

REGULATORY ANNOUNCEMENT

Blue Planet European Financials Investment Trust plc
Preliminary Announcement
for year ended 28 February 2010

Registered number SC192153

The unedited full text of those parts of the Report and Accounts for the year ended 28 February 2010 which require to be published by DTR 4.1 is set out below.

Financial Record and Key Performance Indicators

As at 28 February	2010	2009	2008	2007	2006
Total assets less other current liabilities (£'000)	17,485	11,782	32,782	49,522	38,918
Loans (£'000)	(4,700)	(3,389)	(5,932)	(13,707)	(10,437)
Shareholders' funds (£'000)	12,785	8,393	26,850	35,815	28,481
Net asset value per share (p)	79.70	52.32	162.33	216.05	171.81
Share price (p) – (Bid)	57.00	23.00	123.00	180.00	166.00
Discount (%)	28.5	56.0	24.2	16.7	3.4
Gearing (%)*	-	-	-	37.9	36.1
Year to 28 February	2010	2009	2008	2007	2006
Revenue available for shareholders (£'000)****	84	853	(93)	168	133
Revenue return per share (p)	0.53	5.22	(0.56)	1.01	0.80
Total return per share (p)	30.60	(110.71)	(52.93)	44.99	75.64
Proposed final dividend per share (net) (p) (note 6)	-	3.22	-	0.90	0.75
Dividend yield on our shares (%)	-	14.00	-	0.42	0.45
Dividend yield on Benchmark Index (%)	2.57	12.42	5.04	2.97	2.57
Expenses ratio – net basis (%) **	4.55	1.40	2.98	3.24	3.16
Expenses ratio – gross basis (%) ***	3.08	1.03	2.49	2.21	2.07

The Board believes the above KPI's are of most interest to shareholders in monitoring the performance of the company.

* Net debt as a percentage of shareholders' funds

** Net basis - Administrative expenses as a percentage of average net asset value of the Company

*** Gross basis - Administrative expenses as a percentage of average gross asset value of the Company

**** 2009 Includes VAT recovered of £181,000

Portfolio Information

At 28 February 2010			Valuation	% of
			(£)	Portfolio
				2010
Equities				
55,255	BP Global Financials-A Class	Eire	2,198,363	14.1
596,013	Allied Irish Banks Plc	Eire	528,012	3.4
432,315	MDM Bank R	Russia	209,028	1.4
87,426	Turkiye Is Bankasi-New	Turkey	150,555	1.0
3,500	Blue Planet Financials Growth & Income Investment Trusts Plc	United Kingdom	2,660	0.0
150	PKO Bank Polski SA	Poland	1,251	0.0
296	Bank of Cyprus Ltd	Cyprus	1,144	0.0
695	Asya Katilim Bankasi AS	Turkey	1,067	0.0
22	BNP Paribas	France	1,046	0.0
430	Turkiye Garanti Bankasi AS	Turkey	1,040	0.0
263	Aviva Plc	United Kingdom	1,026	0.0
35	Credit Suisse	Switzerland	1,021	0.0
565	Turkiye Is Bankasi	Turkey	1,021	0.0
41	Erste Group Bank AG	Austria	1,007	0.0
24	Deutsche Bank AG	Germany	1,002	0.0
138	DNB NOR ASA	Norway	984	0.0
Listed Investments			3,100,227	19.9
Cash			12,484,252	80.1
Total			15,584,479	100.0

At 28 February 2010 the portfolio yield, as reported to the Association of Investment Companies, was 3.57% (2009 – 11.82%).

Classification of Investments

At 28 February 2010	Investment			Cash	Total 2010	Total 2009
	Banks	Companies	Other Finance			
	%	%	%	%	%	%
Australia	-	-	-	25.7	25.7	-
United States	-	-	-	22.7	22.7	5.7
Canada	-	-	-	21.2	21.2	-
Eire	3.4	14.1	-	-	17.5	18.3
Switzerland	0.0	-	-	10.4	10.4	-
Russia	1.4	-	-	-	1.4	26.2
Turkey	1.0	-	-	0.0	1.0	-
United Kingdom	0.0	-	-	0.1	0.1	41.6
Poland	0.0	-	-	0.0	0.0	-
Cyprus	0.0	-	-	-	0.0	-
France	0.0	-	-	-	0.0	-
Austria	0.0	-	-	-	0.0	-
Germany	0.0	-	-	-	0.0	-
Norway	0.0	-	-	-	0.0	-
Ukraine	-	-	-	-	-	3.1
Rest of Europe	-	-	-	-	-	5.1
Totals 2010	5.8	14.1	-	80.1	100.0	100.0
Totals 2009	26.9	18.5	-	54.6	100.0	

Benchmark*	71.8	3.3	25.0	-	100.0
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* Our benchmark is the Bloomberg European Financials index.

Chairman's Statement

Performance

In the past year there has been a substantial recovery in the share price and net asset value ("NAV") of your Fund. The NAV has made a total return of 59.9% in the last year, rising to a value of 79.7p. Whilst the share price, which ended last year on a discount to NAV of 56%, has made a total return of 162.9%. The year end share price of 57.0p remains at a 28.5% discount to NAV. The Fund's benchmark index, the Bloomberg European Financials Index, has made a 78.0% return over the last year in sterling terms.

As we said in the Interim Report in August 2009, we believed that the turnaround in equity share prices that began in March 2009 was the start of a sustained rally based on improving economic indicators and improving financial results from banks. This has indeed been the case and since the nadir of the equity bear market passed in March 2009 share prices have risen sharply for many months. Bank share price rises have been boosted by financial results which have improved dramatically in 2009 over 2008 and were well ahead of analysts' expectations. In the most recently reported numbers for the fourth quarter of 2009, banks results beat analysts' estimates by 73% on average for the financial sector of the Bloomberg World Index.

