

CERES AGRICULTURE FUND LIMITED

Report and Audited Financial Statements

**For the period from 17 October 2007 (date of incorporation) to
29 February 2008**

CERES AGRICULTURE FUND LIMITED

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CERES AGRICULTURE FUND LIMITED

MANAGEMENT AND ADMINISTRATION

DIRECTORS: Baron Hans-Willem Reinier van Tuyl van Serooskerken* (Chairman)
Martyn Henley-Roussel *
Howard Vivian Peter Myles* (Chairman of the Audit Committee)
Kimberly Tara
* independent and non-executive directors

MANAGER AND PLACING AGENT FourWinds Capital Management
Scotia Bank Building
PO Box 268GT
George Town
Grand Cayman
Cayman Islands

SPONSOR, BROKER AND PLACING AGENT: **Until 30 October 2008**
Landsbanki Securities (UK) Limited
Beaufort House
15 St Botolph Street
London EC3A 7QR United Kingdom

SPONSOR: **From 31 October 2008**
BDO Stoy Hayward LLP
55 Baker Street
London
W1U 7EU

BROKER: **From 31 October 2008**
Cenkos Securities plc
6,7,8 Tokenhouse Yard
London
EC2R 7AS

SOLICITORS TO THE COMPANY AND THE PLACING: (as to English law) Herbert Smith LLP
Exchange House, Primrose Street
London EC2A 2HS United Kingdom

ADVOCATES TO THE COMPANY: (as to Guernsey law) Ozannes
PO Box 186
1 Le Marchant Street
St Peter Port
Guernsey CI
GY1 4HP

ADMINISTRATOR: HSBC Securities Services (Guernsey) Limited
Arnold House
St Julian's Avenue
St Peter Port
Guernsey CI
GY1 3NF

CERES AGRICULTURE FUND LIMITED

MANAGEMENT AND ADMINISTRATION (CONTINUED)

AUDITORS: Ernst & Young LLP
14 New Street
St Peter Port
Guernsey CI
GY1 4AF

REGISTRAR: Capita Registrars (Guernsey) Limited
2nd Floor
No.1 Le Truchot
St Peter Port
Guernsey CI
GY1 4AE

UK TRANSFER AGENT: Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU United Kingdom

REGISTERED OFFICE Arnold House
St Julian's Avenue
St Peter Port
Guernsey CI
GY1 3NF

CERES AGRICULTURE FUND LIMITED

CHAIRMAN'S STATEMENT

For the period ended 29 February 2008

HIGHLIGHTS

- Ceres Agriculture Fund Limited (the "Company") is a new Guernsey domiciled, closed-ended investment company established to invest in an actively managed portfolio of exchange-traded agricultural commodity contracts and derivatives. The Company's portfolio is managed by FourWinds Capital Management (the 'Manager').
- Raised US\$134 million at IPO on London Stock Exchange's main market in November 2007
- Placing price of US\$1.00 per share, opening net asset value per share of US\$0.97 after taking into account share issue costs
- Company was fully invested within two months of launch
- Net asset value of \$1.06 per share as at 29 February 2008, net asset value of \$1.04 per share as at 31 October 2008 (not adjusted for transaction costs of share issues)
- Annualised return of 26.25% from inception to period ended 29 February 2008, annualised return of 4.37% from inception to period ended 31 October 2008 (not adjusted for transaction costs of share issues)

Introduction

Dear Shareholders,

It is my pleasure in this first report to welcome all shareholders after our successful fundraising.

Ceres raised US\$134 million in a placing by Landsbanki Securities (UK) Limited and FourWinds Capital Management when it launched in November 2007, at which time, Ceres was admitted to the Official List of the Financial Services Authority and to trading on the London Stock Exchange. On 11 April 2008, the Company issued 4,646,418 shares at a offer price of US\$1.12 per share.

Ceres continues to provide investors with the advantages of a diversified exposure to agricultural commodities futures and options. The concept is to provide broad exposure using exchange-traded futures and options in agricultural commodities through a panel of recognised and successful traders. Ceres maintains its focus on capturing both short term returns and long term structural trends and continues to offer a unique and comprehensive vision of the asset class through an actively managed portfolio. We will continue to maintain the existing relationships with our traders and identify new ones in exchanged-traded agriculture commodities, as appropriate.

Our Manager, FourWinds Capital Management, has continued to build its commodity team of specialized analysts, as well as individuals dedicated to fund operations and risk management. The Board is pleased with the risk management and investment standards applied by the Manager.

Ceres is focused on capturing the short term inefficiencies and the long term trends in agricultural commodities, while maximizing diversification to traditional equity/bond portfolios and funds of hedge funds.

Net Asset Value

The Company's net asset value per share was \$1.06 as at 29 February 2008 (\$1.03 after adjusting for the transaction cost of the share issue). No dividends have been announced. The Company's net asset value per share was \$1.04 as at 31 October 2008. No dividends have been announced.

Outlook

The Manager believes that the Company, with its allocations to actively managed accounts, will continue to excel both in capital preservation and by delivering positive returns. Relative value spreads and directional strategies have proved the Company's on-going ability to capture alpha in up-trending markets but also to protect the capital when market conditions become more challenging. Actively managed positions in the soft commodities are expected to continue to deliver strong returns for the Company during the rest of the year. Although we anticipate that the volatility of individual commodities will remain at high levels in the foreseeable future we believe that this volatility will provide outstanding trading opportunities.

