REGULATORY ANNOUNCEMENT

Blue Planet Financials Growth & Income Investment Trusts No 1-10 plc
Preliminary Announcement
for year ended 31 March 2010

Registered Numbers

Blue Planet Financials Growth and Income Investment Trust No 1 plc
(Registered Number 162796)
Blue Planet Financials Growth and Income Investment Trust No 2 plc
(Registered Number 162797)
Blue Planet Financials Growth and Income Investment Trust No 3 plc
(Registered Number 162798)
Blue Planet Financials Growth and Income Investment Trust No 4 plc
(Registered Number 162799)
Blue Planet Financials Growth and Income Investment Trust No 5 plc
(Registered Number 162800)
Blue Planet Financials Growth and Income Investment Trust No 6 plc
(Registered Number 162801)
Blue Planet Financials Growth and Income Investment Trust No 7 plc
(Registered Number 162802)
Blue Planet Financials Growth and Income Investment Trust No 8 plc
(Registered Number 162803)
Blue Planet Financials Growth and Income Investment Trust No 9 plc
(Registered Number 162804)
Blue Planet Financials Growth and Income Investment Trust No 10 plc
(Registered Number 162805)

The unedited full text of those parts of the Report and Accounts for the year ended 31 March 2010 which require to be published by DTR 4.1 is set out below.

Financial Record and Key Performance Indicators

As at 31 March	2010	2009	2008	2007	2006
Total assets less current liabilities (£'000)	2,592	1,987	6,058	6,402	5,827
Creditors > 1 year (£'000)	(811)	(915)	(2,569)	(1,925)	(1,923)
Shareholders' funds (£'000)	1,781	1,072	3,490	4,477	3,904
Net asset value per share (p)	13.03	7.85	25.56	32.86	28.76
Share price (p) – (Bid)	8.70	4.20	15.60	23.00	19.20
Discount (%)	33.2	46.5	39.0	30.0	33.2
Gearing (%)*	-	6.5	-	28.9	46.5
Year to 31 March	**2010**	**2009**	**2008**	**2007**	**2006**
Revenue available for shareholders (£'000)****	(53)	136	13	0	1
Revenue Return per share (p)	(0.38)	1.00	0.09	0.00	0.01
Proposed final dividend per share (net) (p) (note 6)	-	0.76	-	-	-
Dividend yield on our shares (%)	-	18.1	-	-	-
Dividend yield on Benchmark Index (%)	2.03	5.76	3.42	3.23	3.35
Expenses ratio – net basis (%) **	4.99	2.57	3.51	3.38	2.95
Expenses ratio – gross basis (%) ***	3.07	1.44	2.53	2.29	1.72

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 the average net asset value of the Company

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

**** 2009 Includes VAT recovered of £27,000

Portfolio Information

At 31 March 2010		Country Name	Valuation (£)	% of Portfolio 2010
Equities				
8,966	BP Global Financials-A Class	Eire	386,287	14.8
9,152	Australia & New Zealand Banking Group Limited	Australia	140,183	5.4
7,802	Westpac Banking Corporation	Australia	131,149	5.0
3,751	Commonwealth Bank of Australia	Australia	127,489	4.9
535	Zurich Financial Services AG	Switzerland	90,523	3.5
236,088	PT Bank Mandiri	Indonesia	89,738	3.5
49,522	Asya Katilim Bankasi A.S.	Turkey	86,662	3.3
17,658	Turkyie Halk Bankasi A.S.	Turkey	83,372	3.2
138,806	PT Bank Rakyat Indonesia	Indonesia	82,910	3.2
30	Bank of Cyprus Ltd	Cyprus	125	0.0
57	Turkiye Is Bankasi	Turkey	122	0.0
110	Allied Irish Banks Plc	Eire	117	0.0
36	Turkiye Garanti Bankasi A.S.	Turkey	110	0.0
3	Credit Suisse	Switzerland	102	0.0
2	BNP Paribas	France	101	0.0
5	Banco Bradesco SA ADR	Brazil	61	0.0
Listed Investments			1,219,051	46.8
Cash			1,385,259	53.2
Total			2,604,310	100.0

At 31 March 2010 the portfolio yield, as reported to the Association of Investment Companies, was 1.35% (2009 – 12.09%).

Classification of Investments

At 31 March 2010	Banks	Investment Companies	Other Finance	Cash	Total 2010	Total 2009
	%	%	%	%	%	%
United Kingdom	-	-	-	38.7	38.7	16.0
Australia	15.3	-	-	0.0	15.3	-
Eire	-	14.8	-	-	14.8	18.4
Canada	-	-	-	14.5	14.5	-
Indonesia	6.7	-	-	-	6.7	-
Turkey	6.5	-	-	-	6.5	-
Switzerland	3.5	-	-	-	3.5	0.0
Cyprus	0.0	-	-	-	0.0	-
France	0.0	-	-	-	0.0	0.0
Brazil	0.0	-	-	-	0.0	0.6
Poland	-	-	-	0.0	0.0	-
Norway	-	-	-	0.0	0.0	6.9
Russia	-	-	-	-	-	22.6
Rest of Europe	-	-	-	-	-	11.0
India	-	-	-	-	-	8.6
United States	-	-	-	-	-	7.0
Australia	-	-	-	-	-	5.0
Ukraine	-	-	-	-	-	2.8
Spain	-	-	-	-	-	1.1
Italy	-	-	-	-	-	0.0
Greece	-	-	-	-	-	0.0
Totals 2010	32.0	14.8	-	53.2	100.0	100.0
Totals 2009	40.9	18.4	0.9	39.8	-	100.0
Benchmark*	66.3	5.6	28.1	-	100.0	-

*Our benchmark is the Bloomberg World Financial Index (sterling denominated).

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. In the year to 31 March 2010 the undiluted NAV of the Fund has made a total return of 75.4%, rising to a value of 13.03p per share, or 130.3p per Share Unit. Our performance benchmark, the Bloomberg Worldwide Financials Index in Sterling terms made a return of 60.1%. The price of the Share Unit of your Fund has risen 107.1% over the year and ended March 2009 at a bid price of 87.0p a Share Unit. Including the year’s dividend of 7.6p per Share Unit, the total return of the shares over the past year is 129.6%. It is pleasing to be able to report a return to outperformance of the Fund’s benchmark, even though the share price remains at a very wide discount to NAV of 33.2%.