The rally has not been without its setbacks. Concerns regularly resurface regarding the sustainability of the economic recovery, which has been fuelled by many governments borrowing recklessly and pumping money into their economies. For this reason we have been quick to cut back on equity exposures when we see warning signs in the economic data that we are monitoring. The volatility in the markets has meant that the fund has had several months of very strong positive returns, counterbalanced by a couple of months with quite sharp falls.

We believe this issue – of the sustainability of the recovery of the global economy – is a key theme for 2010, as are concerns over additional taxes and regulations on banks and solvency requirements for insurers. The proposed "investment banking" financial tax and changes to banking rules announced by President Obama in January 2010 caused a sharp pullback in financial share prices. The makeup of the investment portfolio has become more cautious since the start of 2010, with a cut back in the equity holdings and the diminution of illiquid holdings. There are a number of major economies whose fiscal positions have become increasingly strained, and we expect some of these economies to head into a further crisis. This could negatively impact share prices of all equities. Currently economists and market commentators have been focusing on the Euro area and on Greece in particular. The share prices in the affected European countries have already fallen sharply. The economy that causes us most concern is the UK, where we believe a double-dip recession is a near certainty. This year the UK government will run a deficit of 12% of GDP. The recession that has just finished was brought about by a 5% contraction in GDP. The scale of the current deficit is completely unsustainable and will bankrupt the country if it is not addressed. In order to do this public expenditure will have to be cut by the equivalent of 12% of GDP, if, as we suspect, there is no substantial growth in tax revenue in the next year or two. This will plunge the UK into recession, irrespective of which party wins the upcoming election. For this reason we are very bearish on the prospects for the UK economy, sterling and financial companies in the UK and cash reserves are held in other currencies, in particular, currencies of commodity-rich countries.

Portfolio

The portfolio of investments has ended the financial year in a similar manner to which it started the year, with only a small portion of the Fund invested in equities. At the year end the funds not in equities were being held in cash deposits in currencies other than sterling; ones we expect to appreciate the most against sterling as it falls. For the majority of the year the Fund was substantially invested in equities. At the end of the interim period the portfolio was invested 100% in equities. However, as highlighted above, since the start of 2010 there has been a return to a very defensively positioned portfolio. Figure 1 shows the movement in the security types. Figure 2 shows the geographical movements in the portfolio over the period.

Figure 1: Portfolio movements 2009 to 2010 – by security type

Security Type	Feb-2010 %	Feb-2009 %
Cash	80.1	54.6
Equities	19.9	31.8
Bonds	-	13.6

Figure 2: Portfolio movements 2009 to 2010 – by geography

Country	Feb-2010 %	Feb-2009 %
Australia (cash)	25.7	0.0
US (cash)	22.7	0.0
Canada (cash)	21.2	0.0

Republic of Ireland	17.5	40.3
Switzerland (cash)	10.4	0.0
Russia	1.4	57.7
Turkey	1.0	0.0
Norway	0.2	0.2
UK	0.1	0.4
Ukraine	0.0	1.5

At the year end the Fund held two investments in the Republic of Ireland. One is a long-term investment in Blue Planet's Global Financials Fund, listed in Dublin. This has been invested in global, long-only equities over the last year and is currently focused on opportunities in the strongest economies on a worldwide basis. The other holding is in Allied Irish Banks. Ireland has been hit hard by the global economic slowdown, and tough economic conditions persist. Unemployment stood at 12.6% in February 2010 and house prices, which have fallen every month since March 2007, show no signs of reversing. Additionally, the introduction of the National Asset Management Agency (NAMA) to remove bad loans from the Irish banks' books, has taken a considerable time to get off the ground. Against this background, Irish bank share prices have struggled to recover. We have held Allied Irish Banks in our portfolio for some time now, and have continued to stick with it as we believe the strong measures the Irish government have taken in cutting public sector wages and reducing welfare payments to cut the country's deficit will boost the fortunes of the Irish economy, and NAMA will benefit the Irish banks.

Exposure in the fund to Russia has been cut considerably. The Russian bonds were sold early in 2009. The long-term equity investments in Russia, MDM Bank (formerly URSA bank) and Vozrozhdenie have been reduced significantly or sold. The Russian economy has been recovering well from its very sharp economic contraction; however, both of these mid-sized Russian banks suffer from their stocks being illiquid. This had a very detrimental effect on, in particular, MDM's share price in 2008 when markets fell. In these volatile markets we prefer to hold more easily realisable holdings and once the share prices of these holdings had largely recovered they were sold down. Vozrozhdenie is sold and the MDM holding reduced to 1.4% of the total portfolio by the year end, and has now been sold completely.

The only remaining equity investment of any size is in Turkiye Is Bankasi. The Fund has had significant investments in Turkish banks throughout the past six to eight months in the portfolio. These had been almost completely sold by the year end and the good profits they have made have been realised. The share prices of Turkish banks have been recovering well as Turkey has been emerging strongly from the recession. Its country's banking sector has remained resilient through the banking crisis and the rating agencies have upgraded Turkey's debt rating on its strong economic position. The low level of household debt relative to GDP in Turkey has meant good prospects for a recovery in consumer spending, and since October 2009 industrial production has been rising. Political instability remains an issue, but Turkey is a country in which the fund is likely to invest in again.

The majority of the portfolio at the year end was held in cash deposits. With the UK's precarious fiscal position and chronically weak economic recovery weighing on sterling, the money has been placed on a short-term basis in currencies of better managed countries. At the year end the cash was held in Australian, US and Canadian dollars and in Swiss francs. These currencies were selected on the basis that these economies have emerged from recession far stronger than the UK, and the resource-rich economies of Australia and Canada have been benefitting from strong commodity demand, especially from Asia. All the currencies had strengthened against sterling by the year end and were therefore impacting positively on the Fund's NAV. Although some further investments in equities have been made subsequent to the year end, substantial cash holdings remain in place.

Further details of the portfolio are provided in the Investment Manager's Report.

