

AGUA TERRA LIMITED
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
Period from 3 July 2008 to 31 December 2008

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AGUA TERRA LIMITED

Chairman's Statement

I am delighted to report a successful start to the operations of the Company.

Since its admission to AIM in October 2008, Agua Terra Limited:

- successfully completed its first project acquisition, Mykonos Azure in Mykonos for a total consideration of €8.3m;
- progressed the architectural design and planning process for the project; and
- successfully received its first planning permit relating to the Agrari Site of Mykonos Azure on 24 March 2008, within six months of acquiring the site. The timely progression of the Agrari Site through the various planning approval stages signifies the Company's local capabilities.

The Company's focus remains on acquisition opportunities in Greece and in particular those Greek Islands which have an international airport. Agua Terra does not intend to acquire any 'green field' or unzoned sites but will concentrate on areas that have a concise planning regime, limited supply of developable land and a steady demand outlook. To that end, we expect Mykonos to remain the focus of Agua Terra's operations in 2009. The Company is in advanced negotiations for acquiring a significant pipeline of assets which, if completed, will make the Company one of the largest owners of developable land on the island.

The planning permits currently being received in Mykonos are value accretive to our sites. Marketing of selected show villas has already commenced through Terra Sotheby's International Realty, our marketing, branding and distribution partner. Given the current environment, marketing is being conducted on an opportunistic basis. The Company's near-term efforts will concentrate on the acquisition of further sites in Mykonos and on expanding our portfolio of assets on the island and elsewhere. Opportunities in other popular and accessible Greek islands are also being investigated. The Company intends to progress these further should we have the financial resources available.

In terms of market developments, the enactment of the long-awaited Regulation for Tourism Development legislation due in 2008, has been delayed and is expected to take place in 2009. While the legislative changes do not directly affect the Company's near term development and site acquisition plans, they should help to clarify and improve the current planning framework for second homes and tourism development in the target region, thereby positively affecting the Company's future development plans.

Agua Terra's development strategy aims to continue to provide real value creation for our shareholders. Our strong project pipeline and near term concentration on Mykonos, coupled with our proven planning capability and acquisition strategy which concentrates on fully zoned, luxury branded development projects, should ensure the Company remains resilient through the current downturn. We look forward to the successful launch of the Mykonos Azure Project and the continued growth of the Company through the acquisition of further carefully selected sites.

Lord Balfour
Chairman
Agua Terra Limited
30 March 2009

AGUA TERRA LIMITED

UNAUDITED CONSOLIDATED INCOME STATEMENT

Period from 3 July 2008 to 31 December 2008

	Note	2008 €
Revenue		-
Administration expenses		(632.646)
Selling and distribution expenses		(9.923)
Other expenses	1	<u>(5.395)</u>
Operating loss	2	<u>(647.964)</u>
Net finance costs	3	<u>(3.696)</u>
Net (loss) for the period		<u><u>(651.660)</u></u>

The notes on pages 5 to 7 form an integral part of these consolidated financial statements.

AGUA TERRA LIMITED
 UNAUDITED CONSOLIDATED BALANCE SHEET
 31 December 2008

	Note	2008 €
ASSETS		
Non-current assets		<u>---</u>
Current assets		
Inventories	4	8.264.536
Trade and other receivables	5	29.633
Cash at bank and in hand		<u>78.567</u>
		<u>8.372.736</u>
Total assets		<u><u>8.372.736</u></u>
EQUITY AND LIABILITIES		
Equity and reserves		
Share capital	6	9.012.500
Accumulated (losses)		<u>(651.660)</u>
		<u>8.360.840</u>
Current liabilities		
Trade and other payables	7	<u>11.896</u>
		<u>11.896</u>
Total equity and liabilities		<u><u>8.372.736</u></u>

The notes on pages 5 to 7 form an integral part of these consolidated financial statements.

