LEO CAPITAL GROWTH SPC
(Incorporated in the Cayman Islands)

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the year ended
31 December 2009

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
For the year ended 31 December 2009

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COMPANY INFORMATION

DIRECTORS	Ian Cooper Wolfgang Graebner Claus Helbig Pierre Kladny Jonathan Schwartz/(Chairman) All serve as independent non-executive Directors
REGISTERED OFFICE	Leo Capital Growth SPC Ogier Fiduciary Services (Cayman) Limited Queensgate House South Church Street P.O. Box 1234 GT, Grand Cayman Cayman Islands KY1-1108
MANAGER	Leonardo Capital Management Limited 20 Parliament Street P.O. Box HM 2826 Hamilton HM LX, Bermuda
SUB-MANAGER	Leo Fund Managers Limited Liscartan House 127 Sloane Street London, SW1X 9AS United Kingdom
BANKERS	J.P. Morgan AG Junghofstrasse 14 60311 Frankfurt Germany
PRIME BROKER	Goldman Sachs International Peterborough Court 133 Fleet Street London, EC4A 4QA United Kingdom
ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT	Citi Hedge Fund Services (Ireland), Limited 1 North Wall Quay Dublin 1 Ireland
INDEPENDENT AUDITORS	PricewaterhouseCoopers One Spencer Dock North Wall Quay Dublin 1 Ireland

COMPANY INFORMATION (Continued)

LEGAL ADVISER ON DUTCH LAW	Loyens & Loeff N.V. Weena 690 3012 CN Rotterdam The Netherlands
LEGAL ADVISER ON CAYMAN LAW	Ogier Queensgate House P.O. Box 1234 Grand Cayman Cayman Islands KY1-1108

CHAIRMAN'S STATEMENT

There were two very different themes during 2009 in the financial markets. The year began with the financial markets in turmoil with steep declines in both the USA and in Europe. As a result, the USA and UK governments responded with a second round of bank bailouts. The markets became very risk averse with the price of gold exceeding US$ 1,000 per ounce.

However, by March the situation changed dramatically. Several US banks announced they had started the year profitably. The equity markets, which had been very oversold began a multi-month rally led by the banks, autos and mining stocks. This rally was supported in the US and the UK by substantial quantitative easing. In addition, President Obama announced a US$ 75 billion package to help homeowners.

When 2009 ended the S&P 500 and the Dow had risen 23.5% and 18.8% respectively. In Europe the FTSEurofirst, FTSE 100 and the DJ STOXX 600 gained 25.7%, 22.1% and 28% respectively.

Faced with these highly volatile markets the Fund took a cautious stance to new investments throughout the year as it awaited convincing evidence that the recovery was sustainable. Consequently, it made relatively few new investments and maintained a large part of the Fund's holdings in cash (or cash-like liquid instruments) or invested in relatively safe, high conviction arbitrage deals with good spreads.

The result of this conservative and prudent strategy was that for the full year 2009, Leo Capital Growth generated a positive return of 8.31%. This compares to the 27.2% increase in the MSCI Europe Index and the respective gains of 23.9% and 22.3% for the DAX and CAC Indices.

Going forward the economic outlook for 2010 has improved compared to 2009. The worst of the recession seems to be over. As a result, the Fund intends to adopt a more aggressive investment approach for 2010 than it did in 2009 seeking to capitalise on value propositions as they arise. However, although the Fund intends to be more aggressive in 2010 it will maintain the rigorous approach to risk management that has served it so well in the past.

Jonathan Schwartz
Chairman
16 April, 2010

DIRECTORS' REPORT
For the year ended 31 December 2009

The Directors present their report and the audited financial statements for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES
Leo Capital Growth SPC (the "Company") is an investment company whose objective is to achieve long-term capital appreciation through direct or indirect equity investment in European publicly traded companies.

OPERATION OF THE BUSINESS
The Company appointed Leonardo Capital Management Ltd. as Investment Manager (the "Manager"). The Manager in turn delegated its responsibility for investment advice and execution to Leo Fund Managers Ltd. (the "Sub-Manager"), an investment management company authorised and regulated in the UK by the Financial Services Authority. The delegation of investment advice and execution to the Sub-Manager was as envisaged in the Prospectus.

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 2009
The Statement of Financial Position and the Statement of Comprehensive Income for the year ended 31 December 2009 are set out on pages 14 and 15, respectively. The Company returned a profit of 8.3% (2008 loss: 10.4%) for the year ending 31 December 2009, in comparison to its performance benchmark index, the MSCI Europe index, which increased 27.2% in the same period. The Investment Manager's report discusses the performance of the Company for the year ending 31 December 2009. For information on post year end 31 December 2009 performance, please refer to note 9 'Subsequent Events'.

DIVIDENDS
The Directors do not recommend the payment of a dividend at the year end.

DIRECTORS
The Directors as at 31 December 2009 are listed on page 3 and are as follows:

Ian Cooper
Wolfgang Graebner
Claus Helbig
Pierre Kladny
Jonathan Schwartz

All of the above were non-executive Directors.

The Company is not aware of any potential conflicts of interest between any duty of any of the Directors owed to it and their respective private interests. Each Director is paid an annual fee of €50,000.

DIRECTORS' REPORT (Continued)
For the year ended 31 December 2009

DIRECTORS (continued)
The Directors acknowledge their responsibility to maintain books and accounts which disclose with reasonable accuracy the positions held in the Company at any point in time. The Directors also acknowledge their responsibility in the safeguarding of the assets of the Company and take reasonable steps in the detection of fraud and other irregularities. The Directors believe they have complied with these guidelines by employing an experienced administrator with appropriate expertise in Citi Hedge Fund Services (Ireland), Limited ("Citi"), who maintain the books and accounts. Citi prepare valuations on a month end basis and annually produce financial statements in accordance with the International Financial Reporting Standards ("IFRS"). The Directors regularly review the Administrator's performance, the investment strategy and also the risk profile of the Company at the quarterly Board Meetings as well as from time to time during the year as required.

The Directors are responsible for preparing the annual report and the financial statements in accordance with IFRS as adopted by the EU. In preparing the financial statements, the Directors are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent and prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business. The Directors confirm that they have complied with these requirements in preparing the financial statements.

The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Company. The Directors confirm that they have complied with the above requirements in preparing the annual report.

The Directors confirm that, to the best of each person's knowledge and belief:
• the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
• the Report of the Directors includes a fair review of the development and performance of the Company's business and the state of affairs of the business at 31 December 2009, together with a description of the principal risks and uncertainties facing the Company.

The Board of Directors hold quarterly board meetings at which key risks facing the Company are discussed (as referred to in note 6 'Financial Risk Management').

OTHER
The Board would also direct your attention to note 7 for 'Related Party Transactions' for the year to 31 December 2009.

