

# **Ceres Agriculture Fund Limited**

## **Condensed Half-Yearly Financial Report**

**for the six months ended 30 June 2009**

**(Unaudited)**

The Company is a Guernsey domiciled Authorised Closed-ended investment scheme pursuant to section 8 of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended and rule 6.02 of the Authorised Closed-ended Investment Schemes Rules 2008.



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MANAGEMENT AND ADMINISTRATION

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

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

**BROKER:** Cenkos Securities plc  
6,7,8 Tokenhouse Yard  
London  
EC2R 7AS  
United Kingdom

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

**ADVOCATES TO THE COMPANY:** Ozannes  
(*as to Guernsey law*) 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

**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

## **Ceres Agriculture Fund Limited**

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### MANAGEMENT AND ADMINISTRATION (continued)

**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

### **INTERIM MANAGEMENT REPORT**

for six month period from 1 January 2009 to 30 June 2009

#### **HIGHLIGHTS**

- As at 30 June 2009, the Company's unaudited net asset value per ordinary share was US\$1.03.
- On 1 April 2009 the Company purchased, pursuant to a tender offer, 10,298,335 Ordinary Shares at US\$0.9785 for holding in treasury.
- As at 30 June 2009, the Company had 127,013,083 issued Ordinary Shares and held 11,633,335 Ordinary Shares in treasury.

#### **INTRODUCTION**

Ceres Agriculture Fund Limited, ("Ceres" or the "Company") a Guernsey domiciled, Authorised Closed-ended investment scheme managed by FourWinds Capital Management (the "Manager") and established to invest in an actively managed portfolio of exchange-traded agricultural commodity contracts and derivatives, is pleased to report its condensed half yearly financial statements for the six months from 1 January 2009 to 30 June 2009 (the "Period").

#### **MARKET COMMENTARY**

Over the Period, agriculture markets have gravitated back towards fundamental issues such as acres, crop progress and demand numbers. Still the residual effects of the weak global economy have caused sudden flat price volatility in short time frames across all commodities. During the Period, row crops such as corn and soybeans have realized increased planted acres and therefore prices have been pressured to contract lows in anticipation of a large U.S. fall harvest production. Another example of fundamentally driven markets can be found in the sugar trade, where supply deficits around the world, especially in India, have driven prices to contract highs.

- The highlight during this period for the grain markets was the United States Department of Agriculture ("USDA") June 30th acreage and ending stocks reports. These reports had a significant impact on the market in the months leading up to the publication of such reports. On 30 June 2009, the USDA reported increases in both corn and soybean planted acres, along with an increase in estimated corn ending stocks. As expected, the markets have been in a free fall since the release of the USDA report. This bearishness was only compounded as Midwest USA growing conditions throughout June and July have been ideal.
- Livestock markets have been two sided over the Period. News of the H1N1 virus otherwise known as 'Swine Flu' adversely impacted U.S. pork exports, and this factor alone caused prices to move lower. Also, increasing corn prices during the second quarter of 2009 provided a disincentive for cattle and hog producers to stay in business. In the cattle market, poor demand and cash prices have been bearish. Prices toward the end of the Period increased slightly as corn prices suffered; which decreased the cost of production for livestock producers.
- Tropicals and fibers increasingly traded off of fundamental news during the Period. As mentioned, sugar has been the upside leader, largely because the domestic deficit in India is forcing them to cancel import tariffs and begin replenishing their domestic supplies, mainly by importing from Brazil. Other tropicals such as cocoa and coffee

### **INTERIM MANAGEMENT REPORT (continued)**

for six month period from 1 January 2009 to 30 June 2009

have seen strong prices as well. However both have witnessed massive trading ranges. In cotton, the USDA acreage report of 30 June 2009 reflected the lowest seeded acres since 1983. This factor has helped support prices in the face of weak global demand.

- Interest rates continued to remain low over the Period. As a result, the Company's return on excess cash and U.S. Treasury bills was minimal.

As always, regulatory policy and the health of the global economy will continue to be underlying factors in the agriculture markets for the foreseeable future, but the trade focus is now back on sectors of agriculture production. The prospects of this type of de-correlated market environment being sustained are being looked at positively amongst fundamentally driven agriculture traders. Recent depressed prices across some sectors of the agriculture markets will most certainly have a negative impact on producers' profit margins for the remainder of 2009 thus creating significant flat price and arbitrage opportunities going forward.