Dividend

The Directors have not declared a dividend for this year. No interim dividend was paid, as investment income was much lower in the first half of this financial year compared to the previous year. This trend of reduced income has continued throughout the remainder of the year. Last year a dividend of 3.22p per share was paid, as income from high yielding bonds and the one-off VAT refund boosted income. This year, in absence of both of these forms of income, and as banks have, in many cases, suspended dividend payouts, income from investments has more than halved.

The outlook going forward for revenue from equities and cash is moderate in the current low interest rate environment. The Company has made total share price returns well above its benchmark for the past year, and it is on the total return that the Company has been focusing. However the Directors appreciate the importance of dividends to many shareholders and plan to resume dividend payouts when it is possible to do so.

Borrowings, Gearing and Liquidity

The Fund began the year with no gearing and ended it the same way. In the middle of the twelve month period gearing rose to close to maximum levels to benefit from the strong rises in equities. Generally, gearing beneficially affects the Company's NAV when the value of its investments is rising, but adversely affects it in periods when the value of investments is falling.

The Company has access to a multi-currency revolving loan facility of £20m, in place until November 2012. At the year end £4.7m of this loan was drawn down, in sterling and there were £15.3m of undrawn facilities. Holding liabilities in sterling is currently beneficial to the Fund as sterling has weakened considerably against many other World currencies. Maintaining a portion of the loan drawn down, also serves to retain our access to the facility. The majority of the loan facility remains available to be drawn upon when the market conditions are right to increase the levels of gearing in the Fund again.

Blue Planet Services and Price Information Sources

Shareholders can view the Company's share price and additional information about the Fund on the website of Blue Planet Investment Management Ltd (www.blueplanet.eu) and the London Stock Exchange (www.londonstockexchange.com). To find the Company's share price on the London Stock Exchange website go to the Home page and type "BLP" in the "Price Search" field.

Blue Planet Investment Advisers Ltd offers a Blue Planet Savings Plan via Equiniti Financial Services Limited (on behalf of Lloyds TSB) to enable lump sum investments or regular savings. A request form for the savings plan application pack is enclosed with these accounts.

Outlook

Recent economic data has become more mixed. Importantly, growth data is remaining strong in the US and earnings are continuing to recover. 73% of S&P 500 companies beat earnings estimates in Q4, and most also reported strong revenues. However US housing and consumer confidence have been weak spots. Worldwide GDP growth estimates for the next two years are being revised up. In January 2010 the International Monetary Fund revised its global growth outlook for 2010 to 3.9%, up three-quarters of a percent from their estimate published in October 2009. But a gap is widening between the emerging markets which are pulling strongly out of recession and those developed markets which are hindered by high levels of taxation and crippling levels of government debt where the recovery is slow. The improvement in economic indicators has stalled in Europe. The state of balance sheets in these different economies is key. Emerging markets were less leveraged, and their financial institutions did not come under the same stresses in the financial crisis.

Governments and central banks need to start to implement exit strategies from their emergency fiscal stimulus measures and ultra-low interest rate environments to restore their countries finances to an even keel. If the emerging markets continue to grow and lead demand it will help support deleveraging in the developed economies. However there are many major economies that are very overstretched and the UK, EU and the US are all at risk of a double-dip recession and could find themselves in a precarious fiscal position. The danger of a country letting its fiscal position deteriorate too far is highlighted by Greece, which has seen its country's credit rating cut and has had to announce drastic cuts to its public expenditure, raise taxes, and pay significantly higher rates on its bonds to allow it to continue to access foreign debt markets.

A major economy experiencing severe fiscal problems will destabilise markets worldwide again. The UK is our top candidate and we currently find it difficult to envisage how the UK will avoid a relapse into recession. The UK has a structural budget deficit (one that won't dissipate as the economy grows) above 10% of GDP and overleveraged consumers. By the end of its £200bn asset purchase scheme the Bank of England will have bought gilts equal to more than 14% of GDP, all with newly printed money and its attached inflationary effects. On top of this, the country's move out of recession is very tentative and there are no credible plans for eliminating the deficit as politicians focus on the impending general election. This makes sterling and the country's credit rating look very exposed.

Within the financial sector, there is a considerable amount of uncertainty surrounding new regulations and taxes that will be imposed on banks and the new capital requirements that financial institutions will have to adhere to. Ideas coming from governments, central banks and regulators are currently in early stages, and there is optimism that the consultation process will result in well thought out rules that strengthen the financial system but do not place overly onerous restrictions on the companies that must implement them. However, burdensome legislation cannot be ruled out, and could have a negative impact on the share prices of financial stocks.

Because of the very different economic scenarios in countries across the World, from those with strong economic recoveries, to those in virtual bankruptcy, we expect market volatility to be high over the next year. In your Fund we will continue to focus on selected emerging market countries that have well-run economies and under-leveraged banking markets as well as selected recovery stocks, but to address the issue of market volatility we will reduce our exposure to equities when uncertainties build up, as has been the case since the start of 2010, but reinvest when the strong economies dominate sentiment and the market rallies. We hold the majority of our assets in currencies other than sterling, due to its vulnerability.

I thank you for your continuing support and look forward to welcoming you to the Annual General Meeting on the 1 July 2010.

John Tyce
Chairman
22 April 2010

Investment Manager's Report

Portfolio Performance Analysis

As has already been highlighted in the Chairman's Statement, the Fund's NAV made a total return of 59.9% over the year, compared to a return of 78.0% by the Fund's benchmark index in sterling terms. Because the discount of the share price to the NAV narrowed from 56% to 28.5%, the Trust's share price made a total return of 162.9%. This past year has been one of strong recovery in the Fund's share price and NAV, although, disappointingly, the NAV has underperformed the benchmark. The benchmark was ahead of the NAV after the first half of the financial year when equity markets were making a very sharp recovery. In the second half of the year, as the markets became less sanguine that the recovery was here to stay, and financial share prices fell, your Fund has fallen less than its benchmark index. However this has not been enough to pull the NAV ahead of the benchmark.