Please refer to the Company's unaudited interim report for mid-year 2008 commentary (30 June 2008). In addition, shareholders should note that further information about the Company is available on its website at www.ceresagriculture.com.

Hans-Willem van Tuyll
Chairman

_____ November 2008

CERES AGRICULTURE FUND LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the period from incorporation on 17 October 2007 to 29 February 2008.

Ceres Agriculture Fund Limited ("Ceres" or the "Company") was registered on 17 October 2007 with Registered Number 47896 and is domiciled and incorporated in Guernsey, Channel Islands. The Company is a close-ended investment company with limited liability formed under The Companies (Guernsey) Law, 1994 (the "Companies Law") and its Ordinary Shares are traded on London Stock Exchange.

Principal activity and business review

The principal activity of the Company during the period was that of an investment company. The Company is expecting to continue its activities in the coming year. A review of the period is provided in the Manager's Report.

Results and dividends

The results for the period and the Company's financial position at the end of the period, are shown on page 9. No dividend was declared during the period.

Directors

The Directors of the Company who served during the period were:

Baron Hans-Willem Reinier van Tuyll van Serooskerken (Chairman)
Martyn Henley-Roussel
Howard Myles (Chairman of the Audit Committee)
Kimberly Tara

The Directors' interests in the share capital of the Company at 29 February 2008 were:

	Number of Ordinary Shares
Howard Myles	20,000
Kimberly Tara	500,000

* K. Tara's interest is in respect of Ordinary Shares owned by Fourwinds Capital Management of which she is a director and shareholder.

Substantial interests in share capital

As at 29 February 2008, the following holdings representing more than 3 per cent of the Company's issued share capital had been reported.

	Number of Ordinary Shares	Percentage held
The Bank of New York (Nominees) Limited	10,420,000	7.78%
The Bank of New York (Nominees) Limited	11,000,000	8.21%
BNY (OCS) Nominees Limited	4,731,250	3.53%
CAM Nominees Limited	7,409,000	5.53%
Chase Nominees Limited	20,000,000	14.93%
Euroclear Nominees Limited	32,715,000	24.41%
HSBC Global Custody Nominee (UK) Limited	20,000,000	14.93%
Pershing Nominees Limited	4,348,743	3.25%

The Manager

FourWinds Capital Management was appointed Manager on 5 November 2007. The Directors have reviewed the performance of the Manager and are satisfied that the continued appointment of the Manager on the terms agreed is in the best interests of the shareholders and the Company.

DIRECTOR'S REPORT (CONTINUED)

Auditors

Ernst & Young LLP have been appointed as auditors of the Company and have expressed their willingness to continue in office.

Listing

On 27 November 2007 the Company's Ordinary Shares were admitted to trading on the Main Market of the London Stock Exchange.

Authorised and Issued Share Capital

Upon incorporation 2 Ordinary Shares of no par value were issued at a price of US\$1 per share. On 27 November 2007, the Company issued 133,999,998 shares in its initial placing at an offer price of US\$1 per share. On 11 April 2008, the Company issued 4,646,418 shares at a offer price of US\$1.12 per share.

Corporate Governance

As a closed-ended investment company registered in Guernsey, the Company is eligible for exemption from the requirements of the Combined Code (the "Code") issued by the UK Listing Authority. The Board has however put in place a framework for corporate governance which it believes is suitable for the investment company. The Company is committed to complying with the corporate governance obligations which apply to Guernsey registered companies. In addition, the Company has complied from Admission with the AIC Code of Corporate Governance produced by the Association of Investment Companies and is not presently aware of any respects in which it will depart from the AIC Code.

The Board considers that the Company has complied with the AIC Code of Corporate Governance throughout this accounting period. The following statement describes how the relevant principles of governance are applied to the Company.

The Board

All the Directors are non-executive and so there is no nomination or remuneration committee.

The Articles of Association provide that unless otherwise determined by the Board, the number of the Directors shall not be less than two and the aggregate remuneration of all Directors in any twelve month period, or pro rata for any lesser period, shall not exceed £150,000 or such sum as may be approved by the Company in general meeting. Kimberly Tara is not entitled to receive a director's fee.

The Board generally meets at least four times a year at which time the Directors review the management of the Company's assets and all other significant matters so as to ensure that the Directors maintain overall control and supervision of the Company's affairs. The Board is responsible for the appointment and monitoring of all service providers to the Company. Between these quarterly meetings there is regular contact with the Manager. The Directors are kept fully informed of investment and financial controls and other matters that are relevant to the business of the Company and should be brought to the attention of the Directors. The Directors also have access to the Secretary and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company.

The Audit and Management Engagement Committee meets twice a year. In addition, there was a small number of ad hoc meetings of the board to approve the listing of the Company, placings of Ordinary Shares and to review specific items between the regular scheduled quarterly meetings. Attendance at the regular Board and Audit and Management Engagement Committee meetings for the period from incorporation to 29 February 2008 was as follows:

	Number of meetings held	K Tara	Hans Willem Van Tuyl	H Myles	M H Roussel
Board meetings	2	-	2	2	2
Audit and Management Engagement Committee	-	N/A	-	-	-
Ad hoc Board meetings	4	4	2	4	4

The Board has a breadth of experience relevant to the Company and the Directors believe that any changes to the Board's composition can be managed without undue disruption. With any new Director appointment to the Board, consideration will be given as to whether an induction process is appropriate.

DIRECTOR'S REPORT (CONTINUED)

Statement of Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable Guernsey law and generally accepted accounting principles.

