FMG IRAQ FUND LTD.

Annual Report and Non-Statutory Financial Statements

For the year ended March 31, 2014

Contents

Directors, officers and other information

Directors:	Anthony O'Driscoll James Keyes William Woods
Investment manager:	FMG Fund Managers Bermuda Ltd, 20 Reid Street, 3rd Floor, Williams House, P.O. Box 2460 HMJX, Hamilton HM11, Bermuda.
Company secretary:	Sharon Ward
Registered office:	20 Reid Street, 3rd Floor, Williams House, P.O. Box 2460 HMJX, Hamilton HM11, Bermuda.
Administrator, registrar and transfer agent:	Apex Fund Services Ltd, 20 Reid Street, 3rd Floor, Williams House, P.O. Box 2460 HMJX, Hamilton HM11, Bermuda.
Sub-administrator, sub-registrar and sub-transfer agent:	Apex Fund Services (Malta) Ltd, Central North Business Centre, Level 1, Sqaq il-Fawwara, Sliema, Malta.
Bankers:	Credit Suisse AG, Uetlibergstr., 231 (A/B+ZN), 8070, Zürich, Switzerland.
Broker:	Rabee Securities, Baghdad, 903/14/19, Karada, Iraq.
Legal advisor:	Appleby (Bermuda) Limited, Canon's Court, 22 Victoria Street, Hamilton, Bermuda.
Auditor:	Deloitte Audit Limited, Deloitte Place, Mriehel Bypass, Mriehel, Malta.

Comparative table

	As at March 31, 2014			As at March 31, 2013		
	NAV per unit*	**Units in circulation**	**Total NAV**	**NAV per unit***	**Units in Circulation**	**Total NAV**
FMG Iraq Fund Class A (USD)	**80.69**	**19,110**	**1,541,906**	70.19	22,195	1,557,778
FMG Iraq Fund Class A09 (USD)	**90.93**	**4,424**	**402,281**	79.10	5,347	422,949
FMG Iraq Fund Class A10 (USD)	**122.97**	**37,795**	**4,647,615**	109.75	47,085	5,167,470
FMG Iraq Fund Class B (USD)	**9.39**	**233,870**	**2,196,788**	8.13	246,985	2,008,081
FMG Iraq Fund Class B10 (USD)	**13.06**	**624,204**	**8,150,588**	11.48	598,435	6,868,163
FMG Iraq Fund Class A11 (GBP)	**98.80**	**2,464**	**243,516**	88.31	2,419	213,632
FMG Iraq Fund Class B11 (CHF)	**10.13**	**74,282**	**752,521**	8.98	74,282	666,870

* The NAV per unit is presented to the nearest two decimal places.

FMG IRAQ FUND LTD.

Directors' report

For the year ended March 31, 2014

The directors present the annual report and the audited non-statutory financial statements of FMG Iraq Fund Ltd. ('the Company' or 'the Fund') for the year ended March 31, 2014.

Principal activities
The Company is an open-ended investment Fund, incorporated in Bermuda empowered by its bye-laws to issue, redeem and reissue its own shares at prices based on their net asset value.

The Fund invests in Iraqi equities, both domestic and international listings, that derive a portion of their business from Iraq.

Performance review and financial position
The Fund generated a net investment income amounting to $2,397,116 (2013 - $1,525,526). During the year under review, $2,722,075 (2013 - $3,038,218) were redeemed whilst $1,469,016 (2013 - $827,947) were attracted to the Fund. Shareholders' funds as at March 31, 2014 amounted to $18,195,653 (2013 - $17,051,596).

Directors
The directors who served during the period were:
Peter Hughes (resigned on 30 November 2013)
Anthony O'Driscoll (appointed on 1 December 2013)
William Woods
James Keyes

In accordance with the Fund's articles of association the directors are to remain in office.

Auditors
A resolution to reappoint Deloitte Audit Limited as auditor of the Fund will be proposed at the forthcoming annual general meeting.

Events after the reporting date
Subsequent to year end, Iraq has been involved in significant socio-political unrest which negatively impacted the country's financial stability and its financial markets.

The Fund issued an updated Prospectus on 21 July 2014. After the reporting date, the Fund also launched a new share class namely Class A14L which is denominated in USD.

For the period from 1 April 2014 to the latest available published NAV, there have been subscriptions equivalent to $1,510,895 in the FMG Iraq Fund Ltd USD share classes and £74,008 in the FMG Iraq Fund Ltd GBP share classes. Furthermore redemptions equivalent to $4,140,899 were settled from the Fund's USD share classes, £64,538 from the Fund's GBP share classes and CHF471,450 from the Fund's CHF share class during the said period.

Approved by the board of directors and signed on its behalf on 29 January 2016 by:

Anthony O'Driscoll
Director

Directors' responsibility for the financial statements

For the year ended March 31, 2014

The directors acknowledge their responsibility to prepare financial statements in accordance with International Financial Reporting Standards which give a true and fair view of the state of affairs of the Company at the end of each financial year and of the profit or loss of the Company for the year then ended. In preparing the financial statements, the directors should:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business as a going concern.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and which enable the directors to ensure that the financial statements comply with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors 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.