As we said in the Interim Report in September 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 financial numbers reported 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 that the sustainability of the global economy’s recovery is a key theme for 2010. There is a widening gap opening up between Europe, where recovery is slow, and many emerging markets, Asia and the Americas which are pulling strongly out of recession. Secondly, in the financial sector, there 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 became more cautious in 2010, with a cut back in the equity holdings and a reduction in 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 the share prices of global equities. Currently economists and market commentators have been focusing on the Euro countries 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. The new government will need to administer some strong fiscal medicine. For this reason we are very bearish on the prospects for the UK economy, sterling and financial companies in the UK. Generally our cash reserves are held in other currencies, in particular currencies of commodity-rich countries.

Share Trading

From time to time we receive investor queries regarding the wide bid-offer spread (the difference between the price at which shares may be sold or bought), particularly for the Blue Planet Financials Growth and Income Investment Trust Number 1. Although the Blue Planet Growth and Income Investment Trusts numbers 1 through to 10 are each separate legal entities, to all intents and purposes each is an identical company. The Blue Planet Financials Growth and Income Share Unit was created to trade the shares in the ten trusts as one unit. The volume of trading in the Financials Growth and Income Share Unit (Ticker: BPFU) is considerably higher than for any of the individual trusts and historically the spread on the Unit has been much narrower than that of the No.1 Trust's shares. In other words, it has been significantly easier to buy or sell the Share Unit and this has been accomplished at keener prices.

Portfolio

We have ended this financial year with a similar level of equity investments to that at the start of the year. The exposure is less than 50% of the portfolio. At the year end the funds not in equities were being held in cash deposits. These deposits have generally been in currencies other than sterling; ones we expect to appreciate the most against sterling as it falls. However the cash was moved back to sterling during March as sterling staged a temporary rebound. For the majority of the year the Fund was substantially invested in equities. At the end of the interim period the portfolio was invested 98% in equities. However, as highlighted above, since the start of 2010 there has been a return to a defensively positioned portfolio. Figure 1 shows the movement in 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	**Mar-2010** %	**Mar-2009** %
Cash	53.2	39.8
Equities	46.8	48.8
Bonds	-	11.4

Figure 2 Portfolio movements 2009 to 2010 – by geography

Country	**Mar-2010** %	**Mar-2009** %
UK	38.7	16.0
Australia	15.3	5.0
Republic of Ireland	14.8	18.4
Canada	14.5	0.0
Indonesia	6.7	0.0
Turkey	6.5	0.0
Switzerland	3.5	0.0
Russia	0.0	22.6
Other Europe	0.0	19.0
India	0.0	8.6
USA	0.0	7.0
Ukraine	0.0	2.8
Brazil	0.0	0.6

The Fund had substantial cash deposits at the year end. With the UK's precarious fiscal position and chronically weak economic recovery weighing on sterling, the money had been placed on a short-term basis in currencies of better managed countries. Just prior to the year end the cash that had been held in Australian, Canadian and US dollars and Swiss francs was converted back to sterling, some of the Canadian dollars that were in the process of being converted to sterling remained in the portfolio. These currencies had been 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 during March and had therefore positively impacted the NAV. Further investments in equities have been made subsequent to the year end, particularly in the US, although cash holdings remain.

The largest location for equity investments at the year end was Australia. Australia has emerged strongly from the global financial crisis. It is a resource rich economy and Australia benefits from strong demand from its Asian neighbours. Australia had already increased interest rates six times as the recovery in its economy gathers speed, and will continue to raise them further. The Central Bank in Australia is forecasting GDP growth of 3.25% in 2010 and 3.5% in 2011. The Australian banks' profits before provisioning were robust through 2009, although high levels of provisioning detracted from earnings. In 2010, as impairments recede and loan growth returns the banks' profitability should increase again and they will maintain their circa five percent dividend yields. The strength of the banks should be supported by the continued strength of the Australian dollar, which is in demand as a high yielding currency amongst its international peers. Your Fund has made investments in Australia and New Zealand Banking Group, Westpac Banking Corporation and Commonwealth Bank of Australia.

At the year end the Fund held one investment in the Republic of Ireland - 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.

Your Fund first invested in Indonesian banks in July 2009. The Indonesian economy had the third strongest GDP growth in Asia in 2009 of 4.6%, behind only China and India. The country has low levels of banking penetration and its banks are well-capitalised with strong provisioning in place and are highly profitable. Political instability has been an issue in Indonesia in the past, but the re-election of Susilo Bambang Yudhoyono for a second five year term as president in 2009 has subsequently calmed political concerns. As many investors turn to the stronger economies in Asia for investment opportunities the share prices of the Indonesian banks have risen, which has benefitted your Fund's NAV, however it does also mean that the valuations of the Indonesian banks have risen quite sharply.

The Fund has been invested in Turkish banks throughout most of the past year. 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, although political instability remains an issue. The Fund was invested in Asya Katilim Bankasi and Turkiye Halk Bankasi at the year end.

The Fund no longer has exposure to Russia or India. The Russian bonds were sold early in 2009 and the long-term equity investments in Russia, MDM Bank (formerly URSA bank) and Vozrozhdenie have been 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. The fund has also sold out of all of its Indian bank holdings in February 2010. The Fund has been invested in India since 2007 and made good profits on Indian banks. However the Indian economy is currently suffering from a high budget deficit, debt issuance will be high this year and, inflation is rising sharply. The government is reining in its previous highly accommodative fiscal stance to bring its economy back on track. India remains a country in which we will potentially reinvest once we see it has a clear path through its current difficulties, as it remains a strong economy. It reported GDP growth of 6.0% year-on-year in the most recently reported quarter, to December 2009, and has plenty of room for growth in its under-penetrated banking market.

The exposure to European stocks is currently very low and we expect it to remain that way whilst fiscal concerns remain at the fore in Europe. The uncertainty over Greece's ability to work its way out from under its fiscal deficit and the escalating level of support it is needing from both the European Union and the International Monetary Fund is causing the euro currency to weaken and the spotlight to turn on other EU countries with weak fiscal positions, such as Portugal, Spain, Italy and Ireland.

The Fund began investing in US financial companies just before last year's March 2009 year end and maintained profitable investments in the US through most of 2009, selling down the holdings in November and December as we refocused on our more familiar theme of emerging market banks. We made a brief, and unsuccessful, reinvestment in US stocks during their full year 2009 reporting season in January 2010, expecting to capture a rally in the US stocks as good financial results were posted. However regulatory concerns saw US financial stocks fall in value rather than rise and the positions were sold. Since the year end the fund has reinvested in US stocks, as first quarter 2010 results from US financial companies appear to show that the credit cycle has turned and bad debts are waning, and as US employment seems set for a recovery and the US economy continues to rebound in 2010.

