

CERES AGRICULTURE FUND LIMITED

Report and Audited Financial Statements

**For the period from 17 October 2007 (date of incorporation) to
31 December 2008**

The Company is an Authorised Closed-ended investment scheme domiciled in Guernsey. As an existing closed-ended fund the Company is deemed to be granted an authorisation declaration in accordance with 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 on the same date as the Company obtained consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinance 1959 to 1989.

CERES AGRICULTURE FUND LIMITED

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CERES AGRICULTURE FUND LIMITED

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

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
United Kingdom

BROKER:

From 31 October 2008
Cenkos Securities plc
6,7,8 Tokenhouse Yard
London
EC2R 7AS
United Kingdom

SOLICITORS TO THE COMPANY:

(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

CHAIRMAN'S STATEMENT

For the period from 17 October 2007 (date of incorporation) to 31 December 2008

Ceres Agriculture Fund Limited ("Ceres" or the "Company") is a 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").

Introduction

Dear Shareholders,

It is my pleasure to report the results of the Ceres Agriculture Fund Limited for the period ended 31 December 2008.

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 and to trading on the London Stock Exchange. The placing price was US\$1.00 per share and the opening net asset value was US\$0.97 per share taking into consideration share issue costs. The Company was fully invested within two months of launch.

In April 2008 the Company issued an additional 4.65 million Ordinary Shares at an offer price of US\$1.12 per Ordinary Share. In November 2008 the Company repurchased 1.335 million Ordinary Shares in the open market for an aggregate consideration of US\$992,500. From 31 October 2008, Cenkos Securities plc replaced Landsbanki Securities as broker for the Company.

2008 proved to be a very challenging year for agricultural commodities as well as financial markets in general. Much of the volatility in agriculture commodity markets was driven by capital flows rather than supply and demand. Most active traders prefer demand and supply volatility, because it is this type of volatility that creates inefficiencies that allow traders to capitalise. On the other hand volatility driven by capital flows can lead to a very difficult trading environment. This is exactly what we experienced in the agricultural commodity markets during most of 2008. First there were large capital inflows into agricultural commodities which drove prices up to unprecedented levels. Then we experienced large outflows which had the opposite effect on the prices of agricultural commodities. Current economic conditions raise questions relating to the demand for agricultural commodities. Despite this market environment, Ceres was able to generate positive returns with relatively low volatility. The traders, selected by the Manager, have shown that they were able to profit from bullish markets as well as being able to position themselves when markets turned sharply down, thus preserving capital under challenging circumstances.

Ceres remains invested to capture both short term inefficiencies and long term trends in agricultural commodities, while maximising diversification to traditional equity and bond portfolios.

The Manager has continued to build its commodity team of specialist analysts, as well as individuals dedicated to Company operations and risk management. The Board is pleased with the risk management and investment standards that the Manager has applied.

Net Asset Value

The Company's net asset value per share was US\$1.04 as at 31 December 2008 and annualised NAV return was 3.69% from inception to the period end on 31 December 2008. No dividends have been announced, declared or paid.

Board's intentions

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 Ordinary Shares of the Company currently in issue at a tender price equal to 95 percent of the latest published estimated unaudited net asset value per share as at the close of business on 1 April 2009. In addition the Directors announced that they had decided to implement a further tender offer in September 2009 for a further 5 percent of the then issued Ordinary Shares in the event that the average discount of the market price of the Ordinary Shares to net asset value over the period from 31 March 2009 to 30 September 2009 is greater than 5 percent.

CHAIRMAN'S STATEMENT (CONTINUED)

For the period from 17 October 2007 (date of incorporation) to 31 December 2008

Outlook

After surviving the extreme price fluctuations in agriculture commodities during 2008 the Manager believes the Company is well positioned to provide healthy risk adjusted returns by way of agricultural commodity exposure.

In the light of an encouraging start for the Company in difficult market conditions, on 21 November 2008 the Company issued an updated Prospectus which allows for the placing of new Ordinary Shares in a series of offers in the period to November 2009.

I look forward to reporting the Company's progress in the interim report for mid-year 2009. In the meantime shareholders should note that further information about the Company is available on its website at www.ceresagriculture.com.

Hans-Willem van Tuyll
Chairman
13 March 2009

Enquiries
FourWinds Capital Management (Manager)
Kimberly Tara info@fourwindscm.com

Citigate Dewe Rogerson (Financial PR Advisor)
Kevin Smith /Lindsay Noton +44 207 638 9571

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the period from 17 October 2007 (date of incorporation) to 31 December 2008.

Ceres Agriculture Fund Limited was registered on 17 October 2007 with Registered Number 47896 and is domiciled and incorporated in Guernsey, Channel Islands. The Company is a closed-ended investment company with limited liability formed under The Companies (Guernsey) Law, 1994 and its Ordinary Shares are traded on the 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 are shown on the Income Statement on page 17 and the Company's financial position at the end of the period is shown on the Balance Sheet on page 18.

The Directors expect returns to be reinvested and do not anticipate paying a dividend. Where any dividend or other distribution is to be paid, it is expected to be paid in US\$ and in accordance with the Companies (Guernsey) Law, 2008 (the "Companies Law"), any other applicable laws, the Listing Rules of the UK Listing Authority ("Listing Rules") and the rules and regulations of the London Stock Exchange. Since the date of incorporation of the Company, there has been no dividend paid or made by the Company.

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 31 December 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

None of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or which has been effected by the Company since its incorporation, except for the interest of Kimberly Tara in the Manager (as stated above) and, therefore, in the Management Agreement (further details of which are set out in page 29) and the placing agreements listed below:

- A placing agreement, dated 22 November 2007, between (i) the Company, (ii) the Manager and (iii) the Sponsor, Broker and the Placing Agent (Landsbanki Securities (UK) Limited ("Landsbanki")) in respect of the placing of Ordinary Shares at the initial admission of the Company to the Official List of the UK Listing Authority pursuant to which each of Landsbanki and the Manager agreed to use its reasonable endeavours to arrange for placees to subscribe for up to 134 million Ordinary Shares at a placing price of US\$1.00 per Ordinary Share. For its services in connection with the initial placing, Landsbanki was entitled to a corporate finance fee of £125,000 and a sponsor's fee equivalent to 0.25 percent of the gross proceeds of the initial placing. In addition, each of Landsbanki and the Manager were entitled to a commission of 2.5 percent of such part of the gross proceeds of the initial placing as was represented by placees procured by each of them.
- A placing agreement, dated 11 April 2008, between the Company, the Manager and Landsbanki pursuant to which each of Landsbanki and the Manager agreed to use its reasonable endeavours to arrange for placees to subscribe for further Ordinary Shares at a placing price of US\$1.12 per Ordinary Share. Each of Landsbanki and the Manager was entitled to a commission of 1 percent of such part of the proceeds of the further placing of Ordinary Shares as was represented by placees procured by each of them.