Guernsey company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing such financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements have been properly prepared. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We confirm to the best of our knowledge:

Signed on behalf of the Board of Directors by:

Directors

20 November 2008

CERES AGRICULTURE FUND LIMITED

MANAGER'S REPORT

For the period from 17 October 2007 (date of incorporation) to 29 February 2008

The Manager is pleased to report that the Net Asset Value of the Company grew by 5.58% over the period from inception to the 29th February 2008.

The Net Asset Value of the Company grew by 4.02% over the period from inception to the 31st October 2008, representing a 1.48% decline for the period 29 February 2008 to 31 October 2008. In light of agriculture commodities losing 42% over the same period (as measured by the DJ AIG Agriculture Total Return Index) we are pleased with the Company's ability to preserve capital.

The comments below reflect the activity that took place from inception to 29 February 2008. Updates regarding performance since 29 February 2008 are available on the Company website at www.ceresagriculture.com.

Among the twenty traders in the Fund, the rate of return in respect of eight traders was up by more than 10% while the loss of only one trader was greater than 10% for the period.

Discretionary grain traders were the best performers, fifteen traders exhibited positive performance, while option traders taking positions based on decreasing volatility level in agriculture markets could only face losses, although these were limited because of the tight risk management constraints employed by the Manager.

Short to medium term frequencies trading styles performed favourably versus long term trading styles, due to traders having to cope with a sharp increase in intra-day volatility. Also, huge inflows in passively managed investment vehicles required traders to be extremely vigilant in the monitoring of their positions since those inflows often generated substantial disruptions in the fundamentals of many agriculture markets.

While many directional traders benefited from sharp moves in the price actions of several "hot" commodities, such as wheat, corn, soybeans, etc, relative traders were nonetheless able to make some gains. Our livestock and cotton traders performed well in such an environment while our sugar trader posted some limited losses, their bearish spread positions being challenged by a sudden pick up in demand for the front end sugar contract.

Overall risks at the portfolio level were very well managed during that period. The daily Value-at-Risk (VaR), 95% confidence interval, never exceeded 0.85%, far below the internal limit of 1.50%.

Among the twenty traders in the Portfolio, six ended the period under consideration with a negative incremental VaR, meaning that they decreased the overall risk in the Portfolio. Consideration is being given to increasing the allocation to some of those traders in order to keep the low risk profile of the Portfolio while continuing to deliver strong returns.

Options were mainly used in the grain market, both for hedging (mainly wheat) and for directional trading (mainly corn and soybeans).

The Manager continues to look for additional seasoned managers in those markets, in order to take advantage of the increasing demand for the commodities and to capitalize on the substantial volatility embedded in futures and options agriculture markets.

Fourwinds Capital Management

20 November 2008

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CERES AGRICULTURE FUND LIMITED

We have audited the company's financial statements for the period from incorporation to 29 February 2008 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 17 ("the financial statements"). These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the directors as a body. Our audit work has been undertaken so that we might state to the directors those matters we are required under International Standards on Auditing (UK and Ireland) to state to them in an auditors' report and for no other purpose. To the fullest extent required by the law, we do not accept or assume responsibility to anyone other than the company and the directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors of Ceres Agriculture Fund Limited are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial statements and in accordance with International Financial Reporting Standards as adopted by the European Union.

Our responsibility is to audit the financial statements in accordance with International Standards on Auditing (UK and Ireland), and to report to you our opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards, as adopted in the European Union.

We read other information contained in the Financial Statements and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's Statement, Directors' Report, Manager's Report and Portfolio Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments' made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 29 February 2008 and of its results for the period then ended in accordance with International Financial Reporting Standards, as adopted in the European Union.

Ernst & Young LLP
Guernsey
20 November 2008

CERES AGRICULTURE FUND LIMITED

**PORTFOLIO STATEMENT
AS AT 29 FEBRUARY 2008**

Class of investments	Nominal value of positions at 29 February 2008 (US\$)	Market value		% of net asset
		Long (US\$)	Short (US\$)	
Commodities futures				
Others		13,191,892	(8,476,047)	3.41
Total Futures		13,191,892	(8,476,047)	3.41
Commodities options				
Others		13,632,211	(11,920,146)	1.24
Total Options		13,632,211	(11,920,146)	1.24
Total Futures and Options		26,824,103	(20,396,193)	4.65

CERES AGRICULTURE FUND LIMITED**INCOME STATEMENT****FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 29 FEBRUARY 2008**

	Notes	For the period from 17 October 2007 to 29 February 2008 US\$
Income		
Interest income		974,641
Other income		109,209
		<u>1,083,850</u>
Expenses		
Commission & fee expenses	7	5,528,641
Other expenses		394,020
Interest expense		29,416
		<u>5,952,077</u>
Net loss for the period before investment result		(4,868,227)
Net realised and unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss and foreign currency translations		
Net realised gains on financial assets and liabilities at fair value through profit or loss	3	10,443,080
Net movement in unrealised appreciation of financial assets and liabilities at fair value through profit or loss	3	3,285,694
Net realised and unrealised foreign exchange losses		(276,691)
Net profit for the period		<u><u>8,583,856</u></u>
		Cents
Earnings per Ordinary Share - Basic and diluted	4	6.41

In the current period there were no gains or losses other than those recognised above.

The Directors consider all results to derive from continuing activities.

The notes on pages 14 to 24 form an integral part of these financial statements.