### **INVESTMENT MANAGEMENT UPDATE**

Agriculture markets took a wait and see approach during the first quarter of 2009, resulting in many false moves, creating range bound price activity. Medium to longer term traders found this period challenging as fundamentals took a back seat to the global recession and government policy decisions that presided over it. Again massive inflows coming from passive investments during the second quarter of 2009 contradicted the supply and demand picture of many of the agricultural commodities.

As a result and in an effort to adapt to constantly changing market environments, the Manager undertook several tactical reallocations:

- The Company was re-concentrated to 15 underlying traders;
- The allocation to more opportunistic and short term traders was increased. Shorter term traders found success by taking advantage of volatility and short term price discrepancies;
- The overall trading level was gradually increased and, as a result, the volatility of the Company increased to reflect the more dynamic position of its underlying traders.

Despite the implemented reallocations, the Company's risk parameters have stayed significantly below its maximum risk limits as set out in the Company's Prospectus issued in November 2008.

### **LOOKING AHEAD**

In addition to agriculture commodities relying on fundamentals, we expect important macroeconomic factors to influence prices. At the very least, we anticipate that the following factors will have an impact in the short term.

- The battle between US\$ sceptics and those that believe the economic condition in the Eurozone is worse than that of the United States is fairly balanced. Agriculture commodity demand as well as prices will be sensitive to any changes in the value of the US\$.

### **INTERIM MANAGEMENT REPORT (continued)**

for six month period from 1 January 2009 to 30 June 2009

- Hopes of economic recovery fuelled increases in agriculture commodity prices many times during the Period. If the hopes of recovery turn out to be a reality, this will most likely result in higher prices.

According to the Organisation for Economic Co-operation and Development ("OECD") and the United Nations Food and Agriculture Organisation, prices for agriculture commodities will be restrained by a weak global economy over the next two to three years while rising slowly over the next decade as food demand limits the impact from the global economic crisis<sup>1</sup>. In such an economic environment the Manager believes it is important not to become over concentrated in any one commodity or strategy. The Manager also considers that relative value strategies using futures and options are a viable way to seek opportunities that consistently generate profits while controlling risk during times of uncertainty. There are very supportive long term fundamentals across the agriculture commodity space as a whole but time and discipline, as always, is the difference between profit and loss.

#### **SHARE CAPITAL**

On 6 March 2009, the Directors announced that as part of their discount management policy they had decided to make a tender offer for 7.5 percent of the Company's ordinary shares ("Ordinary Shares") then in issue at a tender price equal to 95 percent of the latest published estimated unaudited net asset value ("NAV") per share as at the close of business on 1 April 2009. Accordingly the Company purchased 10,298,335 Ordinary Shares at a price of US\$0.9785 per Ordinary Share, being 95% of the latest published NAV per share at the close of business on 1 April 2009 of US\$1.02, for holding in treasury.

#### **PRINCIPAL RISKS & UNCERTAINTIES**

The principal risks facing the Company relate to the Company's investment activities. These risks are market risk (comprising of price risk, interest rate risk, currency risk) liquidity risk, credit risk and off-balance sheet risk.

An explanation of these risks and how they are managed is contained in note 5 of the Company's Annual Report and Audited Financial Statements for the period from 17 October 2007 (date of incorporation) to 31 December 2008 ("Annual Report"). Other risk factors facing the Company include the following: Capital Management Risk, Regulatory Risks (that the loss of the Company's investment status or a breach of the Listing Rules of the UK Listing Authority ("Listing Rules") or Rules of the London Stock Exchange ("LSE Rules") could have adverse financial consequences and cause reputational damage), and Taxation. The principal risks and uncertainties have not changed since the publication of the Annual Report. The Annual Report is available on the Company's website [www.ceresagriculture.com](http://www.ceresagriculture.com).

#### **RESULTS**

The results for the Period are set out in the Condensed Half-Yearly Consolidated Statement of Comprehensive Income on page 9.

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<sup>1</sup> Report issued by the OECD and the United Nations Food and Agriculture Organization, 17 June 2009.

