

STAR COMPASS PLC

Directors' report and financial statements

For the financial year ended 31 March 2016

Registered number 429179

STAR COMPASS PLC

Contents

Page (s)

Directors and other information	1
Directors' report	2 - 8
Directors' responsibilities statement	9
Independent auditor's report	10 -11
Statement of comprehensive income	12
Statement of financial position	13
Statement of changes in equity	14
Statement of cash flows	15
Notes to the financial statements	16 - 43

Directors and other information

Directors	Eimir McGrath (Irish) Bronagh Hardiman (Irish) (appointed on 18 March 2016) Rhys Owens (Irish) (appointed on 12 October 2015 and resigned on 18 March 2016) Conor Blake (Irish) (resigned on 12 October 2015)		
Secretary and Administrator	Deutsche International Corporate Services (Ireland) Limited Pinnacle 2 Eastpoint Business Park Dublin 3 Ireland		
Registered Office	Pinnacle 2 Eastpoint Business Park Dublin 3 Ireland		
Arranger, Placement Agent, Calculation Agent & Fund Shares Dealing Counterparty	UBS Limited 1, Finsbury Avenue London EC2M 2PP United Kingdom		
Swap Counterparties	UBS Limited 1, Finsbury Avenue London EC2M 2PP United Kingdom	SF (LUX) SICAV 3 33A Avenue J.F. Kennedy, L-2010 Luxembourg	
Custodians	UBS Limited 1, Finsbury Avenue London EC2M 2PP United Kingdom	Deutsche Bank (Cayman) Limited Po Box 1984 First Floor, Boundary Hal, Cricket Square, Grand Cayman KY1-1104, Cayman Islands	Deutsche Bank AG London, Winchester House, 1, Great Winchester Street, London EC2M 2DB, United Kingdom
Irish Lawyer	Matheson 70 Sir John Rogerson's Quay Dublin 2 Ireland		
Transaction Lawyer	Simmons & Simmons CityPoint One Ropemaker Street London EC2Y 9SS United Kingdom		
Trustee	Deutsche Trustee Company Limited Winchester House 1, Great Winchester Street London EC2M 2DB United Kingdom		
Index Calculation Agent & Index Sponsor	UBS AG, Jersey Branch P.O Box 350 24, Union Street St Helier Jersey JE4 8UJ		
Issue and Principal Paying Agent	Deutsche Bank AG London, Winchester House, 1, Great Winchester Street, London EC2M 2DB, United Kingdom		
Independent Auditor	Deloitte Chartered Accountants and Statutory Audit Firm Earlsfort Terrace Dublin 2 Ireland		
Principal Bankers	Bank of Ireland Corporate Banking Block A 2nd Floor Operations Centre Cabinteely Dublin 18 Ireland	Deutsche Bank AG London, Winchester House, 1, Great Winchester Street, London EC2M 2DB, United Kingdom	

Directors' report

The directors present their annual report together with the audited financial statements of Star Compass Plc (the "Company") for the financial year ended 31 March 2016.

Principal activities and business review

Star Compass Plc is a special purpose company incorporated in Ireland on 1 November 2006 and established for the purpose of issuing asset backed securities. The principal activities of the Company are the establishment of a secured note programme (the "programme") arranged by UBS Limited for the issuance of up to EUR 20,000,000,000 (or its equivalent in other currencies at the date of issue) aggregate nominal amount of notes (the "Notes") in different series (each a "Series").

At first instance, the Company used the proceeds from the issue of the Series 1, 2, 3 and 4 Notes to invest in shares of UBS Property Holding Conduit Limited. The Company also used the issue proceeds for Series 12 to invest in A&Q Stable Diversified Ltd USD Class H Series 1 and the proceeds for Series 13 to invest in A&Q Dynamic Diversified Limited USD - Class H.