FMG IRAQ FUND LTD.
Statement of financial position

March 31, 2014
(Expressed in United States Dollars)

	Notes	2014	2013
Assets			
Financial assets at fair value through profit or loss	4	**17,656,152**	16,925,197
Receivables	5	**35,203**	-
Subscriptions receivable		**30,000**	-
Prepayments		**3,200**	1,577
Cash and cash equivalents		**943,284**	526,892
Total assets		**18,667,839**	17,453,666
Liabilities			
Financial liabilities at fair value through profit or loss	4	**1,140**	7,706
Subscriptions received in advance		**230,510**	271,653
Redemptions payable		**6,808**	12,748
Accounts payable and accrued expenses	6	**233,728**	109,963
Total liabilities (excluding net assets attributable to holder of redeemable preference share)		**472,186**	402,070
Net assets attributable to holders of redeemable preference shares		**$ 18,195,653**	$ 17,051,596

These financial statements were approved by the board of directors, authorized for issue on 29 January 2016 and signed on its behalf by:

Anthony O' Driscoll
Director

The notes on pages 9 to 25 form an integral part of the financial statements.

FMG IRAQ FUND LTD.

Statement of comprehensive income

Year ended March 31, 2014
(Expressed in United States Dollars)

	Notes	2014	2013
Investment income			
Net gain on financial instruments designated at fair value through profit or loss		**2,814,529**	1,979,405
Net loss on financial instruments held for trading		**(4,745)**	(67,442)
Dividend income		**360,147**	47,455
Other income		**-**	26,850
Interest income		**-**	164
Total investment income		**3,169,931**	1,986,432
Operating expenses			
Management fees	10	**324,537**	300,607
Incentive fees	10	**302,020**	-
Administration fees	10	**58,830**	59,037
Audit fees		**3,195**	3,250
Directors' and secretarial fees		**13,500**	13,500
Other operating fees		**70,733**	83,545
Total operating expenses		**772,815**	459,939
Finance cost			
Interest expense		**-**	967
Net investment income		**2,397,116**	1,525,526
Increase in net assets attributable to holders of redeemable preference shares		**$ 2,397,116**	$ 1,525,526

The notes on pages 9 to 25 form an integral part of the financial statements.

FMG IRAQ FUND LTD.

Statement of changes in net assets attributable to holders of redeemable preference shares

Year ended March 31, 2014
(Expressed in United States Dollars)

	2014	2013
Increase in net assets attributable to holders of redeemable preference shares	**2,397,116**	1,525,526
From capital share transactions		
Proceeds from the subscription of redeemable preference shares	**1,469,016**	827,947
Payments on redemption of redeemable preference shares	**(2,722,075)**	(3,038,218)
Net increase/(decrease) in net assets attributable to redeemable preference shares	**1,144,057**	(684,745)
Net assets attributable to redeemable preference shares at the beginning of the year	**17,051,596**	17,736,341
Net assets attributable to redeemable preference shares at the end of the year	**$ 18,195,653**	$ 17,051,596

The notes on pages 9 to 25 form an integral part of the financial statements.

FMG IRAQ FUND LTD.

Statement of cash flows

Year ended March 31, 2014
(Expressed in United States Dollars)

		2014		2013
Cash flows from operating activities				
Increase in net assets attributable to holders of redeemable preference shares		**2,397,116**		1,525,526
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:				
Change in assets and liabilities:				
Net change in financial assets/liabilities at fair value through profit or loss		**(737,521)**		381,924
Receivables and prepayments		**(66,826)**		3,996
Accounts payable and accrued expenses		**123,765**		(49,750)
Net cash provided by operating activities		**1,716,534**		1,861,696
Cash flows used in financing activities				
Proceeds from issue of redeemable preference shares		**1,425,570**		955,722
Payments on redemptions of redeemable preference shares		**(2,725,712)**		(3,025,470)
Net cash used in financing activities		**(1,300,142)**		(2,069,748)
Net decrease in cash and cash equivalents		**416,392**		(208,052)
Cash and cash equivalents at the beginning of the year		**526,892**		734,944
Cash and cash equivalents at the end of the year	**$**	**943,284**	$	526,892
Supplementary cash flow information				
Interest paid	**$**	**-**	$	967

The notes on pages 9 to 25 form an integral part of the financial statements.

1. Reporting entity

FMG Iraq Fund Ltd. (the ‘Company' or the Fund') was incorporated in Bermuda on March 18, 2005 as an open-ended investment company, empowered by its bye laws to issue, redeem and reissue its own shares at prices based on their net asset value.

The Fund invests in Iraqi equities, both domestic and international listings, that derive a portion of their business from Iraq. The assets may be allocated to external managers, either as managed accounts or to funds.

2. Basis of preparation

2.1 Statement of compliance

These non-statutory financial statements represent the annual financial statements of the Company prepared in accordance with International Financial Reporting Standards ("IFRS") and issued by the International Accounting Standards Board ("IASB").

2.2 Basis of measurement

The financial statements have been prepared using the historical cost convention except that the following are measured at fair value:

- derivative financial instruments; and
- financial instruments designated at fair value through profit or loss.

2.3 Functional and presentation currency

The financial statements are presented in the United States Dollars (USD), which is also the functional currency of the Company, rounded to the nearest unit.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain accounting estimates. It also requires directors to exercise judgements in the process of applying accounting estimates. Estimates and judgements are continually evaluated and are based on experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

As discussed in note 4 (a) to these financial statements, the key judgement relates to the valuation policy of certain underlying investments held in a managed account. The directors are satisfied that notwithstanding the suspension in trading of these equity instruments on the ISX, the last available traded price or the indicative price as determined using broker quotes is the most representative value at the reporting date.

3. Summary of significant accounting policies

3.1 Foreign currency

Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year-end. Exchange differences arising on the settlement and on the re-translation of monetary items are dealt within the statement of comprehensive income.