## **Ceres Agriculture Fund Limited**

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### **INTERIM MANAGEMENT REPORT (continued)**

for six month period from 1 January 2009 to 30 June 2009

#### **NET ASSET VALUE**

As at 30 June 2009, the Company's unaudited NAV per Ordinary Share was US\$1.03.

#### **DIVIDENDS**

The Board is not currently proposing a dividend for 2009.

#### **RELATED PARTIES**

Kimberly Tara, a Director of the Company, is also a director and shareholder of the Manager. Kimberly Tara does not receive a director's fee from the Company. During the Period, the Company paid US\$1,058,984 in management fees to the Manager.

#### **MARKET RATING**

The NAV reflects the cash liquidation value of the Company at any point in time and, while weekly and interim NAVs are unaudited, they are fully marked-to-market and not valuation estimates.

The Company invests only in fully liquid instruments, including exchange traded agricultural futures and option contracts with margins held in cash through US Treasury Bills or other securities. All positions can be liquidated on short notice.

As a result, the Board does not feel that any discount in the share price to NAV is a reflection of the Company's value and is pleased that liquidity and market pricing are improving.

The Board will make an announcement in relation to a further tender offer at the end of September.

**RESPONSIBILITY STATEMENT**

for six month period from 1 January 2009 to 30 June 2009

**RESPONSIBILITY STATEMENT**

To the best of the knowledge of the Directors:

The condensed half-yearly financial report gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and has been prepared in accordance with International Accounting Standards (IAS) 34 'Interim Financial Reporting'.

The Interim Management Statement includes a fair review of the information required by:

- (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred in the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
- (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board of Directors by:

**Hans-Willem van Tuyll**

Director

26 August 2009

**Howard Myles**

Director

## Ceres Agriculture Fund Limited

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### PORTFOLIO STATEMENT

as at 30 June 2009

Class of investments	Market value		Net % of net Assets
	Assets US\$	Liabilities US\$	
<b>Commodities futures</b>			
Commodities futures	6,341,532	(7,334,197)	(0.76)
<b>Total futures</b>	<u>6,341,532</u>	<u>(7,334,197)</u>	<u>(0.76)</u>
<b>Commodities options</b>			
Commodities options	2,550,572	(3,448,232)	(0.68)
<b>Total options</b>	<u>2,550,572</u>	<u>(3,448,232)</u>	<u>(0.68)</u>
<b>Fixed income</b>			
US Treasury Bill 0% 07/09/2009	2,949,977	-	2.25
US Treasury Bill 0% 09/10/2009	78,178,378	-	59.63
US Treasury Bill 0% 09/24/2009	21,491,957	-	16.39
<b>Total fixed income</b>	<u>102,620,312</u>	<u>-</u>	<u>78.27</u>
	<u>111,512,416</u>	<u>(10,782,429)</u>	<u>76.83</u>

## Ceres Agriculture Fund Limited

### CONDENSED HALF-YEARLY STATEMENT OF COMPREHENSIVE INCOME for the six months ended 30 June 2009

		<b>1 January 2009 to 30 June 2009 (Unaudited) US\$</b>	<b>17 October 2007 to 30 June 2008 (Unaudited) US\$</b>
<b>Income</b>			
Interest income		13,121	1,533,190
		<u>13,121</u>	<u>1,533,190</u>
<b>Expenses</b>			
Commission & fee expenses	4	4,227,121	9,963,113
Other expenses		499,675	1,035,977
Interest expense		1,457	126,228
		<u>4,728,253</u>	<u>11,125,318</u>
<b>Net loss for the period before investment result</b>		<u>(4,715,132)</u>	<u>(9,592,128)</u>
<b>Net realised and unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss and foreign currency translations</b>			
Net realised gains on financial assets and liabilities at fair value through profit or loss	2	3,055,588	20,874,180
Net movement in unrealised appreciation of financial assets and liabilities at fair value through profit or loss		440,988	2,839,682
Net realised and unrealised foreign exchange (loss)/gain		(2,364)	244,597
<b>Net (loss)/profit for the period</b>		<u>(1,220,920)</u>	<u>14,366,331</u>
		<b>Cents</b>	<b>Cents</b>
Earnings per Ordinary Share - Basic and diluted	3	(0.92)	10.59

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 13 to 16 form an integral part of this condensed half-yearly financial report.