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

Our Warrants

The price of our warrants fell by 20.0% over the year to a bid price of £1.60 for the Warrant Unit on the 31 March 2010. Shareholders can view the warrant price on the website of Blue Planet Investment Management (www.blueplanet.eu). The warrants are exercisable on 31 July or, if later, 30 days after the distribution of the Annual Report and Accounts. 2010 is the final year in which the warrants may be exercised. After the exercise period this year has expired the warrants will no longer be valid and will no longer have any value attached to them. Each warrant costs £1 to exercise and will entitle the holder to 10 shares in the corresponding Growth and Income Trust. In a similar fashion to the shares, considering the warrant in terms of a Unit, where a Unit represents one warrant in each of the trusts numbered 1 through to 10, then each Warrant Unit confers the right to subscribe for 10 Financials Growth & Income Share Units at a price of £10.

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 very much reduced income has continued throughout the remainder of the year. Last year a dividend of 7.6p per Share Unit 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 is only a fraction of what it was the previous year.

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 this 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.

Borrowing, Gearing and Liquidity

The Fund ended the year with no gearing, after starting the year 6.5% geared. During the year gearing net of cash deposits rose close to its maximum level of 50% as the Fund increased its exposure to equities and benefitted from the strong rises in financial stocks. 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 Fund has access to a fixed £750,000, unsecured sterling loan and a multi-currency unsecured, revolving loan facility of £1.75m, per trust until 2012. Only the sterling loan, which is a fixed loan and would incur breakage fees if repaid, was drawn down at the year end. The multi-currency loan is available to be drawn when market conditions are right to increase the levels of gearing in the Fund once 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 "BPFU" 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. The first quarter 2010 reporting season, which is underway, has seen some very positive results, especially from banks, where it appears the credit cycle has passed its low point. However US housing and consumer confidence have been weak spots. Worldwide GDP growth estimates for the next two years are being revised up. In April 2010 the International Monetary Fund revised its global growth outlook for 2010 to 4.25%, up from the 3.9% it forecast in January 2010, which was already up three-quarters of a percent from their estimate published in October 2009. But a gap is widening between the emerging markets which are strongly pulling 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 and EU, and even the US, are 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 to junk level 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 over-leveraged 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, with fourth quarter 2009 GDP growing 0.4% and the first quarter 2010 GDP growth being 0.2%. Credible plans for eliminating the deficit are delayed as the new government takes over. 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 the better managed economies, in particular emerging market countries that have under-leveraged banking sectors, as well as selected recovery stocks. 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 to the Fund's year end. We intend to reinvest when the strong economies dominate sentiment, sparking market rallies. April saw an instance of this, as US financial stocks were propelled higher by significant improvements in first quarter 2010 results at these companies. We hold the majority of our assets in currencies other than sterling, due to its vulnerability.

We were sad to announce the retirement from the Board of Directors of Dr Michael Shea at last year's AGM. It is with even greater sadness that we have to report that Dr Shea died on the 17 October 2009. We all feel his loss keenly, but were pleased to make a donation on behalf of the Company to the Michael Shea Bursary Schola Cantorum of Edinburgh, set up in his memory. A new Director, Glenn Cooper, joined the board in October 2009. An experienced corporate financier, Mr Cooper has sat on the boards of a number of listed companies both in the UK and abroad.

I thank you for your continuing support and look forward to welcoming you to the Annual General Meeting on the 3 August 2010.

Victoria Killay
Chairman
27 May 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 75.4% over the year, compared to a return of 60.1% by the Fund's benchmark index in sterling terms. As the discount to NAV of the Share Unit price narrowed from 46.5% to 33.2% the Trust's Share Unit price made a return of 129.6%. This past year has been one of strong recovery in the Fund's share price and NAV, and we are pleased that the Fund has returned to outperforming its benchmark index over the past year, although that outperformance was achieved in the first half of the Fund's financial year, and performance has been rather weaker in the second half of the year. The volatility of the market has made consistency of returns very difficult to achieve, but it is our intention to anticipate market events using our economic analysis and either position the portfolio defensively or increase investments when we consider it appropriate to do so, in an attempt to hold onto, and further extend the NAV gains of the past year.

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 change of government is delaying any serious plans to tackle the deficit, which is largely structural in nature. For this reason cash holdings generally have been held in currencies other than sterling, although a switch back to sterling was made at the year end as sterling rallied off its lows. The deposits held in other currencies appreciated in value as sterling fell. The performance relative to sterling of the currencies remaining in the portfolio at the year end is described in the section on currency below.

Geographically, Australia is our largest equity investment location. In February 2010 we made investments in three Australian banks. The Australian economy has made a rapid turnaround from its downturn. The growth in its neighbouring Asian markets, where high levels of infrastructure spending consume a lot of commodities and energy, benefits Australia which is a resource-rich country. Interest rates in Australia rose to 4.5% in May 2010. They have been rising rapidly in 2010, and expectations are for rates to be at least 4.75% by the year end. House prices have recovered in recent months, rising 11.8% in the year through to January 2010, and unemployment has not risen to the same levels it has in many other countries – the most recent figure for unemployment in Australia was 5.4% in April 2010, almost half the jobless rates in the US and the EU. The rising employment levels will help boost tax revenue and lower welfare spending in Australia, which will help return Australia's budget to surplus. The government project a return to a surplus in six years time. GDP grew at 2.7% year on year in the three months to end December 2009. The Central Bank in Australia is forecasting GDP growth of 3.25% in 2010 and 3.5% in 2011. Earnings fell in 2009 at Australian banks, as strong revenue growth was more than offset by higher provisioning for potential bad loans. For the banks we are invested in, profits reported in interim statements are showing a return to growth in 2010, as margins increase, provisioning levels fall and loan growth resumes. The Australian banks, due to their solid capital base and profitability have maintained dividends throughout the economic downturn. The banks each provide a dividend yield of around 5%. The strength of the banks should be supported by the continued strength of the Australian dollar, which is a high yielding currency amongst its international peers which is fuelling demand and pushing the currency higher. Your Fund has made investments in Australia and New Zealand Banking Group, Westpac Banking Corporation and Commonwealth Bank of Australia.

The investment in the Republic of Ireland is in the Blue Planet's Global Financials Fund, listed in Dublin. 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.