AGUA TERRA LIMITED

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

Period from 3 July 2008 to 31 December 2008

	2008
	€
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before tax	(651.660)
Adjustments for:	
Unrealised exchange loss	<u>2.925</u>
Cash flows used in operations before working capital changes	(648.735)
Increase in inventory	(8.264.536)
Increase in trade and other receivables	(29.633)
Increase in trade and other payables	<u>11.896</u>
Net cash used in operating activities	<u>(8.931.008)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash from investing activities	<u>---</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of share capital	9.012.500
Unrealised exchange (loss)	<u>(2.925)</u>
Net cash from financing activities	<u>9.009.575</u>
Net increase in cash and cash equivalents	78.567
Cash and cash equivalents:	
At beginning of the period	<u>---</u>
At end of the period	<u><u>78.567</u></u>

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AGUA TERRA LIMITED

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Period from 3 July 2008 to 31 December 2008

1. Other expenses

	2008
	€
Incorporation expenses	<u>5.395</u>
	<u>5.395</u>

2. Operating (loss)

	2008
	€
Operating (loss) is stated after charging the following items:	
Non-executive directors remuneration	25.000
Executive directors remuneration	<u>150.000</u>
	<u>175.000</u>

3. Finance costs

	2008
	€
Net foreign exchange transaction losses	2.925
Other finance expenses	<u>771</u>
	<u>3.696</u>

4. Inventories

	2008
	€
Land under development	<u>8.264.536</u>
	<u>8.264.536</u>

The land for development is carried at cost.

5. Trade and other receivables

	2008
	€
Prepayments	27.833
Other receivables	<u>1.800</u>
	<u>29.633</u>

AGUA TERRA LIMITED

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Period from 3 July 2008 to 31 December 2008

6. Share capital

	2008 Number of shares	2008 €
Issued and fully paid		
Common shares of no par value	4.531.250	9.012.500
At 31 December 2008	<u>4.531.250</u>	<u>9.012.500</u>

Authorised capital

The Company has an unlimited authorised share capital comprising common shares of no par value.

Founder Warrants

The Board of Directors approved and issued the amount of 4.531.250 warrants to the Founding Shareholders of the company entitling them to subscribe at the price of €2 per share.

Performance Warrants

The Board of Directors approved the issue of performance warrants as follows:

Company name	Class	Number of shares	Price
Aqua Sol Capital Holdings Ltd	A	125.831	€2.59
Terra Holdings Group Ltd	B	176.829	€2.59
Totalserve Investments Ltd	C	106.258	€2.59

7. Trade and other payables

	2008 €
Accruals	8.297
Other creditors	3.599
	<u>11.896</u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

8. Significant agreements with management

At the end of the year, no significant agreements existed between the Company and its management.

9. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2008.

10. Commitments

The Company had no capital or other commitments as at 31 December 2008.

AGUA TERRA LIMITED

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Period from 3 July 2008 to 31 December 2008

11. Post balance sheet events

On the 24 March 2009, the Group received planning permission for the development of its Agrari site (the "Agrari Site"), located in Mykonos, Greece.

The Agrari Site is one of three sites acquired by the Group which collectively comprise the Mykonos Azure project (the "Project"). The Company acquired the Project shortly following its admission to AIM, for a total consideration of €8.3 million. Depending on the final design, the Project will allow for the development of up to 20 luxury serviced residences over approximately 35,000 sqm.

The planning license grants the Group the permission to develop up to 930 sqm of ultra-luxury serviced residences over the Agrari Site's 15,800 sqm.

AGUA TERRA LIMITED
 DETAILED CONSOLIDATED INCOME STATEMENT
 Period from 3 July 2008 to 31 December 2008

	Page	2008 €
Operating expenses		
Administration expenses	9	632.646
Selling and distribution expenses	9	<u>9.923</u>
		<u>642.569</u>
Other operating expenses		
Incorporation expenses		<u>5.395</u>
Operating loss		647.964
Finance costs	10	<u>3.696</u>
Net (loss) for the period before tax		<u><u>(651.660)</u></u>

AGUA TERRA LIMITED

DETAILED CONSOLIDATED OPERATING EXPENSES

Period from 3 July 2008 to 31 December 2008

	2008
	€
Administration expenses	
Non executive directors' remuneration	25.000
Executive director's remuneration	150.000
Accounting fees	8.298
Legal fees	11.500
Representation expenses	2.063
Professional fees	350.222
Overseas travelling	35.063
Registration fees	12.350
Consultancy fees	13.363
Disbursements	21.322
Sundry expenses	3.465
	<u>632.646</u>

	2008
	€
Selling and distribution expenses	
Advertising	9.923
	<u>9.923</u>

AGUA TERRA LIMITED
CONSOLIDATED FINANCE INCOME
Period from 3 July 2008 to 31 December 2008

	2008
	€
Finance costs	
Other finance expenses	
Bank charges	771
Net foreign exchange transaction losses	
Unrealised exchange loss	<u>2.925</u>
	<u><u>3.696</u></u>