Asset Allocation

Blue Planet Investment Management's investment process is top down. Much of our focus this year has been on analysing the economic situation and prospects for the major economies, and in particular the United States, as the strength of the recovery in the US has a major impact on the rest of the world. We continue to identify countries with the strongest economic prospects and acceptable levels of political risk. The economic backdrops in these countries are assessed in detail and ranked accordingly. The listed banks and other financial institutions in the highest ranked countries are then investigated. When appropriate, capital is allocated to those banks and other financial institutions which we believe are likely to offer the best total returns over the long term. This process involves meeting with the senior management of companies we are contemplating investing in. Where possible, we also like to meet with local Central Banks to discuss the economic policies being pursued in the countries concerned. Once we are invested in a company, we aim to meet regularly with its senior management to monitor its progress. Since the last year end we have visited financial institutions in Austria, Cyprus, Greece, Poland and Turkey. In addition, we had meetings in the UK with the management of many overseas financial institutions.

The Fund had significant cash holdings at the year end. Fiscal policy tightening to reduce inflated deficits in many developed markets will depress growth. The spectre of a bond or currency crisis has become more pronounced as sovereign risks rise in those countries that are slow to address their rising debt burden. Greece has been bearing the brunt of investors concerns at the moment. If a crisis occurs in a major developed economy, equity markets would fall and, as last time, banks would be hit hardest. The recent choppy nature of economic data has highlighted that the strength of the recovery can be questioned in many developed nations. Our biggest concern remains the UK where the move out of recession is tentative, inflation is accelerating, the fiscal budget deficit is 12% of GDP and the impending election is delaying any serious plans to tackle the deficit, which is largely structural in nature. For this reason the cash holdings were all held in currencies other than sterling at the year end. The performance of these currencies relative to sterling is described in the section on currency below.

In terms of geographies, the Republic of Ireland is our major location for equities. Our investments here are in the Blue Planet's Global Financials Fund, listed in Dublin and Allied Irish Banks. The Global Financials Fund has been invested in global, long-only equities over the last year and is currently focused on opportunities in the strongest economies on a worldwide basis. Currently key investments include holdings in Australia, Indonesia and the US.

The other holding in the Republic of Ireland is in Allied Irish Banks. The global economic crisis has had a tremendous impact on Ireland, which remains stuck in a deep housing slump after many years of economic boom. Tough economic conditions persist in Ireland, but the Irish Government has been proactive in addressing both the economic and banking problems in the country. In February 2009, AIB accepted €3.5bn from the government as part of the Bank Recapitalisation scheme, and is participating in the Irish Government's National Asset Management Agency (NAMA), scheme, which will allow it to transfer impaired property-related loans to NAMA. However, the introduction of NAMA has taken a considerable time to get off the ground and Allied Irish's share price fluctuates between recovery, when optimism is high that the bank can work its way out from underneath its problems, and steep falls when new concerns are raised about the Irish economy or the uphill struggle the bank faces to return to profitability in face of the deteriorating asset quality of its loan book. The final step before Allied Irish transfers loans into NAMA is the announcement of the level of discount that will be applied to the loans. This information has been released for the first tranche of loans. We have maintained this holding in the portfolio, optimistic that the bank will turn the corner towards recovery despite its need to raise a significant amount of additional capital.

Investments in Russia have been cut substantially. The Russian bond holdings were sold early in 2009. In equities, the fund had long-term investment holdings in MDM Bank (formerly URSA bank) preference shares and Vozrozhdenie ordinary shares in Russia. The profitability of Russian banks held up very well in 2008, but both of these mid-sized Russian banks suffer from their stock being illiquid and this exaggerated the share price falls in these holdings as all banking stocks fell in 2008. In 2009 the Russian economy sank sharply into recession, from which it is now recovering equally sharply, however bad debts at the banks soared and profits were largely eaten up by provisioning. The outlook for 2010 for the smaller banks remains muted as loan growth is slow to return and the two large state banks, in particular Sberbank, are aggressively competing for business and the smaller banks have to fight harder for less profitable business. The illiquid nature of these stocks amplifies their share price movements and we prefer to hold more easily realisable holdings. The share prices in these two holdings made a substantial recovery in 2009 as investors returned to the Russian market and we sold our holdings. Vozrozhdenie had been sold completely at the year end and the MDM holding reduced to 1.4% of the total portfolio. This remaining part of the holding has subsequently been sold.

The Fund has had significant investments in Turkish banks throughout the past six to eight months in the portfolio. By the year end the majority of these had been sold and only a holding in Turkiye Is Bankasi remained. Turkish banks had a very good year in 2009 as Turkey emerged strongly from a sharp recession.

GDP contracted 13.8% in the first quarter of 2009. However, since then economic indicators such as industrial production, manufacturing and domestic demand have improved dramatically, boosted by unprecedented interest rate cuts by the Turkish Central Bank. Interest rates fell from 16.75% to 6.5% from November 2008 through to November 2009. GDP grew 6.0% year-on-year in the fourth quarter of 2009 and Turkey is now expected to resume its robust GDP growth path of around 4.0% annual growth in 2010/2011. Its country's banking sector has remained resilient through the banking crisis, due to the banks strong balance sheets and low leverage. Profitability at the largest six banks in Turkey increased on average 58% year-on-year in 2009, despite limited demand for new loans. Political instability remains an issue, but Turkish banks have strong prospects for the next few years as loan growth of up to 20% per annum is anticipated and the banks remain on reasonable valuations despite their share price rises in 2009. Turkey is a country in which the fund is likely to invest in again.