3.2 Financial assets and liabilities

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

(i) Trade and other receivables

Trade and other receivables are classified with assets and are stated at their nominal value unless the effect of discounting is material. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

(ii) Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities as at fair value through profit or loss are those that are held for trading purposes or those that are so designated by the Company upon initial recognition. The Company uses this designation when doing so results in more relevant information because a group of financial assets, liabilities or both are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the group is provided internally on that basis to the entity’s key management personnel or when a contract contains one or more embedded derivatives and the entity elects to designate the entire hybrid contract as a financial asset or liability as at fair value through profit or loss. The Company’s investments are monitored on a periodic basis by the investment committee appointed by the Investment Manager and the board of directors. After initial recognition, financial assets at fair value through profit or loss are measured at their fair value from those quoted market prices.

For all financial instruments which are quoted or otherwise traded in an active market, for exchange traded derivatives, exchange traded funds and for other financial instruments for which quoted prices in an active market are available, fair value is determined directly from those quoted market prices.

3. Summary of significant accounting policies (continued)

3.2 Financial assets and liabilities (continued)

Financial instruments (continued)

(ii) Financial assets and liabilities at fair value through profit or loss *(continued)*

Financial instruments which are unquoted or otherwise not traded in an active market are valued using broker quotes and other methodology designed to assess the value after acquisition, having regard to market terms at the measurement date, including interest rates and liquidity and other factors. The basis of valuation on each valuation date will be determined on the most appropriate basis to use, having regard to a) any relevant information generally available in the market at the time; and b) any other relevant information.

Gains and losses arising from a change in fair value are recognised in profit or loss in the period in which they arise. Where applicable, dividend income and interest income on financial assets at fair value through profit or loss is disclosed separately in profit or loss. Fair value gains and losses are recognised within net gain on financial instruments at fair value through profit or loss.

- Valuation of investments in managed accounts

The investment in equity securities within the managed accounts are accounted for on a trade date basis and those that are traded on a national securities exchange are valued at the last traded price as reported by the Iraq Stock Exchange (ISX). The interest, dividend income and realized gains and losses arising from managed accounts are included in the relevant line items in the statement of operations. Similarly, cash attributable to the managed accounts are included within cash and cash equivalents in the statement of financial position.

- Derivative financial instruments

Derivative financial assets and derivative financial liabilities are classified as held for trading unless they are designated as effective hedging instruments. During the year under review, the Company did not designate any of its derivative financial instruments in a hedging relationship for accounting purposes.

A forward currency contract involves an obligation to purchase or sell a specific currency at a future date, at a price set at the time the contract is made. Forward foreign exchange contracts are valued by reference to the forward price at which a new forward contract of the same size and maturity could be undertaken at the valuation date. The unrealised gain or loss on open forward currency contracts is calculated as the difference between the contract rate and this forward price, and is recognised in the statement of comprehensive income.

(iii) Trade and other payables

Trade and other payables are stated at their nominal value unless the effect of discounting is material.

(iv) Realised and unrealised gains and losses

Investment transactions are recorded on a trade date basis. Realised gains or losses on investments are calculated on a weighted average cost and are disclosed within net gain on financial assets at fair value through profit or loss in the statement of comprehensive income.

3. Summary of significant accounting policies (continued)

3.3 Cash and cash equivalents

Cash and cash equivalents comprise current deposits held with banks. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3.4 Revenue recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Company and these can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest income and expense

Interest income and expense, including interest from non-derivative financial assets at fair value through profit or loss, are recognised as they accrue in profit or loss, where applicable, gross of withholding tax. For financial assets and liabilities not classified at fair value through profit or loss, such interest income and expense is recognized using the effective interest method.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

3.5 Expenses

All expenses, including management, administrator and custodian fees, are recognised in profit or loss on an accruals basis.

3.6 Units redeemed

All units issued by the Company provide the right to require redemption for cash on each dealing date in accordance with the terms set out in the Company's prospectus. Such instruments give rise to a financial liability for the present value of the redemption amount and are presented in the statement of financial position as 'Net Assets attributable to redeemable preference shares'.

3.7 Impairment

All assets are tested for impairment except for financial assets measured at fair value through profit or loss.

At the end of each reporting period, the carrying amount of assets, is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

In the case of financial assets that are carried at amortised cost, objective evidence of impairment includes observable data about the following loss events - significant financial difficulty of the issuer, a breach of contract, it becoming probable that the borrower will enter bankruptcy or other financial reorganisation, the disappearance of an active market for that financial asset because of financial difficulties and observable data indicating that there is a measurable decrease in the estimated future cash flows since the initial recognition of those assets.

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

3. Summary of significant accounting policies (continued)

3.8 Adoption of revised International Financial Reporting Standards

The following amendment to the existing standards issued by the International Accounting Standards Board is effective for the current year:

- IFRS 13 *Fair Value Measurement* is applicable for annual periods beginning on or after 1 January 2013. This Standard defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not require fair value measurements in addition to those already required or permitted by other IFRSs.

- An amendment to IFRS 13, effective for annual periods beginning on or after 1 January 2013, was issued in December 2013 as part of the Annual Improvements to IFRSs 2010 -2012 cycle. This amendment clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

- The December 2011 Amendments to IFRS 7, *Disclosures – Offsetting Financial Assets and Financial Liabilities* applicable for annual periods beginning on or after 1 January 2013 (with earlier application being permitted). The amendments include additional disclosures for (i) all recognised financial instruments that are set off in accordance with IAS 32 and for (ii) recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether these are set off in accordance with IAS 32. These amendments are applied retrospectively.