Following the re-election of Susilo Bambang Yudhoyono for a second five year term as president in your Fund invested in Indonesian banks in July 2009. The country weathered the economic crisis well. Indonesia did not fall into recession in 2009, but maintained a strong GDP growth rate of 4.6%, and most of its banks, which are well capitalised and have high provisioning requirements since the experiences of the Asian crisis, continued to grow in profitability in 2009. The government is investing in infrastructure in Indonesia. Core inflation in Indonesia is below 4% and since the country is not experiencing inflationary pressures like India, or even Australia, it is expected to maintain interest rates at a record low for the country of 6.5%. This will further boost development in the country and increase demand for bank loans. Loan growth of 15% to 20% is anticipated for 2010. There is plenty of scope for loan growth, in a country where consumer debt to GDP ended 2008 at 7.4% and the loan-to-GDP ratio was only 26%. We anticipate that 2010 will be another very profitable year for Indonesian banks. At the year end we had investments in Bank Mandiri and Bank Rakyat Indonesia.

The Fund has held investments in Turkish banks throughout most of the last year. 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. Your Fund was invested in Asya Katilim Bankasi and Turkiye Halk Bankasi at the year end.

For much of the year the Company was fully invested in equities, but since the start of 2010 the portfolio has been repositioned more defensively, as we cut investment exposure in some of the countries in which we had held long-term investments. The Fund is not currently invested in either Russia or India. 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.

Your Fund had been invested in banks in India for the past three years. The country has been growing rapidly. Amongst the Asian economies its growth rate is only second to China's. The Indian government, like many other countries, has seen its fiscal deficit rise, as it has provided stimulus measures to support the economy in 2009. Its budget deficit has now reached a 16-year high and the Central Bank is currently tightening monetary policy and raising interest rates to combat a sharp increase in inflation. In the shorter term this is not good for the banks. They have seen their cash reserve requirements rise from 5.0% to 5.75% in January 2010 and more is expected. The bonds held as part of the banks overall statutory liquidity requirement are currently falling in value as inflation in India rises rather rapidly to over 8% and it is anticipated that this will lead to quite steep interest rate rises. As a consequence of the drought in the monsoon season in June to September 2009 agricultural non-performing loans have also risen sharply. The Indian banking market remains very under penetrated with ratios of consumer loans and mortgages to GDP lower than most of the other Asian economies and as the economic outlook stabilises it is a country we are likely to invest in again.

Investments in Europe have also been cutback. The fiscal crisis in Greece is defying the EU's efforts to stem the problem and concern has spread rapidly to other EU member states over which there are fiscal deficit concerns. Solving the Greek issue is a tough problem for Greece and for the EU. The IMF has been called in to support the bailout of Greece, but although the amount of money to be extended to Greece has grown considerably, the market is clearly concerned that these measures are inadequate. Although some European financial stocks are now on very low valuations again, we have considered it too early to get re-involved in any of the EU countries as yet.

The Fund was invested in US financial stocks through most of 2009 and benefitted from their sharp appreciation in value. By December 2009 we had sold all of our US stocks as we refocused on our more familiar theme of emerging market banks. A trading position in some of the major US financial stocks was put in place at the start of January 2009 to capture an anticipated rally during the fourth quarter 2009 results reporting season starting in mid-January. However, despite the majority of financial firms producing results better than analysts had predicted, and a very positive 5.6% GDP growth rate in the US in the final quarter of 2009, these positives were outweighed by concerns over a proposed "investment banking" financial tax and changes to banking rules proposed by President Obama. The positions were subsequently sold. Since the year end the fund has reinvested in US stocks, as the US economic recovery moves up a gear. Production is increasing and is providing a pent-up demand for hiring and a jobs recovery is in sight. Household spending in the US posted the strongest gains in 3 years in the GDP figure first quarter of 2010, which at 3.2% was below the 5.6% for the fourth quarter of 2009, but still shows a strong pull out of recession. US banks have been showing encouraging signs of the credit cycle turning as credit pressures moderate and revenues display strong resiliency in their first quarter of 2010 financial results. This has led to significant upward revisions to profit estimates for 2010 as a whole.

Currency

The fund is exposed to a range of currencies. At the year end the portfolio had large cash holdings, some in the Canadian dollar. The table below shows the percentage of the portfolio holdings in each currency 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 total portfolio in currency	Appreciation/depreciation against £ for the length of time the currency has been held in the portfolio
Australian Dollar	15.3%	+5.1%
Euro	14.8%	+1.1%
Canadian Dollar	14.5%	+1.0%
Indonesian Rupiah	6.7%	+5.0%
Turkish Lira	6.5%	-1.0%
Swiss Franc	3.5%	+0.6%

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 only the Turkish lira currency movement was unfavourable to the Fund. The holdings in all but the Euro currency were of quite short duration at the year end, but had made a positive contribution to the Fund, as sterling fell sharply at the end of February and into March. With the UK fiscal position and the uncertainty over the effectiveness of the new government we expect sterling to remain weak.

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 financials 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.

A full analysis of all the risks is provided in Note 18 to the Accounts.

Factors Affecting the Company Going Forward

Clearly a continuation of the recovery from the global economic recession should 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. If sentiment turns negative then equities will weaken again. 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 10 Investments at year end

1. Cash

Our largest holding at the year end was in cash. As explained above, many of the equity holdings were sold at the beginning of 2010. The proceeds were held in cash in currencies of countries with stronger economic prospects that the UK. In particular the Australian, Canadian and the US dollar were used for depositing cash. This strategy was very successful in February and March, when sterling depreciated sharply against these currencies. Towards the end of

March the cash was returned to sterling, and only a small amount of Canadian dollars that were in the process of being returned to sterling were in another currency. Subsequently additional equity investments have been made, particularly in the US, for the reasons described above.

2. Blue Planet Global Financials

The Blue Planet Global Financials Fund ("BP Global") 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's 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 fallen 0.6% to end March 2010 with the NAV at €48.361. 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 BP Global and the investment we hold across all ten of the Trusts represents 43% of the total investments in the BP Global.

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

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%
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%

3. Australia & New Zealand Banking Group

Australia and New Zealand Banking Group ("ANZ") is a publicly listed company and one of the top 4 banks in Australia by assets. It has its headquarters in Melbourne. It has been in existence for over 170 years and provides banking services to more than 5.7 million retail customers. The bank's loan portfolio is 53% mortgages, 42% commercial loans and 5% cards and other loans as of the end of its 2009 financial year. The bank has been restructuring its business over the past few years to increase the contribution from its Asia Pacific businesses, where it has been expanding both organically and through acquisitions, to bring the contribution of this region up to around 20% of its earnings by 2012. It aims for a further 20% of its profits to come from New Zealand, where it is the largest bank, and 60% from Australia. Recently the bank has bought Asian assets from the Royal Bank of Scotland.