For much of the year the Company was fully invested in equities. These included investments in well-run banks in some of the stronger European economies, such as Norway and Poland, or banks with significant exposure to strongly recovering economies, such as banks in Austria and Spain. The Fund held shares in investment banks, as revenues from investment banking were very strong in 2009 and reduced competition increased margins and profitability for these banks. The Fund also invested in selected recovery stocks, such as UK banks and insurers and UBS in Switzerland.

Currency

The fund is exposed to a range of currencies. At the year end the portfolio had large cash holdings. The table below shows the percentage of the portfolio holdings in the main currencies invested in and how those currencies have performed against the pound over the period in which the investments have been held in the Trust during the financial year.

Currency	% of portfolio in currency at end of financial year	Appreciation/depreciation against £ for the length of time the currency has been held in the portfolio
Australian Dollar	25.7%	+5.4%
US Dollar	22.7%	+1.8%
Canadian Dollar	21.2%	+2.9%
Euro	17.5%	+1.1%
Swiss Franc	10.4%	+2.1%
Russian Rouble	1.4%	+11.3%
Turkish Lira	1.0%	+0.7%

The positive currency movements had a beneficial impact on our performance. Any negative currency movements would reduce the performance of the shares denominated in that currency when translated into sterling. It can be seen that all the currency movements are favourable to the Fund. The cash holdings in Australian, US and Canadian dollars and in Swiss Francs were of only a short duration at the year end, but had made a positive contribution to the Fund, as sterling fell sharply towards the end of February. Due to the size of the cash holdings the rationale for the currencies selected is described in the "Review of the Top 10 Investments at year end" section.

Risk

Market risk arises mainly from the uncertainty regarding the future price performance of equities held by your Company. This risk is magnified when gearing is used and due to the fact that the company is invested in a single industry sector. Being invested in a single sector exposes the Fund to the risk that the Financial Sector will underperform relative to other sectors of the market. Gearing the Fund via loans also means that interest-rate risks arise. These risk factors are beyond the control of the Company.

In mitigation of these risks the financial sector in which we are invested is a large sector of the market and it was the second best performing sector in the Bloomberg World Index over the past year. Banks play a crucial and central role in free market economies; a role that will underpin the prosperity of the banking sector as a whole over time. The prices of the individual securities invested in are monitored on a daily basis and the Board, which meets quarterly, imposes borrowing limits to ensure gearing levels are appropriate to market conditions. When gearing is employed the potential impact of changes to interest rates is taken into consideration. The securities dealt in are all listed on recognised exchanges and are readily realisable.

The Fund is exposed to currency risk, due to the range of currencies in which investments are held. The largest risk is in the Australian dollar currency at the year end. Currency risk is a risk that can partially be controlled by employing appropriate hedging strategies. The Company currently has a multi-currency loan facility and our borrowings can be used as a "natural" hedge against investments in the matching currency. In addition hedging is considered on a case-by-case basis. However if cash is held in currencies other than sterling it is normally in anticipation of those currencies appreciating against sterling, and in this case clearly the currency position is run unhedged. The fund manager has been tracking currency movements on a daily basis in the current volatile environment.

Where investments are made in emerging markets there is a risk of higher volatility in the price performance of these equities and their associated currencies. Political risk and adverse economic circumstances are more likely to arise, putting the value of the investment at a higher risk. The registration and settlement arrangements in emerging markets may be less developed than in more mature markets so operational risks of investing are higher.

Credit risk arises from the exposure to non-delivery of an investment that has been purchased. The Company only buys and sells investment through brokers approved by Blue Planet Investment Management and so considers this risk is adequately controlled.

Factors Affecting the Company Going Forward

Clearly a continuation of the recovery from the global economic recession will have a positive impact on equity markets, whereas a stalling or reversal of the recovery will have a negative impact on equity markets, both of which could have a significant impact on the Company. The pace of the recovery, both globally, and in particular in the countries in which we are invested, will affect the stock markets and exchange rates within those countries. The introduction of new regulations applying to financial companies and changes to capital requirements for both banks and insurers will potentially impact the future profitability and sentiment towards these stocks and may be a cause for either outperformance or underperformance in the financial sector.

Review of the Top 5 Investments at year end

1. Cash

The largest cash holdings are in Australian dollars. Australia has emerged from the global financial crisis with a higher potential growth rate. It is a resource rich economy and Australia benefits from strong demand from its Asian neighbours. Australia had already increased interest rates as the recovery in its economy gathers speed. It raised rates by 75bps at the end of 2009 and is continuing to raise them further. The Australian dollar is a high yielding currency amongst its international peers which is fueling demand and pushing the currency higher.

Cash is also being held in the US and Canadian dollars and Swiss Franc. The US dollar remains a reserve currency and strengthens when risk aversion rises and so has a "safe haven" advantage in times of distress. Additionally US GDP will be boosted this year by President Obama's American Recovery and Reinvestment Plan. This package totals 5% of US GDP and the government infrastructure spending portion of this package has 80% of its investments still to make. Canada, like Australia, is a strong commodity country. The resource sectors of the Canadian economy continue to enjoy good growth opportunities, due to robust global demand, and the Canadian job market recovery is well underway. The budget deficit in Canada has increased during the recession, but the country's structural deficit is modest, and as GDP growth returns the country will stand in an increasingly strong fiscal position, which will support its currency. The remaining cash is held in Swiss Francs. Within Europe this also has a safe haven currency status. The Swiss economy is recovering from the recession better than many other European economies. Employment has grown in each of the last two quarters and the unemployment rate in Switzerland is at a modest 4.4%, as employment increases in the country's large services sector. In March the Swiss Central Bank increased its GDP forecast for 2010 to 1.5% following on from a fourth quarter GDP rise of 0.7% quarter-on-quarter.

2. Blue Planet Global Financials

The Blue Planet Global Financials Fund is an open-ended Cayman Islands exempted company. The Company is listed on the Irish Stock Exchange and has been in existence for four years. Its objective is to achieve a high level of capital growth by taking long and/or short positions in securities issued by or relating to banks and other financial institutions on a worldwide basis. Shares are available denominated in Euros and US dollars. Your Company is invested in the Class A Euro shares.