With regards to the additional disclosure requirements for closed end companies which flow from the EC (Takeover Bids) Regulations, please note the following:

Note 5, 'Shareholders' Interests' details the rights and obligations of the Participating Shares and the capital structure, including the total capital in the singular Share Class.

The Participating Shares of the Company were listed on the Euronext Amsterdam under the symbol "LEO" on 12 July 2007. Although there is a 7 year lock up period of Participating Shares in the Company, preventing redemption, these Participating Shares may be transferred in accordance with procedures established for this purpose by Euroclear Netherlands or alternatively through the Company's Share registrar. The rights of holders of Participating Shares will rank pari passu with each other.

DIRECTORS' REPORT (Continued)
For the year ended 31 December 2009

OTHER (continued)
Under the Articles of Association of the Company, the Board of Directors is authorised in its absolute discretion and subject to applicable laws, to effect repurchases of up to 20% of its aggregated issued Participating Shares in any one financial year of the Company at a price per Participating Share not being greater than the Net Asset Value per Participating Share as at the most recent Valuation Day. The Board of Directors will not, however, be obliged to repurchase Participating Shares and holders of Participating Shares will have no right to require such a repurchase. Repurchased Shares will automatically be cancelled.

Please refer to note 5 'Shareholders' Interests' with reference to Management Shares.

The Company's Condensed Schedule of Investments shows no positions of controlling ownership at the year end 31 December 2009.

As noted previously, the Directors receive an annual fee as compensation. The general meeting of shareholders of the Company may appoint and remove the Directors pursuant to a resolution adopted by a simple majority of the votes cast at such meeting.

By order of the Board

16 April, 2010

DIRECTORS' REPORT (Continued)
For the year ended 31 December 2009

OTHER (continued)
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By order of the Board

16 April, 2010

INVESTMENT MANAGER'S REPORT
For the year ended 31 December 2009

For the full year of 2009, Leo Capital Growth ("LCG"/"the Company") generated a positive return of 8.31%. This compares to a 27.2% increase in the MSCI Europe Index and respective gains of 23.9%, 22.3% and 22.1% for the DAX, CAC and FTSE 100 indices.

	2009												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**FY 2009**
LCG %	-0.28%	1.13%	1.06%	3.50%	-0.23%	-1.20%	1.01%	1.30%	2.35%	-2.09%	-0.55%	2.05%	**8.31%**

Financial markets began 2009 in turmoil, with the steep decline led by the heavy selling pressure of banks on both sides of the Atlantic. The US and UK authorities were pushed into a second round of bank bailouts. Risk aversion was evident early in the year, with gold breaking the US$1,000/oz barrier. Concerns about Western European banks' exposure to Eastern Europe increased. Rating agencies expressed concern about the increasing pressure for external financing in Eastern Europe and how this will affect Western European banks.

However, in March, the markets saw a different picture, with several US banks announcing that they were seeing profitable starts to the year. With the equity market so oversold at that point, any sign of optimism was enough to begin a multi-month rally led by the banks, autos and miners. Quantitative easing was the big theme as the US Fed, Bank of England, Swiss National Bank and the Bank of Japan turned to alternative monetary policy measures to boost their ailing economies. Furthermore, the US Senate and House of Representatives passed a compromise fiscal bill of US$789bn, and President Obama announced a US$75bn package to help homeowners.

Performance in the second quarter was strong and cyclically driven as the market saw signs of green shoots, and global macro economic data surprised on the upside. Several upside surprises during the Q1 earnings season, an increase in IMF resources and more optimistic assessments on the global economy from the G7 and IMF provided upbeat tones that provided much of the performance in Q2 09. Furthermore, increasing stabilization in money market conditions and declines in volatility indicators have returned more funds to equities.

After a brief pause in May/June, the appetite for risk re-emerged in July and continued into year-end 2009 as optimism for a global recovery continued to build and earnings results continued to surprise as they were better than the market expected. G7 policy makers remained committed to accommodative policies. The Fed stated that the US recession had ended, but that policy rates would remain very low for an extended period. The weakening dollar was a key theme throughout most of the year, which in turn helped many commodities continually make fresh highs. Risk assets saw some consolidation near the end of the year, with momentum appearing to wane. Economic and corporate data was, however, generally supportive for risk assets.

During 2009, the S&P 500 and Dow Jones rose 23.5% and 18.8%, respectively, after falling to their lowest levels in March. The indices have gained 64.8% and 59.3% from their lowest levels. In Europe, the FTSEurofirst and DJ STOXX 600 gained 25.7% and 28% respectively outperforming both the Dow and S&P 500. In the UK, the FTSE 100 gained 22.1% during the year. All three European indices declined to their lowest levels in March. Volatility, as measured by the VIX index, fell 45.8% to 21.68. It has declined 62.2% from its 2009 highest level of 57.4, which it reached in January. Gold gained 24.4% during the year, ending at US$1,096.95 per troy ounce from its low of US$811.7 in January 2009. It reached its highest level of US$1,215.7 in December.

INVESTMENT MANAGER'S REPORT (Continued)
For the year ended 31 December 2009

Fund Commentary
The fund continued to have a cautious stance to new investments throughout the year as it awaited more convincing evidence that the recovery was a sustainable one and not just a bear market rally. As such, relatively few new positions were undertaken maintaining a large part of the fund's holdings in cash (or cash-like liquid instruments) or investing in relatively safe, high conviction arbitrage deals with good spreads. The fund did however take advantage of some exceptional opportunities which arose outside the equity sphere such as in the bonds markets and invested in some quality fixed income securities. The fund also sought to implement changes on its activist positions and consequently dealings were made on some of the existing investments, either increasing the stake or briefly gaining exposure to voting rights in order to push through the required reforms and crystallize shareholder value. Below we review the Fund's main positions and transactions throughout the year.

Infigen Energy (formerly Babcock & Brown Wind Partners):
Infigen Energy had a strong year posting a gain of 54.1% for the period - comfortably outperforming market and peers. Infigen continued to address its value unlocking strategies and corporate governance issues during the year by completing the internalization of management, continuing the share buyback, changing name and placing the US portfolio up for sale. Thus, Infigen is positioning itself to convert into a focused Australian wind energy operator and developer with a robust local development pipeline. As active investors we had been pressing for these reforms since we entered the position and are quite pleased to see our strategy begin to yield successful results. Nonetheless we still believe there is substantial value yet to be unlocked in Infigen's portfolio and will continue to engage with management to ensure this value is materialized. Throughout the year we increased our position in the company by roughly 13% taking advantage of occasional dips in the share price.

