$71,126,716	$71,126,716	$71,134,873
Total	**$71,126,716**	**$103,398,846**	**$132,058,138**

5.4 The following is a reconciliation of Sentry's SIPA claim receivable:

Sentry SIPA claim receivable/ (payable)	Position as at 21-Jul-09	Position as at 31-Aug-12	Position as at 28-Feb-13
Total value of SIPA claim	$Nil	$230,000,000	$230,000,000
Value of claim at 32.125%	$Nil	$73,887,500	$73,887,500
Liability to US Trustee	$Nil	-$46,000,000	$Nil
Dividend received from US Trustee	$Nil	-$3,589,560	-$88,263,400
Total	**$Nil**	**$24,297,940**	**-$14,375,900**

5.5 As detailed in Sections 4.60 to 4.61 of this Report, pursuant to the Agreement with the US Trustee, Sentry is entitled to an allowed SIPA claim of $230 million in the estate of BLMIS. For the purpose of this financial analysis, the Liquidator has calculated the present value of the claim as 32.125% of its fully allowed amount, the price for the sale of the claim under the disputed Farnum Trade Confirmation (discussed in Sections 4.43 to 4.49 of this Report).

5.6 At 28 February 2013, the Liquidator has received from the US Trustee total distributions of $88.2 million, of which $42.26 million has been distributed in cash. While this cash is held in quarantine pending resolution of the Farnum matter, the Liquidator has included in his total cash balance the dividend received to date. While the Liquidator has applied to the Bankruptcy Court to have the sale of the SIPA claim to Farnum disapproved under applicable US bankruptcy law, should it not be disapproved it is expected that the Liquidator will have to distribute the surplus cash, being $14.4 million, to Farnum. The reporting of the value of the SIPA claim as set forth above is without prejudice to the Liquidator's positions in the US proceedings. This is detailed in Section 5.4.

5.7 In early April, the US Trustee issued a further dividend to the estate totalling $10.8 million; as the figures in this Report are prepared with effect from 28 February 2013 this amount is not included in the above analysis.

5.8 These calculations are provided as an estimate only. They are not binding on the Liquidator and should not be relied upon for any other purpose.

5.9 The above cash figures represent the monies held as at 28 February 2013. No adjustments have been made for the unpaid accrued Liquidator's fees, legal fees or other expenses. The Liquidator intends to file a fee application for payment of accrued fees and expenses, which at time of this Report total approximately $800,513, that will be considered by the Court on 25 June 2013. The Liquidator estimates that the amount of the Liquidator's fees and expenses invoiced to date, which will be part of the next fee application, to be $387,072. As the Farnum schedule of costs remains outstanding, the above figure does not include any amounts payable to Farnum following the costs order set down on 5 March 2013. See Section 4.49 above for further details.

5.10 The estimated realisable values for the Non-BLMIS investments are those provided by FGG as at 28 February 2013 (adjusted to take account of funds received in the intervening period). The Liquidator expresses no view as to whether this will be the actual amount recovered from these investments. See Section 4.73 above for details of these investments.

5.11 The variance in assets between the Last Report and 28 February 2013 in Sentry is a decrease in asset position of $9.8 million. This is due primarily to:

- An Increase in cash balances of $28.7million due to (1) US Trustee cash dividend of $38.7million, (2) redeemer settlements of $0.77million, (3) re-allocation of redeemer settlements to Sigma of $0.856 million and (4) payment of the Liquidator's fees and expenses totalling $9.87 million. The Liquidator's fees and expenses relate to all expenses and fees incurred, invoiced and approved by the Court. On 7 November 2012 the Court approved fees of $7.1million that had been incurred for the period 1 April 2012 to 30 September 2012 and on 11 February 2013 fees totalling $2.7 million for the period 1 October 2012 to 31 December 2012;
- The increase in the value of the residual Non-BLMIS investments of $224,299 from their July 2012 balances. As stated in Section 4.73 this primarily relates to a value of $300,000 being ascribed to

Fairfield Argenis Healthcare where previously this had a nil value, the remaining differences relate to a final redemption from Fairfield Lion Investment Fund Asia and price variances within the portfolio; and

- The elimination of the SIPA claim receivable of $24.3 million due to the fact that the US Trustee liability has been paid in full. Although the receivable has been removed, using the analysis set out in Section 5.6 gives rise to a contingent liability of $14.4 million.

5.12 The variance in assets between the Last Report and 28 February 2013 in Sigma is an increase of $387,698. This is primarily due to:

- The payment of Liquidator's fees and expenses totalling $493,582; on 7 November 2012 the Court approved fees of $406,484 that had been incurred for the period 1 April 2012 to 30 September and on 11 February 2013 fees totalling $86,926 for the period 1 October 2012 to 31 December 2012;
- The receipt of settlements of Redeemer Claims of $855,042, transferred from Sentry; and
- Bank interest received of $26,238.

5.13 Lambda had nil tangible assets at the date on which the Liquidator was appointed. Whilst the Liquidator has brought Redeemer Claims (with an approximate value of $35m) against certain Lambda investors, no settlements have been received to date and there have been no realisations within the liquidation of Lambda specifically. Any fees and expenses of the liquidation of Lambda will only be recoverable in the event that Lambda realisations are achieved; the Liquidator has sought and obtained approval from the Court for the fees and expenses incurred.

5.14 In accordance with the provisions of the Act, the Liquidator's remuneration is based upon his time costs. The Liquidator's rates have remained unchanged since 1 June 2012. The current rates are fixed until 31 December 2013.