The Blue Planet Global Financials Fund most recent published financial results are for the half-year to June 2009. In these results a 5.3% rise in the fund's NAV was reported. Subsequently the NAV for the Class A shares has risen a further 1.2% to end February 2010 with the NAV at €44.461. The fund has been invested in long-only financial equities on a global basis during 2009. It has focused on both developed and emerging markets during the past year and key themes this year have been stocks in the US, India, Indonesia and Turkey.

Blue Planet Investment Management Ltd receives a fee of 0.125% of the monthly NAV of the Blue Planet Global Financials Fund and the investment we hold represents 26.7% of the total investments in the Blue Planet Global Financials Fund.

Your Company has been invested in this fund since its launch. Its total return over the 12 month period is 4%.

Key statistics relating to this investment are given below:

For the year ended December 2008 & interim ended June 2009 :	June 2009	Dec 2008	Change
Total Assets	€ 9.1m	€ 8.6m	+5.8%
Cost: Income Ratio	N/A	N/A	-
Net Gain/(Loss) after Taxation	€ 0.5m	€ -5.2m	N/A
Net Asset Value per Share (Class A Euro shares)	€ 43.913	€ 41.683	+5.3%
Dividends per Share	€ 0	€ 0	-
Dividend Cover	N/A	N/A	-

Return on Equity	N/A	N/A	-
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3. Allied Irish Banks Plc

Allied Irish Banks Plc ("AIB") was originally incorporated in Ireland in 1966, as a result of the amalgamation of 3 long established Irish banks, and has since grown to become the largest Irish-based banking group based on market capitalisation at 31 December 2009. AIB and its subsidiaries conduct broad retail and commercial banking business in Ireland, Northern Ireland, and the UK, as well as a capital markets division, which comprises of Investment Banking, Asset Management, Corporate Banking, and Global Treasury Activities. AIB has established an international presence, with a 24.3% stake in M&T Bank, one of the top regional banks in the US, and also a 70.5% interest in Bank Zachodni WBK S.A, a Polish bank with more than 400 branches.

2009 was a very challenging year for AIB, as difficult economic conditions in Ireland and globally, as well as significant asset impairments, resulted in a material level of credit losses. There has been a long-running question mark over the banks solvency and it will need to raise significant amounts of new capital and this has led to fears the bank would be nationalised. In February 2009, AIB accepted €3.5bn from the Irish Government as part of the Bank Recapitalisation scheme, and in April 2009, the government announced the new National Asset Management Agency (NAMA), which is playing an important role in bolstering the financial health of the Irish financial system. NAMA is expected to transfer up to €90bn of impaired property-related loans from the balance sheets of the Irish banks to NAMA, with the hope that the banks will be in a position to once again resume lending, and more importantly, avoid full scale nationalisation. This process is yet to be completed, with the first tranche of loan transfers underway. AIB is widely expected to transfer approximately €24bn of loans to NAMA, at a discount in excess of 30%.

In 2009, AIB reported a net loss of €2.41bn, compared with net profits of €772m in 2008. Although revenue and net interest income fell, the bank cut costs. This led to a 9% increase in operating profits before provisions on the year. However, the reported net loss was caused by a surge in provisions from €182bn in 2008 to €5.36bn in 2009. €3.4bn of this is related to loans that have been identified for potential transfer to NAMA.

We have held this investment in the portfolio since the start of April 2009. The weighting of the stock has been adjusted several times, mostly as the size of the investment has increased, but for the portion of the holding retained in the portfolio from the start of April it has provided a total return in sterling terms of 34%.

Key statistics relating to this investment are given below:

For the year ended 31 December:	2009	2008	Change
Total Assets	€174bn	€182bn	-4.4%
Cost : Income Ratio	44.8%	46.5%	-1.7pp
Net Profit after Taxation	-€2.41bn	€772m	N/A
Earnings per Share	-€2.152	€0.834	N/A
Dividends per Share	-	€0.818	N/A
Dividend Cover	-	2.7x	
Return on Equity	-24.8%	8.2%	-33.0pp

4. MDM Bank

MDM Bank ("MDM") was the 13th largest bank in Russia in terms of assets, and was predominantly a corporate bank with a strong presence in Central and Western Russia. In August 2009 MDM bank merged with URSA Bank. URSA Bank was established in 1990 as Sibacadembank and had rapidly expanded through organic growth and acquisition to become one of the top 15 banks in Russia. It was the strongest regional bank in Siberia and the Urals which comprises 40% of Russian territory. The merger of the two banks elevated MDM to the third largest bank by market share amongst all the privately owned banks in Russia. It has a nationwide coverage, with a presence in 162 cities, through 352 branches and 2,000 ATMs.

In 2009 the focus has been on the integration of URSA into MDM. Originally MDM was predominantly a corporate bank and the merger with URSA has combined URSA's retail banking strength with MDM's strength in the corporate sector to provide a stronger more diversified bank. In addition, the banks had very little geographic overlap. The branch network integration was completed in 2009, with 16 administrative offices and 20 branches being closed. In 2010 the transition to a single banking IT platform will be completed and the new brand is being launched.

The Russian banking sector remains very fragmented and some of the very small Russian banks have encountered problems as a result of the sharp economic downturn. However MDM is a very well-capitalised bank. 2009 has been challenging in terms of asset quality. MDM bank has seen its non-performing loans rise to 15.3% of its portfolio by September 2009, primarily due to a contraction in its loan book as demand for loans from both businesses and individuals dried-up. However the bank has weathered the tough conditions from 2008 through 2009 well. In its most recent results for the nine months to September

2009 it reported a loss, due to the substantial amount of reserves it set aside against bad debts. The bank anticipates a return to profitability in 2010 as loan growth returns, bad loans ease and its post-merger cost savings come through.