3.9 Standards, amendments and interpretations in issue but not yet effective

The directors are currently evaluating the impact on the financial statements of the Company in the period of initial application of the following International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective.

- The final version of IFRS 9 *Financial Instruments* issued on 24 July 2014 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. The Standard supersedes all previous versions of IFRS 9.

  IFRS 9 introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule based requirements that are generally considered to be overly complex and difficult to apply.The new model also results in a single, forward-looking ‘expected loss’ impairment model that will require more timely recognition of expected credit losses.

  IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity’s own credit risk on such liabilities are no longer recognised in profit or loss. IFRS 9 is effective for annual periods commencing on or after 1 January 2018.

- An amendment to IAS 24 deals with Related Party Disclosures. This amendment is part of the ‘Annual Improvements to IFRSs 2010-2012 cycle’. It clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. This amendment is effective for periods beginning on or after 1 July 2014.

- An amendment to IAS 32, *Offsetting Financial Assets and Financial Liabilities* clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. The amendments further clarify the meaning of the legally enforceable right of set-off and simultaneous realisation and settlement. The amendment is effective for periods beginning on or after 1 January 2014 and applies retrospectively for all comparative periods.

3. Summary of significant accounting policies (continued)

3.9 Standards, amendments and interpretations in issue but not yet effective (continued)

- The amendments to IAS 1 aim to address perceived impediments to preparers exercising their judgement in presenting their financial reports. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The amendment is effective for periods beginning on or after 1 January 2016.

4. Classification and fair values of financial assets and liabilities

The table below provides a reconciliation of the Company's financial assets and liabilities at fair value through profit or loss.

	2014	2013
Assets	**$**	$
Designated as at fair value through profit or loss		
Equity shares	**17,652,556**	16,924,438
Held for trading		
Forward contracts	**3,596**	759
Total financial assets at fair value through profit or loss	**17,656,152**	16,925,197
Liabilities		
Held for trading		
Forward contracts	**1,140**	7,706
Total financial liabilities at fair value through profit or loss	**1,140**	7,706

As part of the Company's capital appreciation strategy, the Company invests primarily in equities and managed accounts managed by fund managers, primarily in emerging or frontier markets such as Iraq.

(a) Investments in managed accounts

The investment in equity securities within the managed account are accounted for on a trade date basis and valued at the last traded price as reported by the Iraq Stock Exchange or using an indicative quote as provided by the broker should the security be suspended.

Two equity securities held in the managed account amounting to *$2,897,540* (2013 - *$4,420,663*) were unavailable for trading at March 31, 2014 as they were in their capital raising period as required by ISX law which states that such stocks must be temporarily suspended. Subsequent to year end, one of these securities amounting to *$23,210* as at the reporting date, became tradable on the ISX at a fair value not significantly different to the carrying value at year end. The other underlying equity instrument amounting to *$2,874,330* as at the reporting date, was suspended from trading as from 8 December 2013 and re-traded on the ISX on 29 June 2014 where the price had decreased significantly due to the significant socio-political unrest unfolding in Iraq at the time.

4. Classification and fair values of financial assets and liabilities (continued)

(b) Derivative financial instruments

Derivative financial instruments are classified as held for trading. All other assets measured at fair value have been designated at fair value through profit or loss. Further information about the derivative financial instruments (forward contracts) is disclosed in note 12.1.1.

5. Receivables

	2014	2013
	$	$
Dividends receivable	**35,203**	-

6. Accounts payable and accrued expenses

	2014	2013
	$	$
Audit fees payable	**4,062**	4,537
Management fees payable	**157,375**	75,134
Incentive fees payable	**40,469**	-
Administration fees payable	**14,585**	15,048
Other payables	**17,237**	15,244
	233,728	109,963

Management fees and incentive fees payable are due to related parties. The terms and conditions of the amounts owed to such related parties are disclosed in note 10. These amounts are unsecured, interest free and repayable on demand.

7. Net asset value

In accordance with the Offering Memorandum, the net asset value of each class of shares in a Fund is determined by reference to the market prices of the underlying assets held by the Fund attributable to such class at the close of business on the 'valuation date'. The last dealing date in the 2014 financial year of the Fund, was on March 31, and the official valuation date in the 2014 financial year, was on March 31.

In accordance with the Offering Memorandum, the net assets of the Company are computed at the latest available dealing price or the latest available middle market quotation. However, for financial reporting purposes under IFRSs, the assets and liabilities are to be valued at the price that is most representative of the fair value in the circumstances.

8. Taxation

Under current Bermuda laws, the Fund is not required to pay any taxes in Bermuda on either income or capital gains. The Fund has received an undertaking from the Minister of Finance in Bermuda exempting it from any such taxes at least until the year 2035.

It is management's belief that the Fund is not engaged in a United States trade or business and will not be subject to United States income or withholding taxes in respect of the profits and losses of the Fund, other than the 30% withholding tax on U.S. source dividends.

As a result, management has made no provision for income taxes in these financial statements.

9. Share capital

The authorized share capital of the Fund is $11,000, which is divided into 100 common shares of par value of $1 each and 10,900,000 non-voting redeemable preference shares (the "Shares"), of par value $0.001 each. Redeemable preference shares are issued as Class A, Class A09, Class A10 and Class A11 shares (collectively, the "Class A Shares") and Class B, Class B09, Class B10 and Class B11 shares (collectively, the "Class B Shares"). The existing Class A and Class B Shares are closed to new subscriptions. Two new classes of Shares, Class A10 and Class B10 have been issued since May 2010 and are available at the subscription price in USD. Two new classes of Shares, Class A11 and Class B11 were issued July 2011 and are available at the subscription price in CHF, and are available at the subscription price in GBP since October 2011.