CERES AGRICULTURE FUND LIMITED

**BALANCE SHEET
AS AT 29 FEBRUARY 2008**

	Notes	2008 US\$
Assets		
Cash and cash equivalents	12	6,720,487
Margin accounts with brokers		129,414,246
Financial assets held at fair value through profit or loss	3	26,824,103
Other receivables	10	697,590
TOTAL ASSETS		<u>163,656,426</u>
Liabilities		
Financial liabilities held at fair value through profit or loss	3	20,396,193
Other payables	11	4,042,076
Bank overdraft	12	989,116
TOTAL LIABILITIES		<u>25,427,385</u>
Net assets		<u>138,229,041</u>
Equity		
Share Premium	13	-
Retained Earnings		138,229,041
TOTAL EQUITY	16	<u>138,229,041</u>
Net asset value per Ordinary Share	4	1.03

These financial statements were approved by the Board of Directors on 20 November 2008 and signed on its behalf by:

Directors

The notes on pages 14 to 24 form an integral part of these financial statements.

CERES AGRICULTURE FUND LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 29 FEBRUARY 2008**

	Share premium	Retained earnings	Total
	US\$	US\$	US\$
Issue of shares	134,000,000	-	134,000,000
Transaction costs of issue of shares	(4,354,815)	-	(4,354,815)
Transfer of share premium to retained earnings	(129,645,185)	129,645,185	-
Net profit for the period	-	8,583,856	8,583,856
	-	138,229,041	138,229,041

The notes on pages 14 to 24 form an integral part of these financial statements.

CERES AGRICULTURE FUND LIMITED**STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 29 FEBRUARY 2008**

	Notes	For the period from 17 October 2007 to 29 February 2008 US\$
Cash flows from operating activities		
Net profit for the period		8,583,856
Adjustments to reconcile profit for the period to net cash inflow from operating activities		
Less: Interest income		(974,641)
Add: Interest expense		29,416
Net realised gains on financial assets and liabilities at fair value through profit or loss		(10,443,080)
Net movement in unrealised appreciation of financial assets and liabilities at fair value through profit or loss		(3,285,694)
Interest received		706,496
Interest paid		(29,416)
Net increase in other receivables		(429,444)
Net increase in other payables		4,042,076
Net cash inflow from operating activities		<u>(1,800,431)</u>
Cash flows from investing activities		
Purchase of financial assets		(29,159,283)
Proceeds from financial liabilities		(33,898,636)
Sale of financial assets		44,682,955
Disposal of financial liabilities		25,675,829
Margin accounts with brokers		(129,414,246)
Net cash inflow used in investing activities		<u>(122,113,381)</u>
Cash flows from financing activities		
Proceeds from shares issued	13	134,000,000
Transaction costs of issue of shares		(4,354,817)
Net cash inflow from financing activities		<u>129,645,183</u>
Net increase in cash and cash equivalents		5,731,371
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	12	<u>5,731,371</u>

The notes on pages 14 to 24 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 29 FEBRUARY 2008**

1. GENERAL INFORMATION

Ceres Agriculture Fund Limited (the "Fund") is a closed-ended investment fund registered and incorporated on 17 October 2007 in Guernsey. The Fund was established pursuant to the framework introduced by the Guidance Document issued by the Guernsey Financial Services Commission.

The Fund invests in an actively managed portfolio of primarily exchange-traded agricultural commodity contracts and derivatives. The Fund is managed by FourWinds Capital Management. The Fund aims to provide capital appreciation through diversified exposure to an actively managed portfolio of primarily exchange-traded agricultural commodity contracts and derivatives and other agricultural commodity related investments.

Consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinance, 1959 as amended was obtained for the raising of money by the issue of Ordinary Shares in November 2007. To receive such consent application was made under the Guernsey Financial Services Commission's framework relating to Registered Closed-ended Investment Funds. Under this framework neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council reviewed any prospectus relating to the Ordinary Shares but instead relied on specific warranties provided by the Guernsey licensed administrator of the Fund. Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council took any responsibility for the financial soundness of the Fund or for the correctness of any of the statements made or opinions expressed with regard to it.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union, issued by the International Accounting Standard Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

The Fund has adopted the US\$ as its presentation currency, being the currency in which its Ordinary Shares are issued. The presentation currency is the same as the functional currency.

The financial statements have been prepared on a historic cost basis except for financial assets and financial liabilities at fair value through profit or loss, which are designated at fair value through profit or loss.

b) Financial assets and liabilities at fair value through profit or loss

The Fund designates its financial assets and liabilities at fair value through profit or loss, at initial recognition.

Recognition/derecognition

Routine purchases and sales of investments are accounted for on the trade date. Cost is not averaged out for futures and options. Each contract has its respective cost, if any.

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the income statement. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss are recognised in the income statement in the period in which they arise.

Realised gains/losses on disposal/settlement of financial instruments are determined as a difference between the disposal/settlement proceeds and cost (if any) of the financial instruments and is recognised in the period in which they arise.