We have held this stock in the portfolio throughout the Fund's financial year and the shares total return was 242% in sterling terms. The recovery of the share price of this stock has been rapid in 2009, from a very low base, supported by its attractive dividend yield. We have subsequently sold out of this holding completely.

Key statistics relating to this investment are given below:

For the year ended 31 December 2008 and 9 months ended 30 th September 2009. Combined bank results.	9 months 2009	2008	Change
Total Assets	Rouble 375.9bn	Rouble 537.4bn	-30.1%
Cost:Income Ratio	35.6%	44.8%	-9.2pp
Net Profit after Taxation	Rouble -6,142 m	Rouble 4,898 m	N/A
Earnings per Share	Rouble -1.71	Rouble 1.14	N/A
Dividends per Preferred Share	Not declared yet – expect same as 2008	Rouble 2.455	N/A
Dividend Cover	N/A	N/A	-
Return on Equity	-12.9%	7.2%*	-20.1pp

* Estimate for combined bank

5. Turkiye Is Bankasi

Turkiye Is Bankasi (Isbank), founded by President Ataturk in 1924, is now Turkey's largest private bank with TL113.2 billion of assets as of the end of 2009. It has the largest branch network, ending 2009 with 1078 branches, and the largest ATM coverage in Turkey. The major shareholders are Isbank's own private pension fund with a 41.5% stake, followed by The Republican People's Party (representing Ataturk's 28.1% stake). Free float represents just 30.4% of the bank's issued shares (60% of which are owned by foreign investors). Due to its wide branch network, Isbank has a strong retail banking presence in Turkey, with number one market share in domestic and foreign currency deposits, domestic currency loans, consumer loans, debit cards and mutual funds. Retail and small business lending together account for almost half of the bank's loan book (47%), with the remainder allocated towards corporate lending (44%) and credit cards (9%).

While not immune to the global financial crisis, Turkey weathered the storm relatively well in 2009. Turkish economic indicators are recovering well and the country has a relatively robust financial system, which has helped it receive a series of sovereign rating upgrades by the major credit rating agencies. Within the banking system, prudent credit policies and the income generated from securities portfolios in line with the fall in interest rates boosted banking sector profitability. In 2010, while margins are expected to contract, the recovery in economic activity is expected to continue and loan volume growth is expected to return to strong growth of circa 20% in this underleveraged market. From time-to-time political tensions remain an issue and tensions resurfaced again in February 2010, although for now the situation appears to be relatively well contained.

In 2009, Isbank reported net income of TL 2.4bn, up 57% year-on-year. Net interest income rose 35% year-on-year to TL 4.9bn, driving impressive 27% total revenue growth in 2009. At the same time operating costs declined 4%.

We have only held this stock in the portfolio for ten days and the shares total return was -2% in sterling terms in that short time.

Key statistics relating to this investment are given below:

For the year ended 31 December:	2009	2008	Change
Total Assets	TL 113.22bn	TL 97.55bn	+16.1%
Cost: Income Ratio	34.0%	45.2%	-11.2pp
Profits after Taxation	TL 2.37bn	TL 1.51bn	+57.0%
Earnings per Share	TL 0.0308	TL 0.0196	+57.1%
Dividends per Share	-	TL 0.007	N/A
Dividend Cover	-	2.8x	
Return on Equity	20.7%	15.1%	+5.6pp

Transactions

Over the year, sales of investments realised £102.6m and purchases totalled £97.4m.

Blue Planet Investment Management Ltd
22 April 2010

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the accounts unless they are satisfied that they 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 Act 2006. 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 that to the best of their knowledge that:

- The financial statements prepared in accordance with applicable UK accounting standards, give a true and fair view of the assets, liabilities, financial position and return of the Company; and
- The Directors' and Investment Manager's reports include a fair review of the development, performance and position of the Company together with a description of the principal risks and uncertainties that the Company faces.

On behalf of the Board

John Tyce

Chairman

22 April 2010

Income Statement

(incorporating the revenue account) for the year ending 28 February 2010	Notes	2010			2009		
		Revenue (£)	Capital (£)	Total (£)	Revenue (£)	Capital (£)	Total (£)
Capital gain/(losses) on investment							
Net realised losses		-	(4,233,428)	(4,233,428)	-	(11,320,044)	(11,320,044)
Unrealised gains/(losses)		-	9,091,171	9,091,171	-	(7,758,485)	(7,758,485)
Exchange gains		-	172,715	172,715	-	261,843	261,843
Net capital gains/(losses) on investments							
Income from investments	2	606,784	-	606,784	1,253,715	-	1,253,715
Bank interest receivable		17,903	-	17,903	138,551	-	138,551
Gross revenue and capital gain/(losses)							
Administrative expenses		(426,078)	(153,642)	(579,720)	(297,218)	64,691	(232,527)
Net return before interest payable and taxation							
Interest payable		(52,632)	(52,632)	(105,264)	(175,624)	(175,624)	(351,248)
Return on ordinary activities before taxation							
Taxation on return on ordinary activities		(61,588)	-	(61,588)	(66,867)	-	(66,867)
Return on ordinary activities after taxation							
Return per ordinary share	3	0.53p	30.07p	30.60p	5.22p	(115.93)p	(110.71)p

The Total column of the income statement represents the profit & loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations.

There were no recognised gains and losses other than those disclosed above. Accordingly a statement of total recognised gains and losses is not required.