The holder of the common shares is not entitled to receive dividends, may not redeem their holding and is only entitled to be repaid the par value of the common shares upon a winding-up or distribution of capital. The common shares are entitled to one vote per share at a general meeting. All the common shares are owned by the investment manager. The redeemable preference shares carry no preferential or pre-emptive rights upon the issue of new shares and have no voting rights at general meetings of the Fund

Shares may be purchased and redeemed on a Dealing Day, which is generally the first business day of each calendar month. Shares may be purchased at the net asset value per share calculated at the immediately preceding Valuation Day, generally the last business day of the preceding month. Class A Shares may be redeemed with 45 business day's written notice while Class B Shares may be redeemed with 90 business days' written notice, at their net asset value per share, subject to certain restrictions as described in the prospectus.

If on any Valuation Day, any shareholder wishes to redeem Shares totaling more than 5% of the issued capital of the Fund or several shareholders wish to redeem Shares totaling more than 15% of the issued capital of the Fund, the directors may defer redemption of such Shares, and the calculation of the redemption price, to a subsequent Dealing Day being not later than the fifth Dealing Day following receipt of the application for redemption. In such cases, suspended redemption requests shall be carried out on the basis of the next Net Asset Value.

9. Share capital (continued)

2014

	USD Class A	USD Class A09	USD Class A10	USD Class B
Number of shares at beginning of the year	**22,195**	**5,347**	**47,085**	**246,985**
Subscriptions during the year	**-**	**-**	**5,750**	**-**
Redemptions during the year	**(3,085)**	**(923)**	**(15,040)**	**(13,115)**
Number of shares at end of the year	**19,110**	**4,424**	**37,795**	**233,870**

	USD Class B10	GBP Class A11	CHF Class B11
Number of shares at beginning of the year	**598,435**	**2,419**	**74,282**
Subscriptions during the year	**57,158**	**482**	**-**
Redemptions during the year	**(31,389)**	**(437)**	**-**
Number of shares at end of the year	**624,204**	**2,464**	**74,282**

2013

	USD Class A	USD Class A09	USD Class A10	USD Class B
Number of shares at beginning of the year	26,791	7,147	65,285	263,396
Subscriptions during the year	-	-	3,069	-
Redemptions during the year	(4,596)	(1,800)	(21,269)	(16,411)
Number of shares at end of the year	22,195	5,347	47,085	246,985

	USD Class B10	GBP Class A11	CHF Class B11
Number of shares at beginning of the year	593,020	906	86,882
Subscriptions during the year	28,669	1,513	-
Redemptions during the year	(23,254)	-	(12,600)
Number of shares at end of the year	598,435	2,419	74,282

10. Related party transactions

(a) Management fees

The Fund pays FMG Fund Managers Bermuda Ltd. ("the Investment Manager") a management fee at a rate of 2.0% per annum of the net assets attributable to the Class A Shares of the Fund and 1.5% per annum of the net assets attributable to the Class B Shares of the Fund, calculated on a monthly basis and payable quarterly. For the year ended March 31, 2014, the management fee was $324,537 (2013 - $300,607), of which $157,375 (2013 - $75,134) was payable at March 31, 2014. As disclosed in note 9 to these financial statements, all the common shares are owned by the Investment Manager.

(b) Incentive fees

The Class A Shares also incur a quarterly incentive fee equal to 20% of the net profits of the Fund, if any, during each calendar quarter (each a 'Performance Period'), accrued with respect to each Class A Share of the Fund. The net profits are computed in a manner consistent with the principles applicable to the computation of the net assets of the Fund. If a Class A Share has a loss chargeable to it during any Performance Period, and during a subsequent Performance Period there is a profit allocable to such Class A Share, there will be no incentive fee payable until the amount of the net loss previously allocated has been recouped. Incentive fees are only paid when the net asset value of the Class A Shares increase above a previously established "high water mark" net asset value for those Class A Shares.

In the event of either a redemption being made at a date other than the end of a performance period or the Management Agreement is terminated at any time prior to the last day of a performance period, the incentive fee will be computed as though the termination date or Redemption Date, as applicable, was the last day of such performance period. Once earned, the incentive fee will be retained by the Manager regardless of the Fund's future results.

The Class B Shares also pay to the investment manager an incentive fee of 10% of the net profits attributable to the Class B Shares, calculated monthly and payable quarterly. Net profits are defined as the amount by which cumulative profits attributable to the Class B Shares before the incentive fee but after deduction of all transaction costs, management fees and expenses exceeds a hurdle rate equal to the amount that would have been earned in that fiscal period had the assets of the Fund been invested at the USD 12-month LIBOR rate at the beginning of the fiscal year. Net profits include both realized and unrealized gains less losses on investments. If net profit for a month is negative, it will be carried forward ("carry forward losses"). No incentive fee will be payable until net profits in subsequent month(s) exceed carry forward losses together with any cumulative actual losses from the previous fiscal years adjusted for redemptions. Investors should note that, the net profit amount, upon which incentive fees are calculated, is not reduced for prior period carry forward losses. Once earned, the incentive fee is retained by the investment manager regardless of the Fund's future results.

For the year ended March 31, 2014, the incentive fee was $302,020 (2013 - $nil), of which $40,469 (2013 - $nil) was payable at March 31, 2014.