Fair value

Investments are quoted. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 29 FEBRUARY 2008 (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Interest income and expense

Bank interest income and interest expense is recognised on an accrual basis based on the effective interest method. Other income includes residual income on futures and is accounted for on accruals basis.

d) Cash and cash equivalents, Margin accounts with brokers and cash overdrawn

Cash and cash equivalents comprise cash balances held at banks. For cash flow statement purposes, this includes bank overdrafts. The bank overdrafts are repayable on demand and form an integral part of the Fund's cash management. Margin accounts with brokers comprise balances held as margin on futures with various brokers and are used as collateral to trade on commodity exchanges.

e) Expenses

All expenses are recognised on an accrual basis.

f) Translation of foreign currencies

Foreign currency transactions during the period are translated into US\$ at the rates of exchange ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into US dollars at the rates of exchange ruling at the balance sheet date. Exchange differences are included in the Income Statement.

g) Changes in accounting policies

International Accounting Standard Board and International Financial Reporting Interpretations Committee have issued the following standards and interpretations with an effective date after the accounting period date:

International Accounting Standards (IAS/IFRS)	Effective date (accounting periods commencing after)
IFRS 2 Amendment to IFRS 2 – Vesting Conditions and Cancellations	1 January 2009
IFRS 3 Business Combinations (revised January 2008)	1 January 2009
IFRS 8 Operating Segments	1 January 2009
IAS 1 Presentation of Financial Statements (revised September 2007)	1 January 2009
IAS 23 Borrowing Costs (revised March 2007)	1 January 2009
IAS 27 Consolidated and Separate Financial Statements (revised January 2008)	1 July 2009
 International Financial Reporting Interpretations Committee (IFRIC)	
IFRIC12 – Service Concession Arrangements	1 January 2008
IFRIC13 – Customer Loyalty Programmes	1 January 2008
IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

Whilst the revised IAS 1 will have no impact on the measurement of the Fund's results or net assets it is likely to result in certain changes in the presentation of the Fund's financial statements from 2009 onwards.

The Directors do not expect the adoption of the other standards and interpretations to have a material impact on the Fund's financial statements in the period of initial application.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 29 FEBRUARY 2008
(CONTINUED)**

3. FINANCIAL ASSETS AND LIABILITIES HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	Commodities Futures US\$	Commodities Options US\$	Total US\$
Financial assets at fair value through profit or loss			
Cost at 29 February 2008	-	9,506,508	9,506,508
Unrealised gain	13,191,892	4,125,703	17,317,595
Market value at 29 February 2008	13,191,892	13,632,211	26,824,103
Financial liabilities at fair value through profit or loss			
Cost at 29 February 2008	-	6,364,292	6,364,292
Unrealised loss	8,476,047	5,555,854	14,031,901
Market value at 29 February 2008	8,476,047	11,920,146	20,396,193
Net realised gains on financial assets and financial liabilities at fair value through profit or loss			10,443,080

4. EARNINGS PER SHARE

Earnings per share is based on the net gain for the period attributable to shareholders of the Company US\$8,583,856 and on 134,000,000 Ordinary Shares, being the weighted average number of shares in issue during the period. There are no dilutive instruments and therefore basic and diluted earnings per share are identical.

5. RISK MANAGEMENT POLICIES AND DISCLOSURES

The Fund may utilize a variety of financial instruments in its investing strategy. Several of these instruments contain varying degrees of off-balance sheet risk whereby changes in market values of the securities underlying the instrument may be in excess of the amounts recorded on the Fund's balance sheet. Investments expose the Fund to varying risks including market, liquidity, and credit/counterparty risks. A description of the specific risks and the policies of managing these risks are included below.

a) Market price risk

Market risk is the risk that the market price of a financial instrument will fluctuate due to changes in foreign exchange rates, market interest rates and factors specific to the commodities or its issuer or factors affecting all commodities traded in the market.

Market price risk arises mainly from uncertainty about future values of investments held. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager actively monitors market prices and reports to the Board as to the appropriateness of the investments held. Market risk is managed for the portfolio by investing in traditionally uncorrelated commodities, specifically; fibers, tropicals, grains, livestock. Specific risk parameters addressing the maximum percentage in each sector, as well as parameters specific to the allowable margin to equity ratio of each Commodity Trading Adviser ("CTA"), serve to protect against severe exposure in any market. The Fund also monitors a daily Value-at-Risk (VaR) calculation to ensure it does not exceed maximum risk guidelines.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 29 FEBRUARY 2008
(CONTINUED)**

5. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

At 29 February 2008, the overall market risk exposures were as follows:

	Commodities Futures US\$	Commodities Options US\$	Total US\$	% of net asset
Financial assets held at fair value through profit or loss	13,191,892	13,632,211	26,824,103	19.41
Financial liabilities held at fair value through profit or loss	(8,476,047)	(11,920,146)	(20,396,193)	(14.76)
	<u>4,715,845</u>	<u>1,712,065</u>	<u>6,427,910</u>	<u>4.65</u>

Market Risk Assessment

The Investment Committee of the Manager has set limits on the level of risk that may be accepted in the portfolio. The VaR methodology is applied in order to assess the market risk of positions held within the portfolio and to estimate the potential economic loss based on a number of parameters and assumptions. VaR is a method used in measuring financial risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon. SunGard's Kiorex Risk Workbench, a commodities risk management solution, is used to calculate VaR. Additional details on the methodology are provided below under 'VaR Assumptions and Methodology'.

The portfolio VaR as well as trader's individual VaR, including incremental VaR, is calculated on a daily basis using Kiorex. Incremental VaR represents the trader's contribution to the total portfolio VaR and provides an additional layer of risk analysis. In addition, Kiorex provides the flexibility to drill down and view risk at the position level.

In addition to VaR, the Investment Committee reviews other measures of sensitivity and exposure known as the greeks (delta, gamma, vega). The portfolio greeks as well as trader's individual greeks are calculated on a daily basis using Kiorex. The Investment Committee utilizes the greeks in order to evaluate exposure to various commodity markets (grains, livestock, fibres, tropicals) as well as individual commodities and commodity contracts. The measures are useful in managing concentration risk in the portfolio.