ANZ is well capitalised following an institutional share placement in May 2009 and a share purchase plan for retail investors in July 2009. The bank has a strong balance sheet and good provisioning. ANZ Bank reports full year results at the end of September. In the financial year to 30 September 2009, the bank reported an 11% fall in profits, which equated to a 23% fall in earnings per share. Although net interest income increased 25%, it was more than offset by a 54% increase in provisioning. The bank has just released its half year results to the end of March 2010. Earnings per share increased 15% year-on-year as operating income increased and less money was put aside for provisions. The bank sees opportunities for additional growth in its business in 2010 and has plans to expand further in Asian economies where it expects to GDP to grow on average by almost 8%, compared to Australia where it anticipates over 3% GDP growth in 2010. It is currently interested in acquiring a 51% stake in Korea Exchange Bank.

We have only held this stock in the portfolio since the middle of February, but it has already made a 21% return in sterling terms. Its 15% return in Australian dollar terms has been boosted by the strength of the Australian currency relative to sterling. Continued strong financial performance should see the bank's share price remain strong and the bank also provides an attractive dividend yield.

Key statistics relating to this investment are given below:

For the year ended 30 September	2009	2008	Change
Total Assets	A$ 477bn	A$ 470bn	+1.5%
Cost: Income Ratio	45.7%	46.8%	-1.1pp
Net Profit after Taxation	A$ 2,943m	A$ 3,319m	-11.3%
Earnings per Share	A$ 1.31	A$ 1.70	-22.9%
Dividends per Share	A$ 1.02	A$ 1.36	-25.0%
Dividend Cover	1.3x	1.25x	-
Return on Equity	10.3%	14.5%	-4.2pp

4. Westpac Banking Corporation

Westpac Banking Corporation ("Westpac") is Australia's oldest bank. It began trading in 1817 as the Bank of New South Wales. After it merged with Commercial Bank of Australia in 1982, it changed its name to Westpac Banking Corporation. The bank has a strong presence in consumer, commercial, institutional and wealth segments. In December 2008 it merged with St George's Bank, which had its roots as a building society in New South Wales. This increased the number of customers of the bank by 40% and led to it becoming the second largest bank in Australia in terms of numbers of customers. It operates a leading banking franchise in both Australia and New Zealand and operates in the near Pacific region and serves around 10 million customers.

Westpac derived 94% of its profit from Australia in 2009. The bank is focusing on growing its mortgage business, and now has 27% market share. House prices are rising in Australia and the resurgence in building approvals in Australia, which has brought the levels back to pre-crisis highs, looks positive for demand for new mortgages.

Westpac reports full year results at the end of September. In the financial year to 30 September 2009, the bank reported an 11% fall in profits and a 39% fall in earnings per share due to the St George's merger and capital raising. Revenues grew 13%, as deposits grew 17% and mortgages also grew 17% year-on-year. However profits were curtailed by a significant growth in provisions, as asset quality deteriorated. The bank has now issued half-yearly results up to the 31 March 2010. In this period profits increased 32% compared to the prior year. The banks higher funding costs and reductions in fees to customers squeezed income, but the stabilisation in bad debts meant provisions were lower and boosted profits.

We have held this investment since the middle of February 2010 and the bank has made a very strong return of 15% in sterling terms, in its six weeks in the portfolio. The share price strength has been compounded by the strength of sterling relative to the Australian dollar. We anticipate continued strong financial performance from this bank, which should support the stock, as should its attractive dividend yield.

Key statistics relating to this investment are given below:

For the year ended 30 September	2009	2008	Change
Total Assets	A$ 590bn	A$ 440bn	+34.1%
Cost: Income Ratio	43.4%	47.0%	-3.6pp
Net Profit after Taxation	A$ 3,446m	A$ 3,859m	-10.7%
Earnings per Share	A$ 1.25	A$ 2.06	-39.3%
Dividends per Share	A$ 1.16	A$ 1.42	-18.3%
Dividend Cover	1.1x	1.5x	-
Return on Equity	10.8%	23.1%	-12.3pp

5. Commonwealth Bank Australia

Commonwealth Bank of Australia ("CBA") has grown, since its inception in 1911, to become Australia's largest retail bank. The bank became a public company in 1991, but remained partly government owned until it was fully privatised in 1996. The CBA's core businesses are retail, business and institutional banking services and it is also a major participant in Australia's wealth management sector. The bank raised capital to complete the acquisition of Bankwest and St Andrews in October 2008, and raised further capital through an ordinary share issue in December 2008.The bank has an International Financial Services division which is developing the bank's Asia-Pacific business. The bank is represented in 13 Asian countries, with key markets being Indonesia, China, Vietnam and India.

Commonwealth Bank has reported resilient results through the global economic downturn and has been focusing on improving market share in key product areas. The bank is currently investing in new technology to upgrade its core banking system to increase efficiency. Its annual reports are issued at the end of June each year. In the financial year to 30 June 2009 the bank reported a 1% fall in profits, as a 21% increase in net interest income, was offset by a significant rise in provisioning costs. In its interim report to the 31 December 2009 profits increased 36% on the same period a year ago. This was driven by a 19% increase in net interest income and a tight control of costs, which only increased 1%. Loan provisions fell as the formation of new non-performing loans slowed. The bank believes it is well-positioned to improve its financial results further through 2010.

This investment has been in place since the middle of February 2010. In its six weeks in the portfolio this stock has made a 12% return in sterling terms.

Key statistics relating to this investment are given below:

For the year ended 30 June	2009	2008	Change
Total Assets	A$ 620bn	A$ 488bn	+27.0%
Cost: Income Ratio	45.4%	48.9%	-3.4pp
Net Profit after Taxation	A$ 4,723m	A$4,791 m	-1.4%
Earnings per Share	A$ 3.285	A$ 3.630	-9.5%
Dividends per Share	A$ 2.28	A$ 2.66	-14.3%
Dividend Cover	1.4x	1.4x	-

Return on Equity	15.8%	20.4%	-4.6pp

6. Zurich Financial Services Group AG

Zurich Financial Services Group ("Zurich") is an insurance-based financial services provider. It was founded in 1872 and is headquartered in Zurich in Switzerland. It has a global network and now serves customers in over 170 countries, with its core markets being Europe and North America, with strengthening positions in Asia and the emerging markets. The company has three principal divisions, General Insurance, Global Life Insurance and Farmers. Farmers is the third-largest personal property and casualty insurer in the United States.