## Ceres Agriculture Fund Limited

### CONDENSED HALF-YEARLY STATEMENT OF FINANCIAL POSITION

as at 30 June 2009

		<b>1 January 2009 to 30 June 2009 (Unaudited) US\$</b>	<b>17 October 2007 to 31 December 2008 (Audited) US\$</b>
<b>Assets</b>			
Cash and cash equivalents	7	26,014,894	41,844,531
Margin accounts with brokers		5,853,134	2,540,466
Financial assets at fair value through profit or loss			
Fixed income securities		102,620,312	98,111,522
Commodity futures		6,341,532	4,442,820
Commodity options		2,550,572	3,751,990
Other receivables	5	292,265	355,957
<b>TOTAL ASSETS</b>		<u>143,672,709</u>	<u>151,047,286</u>
<b>Liabilities</b>			
Financial liabilities-held short at fair value through profit or loss			
Commodity futures		7,334,197	3,837,585
Commodity options		3,448,232	2,392,788
Other payables	6	1,463,419	1,400,489
Bank overdraft <sup>1</sup>	7	323,735	1,015,457
<b>TOTAL LIABILITIES</b>		<u>12,569,583</u>	<u>7,086,419</u>
<b>Net assets</b>		<u>131,103,126</u>	<u>142,400,967</u>
<b>Equity</b>			
Share premium	8	5,203,988	5,203,988
Treasury shares		(11,069,421)	(992,500)
Retained earnings	8	136,968,559	138,189,479
<b>TOTAL EQUITY</b>		<u>131,103,126</u>	<u>142,400,967</u>
<b>Net asset value per Ordinary Share</b>	3	1.03	1.04

The notes on pages 13 to 16 form an integral part of this condensed half-yearly report.

<sup>1</sup> Bank overdraft represents negative cash balances in non-US\$ currency brokerage accounts.

## Ceres Agriculture Fund Limited

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### CONDENSED HALF-YEARLY STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2009

	<b>1 January 2009 to 30 June 2009 (Unaudited) US\$</b>	<b>17 October 2007 to 31 December 2008 (Audited) US\$</b>	<b>17 October 2007 to 30 June 2008 (Unaudited) US\$</b>
Opening balance	142,400,967	-	-
Issue of Ordinary Shares	-	139,203,988	139,203,988
Share issue costs	-	(4,354,815)	(4,354,815)
Purchase of treasury shares	(10,076,921)	(992,500)	-
	<u>132,324,046</u>	<u>133,856,673</u>	<u>134,849,173</u>
Net (loss)/profit for the period	(1,220,920)	8,544,294	14,366,331
Closing balance	<u>131,103,126</u>	<u>142,400,967</u>	<u>149,215,504</u>

The notes on pages 13 to 16 form an integral part of this condensed half-yearly report.

## Ceres Agriculture Fund Limited

### CONDENSED HALF-YEARLY STATEMENT OF CASH FLOWS

for the six months ended 30 June 2009

	<b>1 January 2009 to 30 June 2009 (Unaudited) US\$</b>	<b>17 October 2007 to 30 June 2008 (Unaudited) US\$</b>
	<b>Notes</b>	
<b>Cash flows from operating activities</b>		
Net (loss)/profit for the period	(1,220,920)	14,366,331
Adjustments to reconcile profit for the period to net cash inflow from operating activities		
Less: Interest income	(13,121)	(1,533,190)
Add: Interest expense	1,457	126,228
Net realised gains on financial assets and liabilities at fair value through profit or loss	(3,055,588)	(20,874,180)
Net movement in unrealised appreciation of financial assets and liabilities at fair value through profit or loss	(440,988)	(2,839,682)
Interest received	13,121	1,444,348
Interest paid	(1,457)	(126,228)
Net decrease/(increase) in other receivables	63,692	(300,178)
Net increase in other payables	62,930	5,332,651
<b>Net cash outflow used in operating activities</b>	<u>(4,590,874)</u>	<u>(4,403,900)</u>
<b>Cash flows from investing activities</b>		
Purchase of financial assets	(241,330,706)	(133,568,400)
Proceeds from financial liabilities	-	(65,169,748)
Sale of financial assets	244,173,254	82,724,781
Disposal of financial liabilities	-	53,608,826
Margin accounts with brokers	(3,312,668)	(7,182,375)
<b>Net cash inflow/(outflow) from/used in investing activities</b>	<u>(470,120)</u>	<u>(69,586,916)</u>
<b>Cash flows from financing activities</b>		
Proceeds from shares issued	8	-
Transaction costs of issue of shares		-
Repurchase of shares	(10,076,921)	-
<b>Net cash (outflow)/inflow (used in)/from financing activities</b>	<u>(10,076,921)</u>	<u>134,849,173</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(15,137,915)	60,858,357
Cash and cash equivalents at the beginning of the period	40,829,074	-
<b>Cash and cash equivalents at the end of the period</b>	7	-
	<u>25,691,159</u>	<u>60,858,357</u>