DIRECTORS' REPORT (CONTINUED)

- A placing and sponsor agreement, dated 20 November 2008, between the Company, the Manager and BDO Stoy Hayward LLP (as Sponsor) pursuant to which the Manager was appointed as a placing agent in connection with the placing as described on page 31 under 'Related Party Transactions'. The Manager is entitled to receive a commission of 2.5 percent of the proportion of the gross proceeds (as set out in the agreement) received from placees procured by the Manager (such commission being reducible at the discretion of the Manager).

The Directors receive the following in the form of fees:

Director	Total fees
Baron Hans-Willem Reinier van Tuyll van Serooskerken (Chairman)	£25,000
Martyn Henley-Roussel	£20,000
Howard Vivian Peter Myles (Chairman of the Audit and Management Engagement Committee)	£20,000

The Chairman of the Audit and Management Engagement Committee receives an additional £5,000 for his services in this role. All of the Directors are also entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, Board or committee meetings or otherwise in connection with the performance of their duties. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

Share repurchases

The Directors have shareholder authority to purchase in the market up to 14.99 percent of the Ordinary Shares. This authority will expire at the conclusion of the first annual general meeting of the Company. The Directors intend to seek renewal of this authority from Shareholders at each annual general meeting in respect of 14.99 percent of the Ordinary Shares in issue at the time of the relevant annual general meeting. Accordingly a resolution authorising the Directors to purchase up to 14.99 percent of the Ordinary Shares in issue will be proposed at the forthcoming 2009 annual general meeting.

Substantial interests in share capital

As at 31 December 2008, the following holdings representing more than 3 percent of the Company's issued share capital had been reported.

	Number of Ordinary Shares	Percentage held
The Bank of New York (Nominees) Limited	8,725,000	6.29
The Bank of New York (Nominees) Limited	10,000,000	7.21
Chase Nominees Limited	20,000,000	14.43
Euroclear Nominees Limited	20,196,767	14.57
Goldman Sachs Securities (Nominees) Limited	7,063,000	5.09
HSBC Global Custody Nominee (UK) Limited	20,000,000	14.43
HSBC Global Custody Nominee (UK) Limited	21,215,000	15.30

The Manager

FourWinds Capital Management was appointed Manager on 22 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.

Auditors

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

DIRECTORS' REPORT (CONTINUED)

Listing

On 27 November 2007 the Company's Ordinary Shares were admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange.

Authorised and Issued Share Capital

The Company has the ability to issue an unlimited number of Ordinary Shares. 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 Ordinary Shares in its initial placing at an offer price of US\$1 per share. On 11 April 2008, the Company issued 4,646,418 Ordinary Shares at an offer price of US\$1.12 per share.

On 21 November 2008 and on 26 November 2008, the Company repurchased 175,000 Ordinary Shares at US\$0.70 per share and 1,160,000 Ordinary Shares at US\$0.75 per share respectively in the capital of the Company to hold in treasury.

Going Concern

The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future and, after due consideration, believe it is appropriate to adopt the going concern basis in preparing the financial statements.

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 an investment company. The Company complies with the corporate governance obligations which apply to Guernsey registered companies. In addition, the Company has complied, from admission to the Official List of the UK Listing Authority on 27 November 2007, with the AIC Code of Corporate Governance produced by the Association of Investment Companies (which is considered by the Financial Reporting Council to meet the obligations of the Code) and is not presently aware of any respects in which it departs from the AIC Code.

The Board considers that the Company has complied with the AIC Code of Corporate Governance throughout this accounting period.

The Board

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

The Articles of Association of the Company 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 Directors currently receive annualised aggregate directors' fees of £70,000.

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 (through its appointed representatives who are responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with) and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company.

In accordance with the Company's Articles of Association, at each annual general meeting of the Company all the Directors who held office at the two preceding annual general meetings and did not retire shall retire from office and shall be available for re-election at the same meeting. Pursuant to the Listing Rules, Kimberly Tara is required to retire from office at each annual general meeting and is available for re-election at each such meeting.

DIRECTORS' REPORT (CONTINUED)

The Audit and Management Engagement Committee consisting of independent non-executive Directors, whose function is to review the audited annual and unaudited interim financial statements, receive and consider reports on internal financial controls, appoint and liaise with external auditors, review the corporate review procedures and consider the remuneration and appointment of the Manager, meets formally at least twice a year. In addition, there were a small number of ad hoc meetings of the Board to approve the listing and placings of Ordinary Shares, repurchases of Ordinary Shares by the Company and to review specific items arising between the regular scheduled quarterly meetings. Attendance at the Board and Audit and Management Engagement Committee meetings for the period from incorporation to 31 December 2008 was as follows:

	Number of meetings held	K Tara	Hans Willem Van Tuyll	H Myles	M H Roussel
Board Meetings	5	3	5	4	5
Audit and Management Engagement Committee	3	N/A	3	3	3
Ad hoc Board Meetings	7	5	5	5	7
Ad hoc Committee of the Board Meetings	3	1	1	1	2

The Board has a breadth of experience relevant to the Company and the Directors believe that any foreseeable 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.

Internal Controls

The Board recognises the need for effective high level internal controls. High level controls in operation at the Company include:

- segregation of duties between relevant functions and departments within the Administrator and the Manager;
- consideration of compliance reports, administration reports, and portfolio valuations provided by the Administrator; and
- consideration of Manager's reports and analysis.

The Company's administrator, HSBC Securities Services (Guernsey) Ltd (the "Administrator" or "HSBC") has a number of internal control functions including a dedicated Compliance Officer who is appointed as a statutory requirement and whose role is determined by the Guernsey Financial Services Commission which includes the maintenance of a log of errors and breaches which are reported to the Board of both the Company and the Administrator at each quarterly board meeting.

Relations with Shareholders

The Board believes that the maintenance of good relations with Shareholders is important for the long term prospects of the Company. The Board receives feedback on the views of Shareholders from its corporate broker and the Manager.