Zurich is a well-capitalised insurer with a strong balance sheet. It is making use of releases from prudent reserves built up over the last decade, which have stood it in good stead in the last two, much tougher, years and the company says that these reserve releases will remain stable going forward, i.e they have not exhausted them to smooth over the bad times. The company increased profits by 6% in 2009. It says that it has been able to increase pricing and there should be more benefit from this through 2010. It also raised its dividend significantly, as Zurich remain confident that it can maintain a high level of solvency and build profitability going forward. This insurer is on a modest valuation for a company that has very solid prospects and a very attractive dividend yield of around 7%. Zurich have just reported quarterly results to the 31 March 2010. Net income increased 76% from a year ago, as total business volumes increased 11%.

The stock was only purchased the day prior to the Fund's year end. We hope that the company's sound financial position will support the stock price going forward and the high dividend yield is very attractive.

Key statistics relating to this investment are given below:

For the year ended 31 December:	2009	2008	Change
Total Assets	$368.9bn	$327.9bn	+12.5%
Net Profit after Taxation	$3,215m	$3,039m	+5.8%
Earnings per Share	CHF 24.21	CHF 23.35	+3.7%
Dividends per Share	CHF 16.0	CHF 11.0	+45.5%
Dividend Cover	1.5x	2.1x	
Return on Equity	12.6%	12.1%	+0.5pp

7. Bank Mandiri Persero

Bank Mandiri Persero ("Mandiri") was formed in 1998 in the midst of the Asian financial crisis out of the merger of four smaller banks as part of the government restructuring exercise. Mandiri is majority state-owned bank and is the largest bank in Indonesia in terms of assets. 20% of the bank was privatised in an initial public offering in 2003 and a further 10% in 2004. By 2005 the bank was struggling with spiraling bad loans. The government changed the bank's management in 2005 and the bank has improved its financial performance since that time and has a 5 year plan in place to turn the bank around that runs until 2010. The bank is seeking to make its growth more balanced – less dependent on the large corporates – and improving non-performing loans. The bank has more than 1,000 branches and 22,000 employees. The bank bought a 51% stake in Tunas Finance at the end of 2008 to enter into the high-growth vehicle finance market.

Mandiri has been successfully diversifying its business model into the higher yielding consumer and micro-financing areas and has been increasing the quality of its loan book. Indonesia is an under-leverage and under-banked economy and has a great deal of potential for expansion. In 2008 loan growth was at 31%, falling back to 10% in 2009. It is expected to accelerate again in 2010, and the country has several years of 20% plus loan growth ahead of it before the loans-to-GDP ratio catches up with that of some of its Asian neighbours.

The bank reported a 35% increase in profits in 2009. Loans grew 14% in 2009 and deposits grew 11%. Non-performing loans fell sharply from 4.7% at the end of 2008 to 2.8% at the end of 2009. The bank has recently reported results for the first quarter of 2010. Profits grew 43% year-on-year in this latest quarter, as personnel costs increased, but provisioning fell. Non-performing loans improved again to 2.4%. Loans were growing at 14% and deposits 15% year-on-year in the first quarter. For the full year 2010 the bank anticipates loan growth of 15% to 18%. Fee income is modest at Indonesian banks and Mandiri have a focus on developing this. They expect fee income to outstrip loan growth. The bank is planning a rights issue, probably in 2011, to increase its capacity to grow its loan book.

We held this stock from July 2009 through into 2010. We sold the holding in January 2010, at a profit, as we cut back on equity exposures. During February 2010 we reinvested in this stock due to the strength of the Indonesian economy. In the stock's six weeks in the portfolio it has made an impressive 26% return in sterling terms as the bank reported strong financial results for 2009.

Key statistics relating to this investment are given below:

For the year ended 31 December:	2009	2008	Change
Total Assets	IDR 394,617bn	IDR 358,439bn	+10.1%
Cost: Income Ratio	40.2%	42.3%	--2.1%

Net Profit after Taxation	IDR 7,155bn	IDR 5,313bn	+34.7%
Earnings per Share	IDR 341	IDR 254	+34.3%
Dividends per Share	IDR 119	IDR 89	+33.7%
Dividend Cover	2.9x	2.9x	-
Return on Equity	22.1%	18.1%	+4.0pp

8. Asya Katilim Bankasi AS

Asya Katilim Bankasi ("Asya"), founded in 1996, is Turkey's largest participation bank with 11.6 billion Turkish lira of assets as of the end of 2009. As a participation bank, Asya specialises in interest-free (Islamic) banking and has a strategic focus on trade finance and small/medium enterprises. Despite its relatively small size and niche positioning within the Turkish banking sector, the bank is strategically well-placed for any macro recovery in Turkey.

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 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, Asya reported net income of 301m Turkish lira, up 22% year-on-year. 'Net profit-share income' which equates to net interest income rose 20% year-on-year, driving impressive 23% total revenue growth in 2009, as operating costs increased 18%, due to staffing costs increases. The return on equity declined from 23% to 19% due to margin compression in 2009. In 2010 Asya expect the margins to reverse this trend and improve as loan growth also increases.

We held this stock through the autumn of 2009 and into 2010 and sold the stock in January 2010 at a profit as we cut back on investments and as political uncertainty increased in Turkey. We re-purchased a holding in this stock towards the end of March. In its few days in the portfolio the shares made a return of -3%. We would hope to see this trend reverse as the Turkish banks report strong financial numbers in 2010.

Key statistics relating to this investment are given below:

For the year ended 31 December:	2009	2008	Change
Total Assets	TL 11.61bm	TL 8.11bn	+43.2%
Cost: Income Ratio	46.0%	45.0%	+1.0pp
Profits after Taxation	TL 301m	TL 247m	+21.9%
Earnings per Share	TL 0.33	TL 0.33	0.0%
Dividends per Share	-	-	-
Dividend Cover	-	-	-
Return on Equity	19.0%	23.0%	-4.0pp

9. Turkiye Halk Bankasi

Turkiye Halk Bankasi ("Halkbank") is Turkey's seventh largest bank by assets at the end of 2009, and is majority owned by the state. The bank's operations consist of banking, brokerage, and insurance services, with a strong focus on small/medium enterprise banking, 38% of its loan book is dedicated to this segment. The bank also has a very strong and stable deposit base, with a growing branch network of 688 branches, and impressive new customer growth in 2009.