(c) Administration fees

The administration fee charged is the higher of $4,000 per month or 20 basis points of the Fund's net asset value per annum, and $3,000 per month while less than $10 million to the higher of $4,000 per month or 20 basis points of the Fund's net asset value per annum, and $3,000 per month while less than $10million. For the year ended March 31, 2014, administration fees were $58,830 (2013 - $59,037), of which $14,585 (2013 - $15,048) was payable at March 31, 2014. The administrator delegated its duties to Apex Fund Services (Malta) Ltd ("the sub-administrator").

One of the directors of the Company is also a director of the administrator.

(d) Key management personnel

The directors of the Company are paid an annual fee of $2,500 each for acting as directors of the Company. The total directors' fee charged for the year under review is $7,500 (2013 - $7,500).

11. Fair values of financial assets and financial liabilities

At March 31, 2014 and March 31, 2013, the fair value of listed investments is based on quoted prices in an active market at the end of the reporting period. The fair values of derivative contracts are valued by reference to the price at which a new contract of the same size and maturity could be undertaken at valuation date. The fair values of other financial assets and financial liabilities are not materially different from their carrying amounts. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**$ 14,755,016**	**$ 2,897,540**	**$ -**	**$ 17,652,556**
Total investments	**$ 14,755,016**	**$ 2,897,540**	**$ -**	**$ 17,652,556**
Derivative assets	**$ -**	**$ 3,596**	**$ -**	**$ 3,596**
Derivative liabilities	**$ -**	**$ 1,140**	**$ -**	**$ 1,140**
2013				
Equities	$ 12,503,775	$ 4,420,663	$ -	$ 16,924,438
Total investments	$ 12,503,775	$ 4,420,663	$ -	$ 16,924,438
Derivative assets	$ -	$ 759	$ -	$ 759
Derivative liabilities	$ -	$ 7,706	$ -	$ 7,706

The investment in equity securities within the managed account are traded on the Iraq Stock Exchange and valued at the last traded price. These investment are categorised in level 1 of the fair value hierarchy.

Two equity securities held in the managed account amounting to *$2,897,540* (2013 - *$4,420,663*) were unavailable for trading at March 31, 2014 as they were in their capital raising period as required by ISX law which states that such stocks must be temporarily suspended. Subsequent to year end, one of these securities amounting to *$23,210* became tradable on the ISX at a fair value not significantly different to the carrying value at year end. The other underlying equity instrument amounting to *$2,874,330* was suspended from trading as from 8 December 2013 and re-traded on the ISX on 29 June 2014 where the price had decreased significantly due to the significant socio-political unrest unfolding in Iraq at the time.

11. Fair values of financial assets and financial liabilities *(continued)*

Consequently, the Fund has used the last available traded price prior to suspension to value these investments. As such, the directors are satisfied that the carrying value of these securities included in these financial statements reflects fair value at the reporting date. These equity instruments have been classified as level 2 financial instruments.

At March 31, 2014 and 2013, the carrying amounts of other financial assets and liabilities approximated their fair values due to the short-term nature of these balances.

12. Financial risks management

The nature and extent of the financial instruments outstanding at the reporting date and the risk management policies employed by the Fund are discussed below.

Iraq business environment

The Fund invests in equity securities issued by entities established in Iraq and trading on the ISX. Iraq continues to experience significant political and economic change which has affected, and may continue to affect, the activities of enterprises operating in this environment. The prospect for future economic stability in Iraq is largely dependent upon the political developments, mainly related to the on-going war and terrorism afflictions, which are beyond the Fund's control. Consequently, operations in Iraq involve risks, which do not typically exist in other markets. Such risks include, but are not limited to, the Fund's investments in companies in Iraq which may prove difficult to sell in times of forced liquidity, risks involved in estimating the valuation of the underlying businesses, currency fluctuations, change in the interest rates, institutional, settlement and custodial risks, and other risks generally associated with investing in emerging markets. Accordingly, its performance may be strongly impacted by the performance of that region, as well as regulatory and political changes and other factors that may impact the region.

12.1 Market risk

Market risk embodies the potential for both loss and gains and includes currency risk, interest rate risk and price risk.

The Fund’s investment strategy to manage the market risk is outlined in each of the Fund’s offering supplement under the heading ‘Investment Strategy’. The Fund’s market risk is managed on a regular basis by the investment manager using different investment techniques as outlined in the supplement of the Fund. The Fund’s overall market positions are monitored on a monthly basis by the board of directors.

The Fund’s exposure to the different types of investments is summarised in note 4 to the financial statements.

12.1.1 Currency risk

The Fund may invest in securities and other investment companies and enter into transactions denominated in currencies other than the US Dollar. Consequently, the Fund is exposed to risks that the exchange rate of the US Dollar relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund’s assets or liabilities denominated in currencies other than the US Dollar.