Further to the above issuances, the Company entered into a transaction for Threshold II Series 1, 4, 5 and 6 on 3 November 2010 and Threshold II Series 11 to 13 on 29 July 2013. For Threshold II, the Company entered into a securities lending and borrowing agreement with SF (LUX) SICAV 3 (the "Lux Fund"), pursuant to which the Lux Fund (as Lender) agreed to lend to the Company (as Borrower) and the Company (as Borrower) agreed to borrow from the Lux Fund (as Lender) a loan (the "EP Loan"), pursuant to, and in accordance with the terms of, the EP Loan Agreement. The EP loan was used to purchase fund of hedge fund shares (the "FoHF shares").

During the financial year ended 31 March 2014, the Company issued Series 15, 16, 17, 18 and 19 to invest in shares of A&Q Global Alpha Strategies Limited, Key Multi-Manager Hedge Fund - Diversified Limited, Key Multi-Manager Hedge Fund - Focused Ltd, Stable Alpha (Feeder) Ltd Class I Series 1 CHF and Stable Alpha (Feeder) Ltd Class I Series 1 USD, respectively. During the financial year ended 31 March 2015, the Company issued Series 20 to 22 and Series 24 to invest in fund shares. During the financial year ended 31 March 2016, the Company issued Series 38, 39, 41, 44 and 46 to invest in fund shares.

More information around the funds have been detailed in note 11 to the financial statements.

Fully funded Swap with UBS AG, London Branch

Pursuant to the Company's investment in hedge funds as part of the Threshold II, it entered into a fully funded swap agreement with UBS AG, London Branch, whereby the Company pays any excess of the hedge funds over EP loans to UBS AG, London Branch, in respect of any outperformance and receives any excess of the EP loans over the hedge funds. Refer to note 4 for details of how the swaps are valued. The swap holders bear all the risk of the Company as they are also the arranger.

The Company has also entered into a swap agreement with SF (LUX) Sicav 3 whereby the Company (as Borrower) agreed to borrow from the Lux Fund (as Lender) a loan (the "EP Loan"), pursuant to, and in accordance with the terms of, the EP Loan Agreement. The transactions were entered into for the purpose of creating the security over the Mortgaged Property relating to the Lux Fund.

Details of the Notes issued and the EP Loan for each Series are outlined in note 15 to the financial statements. The related financial assets held under each Series are described in note 11 while description of the swaps entered into has been detailed in note 12.

All the Notes issued are listed on main securities market of the Vienna Stock Exchange except Series 1 to 4 which are listed on the Irish Stock Exchange. Series 21 and 22 are not listed.

At the reporting date, the Company's financial liabilities designated at fair value through profit or loss were concentrated in Fund-linked Notes and EP Loan.

Key performance indicators

The Company is an SPV and its principal activity is to issue notes, make investments and enter into derivative contracts to hedge its investments.

The directors confirm that the key performance indicators as disclosed below in the financial statements are those that are used to assess the performance of the Company.

During the financial year:

- The Company made a net loss on financial assets designated at fair value through profit or loss amounting to USD 46,018,271 (2015: USD 258,974,801);
- The Company made a net loss on derivative financial instruments amounting to USD 61,610,475 (2015: net gain of USD 183,593,114);
- The Company made a net gain on financial liabilities designated at fair value through profit or loss amounting to USD 107,628,746 (2015: USD 75,381,686);
- The structure performed in accordance with the parameters set out in the multi-issuance programme and the performance is considered satisfactory due to the benefit owing to the Noteholders;
- The following Series of Notes partially redeemed during the financial year:

		CCY	Nominal Amount
Series 1	Extendable Global Property Investment Notes (EUR)	EUR	21,685,300
Series 2	Extendable Global Property Investment Notes (CHF)	CHF	26,113,050
Series 3	Extendable Global Property Investment Notes (USD)	USD	19,921,500
Series 4	Extendable Global Property Investment Notes (GBP)	GBP	1,380,600
Series 16	Extendable Notes Linked to Key Multi-Manager Hedge Fund – Diversified (USD) Index	USD	3,763,731
Series 17	Extendable Notes Linked to Key Multi-Manager Hedge Fund – Focused (USD) Index	USD	2,700,373
Series 18	Extendable Index Linked Notes Linked to Stable Alpha Index (CHF)	CHF	7,430,000
Series 19	Extendable Index Linked Notes Linked to Stable Alpha Index (USD)	USD	1,300,000
Series 21	Tranche 1 Extendable Fund Linked Notes Linked to Multi Manager Access II – Global Fixed Income Enhanced Strategies	EUR	5,750,000