All general meetings of the Company will be held in Guernsey. The Company will hold an annual general meeting each year.

Annual General Meeting

The following information to be discussed at the forthcoming annual general meeting of the Company is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser, authorised under the Financial Services and Markets Act 2000 (as amended). If you have sold or transferred all of your shares in the Company, you should pass this document, together with all accompanying documents, to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Resolutions relating to the following items of special business will be proposed at the forthcoming annual general meeting of the Company. **The Directors recommend that shareholders vote in favour of the resolutions which are, in the Directors' opinion, in the best interests of shareholders as a whole.**

DIRECTORS' REPORT (CONTINUED)

Resolution 7 - Authority to buy back shares

The resolution to be proposed will seek to renew the authority granted to Directors enabling the Company to purchase its own shares. The Directors will consider repurchasing shares in the market if they believe it to be in shareholders' interests and as a means of addressing any imbalance between supply of, and demand for, shares, to increase the net asset value per share and to assist in maintaining a narrow discount to net asset value per share in relation to the price at which the shares may be trading.

Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing net asset value per share. Under the Listing Rules of the Financial Services Authority the maximum price which can be paid by the Company for a share shall be the higher of (i) 5 percent above the average of the mid-market values of the Ordinary Shares for the five business days immediately preceding the date of purchase, and (ii) the higher of the last independent trade and the highest current independent bid for the Ordinary Shares on the trading venue where the purchase is carried out. The Directors are seeking authority to purchase up to 14.99 percent of the issued share capital of the Company at the date the resolution is passed. At the date of the publication of the notice of annual general meeting that represented 20,582,981 Ordinary Shares. However, the number of issued Ordinary Shares of the Company is likely to be reduced prior to the annual general meeting in consequence of implementation of the tender offer for up to 7.5% of the issued Ordinary Shares announced by the Directors on 6 March 2009 (the "Announced Tender Offer"). The authority granted by the resolution may therefore relate to a smaller number of shares, representing 14.99% of the issued Ordinary Share capital following implementation of the Announced Tender Offer. The authority granted by the resolution will expire at the conclusion of the next annual general meeting of the Company or, if earlier, 14 months from the date of passing of the resolution.

The timing of any purchases by the Company pursuant to the authority will be decided by the Directors. Any shares bought back may be held in treasury (up to a maximum of 10 percent of the issued share capital) or be subsequently cancelled by the Company. The Company currently holds 1,335,000 Ordinary Shares in treasury, being approximately 0.98 percent of its issued share capital. However, the number of shares held in treasury may increase prior to the annual general meeting in consequence of the implementation of the Announced Tender Offer.

Resolution 8 - Authority to make tender offers

The resolution to be proposed will seek to renew the authority granted to the Directors enabling the Company to purchase its own shares pursuant to a tender offer for up to 25 percent of the issued Ordinary Shares of the Company as referred to and on such terms set out in the Prospectus issued by the Company on 20 November 2008. The Directors will consider making such a tender offer from time to time if they believe it to be in shareholders' interests and as a means of addressing any imbalance between supply of, and demand for, shares, to increase the net asset value per share and to assist in maintaining a narrow discount to net asset value per share in relation to the price at which the shares may be trading.

The Directors are seeking authority to make tender offers for a maximum number of shares up to 25 percent of the issued share capital. Any such tender offer will only be made at a price below the prevailing net asset value less attributable costs and as otherwise determined by the Directors in their sole discretion. The minimum price (exclusive of expenses) which may be paid for a share pursuant to a tender offer under the authority is US\$0.01. The authority granted by the resolution will expire at the conclusion of the next annual general meeting of the Company or, if earlier, 14 months from the date of passing of the resolution.

The timing of any purchases by the Company pursuant to a tender offer made under the authority will be decided by the Directors. Any shares bought back may be held in treasury (up to a maximum of 10 percent of the issued share capital) or be subsequently cancelled by the Company. The Company currently holds 1,335,000 Ordinary Shares in treasury, being approximately 0.98 percent of its issued share capital. However, the number of shares held in treasury may increase prior to the annual general meeting in consequence of the implementation of the Announced Tender Offer.

Resolution 9 Amendment of the Articles of Association of the Company

The resolution to be proposed will seek to amend the Articles of Association of the Company in order to provide that:

1. each shareholder is deemed to have agreed to accept communication from the Company by electronic means unless such shareholder notifies the Company otherwise and any such notice to the Company must be in writing, signed by the shareholder and delivered to the registered office of the Company or such other place as the Board directs; and
2. the holders of dematerialised shares can vote those shares using CREST Electronic Proxy Voting Service

DIRECTORS' REPORT (CONTINUED)

The full terms of the proposed amendments to the Articles of Association will be available for inspection from the date of posting of this document until the close of the annual general meeting at the offices of Cenkos Securities plc, 6.7.8 Tokenhouse Yard, London, EC2R 7AS and at the place of the annual general meeting for at least 15 minutes before and during the meeting.

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 period 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- disclose that there is no relevant audit information of which the Company's Auditor is unaware;
- disclose that they have taken reasonable steps they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

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 comply with The Companies (Guernsey) Law, 2008. 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.

The Directors confirm to the best of their knowledge:

- the financial statements have been prepared in accordance with the International Financial Reporting Standards;
- the financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities and financial position and profit of the Company;
- the Chairman's Statement and Manager's Report include a fair review of the development and performance of the business and position of the Company together with the description of the principal risks and uncertainties that the Company faces, as required by the Disclosure and Transparency Rules of the UK Listing Authority (DTR 4.1.12); and
- so far as each of the Directors is aware, there is no relevant audit information of which the Company's Auditors are unaware and each Director has taken all reasonable steps he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Signed on behalf of the Board of Directors by:

Hans-Willem van Tuyll
Director
13 March 2009

MANAGER'S REPORT

For the period from 17 October 2007 (date of incorporation) to 31 December 2008

The Company's portfolio is managed by FourWinds Capital Management (the "Manager").

The Manager is pleased to report that the Net Asset Value of the Company grew by 3.23% over the period from the commencement of trading activity on 7 December 2007 through to 31 December 2008.

It is well known that capital flows were a contributing factor to the price action of agriculture commodities in 2008.