Mitchells & Butlers:
Mitchells & Butlers Plc ("MAB") had an eventful yet successful year with the share price rising 55% for the period thus outperforming the rest of the market by a significant margin. MAB experienced a significant boardroom shake-up as an increasingly aggressive spat broke-out between some members of the board and MAB's biggest shareholder (Piedmont) over the appointment of certain non-executive directors which the latter had sought to elect. The fight ended in high drama at the annual shareholder meeting as four independent directors were replaced and a new chairman was elected. Moreover, earlier in the year the CEO resigned following additional write downs on the infamous swap losses. Operationally, the company posted a good set of performances with particularly strong revenue growth given the wider economic context, although work is still to be done on the bottom line and margins as costs were above expectations. We continued to engage with management throughout the year to ensure that value creating strategies were pursued including the reduction of MAB's debt. Our position remained unvaried during the year.

Alpha Immobiliare:
Alpha Immobiliare ("Alpha") had a good year posting a 23.1% gain for the period buoyed by good market conditions and positive news flow. Operationally, no major developments occurred throughout the year besides the sale of a property at a €2m surplus and the refinancing of its credit facilities. The latter was part of the fund's debt rationalization plan to move away from short term financing and into longer term arrangements so as to achieve its strategic objectives. Dividend distribution resumed in Q3 following positive results and given the refinancing operation we believe Alpha could make some new investments in the near future. Our position increased marginally during the year as we remain convinced that there is substantial unrecognised value in Alpha's assets which will accrue to shareholders as properties are sold. We will continue to exert pressure as major shareholders to ensure this value is crystallised through property sales and cash return.

INVESTMENT MANAGER'S REPORT (Continued)
For the year ended 31 December 2009

Beta Immobiliare:
Beta Immobiliare's ("Beta") upward momentum waned somewhat throughout the year as the process of liquidating its portfolio slowed down. Although we should also remind that as the fund is in its final wind down stage, exit is anticipated via receipt of special dividends following property sales. Consequently, the quoted share price plays a minor role in our investment if not only for reference purposes. Disappointingly, the fund only sold one property throughout the year which is inconsistent with the set objective to wind down the fund by the February 2011 deadline. For this reason, we believe a more proactive investment approach is necessary to crystallize the value in Beta's portfolio. Consequently, we summoned an EGM pressing for the elimination of the fund's life extension provision and a new methodology to calculate the performance fee (so as to cap the amount payable to the fund manager). To ensure we had enough momentum to approve the proposals, we also substantially increased our holding in the company by acquiring a large block of shares on a private transaction. Both motions were passed and hence we expect the remaining properties in the portfolio to be liquidated promptly and cash to be returned to shareholders. Beta continued to pay regular dividends throughout the year and divested (at a small profit) its stake in the Omicron Plus fund which it acquired in late 2008.

Generali Deutschland Holding:
In April this year the fund started investing in Generali Deutschland Holding ("GDH"), an insurance and financial services company which provides life, health and p&c insurance as well as asset management and reinsurance services. Speculation about a minority buy-out from its majority investor Assicurazioni Generali, as well as potential for organizational restructuring prompted our investment. As the position yielded volatile performance, we entered and exited the stock opportunistically taking advantage of rapid corrections to invest and selling after a good rally. As of the end of December the Fund still holds roughly €2m worth of GDH.

Forsys Metals:
In March the Fund invested in Forsys Metals Corp, an emerging uranium producer in Namibia which had agreed to a C$7 per share buyout offer from George Forrest International Afrique ("GFI"). Despite unanimous approval by the Forsys Board of Directors and an announcement from GFI that unconditional funding for the transaction was in place, GFI was unable to complete the transaction after two deadline extensions due to insufficient funds. Forsys' share price duly plunged almost 50% upon this news. The Fund however remained invested as the broad market outlook including that for uranium improved and remained convinced of the intrinsic value of the assets in Forsys, with the anticipation of a corporate action in the near future. Through active engagements with the top management,, the Fund impressed upon Forsys to explore all avenues which led to appropriate enhancement of shareholders' value, including a potential sale. In the last quarter of the year the Company also began a program of increased communication with its investors. A new plan for Forsys' flagship project, the Valencia Uranium deposit was also announced in December, based on improved results of its drilling which contributed to an 18% increase in its reserves from the Company's estimates earlier in the year.

Symphony:
From November, the Fund also began to build up a position in Symphony International Holdings ("SIHL"), a UK listed investment company which makes long term strategic private equity investments in businesses in the Healthcare, Hospitality and Lifestyle/Real Estate sectors in Asia. SIHL has traded at an average discount of 63% to its reported NAV since its listing on the LSE in 2007, hence the Fund believes there is considerable potential for an upward revision of its NAV which was last reported to be USD 0.964 per share. The Fund will work closely with the management of SIHL to unlock the significant amount of value in its unlisted entities, and is assured of the strength of its three listed investments which have showed stellar performance in the past year, having each risen between 40-100%.

INVESTMENT MANAGER'S REPORT (Continued)
For the year ended 31 December 2009

Fixed Income Transactions:
During the year the fund took advantage of some opportunities left open by the market turmoil of 2008 such as those presented in high quality corporate bonds. Many fixed income securities became substantially undervalued in relation to their risk profile and consequently yielded very attractive returns. The fund took this opportunity and made investments in 2 corporate bonds issued by Assicuarazioni Generali. The bonds were acquired in April and May and resold in September for a substantial profit.

Arbitrage Transactions:
In accordance with our strategy to act cautiously awaiting more convincing signs of economic recovery, throughout the year the fund invested in six new low risk arbitrage transactions which provided an attractive alternative to some of our cash holdings. Most of these positions were closed and expected returns were settled by the end of the year.

Outlook
As we enter 2010 the economic outlook has substantially improved compared to a year ago. The rally which began in March 2009 has been supported by strong macro data and earnings surprises which seem to indicate that the worst of recession is definitely over. Yet, given the extent of government intervention and ongoing high unemployment, there is a material concern that the world economy could suffer a second leg of recession as stimulus programs are phased out and interest rates start to rise. Moreover, given the impressive performance exhibited by global equity markets in 2009, it seems unrealistic to expect similar gains for equities in 2010, unless fundamentals improve substantially. Indeed valuations have gone through a rollercoaster ride from the oversold levels of early 2009, to the expensive end at the beginning of 2010. In any case, the consensus view is still for moderate growth in 2010, with equity markets predicted to rise but not at the stellar rate of 2009. With this outlook in mind we will adopt a more aggressive investment approach for 2010 than we had in the previous year, seeking to explore value propositions as they arise. At the same time we will always retain a rigorous approach to risk management and will be quick to react should conditions suddenly deteriorate.