12. Financial risks management (continued)

12.1.1 Currency risk (continued)

The following table sets out the Fund's total exposure to foreign currency risk split between assets and liabilities, net assets attributable to non-USD denominated share classes, forward foreign exchange contracts (stated at the notional values) and the resulting net exposure to foreign currencies:

	Assets	Liabilities	Net assets attributable to non-USD denominated share classes	Forward FX contracts	Net exposure
March 31, 2014					
GBP	**$ 159,068**	**$ (108,532)**	**$ (405,749)**	**$ 400,587**	**$ 45,374**
CHF	**$ -**	**$ (5)**	**$ (850,708)**	**$ 851,097**	**$ 384**
IQD	**$ 17,769,127**	**$ -**	**$ -**	**$ -**	**$ 17,769,127**
EUR	**$ -**	**$ (4,368)**	**$ -**	**$ -**	**$ (4,368)**
	$ 17,928,195	**$ (112,905)**	**$ (1,256,457)**	**$ 1,251,684**	**$ 17,810,516**

	Assets	Liabilities	Net assets attributable to non-USD denominated share classes	Forward FX contracts	Net exposure
March 31, 2013					
GBP	$ 48,633	$ (6,231)	$ (324,668)	$ 332,771	$ 50,505
CHF	$ -	$ -	$ (702,486)	$ 731,449	$ 28,963
IQD	$ 17,024,714	$ -	$ -	$ -	$ 17,024,714
EUR	$ -	$ (4,537)	$ -	$ -	$ (4,537)
	$ 17,073,347	$ (10,768)	$ (1,027,154)	$ 1,064,220	$ 17,099,645

The amounts in the above table are based on the carrying values of monetary assets and liabilities, net assets attributable to non-USD denominated share classes and the underlying notional amounts of forward foreign exchange contracts.

Forward foreign exchange contracts are entered into by the Fund to hedge exposure to monetary assets and liabilities denominated in currencies other than USD and to hedge the exposure of certain share classes denominated in currencies other than USD.

The gains and losses on forward foreign exchange contracts entered into for the purpose of hedging the exposure to monetary assets and liabilities are recorded in gains and losses on forward foreign exchange contracts in the statement of operations. The gains and losses on contracts entered into for the purpose of hedging the exposure of share classes denominated in currencies other than USD are also recorded in gains and losses on forward foreign exchange contracts in the statement of operations, but are allocated specifically to the non-USD denominated share classes to which the hedging activities, and resultant gains and losses, relate.

At March 31, 2014, had the US Dollar strengthened by 5% in relation to the IQD currency, there would also be an approximate net impact of ($888,456) (2013 - $(851,236)) on the statement of operations and on the net assets attributable to all share classes. A 5% weakening of the US Dollar against other currencies would have resulted in an approximate equal but opposite effect.

Actual results may differ from this sensitivity analysis and the difference could be material to the financial statements.

12. Financial risks management (continued)

12.1.1 Currency risk *(continued)*

At March 31, 2014, the Fund had the following open forward foreign exchange contracts disclosed at their notional values:

Currency to be bought		**Currency to be sold**		**Contract due date**	**Fair value**	
CHF	**756,029**	**USD**	**851,097**	**April 3, 2014**	**$**	**3,596**
GBP	**239,735**	**USD**	**400,587**	**April 3, 2014**	**$**	**(1,140)**
Net unrealised loss on open forward foreign exchange contracts					**$**	**2,456**

At March 31, 2013, the Fund had the following open forward foreign exchange contracts disclosed at their notional values:

Currency to be bought		Currency to be sold		Contract due date	Fair value	
GBP	219,462	USD	332,771	April 4, 2013	$	759
CHF	687,050	USD	731,449	April 4, 2013	$	(7,706)
Net unrealised gain on open forward foreign exchange contracts					$	(6,947)

12.1.2 Interest rate risk

Interest rate risk arises when an entity invests in or issues interest-bearing financial instruments. The Fund does not hold investments which are sensitive to interest rates and this risk is considered by the Investment Manager as insignificant due to the low interest rates on bank deposits.

12.1.3 Price risk

The Company's equity instruments and trading derivative financial instruments are susceptible to price risk arising from uncertainties about future prices of the instruments.

Price risk is mitigated by the Company's investment manager by constructing a portfolio of instruments. The Company may employ various techniques and enter into hedging transactions to attempt to mitigate a portion of the risks inherent to its investment strategies. The Company did not use derivative financial instruments for speculative purposes and had not designated any of its derivative financial instruments in a hedging relationship for accounting purposes.

As all of the Company's financial instruments are carried at fair value with fair value changes recognised in the statement of comprehensive income, all changes in market price will directly affect net investment income.

12. Financial risks management (continued)

12.1.3 Price risk (continued)

The following is an analysis of the Fund's investment portfolio by industry as at the reporting date:

	March 31, 2014	March 31, 2013
	% of net assets	% of net assets
Banks	**58**	71
Telecommunications	**7**	6
Hotel	**24**	2
Industrial	**8**	17
Services	**1**	3

Price risk sensitivity analysis

At March 31, 2014, if the price of the investments increased by 5%, this would have increased the net assets attributable to holders of redeemable preference shares by $882,628 (2013 - $846,222); an equal change in the opposite direction would have decreased the net assets attributable to holders of redeemable preference shares by an equal but opposite amount. Actual results will differ from this sensitivity analysis and the difference could be material.

12.2 Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company has policies that limit the amount of credit exposure to any single issuer. Accordingly, the investment manager monitors the Company's credit position on a regular basis. Financial assets, which potentially subject the Company to credit risk, consist principally of trade and other receivables, cash and cash equivalents and derivative assets classified at fair value through profit or loss.

Bank balances and receivables are all short term, and are not considered to represent a significant credit risk. Bank balances are held with Credit Suisse AG and Rabee Securities. Credit Suisse AG has a rating A at the reporting date according to Fitch Ratings (2013: rating of A according to Fitch), whilst the rating of Rabee Securities is not available. Rabee Securities is headquartered in Baghdad and is licensed and regulated as Securities Brokerage Company by the Iraq Stock Exchange (ISX).

Transactions involving derivative financial instruments are effected with Credit Suisse AG, with whom the Fund signed master netting agreements. Master netting agreements provide for the net settlement of contracts with the same counterparty in the event of default and therefore reducing the credit risk to both parties.