In 2010, while margins at larger banks, including Halkbank, are expected to contract, the recovery in economic activity is expected to continue and loan volume growth is expected to remain strong. In the first quarter 2010 results just issued, the bank has reported a 28% year-on-year growth in loans and an 18% growth in deposits. Both of these figures are above the average in the banking system. Halkbank have aggressive profit target goals for 2010 and expect return on equity to remain well above 25% for the year.

In its 2009 results Halkbank reported net income of 1.63bn Turkish lira, up 60% on 2008. Net interest income surged 46% to 3.11bn Turkish lira and total revenue grew 44% in 2009. As operating costs increased just 19% there was a 59% improvement in operating profits. In the first quarter of 2010 this impressive trend has continued, with profits increasing 41% year-on-year as a fall in margins was counterbalanced by a fall in the amount set aside for provisions, as the non-performing loan ratio showed continued improvement.

We have invested in this stock during the Fund's year and had sold the stock at a profit. We re-purchased a holding in this stock towards the end of March. In its few days in the portfolio the shares made a return of -5%. We would hope to see this trend reverse as the Turkish banks report strong financial numbers in 2010.

Key statistics relating to this investment are given below:

For the year ended 31 December:	2009	2008	Change
Total Assets	TL 60.65bn	TL 51.10bn	+18.7%
Cost: Income Ratio	31.0%	37.6%	-6.6pp
Profits after Taxation	TL 1.63bn	TL 1.02bn	+59.8%
Earnings per Share	TL 1.23	TL 0.82	+50.0%
Dividends per Share	TL 0.20	TL 0.70	-71.4%
Dividend Cover	6.2x	1.2x	-
Return on Equity	32.5%	23.5%	+9.0pp

10. Bank Rakyat Indonesia

Bank Rakyat Indonesia ("BRI") is the oldest bank in Indonesia and was founded in 1895. It has served the micro finance segment for over 100 years. The government is the majority shareholder in Bank Rakyat Indonesia with a 57% stake in the bank. It is the second largest bank in terms of loans and the third largest in terms of deposits. The bank has by far the most extensive network of branches, sub-branches and units, with offices located in every province of Indonesia.

The bank was resilient through the 1997 Asian financial crisis, but suffered through its large US dollar loan book and the government recapitalised the bank in 2000 using government recapitalisation bonds. The management in the company was changed. The Bank had a 3.8bn initial public offering in October 2003 and much of the proceeds were spent on introducing the latest IT systems to the bank. The bank has a strong deposit franchise. This was boosted in 2007 when the bank became the only bank selected to disburse the State Budget Fund for the next 3 years.

BRI has become the second largest bank in Indonesia by assets as it has successfully grown its business. The bank benefits from very high margins from its high proportion of micro finance business (26% of its loan book at the end of 2009). Margins at the bank were at 9.3% in its most recent quarterly results. The bank reported a 23% increase in profits in 2009, with loans growing 28% and deposits rising 26%. A growth in provisioning was offset by high trading profits. In its most recent results to the 31 March 2010 the bank reported a 25% increase in profits, as loans grew 28%, which is ahead of the bank's target for a 20% to 25% growth in loans in 2010, with net interest margins remaining around the 9% level.

We bought this stock in July 2009 and held it into 2010. We sold the holding in January 2010, at a profit, as we cut back on equity exposures. During February 2010 we reinvested in this stock due to the strength of the Indonesian economy. In the stocks six weeks in the portfolio it has made a 15% return in sterling terms as the rise in the bank's share price was further supported by the strength of the Indonesian currency relative to sterling.

Key statistics relating to this investment are given below:

For the year ended 31 December:	2009	2008	Change
Total Assets	IDR 314,746bn	IDR 246,026bn	+27.9%
Cost: Income Ratio	46.8%	50.4%	-3.6pp
Profits after Taxation	IDR 7,308bn	IDR 5,958bn	+22.7%
Earnings per Share	IDR 609.5	IDR 497.0	+22.6%
Dividends per Share	IDR 213	IDR 169	+26.0%
Dividend Cover	2.9x	2.9x	-
Return on Equity	35.2%	34.5%	+0.7pp

Transactions

Over the year, sales of investments realised £16.9m and purchases totalled £16.1m.

Blue Planet Investment Management Ltd
Edinburgh

27 May 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 the Company law 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 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 managers' 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

Victoria Killay

Chairman

27 May 2010

Income Statement

(incorporating the revenue account)
for the year ending 31 March 2010

	Note	Revenue (£)	Capital (£)	2010 Total (£)	Revenue (£)	Capital (£)	2009 Total (£)
Capital gains/(losses) on investment							
Net realised losses		-	(436,453)	(436,453)	-	(1,377,681)	(1,377,681)
Unrealised gains/(losses)		-	1,262,350	1,262,350	-	(1,032,245)	(1,032,245)
Exchange gains/(losses)		-	86,059	86,059	-	(97,123)	(97,123)
Net capital gains/(losses) on investments		-	911,956	911,956	-	(2,507,049)	(2,507,049)
Income from investments	2	31,514	-	31,514	221,505	-	221,505
Bank interest receivable		2,623	-	2,623	21,050	-	21,050
Gross revenue and capital gains/(losses)		34,137	911,956	946,093	242,555	(2,507,049)	(2,264,494)
Administrative expenses		(60,436)	(23,007)	(83,443)	(45,617)	(5,738)	(51,355)
Net return before interest payable and taxation		(26,299)	888,949	862,650	196,938	(2,512,787)	(2,315,849)
Interest payable		(24,323)	(24,323)	(48,646)	(41,384)	(41,384)	(82,768)
Return on ordinary activities before taxation		(50,622)	864,626	814,004	155,554	(2,554,171)	(2,398,617)
Taxation on ordinary activities		(1,891)	-	(1,891)	(19,534)	-	(19,534)
Return on ordinary activities after taxation		(52,513)	864,626	812,113	136,020	(2,554,171)	(2,418,151)
Return per ordinary share -basic		(0.38)p	6.33p	5.95p	1.00p	(18.70)p	(17.70)p