Leonardo Capital Management
16 April, 2010

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of Leo Capital Growth SPC:

We have audited the accompanying financial statements of the Leo Capital Growth SPC (the "Company") which comprise the statement of financial position and condensed schedule of investments as of 31 December 2009 and the statement of comprehensive income, statement of changes in net assets attributable to holders of participating shares and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

This report, including the opinion, has been prepared for and only for the Company's members as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Opinion
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers
Dublin

16 April 2010

LEO CAPITAL GROWTH SPC

STATEMENT OF FINANCIAL POSITION
As at 31 December 2009
(Expressed in Euro)

	Note	2009 €	2008 €
Current Assets			
Cash and cash equivalents	2	129,052,577	145,431,544
Cash at broker	2	795,287	24,134,024
Financial assets at fair value through profit or loss	2,6	163,071,945	86,231,891
Interest and dividends receivable		101,049	642,992
Other assets and prepaid expenses		136,665	136,147
Due from broker	2	-	14,194,013
Total current assets		**293,157,523**	**270,770,611**
Equity			
Ordinary Share Capital		1	1
Total Equity		**1**	**1**
Current Liabilities			
Due to broker	2	794,772	472,683
Financial liabilities at fair value through profit or loss		-	627,125
Investment management fee payable	4	726,026	338,564
Administration fee payable	4	52,281	15,827
Audit fee payable		41,750	36,750
Directors' fees payable	4	126,000	124,000
Other payables and accrued expenses		118,990	54,435
Current liabilities excluding net assets attributable to holders of redeemable Participating Shares		**1,859,819**	**1,669,384**
Net assets attributable to holders of redeemable Participating Shares on a bid/ask price basis		**291,297,704**	**269,101,227**
Adjustment for bid/ask price to last traded price	6	1,662,705	1,395,390
Net assets attributable to holders of redeemable Participating Shares on a last traded price basis		**292,960,409**	**270,496,617**

Net Asset Value per Share (NAV)

	2009	2008
Euro Class Shares	**2,986**	**2,986**
NAV per Share	**€98,111.3226**	**€90,588.2843**

On behalf of the Board:

(Director) (Director)

Date: 16 April, 2010

See notes to the financial statements

STATEMENT OF FINANCIAL POSITION
As at 31 December 2009
(Expressed in Euro)

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On behalf of the Board:

(Director) (Director)

Date: 16 April, 2010

See notes to the financial statements

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2009
(Expressed in Euro)

	Note	2009 €	2008 €
Investment income			
Interest income	2	1,259,256	8,740,163
Dividend income	2	4,241,341	7,792,878
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	3	23,386,077	(42,046,567)
Total income/(loss)		**28,886,674**	**(25,513,526)**
Expenses			
Investment management fees	4	4,263,619	4,332,323
Other expenses		328,244	250,515
Directors' fees	4	252,000	272,666
Administration fee	4	204,198	209,745
Audit fee		41,750	40,493
Prime broker fees		14,842	9,319
Preliminary expenses	4	-	(41,733)
Performance fee	4	-	(138,538)
Total expenses		**5,104,653**	**4,934,790**
Preliminary expense reimbursements	4	-	(41,733)
Operating income/(loss)		**23,782,021**	**(30,490,049)**
Finance cost			
Interest expense on margin cash	2	(1,423,027)	(1,748,554)
Total finance cost		**(1,423,027)**	**(1,748,554)**
Profit/(loss) before tax		**22,358,994**	**(32,238,603)**
Withholding tax on dividends and other investment income from operations		(162,517)	(403,321)
Increase/(decrease) in net assets attributable to holders of redeemable Participating Shares		**22,196,477**	**(32,641,924)**
Adjustment for bid/ask price to last traded price	6	267,315	1,395,390
Increase/(decrease) in net assets attributable to holders of redeemable Participating Shares resulting from operations based on last traded price		**22,463,792**	**(31,246,534)**

See notes to the financial statements

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATING SHARES

For the year ended 31 December 2009

(Expressed in Euro)

	Number of Shares	2009 €	Number of Shares	2008 €
Euro Class				
Net assets attributable to holders of redeemable Participating Shares at 1 January	2,986	270,496,617	2,986	301,743,151
Net increase from Share transactions	**2,986**	**270,496,617**	**2,986**	**301,743,151**
Increase/(decrease) in net assets attributable to holders of redeemable Participating Shares resulting from operations	-	22,463,792	-	(31,246,534)
Net assets attributable to holders of redeemable Participating Shares on a last traded price basis	**2,986**	**292,960,409**	**2,986**	**270,496,617**

See notes to the financial statements

STATEMENT OF CASH FLOWS
For the year ended 31 December 2009
(Expressed in Euro)

	2009 €	2008 €
Cash flows from operating activities:		
Increase/(decrease) in net assets attributable to holders of redeemable Participating Shares	22,463,792	(31,246,534)
Operating profit before working capital changes		
Adjustment from bid/ask price to last traded price	(267,315)	(1,395,390)
Adjustment for interest expense	1,423,027	1,748,554
Adjustments to reconcile realised (loss)/gain and (depreciation)/appreciation on investments and derivatives	(23,962,208)	35,013,372
Net decrease in cash at broker	23,338,737	88,816,276
Net decrease/(increase) in due from broker	14,194,013	(14,194,013)
Proceeds from sale of investments	203,435,545	134,619,500
Purchase of investments	(256,940,516)	(187,005,062)
Net decrease in interest and dividends receivable	541,943	257,360
Net (increase)/decrease in other assets and prepaid expenses	(518)	15,585
Net increase in due to broker	322,089	433,957
Net increase/(decrease) in investment management fee payable	387,462	(39,283)
Net increase/(decrease) in administration fee payable	36,454	(21,068)
Net increase in audit fee payable	5,000	4,250
Net increase in directors' fees payable	2,000	20,666
Net increase/(decrease) in other payables and accrued expenses	61,216	(80,175)
Net decrease in performance fee payable	-	(138,538)
Cash generated from operations	**(14,959,279)**	**26,809,457**
Cash flows from financing activities		
Interest paid	(1,419,688)	(1,745,853)
Net cash from financing activities	**(1,419,688)**	**(1,745,853)**
Net (decrease)/increase in cash and cash equivalents	(16,378,967)	25,063,604
Cash and cash equivalents at beginning of year	145,431,544	120,367,940
Cash and cash equivalents at end of year	**129,052,577**	**145,431,544**
Supplemental disclosure of cash flow information:		
Net cash received during the year for dividends	4,688,593	8,251,058
Net cash received during the year for interest	1,353,947	8,924,975

See notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

1. GENERAL INFORMATION

Leo Capital Growth SPC (the "Company") was incorporated and registered as a closed ended segregated portfolio company in Cayman Islands on 25 August 2006, under the Companies Law (Revised) of the Cayman Islands. On or prior to the seventh anniversary of the first issue of the Participating Shares (being 31 March 2014), the Board of Directors will convene a general meeting of shareholders at which a resolution will be put to all holders of Participating Shares to continue the existence of the Company beyond that date for a period of up to two years. Initially, only one segregated portfolio has been created: the PS Segregated Portfolio. The PS Segregated Portfolio has only one Class of Shares: the Euro Class. The Participating Shares were listed on Euronext Amsterdam on 12 July 2007.