Guarantees provided to third parties

Effective August 24, 2009 the Fund granted the Custodian a right of lien against all currency accounts and investments held by the Custodian on the Fund's behalf. The purpose of the right of lien is to secure any and all claims of the Custodian against the Fund arising from any current or future agreements or contracts as well as claims on other legal grounds resulting from business operations with the Fund.

12. Financial risks management (continued)

12.4 Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund invests directly or through managed accounts and may invest indirectly through other investment companies. Certain of the Fund's investments may be suspended, therefore, the Fund may not be able to quickly redeem these positions at their stated fair value in order to meet its liquidity requirements, including redemption requests from its shareholders. The Fund's exposure to liquidity risk is managed by the investment manager.

The Fund is exposed to cash redemptions of redeemable shares monthly. Class A and Class B shareholders may redeem with 45 business days' and 90 business days' notice, respectively. Redeemable shares are redeemed on demand at the holder's option. Notwithstanding, if on any valuation day, any shareholder wishes to redeem Shares totalling more than 5% of the issued capital of the Fund or several shareholders wish to redeem Shares totalling more than 15% of the issued capital of the Fund, the directors may defer redemption of such Shares, and the calculation of the redemption price, to a subsequent dealing day being not later than the fifth dealing day following receipt of the application for redemption. In such cases, suspended redemption requests shall be carried out on the basis of the next net asset value.

The following table shows the contractual, undisclosed cash flows of the Company's financial liabilities as at March 31, 2014 and March 31, 2013.

March 2014

All amounts in $	**Less than 1 month**	**1-3 months**	**3months to 1 year**
Financial liabilities			
Financial liabilities at fair value through profit or loss	**1,140**		
Redemptions payable	**6,808**	**-**	**-**
Accounts payable and accrued expenses	**-**	**233,728**	**-**
Net assets attributable to redeemable preference shares	**-**	**18,195,653**	**-**

March 2013

All amounts in $	Less than 1 month	1-3 months	3months to 1 year
Financial liabilities			
Financial liabilities at fair value through profit or loss	7,706	-	-
Redemptions payable	12,748	-	-
Accounts payable and accrued expenses	-	109,963	-
Net assets attributable to redeemable preference shares	-	17,051,596	-

12. Financial risks management (continued)

12.5 Capital management

The investment objective of the Fund is to achieve capital appreciation by investing predominantly in long-only equities.

The Company's capital is represented by redeemable shares with no par value and with no voting rights. They are entitled for payment of a proportionate share based on the Company's net asset value per share on the redemption date.

The Company has the option to limit the number of investor shares repurchased on any redemption day to 10 % of the total net asset value of the Company on that redemption day. The relevant movements are shown in the statement of changes in net assets attributable to holders of redeemable preference shares.

The Company endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of listed securities where necessary.

As at the end of the reporting period, the level of redemption requests made by the redeemable preference shareholders were not significant and resulted as part of the normal course of business of the Fund.

13. Events after the reporting date

Subsequent to year end, Iraq has been involved in significant socio-political unrest which negatively impacted the country's financial stability and its financial markets.

The Fund issued an updated Prospectus on 21 July 2014. After the reporting date, the Fund also launched a new share class namely Class A14L which is denominated in USD.

For the period from 1 April 2014 to the latest available published NAV, there have been subscriptions equivalent to $1,510,895 in the FMG Iraq Fund Ltd USD share classes and £74,008 in the FMG Iraq Fund Ltd GBP share classes. Furthermore redemptions equivalent to $4,140,899 were settled from the Fund's USD share classes, £64,538 from the Fund's GBP share classes and CHF471,450 from the Fund's CHF share class during the said period.

Independent auditor's report
To the members of

FMG Iraq Fund Ltd.

We have audited the accompanying non-statutory financial statements of FMG Iraq Fund Ltd. ("the Company") set out on pages 5 to 25, which comprise the statement of financial position as at March 31, 2014, and the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable preference shares and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the non-statutory financial statements

As explained more fully in the statement of directors' responsibilities on page 4, the directors of' the Company are responsible for the preparation of the non-statutory financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of these non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these non-statutory 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 non-statutory financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in these non-statutory financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the non-statutory financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the non-statutory financial statements that give a true and fair view 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 internal control of the Company. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of these non-statutory financial statements.

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

Independent auditors' report (continued)

To the members of

FMG Iraq Fund Ltd.

Opinion

In our opinion, the non-statutory financial statements give a true and fair view of the financial position of FMG Iraq Fund Ltd. as at March 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to notes 4(a) and 11 to these non-statutory financial statements, the valuation as at March 31, 2014 of certain equity securities held in the managed account amounting to $2,897,540 were unavailable for trading at March 31, 2014 as they were in their capital raising period as required by Iraq Stock Exchange (ISX) law which states that such stocks must be temporarily suspended. Subsequent to year end, one of these securities amounting to *$2,874,330* as at the reporting date, resumed trading on the ISX on June 29, 2014 where the price had decreased significantly due to the significant socio-political unrest unfolding in Iraq at the time. Consequently, the Fund has used the last available traded price prior to suspension to value this investment. Because of the inherent uncertainties in the above valuations as at March 31, 2014, reported figures might differ from the values that would have been obtained had market data been available as at March 31, 2014.

Our opinion is not qualified in respect of this matter.

Michael Bianchi as Director
in the name and on behalf of
Deloitte Audit Limited
Registered auditor
Mriehel, Malta

29 January 2016