

1st Activity Report by the Liquidators

25th August 2009

1. Share Holder / Investors

On May 14th, 2009, the liquidators have addressed a letter as shown on the website of the liquidations under Investor Relations / Liquidators Communication / to all shareholders. Information as requested in those documents is being gathered, confirmed and reconciled with information received directly from shareholders / investors. Shareholders' reaction to the letter has been slow.

A number of meetings with shareholders were held in the liquidators' offices in Luxembourg. More are to follow.

General Assembly

A shareholders' General Assembly will be held before 31st October 2009 as requested by the judgement.

2. Interaction with Court

The liquidators regularly meet with the supervising District Court to discuss the actions taken and planned. These meetings occur in principle on a monthly basis.

3. Interaction with CSSF

The liquidators met twice with the CSSF to discuss the progress of the liquidation and to request information on the initial registration process of the fund as well as on the regulatory supervision exercised during the life time of the fund.

4. Interaction with other parties

a. HSBC Securities Services (Luxembourg) S.A. as custodian bank

On April 2nd, 2009, all remaining cash balances held by Herald (Lux) with HSBC have been transferred to another bank on a account held by the liquidators.

Payments made from these accounts after 2nd April 2009 are made solely after explicit approval by the Court.

b. Fund's Directors

A number of meetings were held between the liquidators and former board members of the fund both in Luxembourg and in Vienna. More meeting are planned.

c. Bank Medici A.G as investment manager

A meeting was held with the legal counsel of Bank Medici A.G..

d. Legal Counsel

No meeting has been held at this point between the liquidators and the legal counsel of the Fund.

e. Ernst & Young Luxembourg as réviseurs d'entreprises

A number of meetings were held with Ernst & Young Luxembourg. The CSSF has instructed the auditors to complete audits of the Financial Statements as of:

- 12 December 2008
- 31 December 2008
- 2 April 2009

No audit reports have been received by the liquidators at this point in time.

5. Liquidators Recent / Current Activities

a. Inventory of Documents Received

On request of the liquidators to receive complete documentation, the former representatives of Herald (Lux), Ernst & Young, the former legal counsels of the fund and HSBC have transferred documents related to Herald (Lux). Documents received have been subject to inventory as asked by the a-fore-mentioned judgment.

A complete inventory of documents received was surrendered to the court on July 13th 2009.

b. Communication with Shareholders

Communication with shareholders has been made either via the installation of the website: www.heraldluxinliquidation.lu , or in direct meetings with shareholders on the premises of the liquidators in Luxembourg.

Meetings with professional organisations representing the fund industry also were held.

c. Audit of Files received

The liquidators are completing a full audit of the fund to determine:

- The documents that are available as surrendered by the different parties ;
- The quality of processing controls in place during the operating of the fund;
- Then adherence to best practices;

A complete audit report will be submitted to the Court in October 2009

d. Preparation of a Liquidation Opening Balance sheet

The Liquidators will prepare financial statements of the fund's assets as of the opening of the liquidation on April 2nd 2009.

e. Reconciliation of Shareholder / Investor positions

As indicated in point 1, the liquidators are investigating all shareholders' positions as per the Share register and aim at reconciling those positions with claims made by shareholders / investors to them directly.

f. Legal Proceedings

The liquidators are analysing the legal aspects of the fund structure as well the possibilities to start legal action with the aim to recover the lost assets.

Luxembourg, 25th August 2009

Carlo Reding
Liquidator

Ferdinand Burg
Liquidator