The Company's investment objective is to achieve long-term appreciation of its assets. The Company for and on behalf of PS Segregated Portfolio seeks to achieve its objective by making significant equity investments either directly or indirectly in European publicly traded companies which the Company believes are under-managed and under-valued. The strategy may require medium to longer-term commitment in order to unlock value. There may be at any point in time significant concentration exposures to individual issuers.

The Company's investment activities are managed by Leonardo Capital Management Limited (the "Manager") who in turn has delegated responsibility for investment management to Leo Fund Managers Limited (the "Sub-Manager").

The Company's administration is delegated to Citi Hedge Fund Services (Ireland), Limited (the "Administrator"). The registered office of the Company is Ogier Fiduciary Services (Cayman) Limited, Queensgate House, South Church Street, P.O. Box 1234 GT, Grand Cayman, Cayman Islands KY1-1108.

The financial statements were authorised for issue by the Directors on 16 April 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of preparation
The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical-cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 6.

Certain prior year comparatives have been reclassified to conform to current year presentation.

The accounting policies adopted are consistent with those of the previous financial year except the Company has adopted the following:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

IFRS 7 (amendment) 'Financial instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the Company's financial position or performance.

IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the Statement of Financial Position. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the Statement of Comprehensive Income) or two statements (the Income Statement and Statement of Comprehensive Income). Where entities restate or reclassify comparative information, they are required to present a restated Statement of Financial Position as at the beginning comparative period, in addition to the current requirement to present Statements of Financial Position at the end of the current period and comparative period. The Company has applied IAS 1 (revised) from 1 January 2009, and has elected to present solely a Statement of Comprehensive Income. The adoption of this revised standard has not resulted in a significant change to the presentation of the Company's performance statement, as the Company has no elements of other comprehensive income.

IAS 32 (amendment), 'Financial instruments: Presentation', and IAS 1 (amendment), 'Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation'. The amended standards require entities to classify puttable financial instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments have identical features. As the Company's Shares are issued as 2 Classes of Share that incur differing management fee percentages, their features are not considered identical. The classes are explained further in note 5 on page 24. The adoption of these amendments did not have any significant impact on the Company's financial statements.

IFRS 8, 'Operating segments' was effective from 1 January 2009. IFRS 8 replaces IAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard ASC280, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. IFRS 8 does not affect the Company, as the Company only has one segment of business.

IAS 39 (amendment), 'Financial instruments: Recognition and measurement'. The amendment was part of the IASB's annual improvements project published in May 2008. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. Adoption did not have a significant impact on the Company's financial statements.

New accounting standards, amendments and interpretations

The following accounting standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2009 but are not relevant for the Company's operations:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards, amendments and interpretations (continued)

IAS 23 (amendment), 'Borrowing costs';

IAS 39 and IFRIC 9 (amendments), 'Embedded derivatives' (effective for all periods ending on or after 30 June 2009);

IFRS 1 (amendment), 'First-time adoption of IFRS', and IAS 27, 'Consolidated and separate financial statements';

IFRS 2 (amendment), 'Share-based payment';

IFRIC 15, 'Agreements for construction of real estates'.

Financial assets and liabilities at fair value through profit or loss

This category has two sub-categories: financial assets and liabilities held for trading, and those designated by management at fair value through profit or loss at inception. These may include equity shares, convertible debt, contracts for difference, exchange traded and OTC options, warrants, futures and other derivative instruments.

The Company makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are classified as financial liabilities at fair value through profit or loss.

Gains arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the Statement of Comprehensive Income in the period in which they arise. Interest income on debt instruments will be calculated using the effective interest method and presented separately in the Statement of Comprehensive Income.

The Company recognises financial assets and financial liabilities at fair value through profit or loss on the trade date - the date it commits to purchase or sell short the instruments. From this date any gains and losses arising from changes in fair value of the assets or liabilities are recognised. Investments are derecognised when the rights to receive cashflows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Derivative financial instruments

Derivatives are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received). Subsequent changes in the fair value of any derivative instrument are recognised immediately in the Statement of Comprehensive Income.

The Company may hold the following derivative instruments:

Contracts for difference (CFDs)

CFDs and equity swaps are agreements between the Company and third parties, which allow the Company to acquire an exposure to the price movement of specific securities without actually purchasing the securities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contracts for difference (CFDs) (continued)

During the period in which the CFDs are open, changes in the value of the contracts are recognised as gains or losses by marking to market the contracts on a daily basis and reflect the difference between the value of the underlying securities and the contract price. Variation margin payments are made or received by the Company depending upon the fluctuation in the value of the underlying security.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the Statement of Financial Position, but they do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and do not therefore indicate the Company's exposure to credit or market price risks.

The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

Long and short dividends on CFDs are received or paid based on the dividends paid on the security underlying the CFD. They are posted as variation margin adjustments on the ex date to compensate for the drop in share price which occurs on the ex dividend date. Interest expense or income is charged on the first working day following the day to which it relates and is calculated on the notional value of the open long or short position at rates agreed with the counterparty to the contract. The Company held no CFDs at year end.

Options

The Company purchases or sells put and call options through listed exchanges and the OTC markets. Options purchased by the Company provide the Company with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option. The Company is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value. The Company held no options at year end.

Futures contracts

A futures contract is an agreement between two parties to buy or sell a security, index or currency at a specific price or rate at a future date. Upon entering into a futures contract, the Company is required to deposit with a broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as "initial cash margin". Subsequent payments ("variation margin") are made or received by the Company each day, depending upon the daily fluctuation in the value of the contract. The daily changes in contract value are recorded as unrealised gains or losses and the Company recognises a realised gain or loss when the contract is closed. Unrealised gains and losses on futures contracts are recognised in the Statement of Comprehensive Income. Futures contracts are entered into for speculative purposes or to hedge the Company's overall market risks. The Company held no futures contracts at year end.

Dividend income

Dividends are credited to the Statement of Comprehensive Income on the dates on which the relevant securities are listed as "ex-dividend".

Interest income and expense

Interest income and expense are recognised in the Statement of Comprehensive Income using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

Functional and presentation currency
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Euro, which reflects the Company's primary activity of investing in EU securities and derivatives.

The Company has also adopted the Euro as its presentation currency, as the Company is listed in Amsterdam and its main investors are also based in Europe.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Translation differences on non-monetary items, such as equities, held at fair value through profit or loss are reported as part of the fair value gain or loss.

Cash and cash equivalents
The Company considers short term, highly liquid investments with original maturities of three months or less to be cash equivalents. The majority of the Company's cash and cash equivalents are held in Citi deposit accounts. The remainder is held with Goldman Sachs International (the "Prime Broker") and J.P. Morgan International. Cash and cash equivalents comprise the following balances with original maturity of less than 90 days;

	2009	2008
	€	€
J.P. Morgan Chase	893,333	145,431,544
Citi deposit accounts	93,029,196	-
Goldman Sachs Funds PLC - Euro Liquid Reserves Fund	33,047,192	-
Goldman Sachs International	2,082,856	-
	129,052,577	145,431,544

Cash at brokers
Amounts receivable from or payable to brokers include cash balances with the Company's clearing broker. Under a revolving facility with the Prime Broker, Goldman Sachs International, the Company is able to borrow amounts in various currencies collateralised by the cash and securities held on its behalf by Goldman Sachs International.