6. Conclusion

6.1 The Liquidator intends periodically to provide further reports to the Court, creditors and investors, updating them on the progress of the liquidations as and when appropriate or as directed by the Court. The next interim consolidated report is scheduled to be issued in October 2013.

6.2 In the meantime, however, Registered Shareholders are advised to keep a regular check on the secure website for further updates. The secure websites include a list of Frequently Asked Questions which I ask you to check prior to contacting the Liquidator with any queries. If you do not have, or have lost your log-in credentials for the secure website, please email the Liquidator (quoting your Holder and Account ID numbers) at: fairfieldsentry@KRyS-Global.com; fairfieldsigma@KRyS-Global.com; or fairfieldlambda@KRyS-Global.com.

Kenneth Krys
Liquidator
12 April 2013

Fairfield Sentry Funds Liquidation
Liquidators' cash receipts and disbursements statement
July 2009 to 28 February 2013

Appendix A

	USD $ SENTRY 28-Feb-13	USD $ SIGMA 28-Feb-13	USD $ LAMBDA 28-Feb-13	TOTAL 28-Feb-13	
Cash Receipts					
Citco at liquidation date	70,099,115	62,411,835	-	132,510,950	
Clydesdale EURO at liquidation date	-	260,265	-	260,265	
Proceeds on liquidation of positions	76,286,447	-	-	76,286,447	
Proceeds received from redeemers	24,031,196	2,048,879	-	26,080,075	
Proceeds received from SIPA Trustee	88,263,400	-		88,263,400	
Recovery of retainers	-	316,952	-	316,952	
Interest received	77,888	279,260	-	357,148	
	258,758,046	65,317,191	-	324,075,236	
Cash Disbursements					
Legal fees and expenses	36,062,539	87,252	-	36,149,792	
Legal Contingency Fees	2,237,469	307,657		2,545,126	
Liquidators fees and expenses	15,033,731	1,060,749	-	16,094,481	
Payment - SIPA Trustee Payment	72,197,329	292,608	-	72,489,937	
Other professional fees	619,229	46,510	-	665,739	
Database & web fees	242,801	7,521	-	250,322	
Liquidation committee expenses	95,003	-	-	95,003	
Office rental expenses	13,200	18,800	-	32,000	
Application costs and fees	186,381	-	-	186,381	
Bank charges	12,225	2,473	-	14,698	
FX Loss		22,934		22,934	
	126,699,907	1,846,504	-	128,546,411	
Net Cash Position	**132,058,138**	**63,470,687**	**-**	**195,528,825**	A
Closing Balance made up of:					
Held by Liquidator or at the Liquidator's discretion	18,637,491	63,470,687	-	82,108,177	
Received from US Trustee	42,285,774	-	-	42,285,774	B
Dublin Citco Account	71,134,873	-	-	71,134,873	C
	132,058,138	**63,470,687**	**-**	**195,528,825**	

Notes

A - The receipts and disbursements account reflects cash transactions since the liquidation date as approved by the BVI Court.

B - Sentry funds of $42.26million were received from the US Trustee. See Section 5 of the report.

C - Sentry funds of $71million with Citco are subject to a freezing order. See Section 5 of the report.

Fairfield Sentry Funds Liquidation
Liquidators' cash receipts and disbursements statement
July 2009 to August 2012

Appendix B

	USD $ SENTRY 31-Aug-12	USD $ SIGMA 31-Aug-12	USD $ LAMBDA 31-Aug-12	TOTAL 31-Aug-12	
Cash Receipts					
Citco at liquidation date	70,099,115	62,411,835	-	132,510,950	
Clydesdale EURO at liquidation date	-	260,265	-	260,265	
Proceeds on liquidation of positions	76,278,290	-	-	76,278,290	
Proceeds received from redeemers	24,137,764	1,193,837	-	25,331,601	
Proceeds received from SIPA Trustee	3,589,560			3,589,560	
Recovery of retainers	-	316,952	-	316,952	
Interest received	55,494	252,670	-	308,164	
	174,160,222	64,435,559	-	238,595,781	
Cash Disbursements					
Legal fees and expenses	29,228,486	83,212	-	29,311,698	
Legal Contingency Fees	2,188,645	177,875		2,366,520	
Liquidators fees and expenses	12,097,410	822,131	-	12,919,541	
Payment - SIPA Trustee Payment	26,165,927	177,415	-	26,343,342	
Other professional fees	612,279	46,510	-	658,789	
Database & web fees	180,723	7,150	-	187,873	
Liquidation committee expenses	83,615	-	-	83,615	
Office rental expenses	7,800	13,400	-	21,200	
Application costs and fees	186,381	-	-	186,381	
Bank charges	10,110	2,126	-	12,236	
	70,761,376	1,329,818	-	72,091,195	
Net Cash Position	**103,398,846**	**63,105,741**	**-**	**166,504,587**	A
Closing Balance made up of:					
Held by Liquidator or at the Liquidator's discretion	28,682,569	63,105,741	-	91,788,311	B
Received from US Trustee	3,589,560	-	-	3,589,560	C
Dublin Citco Account	71,126,716	-	-	71,126,716	D
	103,398,846	**63,105,741**	**-**	**166,504,587**	

Notes

A - The receipts and disbursements account reflects cash transactions since the liquidation date as approved by the BVI Court.

B - Sigma funds held in Euro are converted to USD for the purposes of presentation in this Appendix

C - Sentry funds of $3,589,560 were received from the US Trustee. See Section 5 of the Seventh Interim Report.

D - Sentry funds of $71,126,716 with Citco are subject to a freezing order. See Section 5 of the Seventh Interim Report.