The results above all relate to continuing operations.

The notes on pages 13 to 16 form an integral part of this condensed half-yearly report.

**NOTES TO THE CONDENSED HALF-YEARLY FINANCIAL STATEMENTS**  
for the six months ended 30 June 2009

**1. ACCOUNTING POLICY**

These condensed half-yearly financial statements of the Company have been prepared in accordance with International Accounting Standard 34: Interim financial reporting. Accounting policies have been applied on a consistent basis with those adopted for the Company's last full financial period (from 17 October 2007 (date of incorporation) to 31 December 2008) ("Annual Report"). These condensed half-yearly financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's Annual Report. In addition, these condensed half-yearly financial statements have not been audited or reviewed by the Company's auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

**Comparative Figures**

The comparative figures shown in the condensed half-yearly statement of comprehensive income and the condensed half-yearly statement of cash flows relate to the interim period for the preceding financial period, 17 October 2007 (date of incorporation) to 30 June 2008 and hence are not comparable. In addition the comparative figures shown in the condensed half-yearly statement of financial position relate to the preceding financial period, 17 October 2007 (date of incorporation) to 31 December 2008 and hence are not comparable. The previous period figures have been regrouped wherever necessary to ensure consistent presentation.

**Segment Reporting**

The Directors are of the opinion that the Company is engaged in a single segment of business, being investing in agriculture commodities.

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

	<b>Commodities Futures US\$</b>	<b>Commodities Options US\$</b>	<b>Fixed Income US\$</b>	<b>Total US\$</b>
Financial assets at fair value through profit or loss				
Cost at 30 June 2009	-	2,679,216	102,608,012	105,287,228
Unrealised gain/(loss)	6,341,532	(128,644)	12,300	6,225,188
Market value at 30 June 2009	<u>6,341,532</u>	<u>2,550,572</u>	<u>102,620,312</u>	<u>111,512,416</u>
Financial liabilities at fair value through profit or loss				
Cost at 30 June 2009	-	(5,048,789)	-	(5,048,789)
Unrealised gain/(loss)	(7,334,197)	1,600,557	-	(5,733,640)
Market value at 30 June 2009	<u>(7,334,197)</u>	<u>(3,448,232)</u>	<u>-</u>	<u>(10,782,429)</u>
Net realised gains on financial assets and financial liabilities at fair value through profit or loss				<u>3,055,588</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
for the six months ended 30 June 2009 (continued)

**3. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE**

Earnings per share is based on the net loss for the Period attributable to shareholders of the Company of US\$1,220,920 (June 2008: Profit US\$14,366,331) and on 132,133,802 (June 2008: 135,712,965) 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.

Net asset value per share is based on the total equity of US\$131,103,126 (31 December 2008: US\$142,400,967) and on 127,013,083 (31 December 2008: 137,311,418) Ordinary Shares, being the number of shares in issue at the end of the Period.