	2009	2008
Cash at broker	€	€
Goldman Sachs International	795,287	24,134,024
	795,287	24,134,024

Due to/from broker
Due to/from broker represents monies drawn down by the Company in respect of security purchases and short sales and derivative contracts entered into by the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation
The Company is domiciled in the Cayman Islands. Under the current laws of the Cayman Islands, there is no income, estate, corporation, capital gains or other taxes payable by the Company.

The Company currently incurs withholding tax imposed by certain countries on investment income, dividend income and capital gains. Such income is recorded gross of withholding tax in the Statement of Comprehensive Income. Such taxes may not be recoverable by the Company or its shareholders.

Share capital
The Participating Shares of the PS Segregated Portfolio are classified as financial liabilities.

3. NET GAIN/LOSS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS AND FOREIGN CURRENCY

	2009 €	2008 €
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss during the year comprise:		
Realised gain/(loss) on investments at fair value through profit or loss	24,914,116	(50,159,332)
Return of capital	366,072	11,443,855
Change in unrealised gain/(loss) on investments at fair value through profit or loss	3,653,677	(8,113,342)
Net realised and change in unrealised gain/(loss) on investments at fair value through profit or loss	28,933,865	(46,828,819)
Realised (loss)/gain on foreign exchange	(3,030,679)	3,876,486
Change in unrealised (loss)/gain on foreign exchange	(2,517,109)	905,766
Net realised and change in unrealised (loss)/gain on foreign currency	(5,547,788)	4,782,252
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	23,386,077	(42,046,567)

4. FEES AND EXPENSES

Investment management fee
Pursuant to the investment management agreement dated 12 January 2007, the Company pays the Manager a monthly investment management fee at an annual rate of 1.5% of the Net Asset Value of the PS Segregated Portfolio (payable in arrears every month).

Investment management fees incurred during the year amounted to €4,263,619 (2008: €4,332,323) and investment management fees payable at 31 December 2009 amounted to €726,026 (2008: €338,564).

Performance fee
On the winding-up of the Company or on the redemption of all of the Participating Shares of the PS Segregated Portfolio, the Company shall pay a performance fee to the Manager pursuant to terms of the investment management agreement equivalent to 20% of the appreciation in the Net Asset Value of the PS Segregated Portfolio over the period since a performance fee was last paid or, if no performance fee has been paid, since the date of the first issue of Participating Shares.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2009

4. FEES AND EXPENSES (continued)

Performance fee (continued)
In the event that the Manager's appointment is terminated by the Company prior to the winding-up of the Company or the redemption of all of the Participating Shares of the PS Segregated Portfolio for any reason, the Company shall pay a performance fee to the Manager equivalent to 20% of the appreciation in the Net Asset Value of the PS Segregated Portfolio over the period since a performance fee was last paid or, if no performance fee has been paid, since the date of the first issue of Participating Shares to the last Business Day on the month immediately prior to which such termination becomes effective. For the year ended 31 December 2009, the performance fee accrued amounted to €Nil (2008: €138,538 drawn back).

Administration fee
The Company has engaged the services of Citi Hedge Fund Services (Ireland), Limited, to provide secretarial and administrative services for a fee. The Company pays the Administrator a monthly fee based on the following breakdown of net assets: 8 basis points of the first €100 million of net assets of the Company, 7 basis points on net assets over €100 million and less than €250 million, and 6 basis points of net assets over €250 million, subject to a minimum of €60,000 per annum, paid monthly in arrears. Administration fees incurred during the year amounted to €204,198 (2008: €209,745) and administration fees payable at 31 December 2009 amounted to €52,281 (2008: €15,827).

Directors' fees
The listing of the members of the Board of Directors is shown on page 3 of the annual report.

Each Director is paid a fee of €50,000 per annum by the Company. The Directors will also be entitled to payment of all reasonable expenses incurred in connection with their appointment as Directors of the Company.

Directors' fees incurred during the year amounted to €252,000 (2008: €272,666) and Directors' fees payable at 31 December 2009 amounted to €126,000 (2008: €124,000).

Preliminary expenses
The PS Segregated Portfolio is responsible for paying the preliminary costs and expenses of, and incidental to, the establishment of the Company, the negotiation and preparation of the contracts to which it is a party, preparation of Prospectus and any supplements thereto and the stock exchange listing of the Participating Shares on Euronext Amsterdam. These preliminary costs and expenses were capped at €200,000 and any expenditure in excess of this amount was borne by the Manager. In accordance with IFRS the costs and expenses borne by the Company paid immediately following the Listing Date and therefore expensed in the fiscal year in which they are incurred. As of 31 December 2009 a preliminary expense amount of €Nil (2008: €41,733) is to be borne by the Investment Manager. As of 31 December 2009, there is a receivable of €105,011 (2008: €106,706) in relation to formation costs. This reduction from 2008 is due to a legal fee's overpayment of €1,694 in 2009.

5. SHAREHOLDERS' INTERESTS

The Company has an authorised share capital of €250,000,001 divided into 100 Management Shares with a nominal value of €0.01 each and 5,000 Participating Shares with a nominal value of €50,000 each. All Management Shares have been issued to the Manager at their nominal value.

However, on incorporation the authorised share capital had been €50,000 divided into 100 Management Shares with a nominal value of €0.01 each and 4,999,900 Participating Shares with a nominal value of €0.01 each. At 31 March 2007, 39,800 Participating Shares had been issued and these were consolidated into 394 Participating Shares after the increase of the nominal value of the Participating Share from €0.01 to €50,000 in June 2007.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2009

6. FINANCIAL RISK MANAGEMENT

Each Management Share will carry the right to one vote on all matters in general meetings of the shareholders of the Company, except on a resolution to change the Manager or wind-up/continue the Company at the end of its seven year life, being 31 March 2014. The Management Shares do not entitle holders to participate in the Company's profits and losses. Upon winding up of the Company the holders of Management Shares are entitled to receive their paid in capital €0.01 per Share after payment of the amounts due to holders of Participating Shares.

The holders of Participating Shares shall be entitled to receive notice of and attend, in person or by proxy, at each meeting of shareholders, but shall only be entitled to speak or vote at any such meeting on a resolution which proposes to vary the special rights attaching to the Participating Shares or to amend the Memorandum or the Articles of Association of the Company, to remove and appoint the Directors of the Company, to vote on the winding-up/continuation of the Company at the end of its seven year life or to vote for a change in Manager. They are entitled to receive any dividends that may be declared by the Company and upon the winding-up of the Company, the full amount of the assets of the PS Segregated Portfolio available for the distribution will be distributed to registered holders of Participating Shares.