During the first half of the year, huge inflows of capital into passively managed commodity investment vehicles required traders to be extremely vigilant in the monitoring of their positions since those inflows often generated substantial disruptions in the price of commodities irrespective of the fundamentals of the underlying agriculture markets. During this period, many directional traders benefited from sharp moves in the price actions of several "hot" commodities such as wheat, corn, and soybeans. Despite less favourable market conditions for arbitrage strategies, relative value traders were able to generate some gains in this market environment.

The second half of the year was also driven by large cash flows, however, in this period large amounts of capital were withdrawn from commodity markets which put downward pressure on the price of commodities. Economic concerns also raised questions about the future demand of commodities.

As a result, agriculture commodity prices experienced an unprecedented downturn which started on 2 July 2008. During the second half of the year, the DJ AIG Agriculture TR Index lost 41.02%¹. The mass liquidation across agriculture commodities continued until year end as global economic unrest pushed investors to the sideline. As fundamental news largely ceased to drive commodity prices, particularly in June and July, many of Ceres' panel of traders began taking profits on their long term bullish strategies and decreased their exposures. These actions lessened Ceres' downside risk, as agriculture commodities reached the height of their sell off during the fourth quarter.

Discretionary livestock traders were amongst the best performers for the Company's portfolio. Discretionary grain traders increased their use of options to hedge directional bias and also to take advantage of high volatility.

Short to medium term relative value spread trading styles performed favourably, as mass liquidation created pricing anomalies across the curve in all commodities. Long term traders found capital preservation mode around core positions prudent; this involved trimming position size or even liquidating strategies altogether. A number of traders managed to adjust risk/ return targets by trading smaller sized investments and were able to find viable opportunities.

Bullish flat price traders constantly worked on defense during the third and fourth quarters across all agriculture commodities. Significant price changes across the curve in livestock allowed for short and medium term relative value traders to profit. Overall traders found risk aversion to be the main focus as they assessed the global economic crises and its potential effect on demand destruction across all commodities.

Overall risk at the portfolio level was, the Manager believes, well managed during the period. The daily Value-at-Risk (VaR) with 95% confidence averaged 0.38% and never exceeded 1.23%, remaining below the internal limit of 1.50%.

Since the launch of the Company, four traders have been removed from the portfolio and two traders have been added. Among the eighteen remaining traders acting on behalf of the Company, three ended the period with a negative incremental VaR, meaning that they decreased the overall risk in the Company.

The Manager continues to look for additional seasoned traders in agriculture markets. Recent market conditions have presented opportunities for the Company to expand its short term trading exposure. As a result, the Manager is focused on further accessing short term trading exposure which will allow the Company to take advantage of short term market inefficiencies and to capitalise on volatility arbitrage opportunities that could arise from possibly highly volatile and trendless agriculture commodities markets in 2009.

FourWinds Capital Management
15 January 2009

¹This information has been sourced from published information

INVESTMENT POLICY

The Company's investment objective is 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.

Diversification

The Company's portfolio (the "Portfolio") is diversified by agricultural complex: grains (such as corn, wheat, soy, rapeseed, oats, rice), tropicals (such as cocoa, coffee, sugar, rubber, orange juice), fibers (such as cotton, wool, silk) and livestock (such as live cattle and lean hogs); by trading strategy; and by commodity trader, to provide sustainable returns and to control volatility.

Asset allocation

The Company invests in at least three different agricultural complexes and invests no more than a maximum of 50 percent of its Net Asset Value, at the time of acquisition, in any one agricultural complex. There is no predetermined limit on investment per commodity in any complex and there are no predetermined geographical limits. The Company invests in developed agricultural markets in politically stable countries.

The Company's assets comprise mainly agriculture commodity contracts and derivatives and other agricultural commodity-related investments. These assets are held mainly within proprietary managed accounts operated by specialised commodity traders selected by the Manager so as to provide exposure across the spectrum of trading strategies. Pending investment or reinvestment, the Company's assets are held in cash or fixed income securities (including but not limited to bank deposits, bonds or government issued treasury securities).

Generally no single commodity trader are allocated assets to trade which, at the time of acquisition, exceed 10 percent of Net Asset Value of the Company. However, the Board may authorise a higher allocation of assets on a case by case basis. Income earned from the Company's investments will be reinvested in accordance with this investment policy, subject to working capital requirements.

Borrowing and gearing

Whilst the Articles of Association of the Company permit maximum borrowings of up to 25 percent of Net Asset Value, the Company's policy is to ensure that its aggregate borrowings from time to time do not exceed a maximum of 10 percent of Net Asset Value of the Company. Initially, the Directors do not intend to borrow, save for short-term liquidity, working capital requirements and to fund share buybacks. However, if the Directors deem it prudent, the Company may borrow for longer term purposes.

The Company utilises both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options and contracts for differences. The low initial margin deposits normally required to establish a position in such instruments permits a high degree of gearing. The Company requires a margin to equity ratio not exceeding 25 percent for the Portfolio. Generally, gross collateralised exposure does not exceed two times Net Asset Value and net collateralised exposure does not exceed one times Net Asset Value. However, the Board may authorise higher collateralised limits from time to time.

General

The Company will comply with certain investment restrictions, as set out in more detail below, for so long as they remain requirements of the UK Listing Authority. The Directors do not currently intend to propose any material changes to the Company's investment policy, save in the case of exceptional or unforeseen circumstances. As required by the UK Listing Rules, any material change to the investment policy of the Company would be made only with the approval of shareholders.

Investment restrictions

The Company carries on its business in accordance with its investment policy set out above and will comply with the following investment restrictions for so long as they remain requirements of the UK Listing Authority:

- the Company and any of its subsidiaries must not conduct a trading activity which is significant in the context of its group as a whole. This rule does not prevent the businesses forming part of the investment portfolio of a close ended investment fund from conducting trading activities themselves;
- not more than 10 percent in aggregate of the value of the total assets of the Company at the time of admission to the Official List of the UK Listing Authority may be invested in other closed-ended investment funds except that this restriction shall not apply to investments in closed-ended investment funds which themselves have published investment policies to invest no more than 15 percent of their total assets in other closed-ended investment funds; and

INVESTMENT POLICY (CONTINUED)

- the Company will notify to a regulatory information service within two business days of the end of each calendar month a list of all investments in other listed closed-ended investment funds, as at the last business day of that month, which themselves do not have stated investment policies to invest no more than 15 percent of their total assets in other listed closed-ended investment funds.