VaR Assumptions and Methodology

The VaR that the Investment Committee measures is an estimate, using a confidence level of 95%, of the potential loss that is not expected to be exceeded if the current market risk positions were to be held unchanged for one day.

For example, assume the portfolio 1-day VaR is \$1.25 million. This implies that under normal trading conditions the Investment Committee can be 95% confident that a change in the value of the portfolio would not result in a decrease of more than \$1.25 million during one day. If the Net Asset Value (NAV) of the portfolio is \$150 million, this would mean that the 1-day, 95% VaR is approximately 0.83% of the NAV (in percentage terms). As at February 29, 2008, VaR was 0.80% of the NAV of the Fund.

Kiorex Monte Carlo VaR is generated using historic correlations and implied early expiry volatilities as explained below.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 29 FEBRUARY 2008
(CONTINUED)**

5. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

The 1-day VaR is calculated assuming a 95% confidence level using a Monte Carlo simulation. Correlations are generated from a predetermined time period of 90 days. Each commodity is correlated through a two-factor model, with the long and short end of the curve each representing a factor. Both factors are correlated to both ends of every other commodity. A curve is the relation between the price of a commodity contract and time (month) at which the contract matures (or expires). The short end of the curve refers to the 'spot' or 'front' month contract which is the next futures contract due to expire for a particular commodity. The long end of the curve refers to commodity contracts that expire further out in the future. Both factors are also correlated to each other to measure the level of curve twisting which may occur in a random scenario. It is this two factor model which enables curves to move from contango to backwardation in markets where this is applicable. For example, markets such as gold which never go into backwardation, would not show backwardation as a likely scenario. Other curves, which easily flip to varying states of backwardation and contango, will show twists in a number of scenarios.

Once correlations are generated the magnitude of market data shifts are simulated. The magnitude of the range of curve bumps throughout scenarios is determined from the implied at the money early expiry volatilities of each contract.

The implied volatility of a contract represents the term volatility. When a VaR is run for a period shorter than the term of the contract, volatility for the chosen horizon must be determined from both the term volatility and the volatility distribution defined by the Kiindex model parameters.

Mark to markets are then run against a variety of scenarios. The results are ordered from the most positive to the most negative mark to market change. A VaR level is chosen to represent the path in percentage terms. If 1,000 paths are used, a 95% VaR represents the 950th best path, or the 50th worst past.

Different paths are used to determine the VaR of a trade, book, and portfolio within the same risk report. For example, a trader's VaR represents that particular trader's 95% VaR level, while a position VaR represents the 95% VaR level for that particular position.

Limitations of the VaR Methodology

The VaR that is utilized in our risk analysis is a 'point-in-time' calculation, reflecting positions recorded at that date, which does not necessarily reflect the risk positions held at any other time. VaR is a statistical estimation and therefore it is possible that there could be, in any period, a greater number of days in which losses could exceed the calculated VaR implied by the confidence level. Although losses are not expected to exceed the calculated VaR on 95% of occasions, on the other 5% of occasions, losses will be greater and might be substantially greater than the calculated VaR.

b) Interest rate risk

The Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short - term market interest rates which mitigate interest rate risk and allows for the cash and cash equivalent assets to be positively correlated to interest rates. The Fund's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The table below summarises the Fund's exposure to the interest rate risk. It includes the Fund's assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

At 29 February 2008	Up to 1 month US\$	Non-interest bearing US\$	Total US\$
Assets			
Cash and cash equivalents	6,720,487	-	6,720,487
Margin accounts with brokers	129,414,246	-	129,414,246
Financial assets held at fair value through profit or loss	-	26,824,103	26,824,103
Other receivables	-	697,590	697,590
Total Assets	136,134,733	27,521,693	163,656,426

CERES AGRICULTURE FUND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 29 FEBRUARY 2008
(CONTINUED)**

5. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

	Up to 1 month US\$	Non-interest bearing US\$	Total US\$
Liabilities			
Financial liabilities held at fair value through profit or loss	-	20,396,193	20,396,193
Bank overdraft	989,116	-	989,116
Other payables	-	4,042,076	4,042,076
Total Liabilities	989,116	24,438,269	25,427,385
Interest rate sensitivity gap	135,145,617	3,083,424	138,229,041

Interest rate sensitivity

At 29 February 2008, should interest rates have lowered between 10 and 25 basis points with all other variables remaining constant, the decrease in net assets attributable to holders of redeemable shares for the period would amount to approximately US\$108,908 and US\$272,269 respectively. If interest rates had risen by 10 and 25 basis points, the increase in net assets attributable to holders of redeemable shares would amount to approximately US\$108,908 and US\$272,269 respectively.

The Fund's cash assets are positively correlated to interest rates. These are held in cash at the various brokers (and HSBC), and as interest rates rise, the interest earned would follow (rise) thus increasing the value of the Fund.

The carrying amount of financial assets and financial liabilities approximates their respective fair value as at 29 February 2008.

e) Liquidity risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund manages the overall liquidity by investing through Commodity Trading Advisers ("CTA") who trade in various US and European markets. The derivatives in which they trade are exchange products, with standardized contracts and large volume and open interest numbers. In addition, the Fund is fully funded.