The Company's financial position and performance is affected by a range of financial risks which include: market risk comprising price risk, currency risk and interest rate risk, credit risk and liquidity risk. The Company endeavours to mitigate the effect of these financial risks on its performance through its risk management policies. The responsibility for monitoring risk on a day-by-day basis in the Company rests with key personnel in the Sub-Manager, Leo Fund Managers Ltd. These key personnel include the Chief Investment Officer, Chief Operating Officer and the Chief Risk Officer. The Board regularly receives information from the Manager (including the VaR) at the quarterly meetings. In the course of its quarterly meetings the Board reviews the Company's risks and also does so outside the Board meetings as required. Outside of these meetings any exceptional risks are communicated to the Board immediately by the Manager.

These risk management policies facilitate the Company to pursue its primary goal of achieving above average absolute shareholder returns in both rising and falling markets with a low degree of correlation to European equity markets.

Market risk
Market risk is due to changes in actual prices, interest rate changes and currency risk. The Investment Manager recognises the interdependency between price, interest and currency risk. As such, the Company Manager employs IT systems which enable real-time monitoring of positions, profit and loss and various other risk factors.

Given the investment strategy and objectives, the Company will tend to have a portfolio comprising a small number of highly concentrated equity positions. The focus of risk monitoring is therefore on real-time profit and loss, concentration as a percentage of the assets under management, the percentage ownership, liquidity in terms of the number of average traded days volume, analysis by industry sector, market capitalisation and country of risk.

The investment objective of the Company is long-term capital appreciation. The Company seeks to achieve this objective by making significant equity investments either directly or indirectly in European publicly traded companies which the Company believes are under-managed and under-valued. Such investments are generally not of a short-term nature.

The Company's holding of financial instruments is susceptible to market price risk arising from uncertainties about future price movements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2009

6. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)
The Company's overall market positions are monitored on a daily basis by the Company's Sub-Manager through use of its bespoke real time risk management software ("LeoPos").

Overall market exposures at 31 December 2009 and 2008 are described in the Condensed Schedule of Investments.

The Sub-Manager monitors Value at Risk ("VaR") on a daily basis using LeoPos. The system uses a historical covariance model based upon a one day time horizon and a 95% confidence limit. At the end of each month the figure is compared to a number produced by downloading portfolio data into the standard Bloomberg VaR model. It is the process that the quarterly average VaR and quarterly closing VaR figures are provided to the Directors of the Company at the quarterly Company board meetings. The VaR figure provided is calculated by taking the EUR Value at Risk figure calculated by the standard Bloomberg VaR model and dividing this by the prior month end confirmed Assets Under Management.

(Daily) VaR at 31 December 2009	0.77% (2008: 0.69%)
Average (Daily) VaR for year	0.92% (2008: 0.54%)

Some limitations of VAR/sensitivity analysis are;

- the models are based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive (in the case of probability-based methods, such as VAR, profits and losses are almost certain to exceed the reported amount with a frequency depending on the confidence interval chosen); and
- future market conditions could vary significantly from those experienced in the past.

Interest rate risk
The majority of the Company's financial assets and liabilities are either non-interest bearing or held as cash and cash equivalents or cash at broker. As a result, the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Currency risk
While the functional currency for the Company is the Euro, the Company also holds assets denominated in other currencies. The Company aims to reduce its currency exposure by funding the purchase of financial assets denominated in non-Euro currencies with borrowings in the same currency. Adjustments to the level of borrowing are made from time to time to offset any exposures arising from mark to market profits or losses on the respective financial assets.

The Sub-Manager is responsible for monitoring the Company's exposure to currency risk on a daily basis. It is the process that the quarterly average VaR and quarterly closing VaR figures are provided to the Directors of the Company at the quarterly Company board meetings where currency risk to the Company is also considered.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2009

6. FINANCIAL RISK MANAGEMENT (continued)

Currency risk (continued)

The table below summarises the Company's exposure to non Euro currencies.

At 31 December 2009
(Expressed in Euro)

CCY	Cash and bank balances	Financial assets/liabilities at fair value through profit or loss	Other assets	Other liabilities	Total
AUD	(30,929,349)	30,490,940	-	-	(438,409)
CAD	(25,636,206)	14,706,366	-	-	(10,929,840)
GBP	(24,784,930)	22,339,697	-	-	(2,445,233)
NOK	(11,302,963)	10,949,287	-	-	(353,676)
USD	(2,616,968)	3,448,149	-	-	831,181
	(95,270,416)	81,934,439	-	-	(13,335,977)

These cash amounts are netted above for presentation on the statement of financial position. This is due to the right of offset which exists at the Prime Broker Goldman Sachs International. A margining agreement exists with Goldman Sachs International which allows the Company to go negative on cash. Interest is charged for negative margin cash.

At 31 December 2008
(Expressed in Euro)

CCY	Cash and bank balances	Financial assets/liabilities at fair value through profit or loss	Other assets	Other liabilities	Total
AUD	(13,308,697)	13,316,556	458,180	-	466,039
CHF	14,194,013	-	-	-	14,194,013
GBP	(12,750,533)	13,239,286	-	-	488,753
USD	1,719		-	-	1,719
	(11,863,498)	26,555,842	458,180	-	15,150,524

Credit risk

The Company is exposed to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the statement of financial position date, if any.

All transactions in listed securities are settled delivery versus payment thereby eliminating credit risk. Counterparty risk will arise in respect of over-the-counter transactions, including CFDs. Payment is made on a purchase once the broker has received the securities. The trade will fail if either party fails to meet their obligation. As Goldman Sachs has an AA- credit rating and Citi has an A-1 rating the credit risk is deemed minimal.

Per the Prime Broker Agreement between Goldman Sachs International (the "Prime Broker") and the Company, any part of the Company's property may be commingled with cash or securities of the same description of other customers of the Prime Broker and accordingly the Company shall not necessarily have the right to any specific securities certificates, but will instead be entitled, to the transfer or delivery of an amount of securities of any issue that is of the same description and in the same amount.

The Company's money will not be segregated from the money of the Prime Broker and will be used by the Prime Broker in the course of the Prime Broker's business.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2009

6. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)
The credit risk associated with favorable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis.

All CFDs are transacted with the Prime Broker. Collateral and margin management is the process of managing assets pledged by one party to another to mitigate credit risk between the parties and to minimise the effects of potential default. As at 31 December 2009 and 31 December 2008 the Company held no open CFDs. The Sub-Manager monitors the credit/counterparty exposure to the Company on a daily basis. See page 22 of this report for other broker exposure. In the event of failure of the Prime Broker or other brokers, the Company will be a general creditor.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company invests predominantly in publicly traded European equities. Illiquidity may result from the size of the positions taken in any one entity and/or adverse market conditions. The Company invests only a limited proportion of it's assets in investments not actively traded on a stock exchange. The Company may from time to time invest in derivative contracts traded over the counter, which are not traded in an organised public market and may be illiquid. As a result, the Company may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements. As the Company is closed ended there is no requirement to provide funding for capital redemptions. At 31 December 2009 all current liabilities that are stated in the Statement of Financial Position are payable within one month.