Balance Sheet

		2010		2009	
As at 28 February 2010	Notes	(£)	(£)	(£)	(£)
Fixed assets					
Listed equity investments		3,100,227		3,689,681	
Listed non-equity investments		-		1,576,190	
			3,100,227		5,265,871
Current assets					
Debtors		1,975,854		322,859	
Cash at bank		12,484,252		6,337,318	
		14,460,106		6,660,177	
Creditors: amounts falling due within one year		(75,143)		(143,955)	
Net current assets			14,384,963		6,516,222
Total assets less current liabilities			17,485,190		11,782,093
Creditors: amounts falling due after more than one year			(4,700,000)		(3,388,908)
Net assets			12,785,190		8,393,185
Capital and reserves					
Called-up share capital			8,288,535		8,288,535
Share premium account			6,758,327		6,758,327
Other reserves					
Capital reserve – realised			(611,239)		3,865,910
Capital reserve – investment holding losses			(1,734,897)		(11,036,230)
Revenue reserve			84,464		516,643
Shareholders' funds			12,785,190		8,393,185
Net asset value per ordinary share	3		79.70p		52.32p

John Tyce
Chairman

22 April 2010

Reconciliation of Movements in Shareholders' Funds

For the year ended 28 February 2010	Share capital £	Share premium £	Capital reserve- realised £	Capital reserve- investment holding losses £	Revenue reserve £	Total shareholders' funds £
Shareholders' funds at 1 March 2009	8,288,535	6,758,327	3,865,910	(11,036,230)	516,643	8,393,185
Return on ordinary activities after taxation	-	-	(4,477,149)	9,301,333	84,389	4,908,573
Dividend paid during the period	-	-	-	-	(516,568)	(516,568)
Shareholders' funds at 28 February 2010	8,288,535	6,758,327	(611,239)	(1,734,897)	84,464	12,785,190

For the year ended 28 February 2009	Share capital £	Share premium £	Capital reserve- realised £	Capital reserve- investment holding losses £	Revenue reserve £	Total shareholders' funds £
Shareholders' funds at 1 March 2008	8,288,535	6,758,327	14,779,152	(3,021,853)	45,402	26,849,563
Return on ordinary activities after taxation	-	-	(10,913,242)	(8,014,377)	852,557	(18,075,062)
Purchase of treasury shares	-	-	-	-	(381,316)	(381,316)
Shareholders' funds at 28 February 2009	8,288,535	6,758,327	3,865,910	(11,036,230)	516,643	8,393,185

Cash Flow Statement

for the year ending 28 February 2010	2010	2009
(£)	(£)	(£)
Operating activities		
Investment income received	598,458	1,285,113
Interest received	15,262	138,551
Investment management and administration fees paid	(396,075)	(446,296)
Cash paid to and on behalf of Directors	(43,000)	(43,000)
VAT refund received	-	418,000
Other cash payments	(132,062)	(184,155)
Net cash inflow from operating activities	42,583	1,168,213
Servicing of finance		
Interest paid	(95,111)	(359,007)
Taxation		
Taxation recovered	11,278	6,551
Capital expenditure and financial investment		
Purchase of investments	(97,413,397)	(72,626,096)
Sale of investments	102,634,342	79,548,065
	5,220,945	6,921,969
Cash inflow before financing	5,179,695	7,737,726
Equity dividend paid	(516,568)	-
Management of liquid resources		
Cash placed on deposit	(16,004,696)	(14,120,862)
Cash withdrawn from deposit	12,164,598	14,098,158
	(3,840,098)	(22,704)
Financing		
Advance/(repayment) of loan	1,412,267	(2,605,071)
Purchase of treasury shares	-	(381,316)
	1,412,267	(2,986,387)
Increase in cash	2,235,296	4,728,635

Notes on the Accounts

1. The financial information set out in this announcement does not constitute the Company's statutory accounts for the years ended 28 February 2010 or 28 February 2009 but is derived from those accounts. Statutory accounts for 2009 have been delivered to the Registrar of Companies and those for 2010 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498 (2) or (3) Companies Act 2006.

The financial information set out in this announcement has been prepared on the basis of the accounting policies as stated in the previous year's financial statements, and are consistent with the current year's full financial statements which are yet to be published.

The Directors consider that the Company has adequate financial resources in the form of readily realisable listed securities, including cash of £12,484,000 and loan facilities to continue in operational existence for the foreseeable future. For this reason they continue to use the going concern basis in preparing the accounts.

2. Income from investments

	2010			2009		
	Franked (£)	Unfranked (£)	Total (£)	Franked (£)	Unfranked (£)	Total (£)
Dividends						
Listed investments – UK	68,318	-	68,318	5,165	-	5,165
- Overseas	-	494,423	494,423	-	785,935	785,935
Interest						
Listed investments - Overseas	-	44,043	44,043	-	462,615	462,615
Total	68,318	538,466	606,784	5,165	1,248,550	1,253,715

3. Return and Net Assets per ordinary share

	2010	2009
The return per ordinary share is based upon the following figures:		
Revenue return	£84,389	£852,557
Capital return		£(18,927,619)
	£4,824,184	
Weighted average number of ordinary shares in issue during the year	16,042,469	16,326,558

The net asset value per ordinary share is calculated on 16,042,469 (2009 – 16,042,469) being the number of ordinary shares in issue at the start and end of the year after deducting treasury shares.

4. Dividends

No interim dividend was declared in the year and no final dividend is proposed (2009 - 3.22p net).

5. Related Party Transactions

Directors' remuneration consisted solely of fees of £15,000 for the Chairman and £14,000 for each of the other two Directors serving during the year. Blue Planet Investment Management Ltd is employed by the Company as its Investment Manager under a management agreement which is terminable on two years' notice. The investment management fee in respect of each month was 0.125% of the total assets of the Company attributable to the shareholders on the last day of that month. The Company Secretary, Blue Planet Investment Advisers Ltd receives £100,000 p.a in respect of administration and secretarial services (increased from £75,000 from 1 April 2009). The total amount of dividends received by Directors of the Company during the year is £130,900.

6. Share capital

The Company holds 534,600 shares in treasury, these shares do not rank for dividend and are excluded from the calculation of net asset value and return per share. As at 28 February 2010 the Company had the authority to purchase further 1,951,400 shares. A resolution to renew this authority will be proposed at the Annual General Meeting