Under its Articles, the Fund has the ability to incur borrowings of up to 25 percent of its Net Asset Value but the Fund's policy is to restrict any borrowings to a maximum of 10 percent of Net Asset Value. The Board intends to use this only for short term liquidity, working capital requirements and to fund share buy backs. The use of such borrowings may have an adverse effect on the Fund's ability to achieve its target returns. It should be noted that the Board's policy is to maintain a strong capital base so as to maintain shareholder value and to sustain future development of the Fund (see note 5(g)).

The table below analyses the Fund's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

At 29 February 2008	Less than 1 month US\$	1-3 months US\$	3-12 months US\$	Total US\$
Assets				
Cash and cash equivalents	6,720,487	-	-	6,720,487
Margin accounts with brokers	129,414,246	-	-	129,414,246
Financial assets held at fair value through profit or loss	218,287	7,495,691	19,110,125	26,824,103
Other debtors and accrued income	697,590	-	-	697,590
	137,050,610	7,495,691	19,110,125	163,656,426

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 29 FEBRUARY 2008
(CONTINUED)

5. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

Liabilities	Less than			Total US\$
	1 month US\$	1-3 months US\$	3-12 months US\$	
Financial liabilities at fair value through profit or loss	291,062	5,761,185	14,343,946	20,396,193
Bank overdraft	989,116	-	-	989,116
Other creditors and accrued expenses	4,042,076	-	-	4,042,076
Total liabilities	5,322,254	5,761,185	14,343,946	25,427,385

Net assets attributable to Shareholders 138,229,041

d) Currency risk

The majority of the Fund's financial assets and liabilities are based in US\$, the functional currency. Currency risk is the risk that the value of non-USD based financial instruments will fluctuate due to changes in foreign exchange rates. The table below indicates the currencies and amounts the Fund was exposed to, as of 29 February 2008.

Currency	Amount	Conversion rate	Value US\$	% of net assets
USD	137,142,572	1.0000	137,142,572	99.21%
GBP	154,694	1.9884	307,594	0.23%
EURO	512,722	1.5191	778,876	0.56%
				<u>100.00%</u>

e) Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Fund is exposed to credit risk in relation to its cash balances, investments and debtor balances as stated in the balance sheet.

All transactions in listed securities are traded on a delivery versus payment basis. The trade will fail if either party fails to meet its obligation. Credit risk on a derivative instrument is limited to the amount of initial margin paid plus any variation margin.

The Fund seeks to work with clearing brokers who are large, stable market leaders that meet the highest operational and organisational standards. The Fund deals with at least three clearing brokers at all times. These brokers are subject to Commodities Futures Trading Commission ("CTFC") regulation and as such must keep regulated futures accounts segregated from their corporate assets.

As at 29 February 2008, the Fund's assets were held at 3 different Futures Commodity Merchants ("FCM") and at HSBC (administrator) with the following weights*:

Broker	% of net assets
MFGlobal	67%
Marex	14%
PruBache	14%
HSBC (cash only)	5%
Total	<u>100%</u>

*The FCM accounts are segregated by CFTC regulations so that they are not comingled with the Brokers' assets.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 29 FEBRUARY 2008
(CONTINUED)**

5. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

f) Off-balance sheet risk

Furthermore, the Fund enters into investment transactions which attract off-balance sheet market risks and off-balance sheet credit risks. An off-balance sheet market risk exists when the maximum potential loss on a particular investment is greater than the value of such investment as reflected in the Balance Sheet. Off-balance sheet credit risk exists, among other situations, when the collateral received by the Fund from the counterparty to an agreement with the Fund proves to be insufficient to cover the Fund's losses resulting from a default by the counterparty of its obligation to perform under the terms of the agreement. Margin deposits with brokers are held as collateral for futures. This risk is inherent in investing in futures. By instituting all the items discussed in note 5, principally Market risk assessment in 5(a) and Credit risk in 5(e), the Fund is addressing and mitigating this risk factor.

g) Capital management

The Board's policy is to maintain a strong capital base so as to maintain shareholder value and to sustain future development of the Fund. The Board manages the Fund's affairs to achieve shareholder returns through capital growth rather than income, and monitors the achievement of this through growth in Net Asset Value per share. Gearing may be employed by the Fund with the aim of enhancing shareholder returns and for short term liquidity and working capital requirements. The Fund is not subject to externally imposed capital requirements except for the margin requirements imposed by the exchanges in which the brokers trade.

6. TAXATION

The Fund is a Guernsey Exempt Company and is therefore not subject to taxation on its income under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. An annual exempt fee of £600 has been paid. With effect from 1st January 2008, Guernsey's Corporate Tax Regime has changed. There is however no effect on the fund's tax position as a result of this change as the fund will continue to register as tax exempt.

7. COMMISSION & FEES EXPENSES

	2008
	US\$
Performance fees expense	1,171,851
Management fees expense	781,938
Trader performance fees	3,137,056
Commission fees expense	327,504
Directors' fees expense	41,783
Administration fees expense	40,080
Audit fees expense	28,429
	<u>5,528,641</u>

8. ADMINISTRATION FEES

The Administrator shall be paid fees for acting as administrator of the Fund on a sliding scale, based on the Net Asset Value of the Fund, as follows:

US\$0 to US\$100,000,000	0.12% per annum
US\$100,000,000 to US\$250,000,000	0.09% per annum
US\$250,000,000 to US\$500,000,000	0.06% per annum
Above US\$500,000,000	0.03% per annum

subject to a minimum monthly fee of US\$10,000, or such other fees as may be agreed on normal commercial terms between the Administrator and the Fund from time to time. The Administrator will also be paid a termination/re-structuring fee of US\$5,000 upon termination/liquidation of the Fund and any future re-structure of the Fund will incur a minimum fee of US\$10,000.