The Sub-Manager monitors liquidity on a daily basis using LeoPos which shows the number of average traded days volume in real-time. At 31 December 2009 48.19% (2008: 19.44%) of the positions in the portfolio were within weekly liquidity with the remaining 51.81% (2008: 80.56%) of positions being greater than weekly liquidity. The Board of Directors monitors the liquidity of the positions in the portfolio at the quarterly board meetings.

Fair value estimation risk
The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. When the Company holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies the bid or ask price to the net open position, as appropriate. In the case of money market funds, unaudited net asset valuations are provided by the underlying funds' administrators.

The Company may from time to time invest in financial instruments that are not traded in an active market (for example, in over-the-counter derivatives). The fair value of such instruments is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. As required by IAS 39, a bid/ask adjustment has been made to the last traded price.

Effective 1 January 2009 the Company adopted the Amendments to IFRS 7 'Financial Instruments: Disclosures', which requires enhanced disclosures about financial instruments carried at fair value and liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2009

6. FINANCIAL RISK MANAGEMENT (continued)

Investments measured and reported at fair value are classified and disclosed in one of the following fair value hierarchy levels based on the significance of the inputs used in measuring its fair value:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the valuation date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices in active markets included within Level 1 that are observable for the asset or liability, either directly or indirectly. Fair value is determined through the use of models or other valuation methodologies.

Level 2 inputs include the following:

a. Quoted prices for similar assets or liabilities in active markets.
b. Quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.
c. Inputs other than quoted prices that are observable for the asset or liability (e.g. interest rate and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks and default rates).
d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Company's own assumptions about how market participants would be expected to value the asset or liability. Unobservable inputs are developed based on the best information available in the circumstances, other than market date obtained from sources independent of the Company and might include the Company's own data.

An investment is always categorised as level 1, 2 or 3 in its entirety. In certain cases, the fair value measurement for an investment may use a number of different inputs that fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and is specific to the investment.

The fair values of investments valued under Levels 1 to 3 are as follows:

Financial assets at fair value through profit or loss	**31 December 2009 €**	**Level 1 €**	**Level 2 €**	**Level 3 €**
Equity securities	163,071,945	163,071,945	-	-
Total	**163,071,945**	**163,071,945**	**-**	**-**

There were no significant transfers between levels during the year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2009

7. RELATED PARTY TRANSACTIONS

As at 31 December 2009:
- Francesco Marotta a Director of the Investment Manager (Leonardo Capital Management Limited) held 2 Participating Shares.
- Leonardo Capital Management Limited held 1 Participating Shares of the Company.
- Woodbourne Trustees, as Trustee of the C&C Trust, 50% owner of Leonardo Capital Management, held 42 Participating Shares.
- Woodbourne Trustees, as Trustee of the Leonardo Trust, 50% owner of Leonardo Capital Management, held 251 Participating Shares.
- Ian Cooper, a Director of the Company held 5 Participating Shares.

The above share holdings were the same as at 31 December 2008 with the exception of Woodbourne Trustees, as Trustee of the C&C Trust, which held 20 Shares in the Company and Woodbourne Trustees, as Trustee of the Leonardo Trust, which held 64 Shares in the Company.

8. FOREIGN CURRENCY RATES VERSUS EUR (Functional Currency) at 31 December:

	2009	**2008**
AUD	1.5953	1.9937
CAD	1.5041	-
CHF	1.4832	1.4794
GBP	0.8885	0.9968
NOK	8.2882	9.7332
SEK	10.2442	10.9924
USD	1.4347	1.3900

9. SUBSEQUENT EVENTS

Quintillion Limited have been appointed to replace Citi Hedge Fund Services (Ireland), Limited as Administrator of the Company, effective 1 January 2010.

10. CHANGES IN ACCOUNTING STANDARDS

On 12 November 2009, the IASB issued IFRS 9 Financial Instruments ('IFRS 9'), covering classification and measurement of financial instruments, as the first part of its project to replace IAS 39. IFRS 9 is effective for annual periods beginning on or after 1 January 2013.

11. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved on 16 April, 2010.

CONDENSED SCHEDULE OF INVESTMENTS
As at 31 December 2009

Description	2009 Fair Value €	% of Net Assets	2008 Fair Value €	% of Net Assets
Financial assets at fair value through profit or loss				
Common stock				
Australia				
Financial	-	-	13,316,556	4.92%
Industrials	30,490,940	10.41%	-	-
	30,490,940	**10.41%**	**13,316,556**	**4.92%**
Canada				
Industrials	14,706,366	5.02%	-	-
	14,706,366	**5.02%**	**-**	**-**
Germany				
Industrials	2,018,578	0.69%	-	-
	2,018,578	**0.69%**	**-**	**-**
Spain				
Industrials	-	-	21,807,900	8.06%
	-	**-**	**21,807,900**	**8.06%**
Italy				
Financial	79,118,928	27.01%	37,868,150	14.00%
	79,118,928	**27.01%**	**37,868,150**	**14.00%**
Norway				
Industrials	10,949,287	3.74%	-	-
	10,949,287	**3.74%**	**-**	**-**
United States				
Financial	3,448,149	1.18%	-	-
	3,448,149	**1.18%**	**-**	**-**
Great Britain				
Consumer	22,339,697	7.63%	13,239,285	4.89%
	22,339,697	**7.63%**	**13,239,285**	**4.89%**
Total common stock	**163,071,945**	**55.68%**	**86,231,891**	**31.88%**

CONDENSED SCHEDULE OF INVESTMENTS (Continued)
As at 31 December 2009

Description	2009 Fair Value €	% of Net Assets	2008 Fair Value €	% of Net Assets
Financial assets at fair value through profit or loss (Continued)				
Total financial assets at fair value through profit or loss	**163,071,945**	**55.68%**	**86,231,891**	**31.88%**
Financial liabilities at fair value through profit or loss				
Common stock				
Spain				
Industrials	-	-	(627,125)	(0.23)%
	-	**-**	**(627,125)**	**(0.23)%**
Total common stock	**-**	**-**	**(627,125)**	**(0.23)%**
Total financial liabilities at fair value through profit or loss	**-**	**-**	**(627,125)**	**(0.23)%**
Net assets consist of:				
Total investments	163,071,945	55.68%	85,604,766	31.65%
Other assets	129,888,464	44.32%	184,891,851	68.35%
Net assets attributable to holders of redeemable Participating Shares on a last traded price basis	**292,960,409**	**100.00%**	**270,496,617**	**100.00%**

See notes to the financial statements