**4. COMMISSION AND FEE EXPENSES**

	<b>1 January 2009 to 30 June 2009 (Unaudited) US\$</b>	<b>17 October 2007 to 30 June 2008 (Unaudited) US\$</b>
Performance fees expense	–	1,443,055
Management fees expense	1,058,984	1,312,533
Trader performance fees expense	1,101,402	5,496,326
Trader management fees expense	800,751	682,818
Commission fees expense	1,045,202	761,517
Directors' fees expense	58,615	92,000
Directors' expenses	–	2,923
Directors' insurance expenses	7,978	8,452
Directors' travel expenses	4,125	3,048
Administration fees expense	75,680	95,503
Audit fees expense	74,384	64,938
	<u>4,227,121</u>	<u>9,963,113</u>

**5. OTHER RECEIVABLES**

	<b>1 January 2009 to 30 June 2009 (Unaudited) US\$</b>	<b>17 October 2007 to 31 December 2008 (Audited) US\$</b>
Pre-payments	292,265	355,945
Interest receivable	–	12
	<u>292,265</u>	<u>355,957</u>

## Ceres Agriculture Fund Limited

### NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2009 (continued)

#### 6. OTHER PAYABLES

	<b>1 January 2009 to 30 June 2009 (Unaudited) US\$</b>	<b>17 October 2007 to 31 December 2008 (Audited) US\$</b>
Commission & fees expense	960,808	827,410
Due to broker	163,825	236,330
Others	338,786	336,749
	<u>1,463,419</u>	<u>1,400,489</u>

#### 7. CASH AND CASH EQUIVALENTS

	<b>1 January 2009 to 30 June 2009 (Unaudited) US\$</b>	<b>17 October 2007 to 31 December 2008 (Audited) US\$</b>	<b>17 October 2007 to 30 June 2008 (Unaudited) US\$</b>
Cash and cash equivalents	26,014,894	41,844,531	62,174,989
Bank overdraft	(323,735)	(1,015,457)	(1,316,632)
At end of Period	25,691,159	40,829,074	60,858,357
Represented by:			
Cash at bank	<u>25,691,159</u>	<u>40,829,074</u>	<u>60,858,357</u>

#### 8. SHARE CAPITAL

The details of issued share capital of the Company are as follows:

	<b>30 June 2009</b>	<b>31 December 2008</b>
<b>Issued share capital</b>		
Ordinary Shares of no par value	<u>127,013,083</u>	<u>137,311,418</u>

Transactions in shares took place as follows

	<b>No of Ordinary Shares</b>	<b>Share Capital US\$</b>	<b>Share Premium US\$</b>
At 1 January 2009	137,311,418	-	5,203,988
Purchase of Ordinary Shares to be held in treasury	<u>(10,298,335)</u>	<u>-</u>	<u>-</u>
At 30 June 2009	<u>127,013,083</u>	<u>-</u>	<u>5,203,988</u>

## Ceres Agriculture Fund Limited

### NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2009 (continued)

#### 8. SHARE CAPITAL (continued)

	No of Ordinary Shares	Share Capital US\$	Share Premium US\$
At 17 October 2007 (date of incorporation)	2	-	-
Issued during the period	138,646,416	-	139,203,988
Less: Share issue costs	-	-	(4,354,815)
Transfer to retained earnings	-	-	(129,645,185)
Purchase of Ordinary Shares to be held in treasury	(1,335,000)	-	-
At 31 December 2008	<u>137,311,418</u>	<u>-</u>	<u>5,203,988</u>

	No. of Shares	2009 US\$	No. of Shares	2008 US\$
<b>Treasury shares</b>				
At 1 January 2009/ 17 October 2007	1,335,000	992,500	-	-
Purchase of Ordinary Shares to be held in treasury	<u>10,298,335</u>	<u>10,076,921</u>	<u>1,335,000</u>	<u>992,500</u>
At 30 June 2009/ 31 December 2008	<u>11,633,335</u>	<u>11,069,421</u>	<u>1,335,000</u>	<u>992,500</u>

#### 9. RELATED PARTY TRANSACTIONS

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

	1 January 2009 to 30 June 2009 US\$	17 October 2007 to 30 June 2008 US\$
Remuneration of Directors	58,615	92,000
Management fees to the Manager	1,058,984	1,312,531
Performance fees to the Manager	-	1,443,055
	<u>1,107,353</u>	<u>2,847,586</u>

Directors' interests in Ordinary Shares of the Company are given below.

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

\*K Tara's interest is in respect of shares owned by the Manager of which she is a director and shareholder.

The administration fees for the Period were US\$75,680 (17 October 2007 to 30 June 2008: US\$95,503) and the administration fees payable as at 30 June 2009 were US\$42,559 (31 December 2008: US\$42,447).

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