The fee will accrue on a monthly basis and will be payable monthly in arrears.

The administration fees payable for the period were US\$40,080.

CERES AGRICULTURE FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 29 FEBRUARY 2008 (CONTINUED)

9. MANAGER FEES

The Fund shall pay to the Manager a 'base fee' which is equal to 0.375 percent of the Net Asset Value per calendar quarter.

In addition the Manager is entitled to a Performance Fee which is an amount equal to 20% of the appreciation in the Net Asset Value over the highwater mark Net Asset Value multiplied by $(1+(0.08 \times (n/y)))$ where n = the number of calendar days in the calculation period for which the particular share was in issue and $y = 365$, in a leap year, 366.

10. OTHER RECEIVABLES	2008 US\$
Pre-payments	429,445
Interest receivable	268,145
	<hr/>
	697,590

11. OTHER PAYABLES	2008 US\$
Commission & fees expense	4,013,699
Due to broker	19,643
Others	8,734
	<hr/>
	4,042,076

12. CASH AND CASH EQUIVALENTS	2008 US\$
Cash and cash equivalents	6,720,487
Bank overdraft	(989,116)
At 29 February 2008	<hr/>
	5,731,371
Represented by:	
Cash at bank	<hr/>
	5,731,371

13. SHARE CAPITAL

The authorised share capital of the Fund on incorporation was represented by an unlimited number of Ordinary Shares of no par value. At incorporation, 2 Ordinary Shares were subscribed for by the subscribers to the Memorandum of Association. On 27 November 2007 (the date of admission of the Fund to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange), a further 133,999,998 Ordinary Shares were issued. Prior to admission, on 9 November 2007, the holders of the 2 issued Ordinary Shares in the Fund passed a written special resolution approving the cancellation of the entire amount which would stand to the credit of the share premium account immediately after admission, conditionally upon the issue of the Ordinary Shares and the payment in full thereof. An application was made to the Royal Court of Guernsey to confirm the reduction of the share premium account. This cancellation, which was granted on 4 January 2008, will enable the Fund to effect purchases of its own shares.

Under the Articles, the Directors have wide powers to issue further shares or reissue shares held in treasury, on a pre-emptive and non pre-emptive basis. The Directors will consider issuing further shares at a price per share that is not less than the then prevailing Net Asset Value per share or, in relation to shares held in treasury, at no more than a 5 per cent discount to the then prevailing Net Asset Value per share or, if less, the average discount at which all the shares then held in treasury were repurchased by the Fund.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 29 FEBRUARY 2008
(CONTINUED)**

13. SHARE CAPITAL (CONTINUED)

The Shareholders (except for the holders of treasury shares, who shall have no such right) have the right to receive notice of, and to attend and vote at, general meetings of the Fund and each holder of Ordinary Shares being present in person or by attorney at a meeting upon a show of hands has one vote and upon a poll each such holder present in person or by proxy or by attorney has one vote in respect of each Ordinary Share held by him.

Shareholders (except for the holders of treasury shares, who shall have no such right) are entitled to receive, and participate in, any dividends or other distributions out of the profits of the Fund available for dividend and resolved to be distributed in respect of any accounting period or other income or right to participate therein.

	2008 US\$
Authorised, issued and fully paid	
Unlimited Ordinary Shares of no par value	-

The issue of shares took place as follows

	No. of Ordinary Shares	Share Capital US\$	Share Premium US\$
At 17 October 2007 (date of incorporation)	2	-	-
Issued during the period	133,999,998	-	134,000,000
Balance at 29 February 2008	134,000,000	-	134,000,000

SHARE PREMIUM	2008 US\$
At 17 October 2007 (date of incorporation)	-
Share Premium on initial raising	134,000,000
Less: Share issue costs	(4,354,815)
Transfer to retained earnings	(129,645,185)
Share Premium	-

14. EXCHANGE RATES

The exchange rates used in preparation of the financial statements are:

Closing rate at 29 February 2008 US\$ 1 = GBP 0.5029

Closing rate at 29 February 2008 US\$ 1 = EURO 0.6580

15. RELATED PARTY TRANSACTIONS

Transactions with related parties are based on terms equivalent to those that prevail in an arm's length transaction.

	2008 US\$
Remuneration of directors	20,717
Management fee	781,938
Performance fees	1,171,851
	1,974,506

Kimberly Tara, a director and shareholder of the Manager, is a Director of the Fund.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 29 FEBRUARY 2008
(CONTINUED)**

16. RECONCILIATION OF NET ASSET VALUE

	2008
	US\$
Published Net Asset Value attributable to Ordinary Shareholders as at 29 February 2008	141,477,540
Preliminary expenses charged to equity/share premium	(3,248,499)
Net assets attributable to Ordinary Shareholders as at 29 February 2008	<u>138,229,041</u>

Preliminary expenses are written off in the first year of operation before 31 December 2008 in accordance with the Fund's prospectus. For the purpose of calculation of NAV the preliminary expenses are written off every month proportionately.

17. SUBSEQUENT EVENTS

On 11 April 2008, the Company issued 4,646,418 Ordinary Shares at a price of US\$1.12 per share.

On 30 October 2008, Landsbanki Securities (UK) Limited ceased to be the Sponsor and the Broker of the Company and BDO Stoy Hayward LLP was appointed as the Sponsor and Cenkos Securities plc was appointed as the Broker of the Company.