Although there is no restriction on a closed-ended investment fund taking a controlling stake in an investee company, to ensure a spread of investment risk the Company avoids:

- (a) cross-financing between the businesses forming part of its Portfolio including, for example, through the provision of undertakings or security for borrowings by such businesses for the benefit of another; and
- (b) the operation of common treasury functions as between the closed-ended investment fund and investee companies.

The Company manages and invests its assets in accordance with the investment policy set out above and is responsible for monitoring compliance with the above investment restrictions.

BOARD OF DIRECTORS

The Directors are listed below. All of the Directors are non-executive and, save for Kimberly Tara, are independent of the Manager. Kimberly Tara does not receive a director's fee from the Company.

Baron Hans-Willem van Tuyll (Chairman)

Mr van Tuyll began his career with Cargill Group in 1969. He has over 30 years of experience in agriculture and hedge funds and their development. In 1992 Mr van Tuyll was elected to the board of the Cargill International Pension Board. He retired from this position in 2003. From 1998 to 1999 he was Vice Chairman of the board of the Alternative Investment Management Association (AIMA, London) and from 1999 to 2001 he was Chairman. He chaired the conference committee of AIMA from 1998 to 2003. Mr van Tuyll represented The Netherlands as the Honorary Consul General for the French speaking part of Switzerland. Mr van Tuyll is resident in Switzerland.

Martyn Henley-Roussel

Mr Henley-Roussel worked at Kleinwort Benson Guernsey from 1994 to 2000, as Head of Portfolio Management. He became a director of Kleinwort Benson Asset Management Limited in 2000, a position he occupied until 2002. From 2002 to 2006 he worked as an investment manager at Fortis Guernsey, where he was responsible for managing a £35 million Belgian client base and was also a member of the advisory committee for the Fortis family trust, valued at US\$400 million. During his period at Fortis, Mr Henley-Roussel had specific responsibility for collective investment scheme investment analysis and helped design Fortis' multi-manager funds model for the sterling area. He is currently a director of a number of investment companies including another company trading on the London Stock Exchange. Mr. Henley-Roussel is a member of The Securities Institute and has a BA in Economics. Mr Henley-Roussel is resident in Guernsey.

Howard Myles

Mr Myles was a partner in Ernst & Young LLP in the Investment Management Group until June 2007 and was responsible for the Investment Funds Corporate Advisory team. He was previously with UBS Warburg from 1987 to 2001. Mr Myles began his career in stockbroking in 1971 as an equity salesman and joined Touche Ross in 1975 where he qualified as a chartered accountant. In 1978 he joined W. Greenwell & Co. in the corporate broking team and in 1987 moved to SG Warburg Securities where he was involved in a wide range of commercial and industrial transactions in addition to leading Warburg's corporate finance function for investment funds.

Kimberly Tara

Ms Tara is the Chief Executive Officer of the Manager. She started her career in 1991 in Mergers & Acquisitions at Morgan Stanley. In 1995 she joined Value Partners, a McKinsey spinoff that is today the largest private consulting firm in Italy. In 1999, she began working as an alternative investment consultant, providing financial and advisory services for clients in Europe and the US. She also worked as CFO and Director of Business Development for a US-based biotech company. In 2005 she cofounded the Manager. Ms. Tara graduated magna cum laude from Brown University with a degree in Business Economics and received her MBA from INSEAD in France. Ms. Tara is resident in France.

Under the terms of the Management Agreement, the Manager currently has the right to appoint two representatives to the Board of the Company. The right to appoint a second director is only exercisable by the Manager, if (i) following such appointment the majority of the Board remains independent of the Manager and the Board is able to demonstrate that it will act independently of the Manager; (ii) the Manager's proposed appointee is not resident in the United Kingdom; and (iii) the Manager's proposed appointee is approved by the Board, acting reasonably.

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

We have audited the Company's financial statements for the period from 17 October 2007 (date of incorporation) to 31 December 2008 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 16 ("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 Company's members as a body in accordance with Section 262 of the Companies (Guernsey) Law 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required 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 Company's members 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 are responsible for the preparation of the financial statements in accordance with applicable Guernsey law as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Guernsey) Law, 2008. We also report to you if, in our opinion, the Company has not kept proper accounting records, if the Company's financial statements are not in agreement with the accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the financial statements and consider whether it is consistent with the audited financial statements. This other information comprises Management and Administration, 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 in accordance with International Financial Reporting Standards, as adopted in the European Union, of the state of affairs of the Company as at 31 December 2008 and of its results for the period then ended and have been properly prepared in accordance with the Companies (Guernsey) Law, 2008.

Ernst & Young LLP
Guernsey
16 March 2009

CERES AGRICULTURE FUND LIMITED**PORTFOLIO STATEMENT
AS AT 31 DECEMBER 2008**

Class of investments	Market value		Net % of net assets
	Long (US\$)	Short (US\$)	
Commodities futures			
Commodities futures	2,882,920	(2,277,685)	0.43
Total Futures	2,882,920	(2,277,685)	0.43
Commodities options			
Commodities options	3,751,990	(2,392,788)	0.95
Total Options	3,751,990	(2,392,788)	0.95
Fixed Income			
US Treasury Bill 0% 03/12/2009	70,081,990	-	49.22
US Treasury Bill 0% 03/26/2009	21,033,155	-	14.77
Treasury bills - others	6,996,377	-	4.91
Total Fixed Income	98,111,522	-	68.90
Total Futures, Options and Fixed Income	104,746,432	(4,670,473)	70.28

CERES AGRICULTURE FUND LIMITED**INCOME STATEMENT
FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 31 DECEMBER 2008**

	Notes	For the period from 17 October 2007 to 31 December 2008 US\$
Income		
Interest income		1,797,368
Other income		<u>457,307</u>
		<u>2,254,675</u>
Expenses		
Commission & fee expenses	7	12,032,352
Other expenses		1,822,437
Interest expense		<u>185,338</u>
		<u>14,040,127</u>
Net loss for the period before investment result		(11,785,452)
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	20,265,067
Net movement in unrealised appreciation of financial assets and liabilities at fair value through profit or loss	3	50,559
Net realised and unrealised foreign exchange gains		14,120
		<u>8,544,294</u>
Net profit for the period		<u>8,544,294</u>
		US\$
Earnings per Ordinary Share - Basic and diluted	4	0.06

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 21 to 31 form an integral part of these financial statements.