Return per ordinary share -diluted	3	(0.38)p	6.33p	5.95p	1.00p	(18.70)p	(17.70)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**
at 31 March 2010	Notes	(£)	(£)	(£)	(£)
Fixed assets					
Listed equity investments		1,219,051		955,603	
Listed non – equity investments		-		221,250	
			1,219,051		1,176,853
Current assets					
Debtors		93,910		47,214	
Cash at bank		1,385,259		778,896	
		1,479,169		826,110	
Creditors: amounts falling due within one year		(106,546)		(15,641)	
Net current assets			1,372,623		810,469
Total assets less current liabilities			2,591,674		1,987,322
Creditors: amounts falling due after more than one year			(811,000)		(915,058)
Net assets			1,780,674		1,072,264
Capital and reserves					
Called-up share capital			136,621		136,609
Share premium account			1,179,611		1,179,474

at 31 March 2010	Notes	(£)	2010 (£)	(£)	2009 (£)
Other reserves					
Capital reserve – realised			552,835		955,504
Capital reserve –investment holding losses			(167,229)		(1,434,524)
Capital redemption			8,450		8,450
Warrant reserve			59,846		59,875
Revenue reserve			10,540		166,876
Shareholders' funds			1,780,674		1,072,264
Net asset value per ordinary share - basic	3		13.03p		7.85p
Net asset value per ordinary share - diluted	3		12.56p		7.85p

Victoria W Killay

Chairman

27 May 2010

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 March 2010	Share capital £	Share premium £	Capital redemption reserve £	Capital reserve-realised £	Capital reserve-investment holding losses £	Warrant reserve £	Revenue reserve £	Total shareholders' funds £
Shareholders' funds at 1 April 2009	136,609	1,179,474	8,450	955,504	(1,434,524)	59,875	166,876	1,072,264
Proceeds of share issue	12	108	-	-	-	-	-	120
Transfer from /(to) warrant reserve	-	29	-	-	-	(29)	-	-
Return on ordinary activities after taxation	-	-	-	(402,669)	1,267,295	-	(52,513)	812,113
Dividend paid during the period	-	-	-	-	-	-	(103,823)	(103,823)
Shareholders' funds at 31 March 2010	136,621	1,179,611	8,450	552,835	(167,229)	59,846	10,540	1,780,674

For the year ended 31 March 2009	Share capital	Share premium	Capital redemption reserve	Capital reserve-realised	Capital reserve-investment holding losses	Warrant reserve	Revenue reserve	Total shareholders' funds
	£	£	£	£	£	£	£	£
Shareholders' funds at 1 April 2008	136,542	1,178,688	8,450	2,525,661	(450,510)	60,058	30,756	3,489,645
Proceeds of share issue	67	603	-	-	-	-	-	670
Transfer from / (to) warrant reserve	-	183	-	-	-	(183)	-	-
Return on ordinary activities after taxation	-	-	-	(1,570,157)	(984,014)	-	136,020	(2,418,151)
Purchase of treasury shares	-	-	-	-	-	-	100	100
Shareholders' funds at 31 March 2009	136,609	1,179,474	8,450	955,504	(1,434,524)	59,875	166,876	1,072,264

Cash Flow Statement

		2010		2009
For the year ended 31 March 2010	(£)	(£)	(£)	(£)
Operating activities				
Investment income received	75,622		175,155	
Interest received	2,623		21,977	
Investment management and administration fees paid	(54,937)		(67,451)	
Cash paid to and on behalf of Directors	(4,237)		(5,120)	
VAT refund received	-		48,000	
Other cash payments	(23,409)		(32,333)	
Exchange differences on foreign currency cash balances	56,522		-	
Net cash inflow from operating activities		52,184		140,228
Servicing of finance				
Interest paid		(48,769)		(88,491)
Taxation				

Taxation recovered		208		648
Capital expenditure and financial investment				
Purchase of investments	(16,117,880)		(11,723,399)	
Sale of investments	16,892,844		13,125,947	
		774,964		1,402,548
Cash inflow before financing		778,587		1,454,933
Equity dividend paid		(103,823)		-
Management of liquid resources				
Cash placed on deposit	(3,437,442)		(5,431,318)	
Cash withdrawn from deposit	3,465,211		5,636,844	
		27,769		205,526
Financing				
Issue of treasury shares	-		100	
Proceeds from share issue	120		670	
Repayment of loan	(96,290)		(1,840,941)	
		(96,170)		(1,840,171)
Increase/(decrease) in cash		606,363		(179,712)

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 31 March 2010 or 31 March 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 financials 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 £1,385,000 and loan facilities of £1.75m 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	2,347	-	2,347	924	-	924
- Overseas	-	26,865	26,865	-	151,400	151,400
Interest						
Listed investments - Overseas	-	2,302	2,302	-	69,181	69,181

Total	2,347	29,167	31,514	924	220,581	221,505

3. Return and Net Assets per ordinary share

	2010	2009
The return per ordinary share is based upon the following figures:		
Revenue return	£(52,513)	£136,020
Capital return	£864,626	£(2,554,171)
Weighted average number of ordinary shares in issue during the year – basic	13,661,701	13,658,319
Weighted average number of ordinary shares in issue during the year – diluted	13,661,701	13,658,319

The difference between the basic and diluted number of ordinary shares is derived from the total number of warrants in issue multiplied by a factor based on the average price of the ordinary shares in the year and the exercise price of the warrants, as required by FRS 14. No dilution occurred in the current year as the warrant exercise price exceeded the average market price of one share during the year. The net asset value per ordinary share is calculated on 13,662,100 (2009 – 13,660,900) being the number of ordinary shares in issue. Net asset dilution occurs from the potential exercise of the 251,540 outstanding warrants and is assumed only to take place if the net assets per share exceed the exercise price of £0.10.

4. Dividends

No interim dividend was declared in the year and no final dividend is proposed (2009 – 0.76p net).

5. Related Party Transactions

Directors' remuneration consisted solely of fees of £1,600 for the Chairman, £1,400 for Mr Murray, £467 for Michael Shea and £700 for Mr. Cooper. 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 £30,776. Newton Killay Associates Ltd (100% owned by Victoria Killay) has received a fee of £140 in respect of professional services to assist with the appointment of Mr. Glenn Cooper.

6. Share capital

At 1 April 2009 the Company had 251,660 warrants in issue. On 31 July 2009, 120 warrants were exercised leaving 251,540 warrants in issue. Each warrant confers the right, exercisable on 31 July 2010 or, if later, 30 days after the distribution of the annual Report and Accounts to subscribe for 10 new ordinary shares at a price of £0.10 per share. **After this date any unexercised warrants will lapse**. As a result of the exercise 1,200 new shares were issued. The Company holds no shares in Treasury.

At 31 March 2010 the Company had authority to purchase a further 2,049,000 shares. A resolution to renew this authority will be proposed at the Annual General Meeting.