CERES AGRICULTURE FUND LIMITED**BALANCE SHEET
AS AT 31 DECEMBER 2008**

	Notes	2008 US\$
Assets		
Cash and cash equivalents	12	2,370,032
Margin accounts with brokers		42,014,965
Financial assets held at fair value through profit or loss	3	104,746,432
Other receivables	10	355,957
TOTAL ASSETS		<u>149,487,386</u>
Liabilities		
Financial liabilities held at fair value through profit or loss	3	4,670,473
Other payables	11	1,400,489
Bank overdraft	12	1,015,457
TOTAL LIABILITIES		<u>7,086,419</u>
Net assets		<u>142,400,967</u>
Equity		
Share Premium	13	5,203,988
Treasury shares		(992,500)
Retained Earnings		138,189,479
TOTAL EQUITY		<u>142,400,967</u>
Net asset value per Ordinary Share	4	1.04

These financial statements on pages 17 to 31 were approved by the Board of Directors on 4 March 2009 and signed on its behalf by:

Martyn Henley-Roussel
Director

Howard Myles
Director

The notes on pages 21 to 31 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 31 DECEMBER 2008**

	Share premium US\$	Retained earnings US\$	Treasury shares US\$	Total US\$
Issue of shares	139,203,988	-	-	139,203,988
Transaction costs of issue of shares	(4,354,815)	-	-	(4,354,815)
Purchase of treasury shares	-	-	(992,500)	(992,500)
Transfer of share premium to retained earnings	(129,645,185)	129,645,185	-	-
Net profit for the period	-	8,544,294	-	8,544,294
	<u>5,203,988</u>	<u>138,189,479</u>	<u>(992,500)</u>	<u>142,400,967</u>

The notes on pages 21 to 31 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 31 DECEMBER 2008**

	Notes	For the period from 17 October 2007 to 31 December 2008 US\$
Cash flows from operating activities		
Net profit for the period		8,544,294
Adjustments to reconcile profit for the period to net cash inflow from operating activities		
Less: Interest income		(1,797,368)
Add: Interest expense		185,338
Net realised gains on financial assets and liabilities at fair value through profit or loss		(20,265,067)
Net movement in unrealised appreciation of financial assets and liabilities at fair value through profit or loss		(50,559)
Interest received		1,797,356
Interest paid		(185,338)
Net increase in other receivables		(355,945)
Net increase in other payables		1,400,489
Net cash outflow used in operating activities		<u>(10,496,711)</u>
Cash flows from investing activities		
Purchase of financial assets		(279,466,042)
Proceeds from financial liabilities		66,982,003
Sale of financial assets		190,317,646
Disposal of financial liabilities		(57,824,029)
Margin accounts with brokers		(42,014,965)
Net cash outflow used in investing activities		<u>(122,005,387)</u>
Cash flows from financing activities		
Proceeds from shares issued	13	139,203,988
Transaction costs of issue of shares		(4,354,815)
Purchase of treasury shares		(92,500)
Net cash inflow from financing activities		<u>133,856,673</u>
Net increase in cash and cash equivalents		1,354,575
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	12	<u><u>1,354,575</u></u>

The results above all relate to continuing operations.

The notes on pages 21 to 31 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 31 DECEMBER 2008**

1. GENERAL INFORMATION

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

The Company invests in an actively managed portfolio of primarily exchange-traded agricultural commodity contracts and derivatives. The Company is managed by FourWinds Capital Management. The Company 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 and in April 2008. 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 Company. Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council took any responsibility for the financial soundness of the Company 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 Company 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 Company 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 the difference between the disposal/settlement proceeds and cost (if any) of the financial instruments and are recognised in the period in which they arise.

Fair value

Investments are exchange traded and prices 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 Company 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 31 DECEMBER 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 an accrual 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 Company'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\$ at the rates of exchange ruling at the balance sheet date. Exchange differences are included in the Income Statement.

g) Treasury shares

The Company's equity instruments which are reacquired and held in treasury are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

h) 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 on or after)
IAS 1 Presentation of financial statements (Revised May 2008)	1 January 2009
IAS 16 Property, Plant and Equipment (Revised May 2008)	1 January 2009
IAS 19 Employee Benefits	1 January 2009
IAS 20 Government Grants and Disclosure of Government Assistance (Revised May 2008)	1 January 2009
IAS 23 Amendment – Borrowing costs (Revised May 2008)	1 January 2009
IAS 27 Consolidated and separate financial statements (Revised 2008)	1 January 2009
IAS 28 Investments in Associates (Revised 2008)	1 January 2009
IAS 29 Financial Reporting in hyperinflationary Economies (Revised May 2008)	1 January 2009
IAS 31 Interests in Joint Ventures (Revised 2008)	1 January 2009
IAS 32 Financial instruments: Presentation (Revised 2008)	1 January 2009
IAS 36 Impairment of Assets (Revised May 2008)	1 January 2009
IAS 38 Intangible assets (Revised May 2008)	1 January 2009
IAS 39 Financial Instruments: Recognition and Measurement (Revised 2008)	1 January 2009
IAS 40 Investment property (Revised 2008)	1 January 2009

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 31 DECEMBER 2008
(CONTINUED)**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

International Accounting Standards (IAS/IFRS)	Effective date (accounting periods commencing on or after)
IAS 40 Agriculture (Revised 2008)	1 January 2009
IFRS 1 First time Adoption of IFRS (Revised May 2008)	1 January 2009
IFRS 2 Share-based payment (Revised 2008)	1 January 2009
IFRS 3 Business Combinations (Revised 2008)	1 January 2009
IFRS 5 Non-current assets held for sale and discontinued operations (Revised May 2008)	1 January 2009
IFRS 8 Operating segments	1 January 2009
IFRIC13 Customer loyalty programmes	1 July 2008
IFRIC 15 Agreements for the Construction of Real Estate	1 January 2009
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	1 October 2008
IFRIC 17 Distributions of Non-cash Assets to Owners	1 July 2009

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

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

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

	Commodities Futures US\$	Commodities Options US\$	Fixed Income US\$	Total US\$
Financial assets at fair value through profit or loss				
Cost at 31 December 2008	-	4,707,254	97,366,653	102,073,907
Unrealised gain/(loss)	2,882,920	(955,264)	744,869	2,672,525
Market value at 31 December 2008	<u>2,882,920</u>	<u>3,751,990</u>	<u>98,111,522</u>	<u>104,746,432</u>
Financial liabilities at fair value through profit or loss				
Cost at 31 December 2008	-	2,048,507	-	2,048,507
Unrealised loss	2,277,685	344,281	-	2,621,966
Market value at 31 December 2008	<u>2,277,685</u>	<u>2,392,788</u>	<u>-</u>	<u>4,670,473</u>
Net realised gains on financial assets and financial liabilities at fair value through profit or loss				<u>20,265,067</u>

4. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

Earnings per share is based on the net gain for the period attributable to shareholders of the Company of US\$8,544,294 and on 136,940,285 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\$142,400,967 and on 136,940,285 Ordinary Shares, being the weighted average number of shares in issue during the period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 31 DECEMBER 2008
(CONTINUED)**

5. RISK MANAGEMENT POLICIES AND DISCLOSURES

The Company 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 Company's balance sheet. Investments expose the Company 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 price risk is the risk that the market price of a financial instrument will fluctuate owing to changes in foreign exchange rates, market interest rates and factors specific to the underlying 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 Company 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 Company also monitors a daily Value-at-Risk (VaR) calculation to ensure it does not exceed maximum risk guidelines.

At 31 December 2008, the overall market risk exposures were as follows:

	Commodities Futures US\$	Commodities Options US\$	Fixed Income US\$	Total US\$	% of net asset
Financial assets held at fair value through profit or loss	2,882,920	3,751,990	98,111,522	104,746,432	73.56
Financial liabilities held at fair value through profit or loss	(2,277,685)	(2,392,788)	-	(4,670,473)	(3.28)
	<u>605,235</u>	<u>1,359,202</u>	<u>98,111,522</u>	<u>100,075,959</u>	<u>70.28</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 Kiindex Risk Workbench ("Kiindex"), 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 Kiindex. Incremental VaR represents the trader's contribution to the total portfolio VaR and provides an additional layer of risk analysis. In addition, Kiindex 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 Kiindex. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 31 DECEMBER 2008
(CONTINUED)**

5. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

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 US\$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 US\$1.25 million during one day. If the Net Asset Value (NAV) of the portfolio is US\$150 million, this would mean that the 1-day, 95% VaR is approximately 0.83% of the NAV (in percentage terms). As at December 31, 2008, VaR was 0.09% of the NAV of the Company.

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

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 Kiodex 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 path.

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 the Company's 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

Although the Company'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, it is not subject to significant amounts of risk due to such fluctuations. Any excess cash and cash equivalents are invested at short - term market interest rates which mitigates interest rate risk and the extent to which the cash and cash equivalent assets are positively correlated to interest rates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 31 DECEMBER 2008
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5. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

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

At 31 December 2008	Up to 1 month US\$	Non-interest bearing US\$	Total US\$
Assets			
Cash and cash equivalents	2,370,032	-	2,370,032
Margin accounts with brokers	42,014,965	-	42,014,965
Financial assets held at fair value through profit or loss	-	104,746,432	104,746,432
Other receivables	-	355,957	355,957
Total Assets	44,384,997	105,102,389	149,487,386
	Up to 1 month US\$	Non-interest bearing US\$	Total US\$
Liabilities			
Financial liabilities held at fair value through profit or loss	-	4,670,473	4,670,473
Bank overdraft	1,015,457	-	1,015,457
Other payables	-	1,400,489	1,400,489
Total Liabilities	1,015,457	6,070,962	7,086,419
Interest rate sensitivity gap	43,369,540	99,031,427	142,400,967

Interest rate sensitivity

At 31 December 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 Ordinary Shares for the period would amount to approximately US\$ Nil and US\$ Nil respectively. If interest rates had risen by 10 and 25 basis points, the increase in net assets attributable to holders of Ordinary Shares would amount to approximately US\$43,369 and US\$108,424 respectively.

The income on Company's cash assets is positively correlated to interest rates. Cash is held at the various brokers, and as interest rates rise, the interest earned would follow (rise) thus increasing the value of the Company.

The carrying amount of financial assets and financial liabilities approximates their respective fair value as at 31 December 2008.

c) **Liquidity risk**

Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. The Company 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 Company is fully funded.

Under its Articles of Association, the Company has the ability to incur borrowings of up to 25 percent of its Net Asset Value but the Company'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 Company share buy backs. The use of such borrowings may have an adverse effect on the Company'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 Company (see note 5(g)).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 31 DECEMBER 2008
(CONTINUED)

5. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

The table below analyses the Company'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 31 December 2008	Less than 1 month US\$	1-3 months US\$	3-12 months US\$	More than 12 months US\$	Total US\$
Assets					
Cash and cash equivalents	2,370,032	-	-	-	2,370,032
Margin accounts with brokers	42,014,965	-	-	-	42,014,965
Financial assets held at fair value through profit or loss	-	95,959,846	8,786,586	-	104,746,432
Other debtors and accrued income	355,957	-	-	-	355,957
	<u>44,740,954</u>	<u>95,959,846</u>	<u>8,786,586</u>	<u>-</u>	<u>149,487,386</u>
	Less than 1 month US\$	1-3 months US\$	3-12 months US\$	More than 12 months US\$	Total US\$
Liabilities					
Financial liabilities at fair value through profit or loss	139,238	1,188,140	3,207,195	135,900	4,670,473
Bank overdraft	1,015,457	-	-	-	1,015,457
Other creditors and accrued expenses	1,400,489	-	-	-	1,400,489
Total liabilities	<u>2,555,184</u>	<u>1,188,140</u>	<u>3,207,195</u>	<u>135,900</u>	<u>7,086,419</u>
Net assets attributable to Shareholders					<u><u>142,400,967</u></u>

d) **Currency risk**

The majority of the Company's financial assets and liabilities are based in US\$, the functional currency. Currency risk is the risk that the value of non-US\$ based financial instruments will fluctuate due to changes in foreign exchange rates. The table below indicates the currencies and amounts the Company was exposed to, as of 31 December 2008.

Currency	Amount	Conversion rate (based on US\$)	Value US\$	% of net assets
US\$	142,254,206	1.0000	142,254,206	99.90
GBP	(3,082)	0.6862	(4,491)	-
EURO	108,258	0.7157	151,236	0.10
				<u>100.00</u>

e) **Credit risk**

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Company is exposed to credit risk in relation to its cash balances, investments and debtor balances as stated in the Balance Sheet.

**NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)**

5. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

As at 31 December 2008, the Company's cash and cash equivalents, margin account with brokers, financial assets and liabilities at fair value through profit or loss were held at 3 different Futures Commodity Merchants ("FCM") and at HSBC Bank plc with the following weights*:

Broker / Bank	% of net assets
MF Global	71
Marex	11
NewEdge	16
HSBC Bank plc	2
Total	<u>100</u>

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

f) Off-balance sheet risk

Furthermore, the Company 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 Company from the counterparty to an agreement with the Company proves to be insufficient to cover the Company'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 Company 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 Company. The Board manages the Company'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 Company with the aim of enhancing shareholder returns and for short term liquidity and working capital requirements. The Company is not subject to externally imposed capital requirements except for the margin requirements imposed by the exchanges on which the brokers trade.

6. TAXATION

The Company 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 Company's tax position as a result of this change as the Company will continue to register as tax exempt.

7. COMMISSION AND FEE EXPENSES

	2008 US\$
Trader performance fees	6,410,695
Management fees	2,363,378
Trader management fees	1,393,863
Commission fees	1,347,218
Directors' fees and expenses	174,098
Administration fees	174,802
Audit fees*	168,298
	<u>12,032,352</u>

* includes fees paid to the Reporting Accountants for work carried out in relation to the prospectuses of the Company published in November 2007 and November 2008 and fees paid to the Auditors for the financial statements for the period from inception to 28 February 2008 (carried out for purposes of inclusion in the prospectus issued by the Company on 20 November 2008) and audit fees paid to Auditors for the annual financial statements for the period from inception to 31 December 2008

**NOTES TO THE FINANCIAL STATEMENTS
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8. ADMINISTRATION FEES

The Administrator, HSBC, is paid fees for acting as administrator of the Company on a sliding scale, based on the Net Asset Value of the Company, 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 Company from time to time. The Administrator will also be paid a termination/re-structuring fee of US\$5,000 upon termination/liquidation of the Company, and any future re-structure of the Company 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\$174,802.

9. MANAGER FEES

The Manager was appointed by the Company pursuant to a Management Agreement dated 22 November 2007.

The Company pays 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 high water mark Net Asset Value (which is the net asset value per share at the end of the last calculation period in respect of which a Performance Fee was paid (or if no Performance Fee has previously been paid, the Net Asset Value per Ordinary Share immediately following admission to trading on the London Stock Exchange) 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.

The Manager has been appointed for an initial term of 4 years and thereafter the Management Agreement is terminable on 12 months' notice by the Manager or on 12 months' notice by the Company, but only where the majority of Directors so resolve and on the basis of the performance of the Manager. The Management Agreement may also be terminated immediately in certain limited circumstances, including liquidation of the Manager or the Company, material breach, or pursuant to the requirements of a regulatory authority.

Further details of the terms and conditions of the Manager's appointment are detailed on pages 43 and 44 and pages 115-117 of the latest prospectus of the Company published on 20 November 2008, which can be found on the Company's website at www.ceresagriculture.com.

10. OTHER RECEIVABLES

	2008
	US\$
Pre-payments	355,945
Interest receivable	12
	<u>355,957</u>

CERES AGRICULTURE FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 17 OCTOBER 2007 (DATE OF INCORPORATION) TO 31 DECEMBER 2008 (CONTINUED)

11. OTHER PAYABLES	2008
	US\$
Commission & fees expense	827,410
Due to broker	236,330
Others	336,749
	<u>1,400,489</u>
12. CASH AND CASH EQUIVALENTS	2008
	US\$
Cash and cash equivalents	2,370,032
Bank overdraft	(1,015,457)
At 31 December 2008	<u>1,354,575</u>
Represented by:	
Cash at bank	<u>1,354,575</u>

13. SHARE CAPITAL

The authorised share capital of the Company 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 Ordinary Shares 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 Company 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, enables the Company to effect purchases of its own shares.

On 11 April 2008, the Company issued an additional 4,646,418 Ordinary 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 percent 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 Company.

On 21 November 2008 and 26 November 2008, the Company purchased 175,000 Ordinary Shares at US\$0.70 per share and 1,160,000 Ordinary Shares at US\$0.75 per share respectively in the capital of the Company for holding in treasury. The resulting discount on purchase of treasury shares is included under retained earnings.

The shareholders of the Company (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 Company 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 Company available for dividend and resolved to be distributed in respect of any accounting period or other income or right to participate therein.

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

	2008
Issued share capital	
Ordinary Shares of no par value	<u>137,311,418</u>

**NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)**

13. SHARE CAPITAL (CONTINUED)

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	138,646,416	-	139,203,988
Less: Share issue costs			(4,354,815)
Transfer to retained earnings			(129,645,185)
Purchase of treasury shares	(1,335,000)	-	-
At 31 December 2008	<u>137,311,418</u>	<u>-</u>	<u>5,203,988</u>

Treasury shares	No. of Shares	2008 US\$
At 17 October 2007 (date of incorporation)	-	-
Repurchased during the period	<u>1,335,000</u>	<u>992,500</u>
At 31 December 2007	<u>1,335,000</u>	<u>992,500</u>

14. EXCHANGE RATES

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

Closing rate at 31 December 2008 US\$ 1 = GBP 0.6862

Closing rate at 31 December 2008 US\$ 1 = EURO 0.7157

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	174,098
Management fees	2,363,378
Placing fees	<u>1,477,292</u>
	<u>4,014,768</u>

Placing fees relate to placing fee paid to the Manager pursuant to the placing agreement dated 22 November 2007 of 2.5 percent of gross placing proceeds received from the placees procured by the Manager, and a placing fee of 1 percent of such part of the further placing of Ordinary Shares received from placees procured by the Manager pursuant to the placing agreement dated 11 April 2008. Kimberly Tara, a director, employee and shareholder of the Manager, is a Director of the Company.

The Company published a prospectus dated 20 November 2008 and proposes to issue up to US\$250 million worth of Ordinary Shares. The shares are to be issued in respect of a series of offers, (together comprising the "Placing") to take place in the period from January 2009 to November 2009. The Manager will act as Placing Agent in respect of the Placing and entered into a placing agreement dated 20 November 2008 with the Company which will entitle the Manager to receive commission for acting as Placing Agent. Subject to the placing agreement, the Company will pay the Manager a commission equal to 2.5 percent of the gross placing proceeds received from placees procured by the Manager.

Directors' interests in Ordinary Shares of the Company are disclosed in the Directors' Report.

16. SUBSEQUENT EVENTS

There are no significant events subsequent to 31 December 2008.