Directors' report (continued)

Key performance indicators (continued)

During the financial year (continued):

		CCY	Nominal Amount
• The following Series of Notes partially redeemed during the financial year (continued):			
Series 21	Tranche 2 Extendable Fund Linked Notes Linked to Multi Manager Access II – Global Fixed Income Enhanced Strategies	USD	250,000
Series 21	Tranche 3 Extendable Fund Linked Notes Linked to Multi Manager Access II – Global Fixed Income Enhanced Strategies	CHF	1,850,000
Series 22	Tranche 1 Extendable Fund Linked Notes Linked to Multi Manager Access II – Emerging Markets Debt	EUR	6,660,000
Series 22	Tranche 2 Extendable Fund Linked Notes Linked to Multi Manager Access II – Emerging Markets Debt	USD	210,000
Series 22	Tranche 3 Extendable Fund Linked Notes Linked to Multi Manager Access II – Emerging Markets Debt	CHF	2,590,000
Series 26	Tranche 1 EUR Extendable Fund Linked Notes Linked to Arden Alternative Advisers Compass SPC	EUR	11,270,727
Series 26	Tranche 2 USD Extendable Fund Linked Notes Linked to Arden Alternative Advisers Compass SPC	USD	3,932,827
Series 26	Tranche 3 CHF Extendable Fund Linked Notes Linked to Arden Alternative Advisers Compass SPC	CHF	12,959,019
Series 27	Tranche 1 Extendable Fund Linked Notes Linked to Compass Offshore Special Situations PCC Limited	EUR	5,683,663
Series 27	Tranche 2 Extendable Fund Linked Notes Linked to Compass Offshore Special Situations II PCC Limited	EUR	5,448,894
Series 28	Extendable Fund Linked Notes Linked to GAM Strata Alternative Inc.	EUR	1,431,518
Series 29	Extendable Fund Linked Notes Linked to GAM Strata Equity Inc.	EUR	2,307,416
Series 30	Tranche 1 EUR Extendable Fund Linked Notes Linked to Global Property Fund	EUR	18,166,602
Series 31	Tranche 1 EUR Extendable Fund Linked Notes Linked to Q-BLK Alternative Specialised Fund Ltd	EUR	2,464,002
Series 31	Tranche 2 USD Extendable Fund Linked Notes Linked to Q-BLK Alternative Specialised Fund Ltd	USD	3,087,602
Series 31	Tranche 3 CHF Extendable Fund Linked Notes Linked to Q-BLK Alternative Specialised Fund Ltd	CHF	336,048
Series 32	Tranche 1 EUR Extendable Fund Linked Notes Linked to UBS Neutral Alpha Strategies	EUR	1,229,302
Series 32	Tranche 2 USD Extendable Fund Linked Notes Linked to UBS Neutral Alpha Strategies	USD	1,267,626
Series 32	Tranche 3 CHF Extendable Fund Linked Notes Linked to UBS Neutral Alpha Strategies	CHF	1,952,898
Series 33	Extendable Fund Linked Notes Linked to UBS A&Q Alternative Solution Ltd.	EUR	474,425
Series 34	Tranche 1 EUR Extendable Fund Linked Notes Linked to UBS AFA Trading Fund	EUR	566,813
Series 34	Tranche 2 USD Extendable Fund Linked Notes Linked to UBS AFA Trading Fund	USD	2,081,682
Series 34	Tranche 3 CHF Extendable Fund Linked Notes Linked to UBS AFA Trading Fund	CHF	1,250,262
Series 35	Tranche 1 EUR Extendable Fund Linked Notes Linked to UBS Alpha Select Hedge Fund	EUR	1,870,962
Series 35	Tranche 2 USD Extendable Fund Linked Notes Linked to UBS Alpha Select Hedge Fund	USD	1,721,117
Series 35	Tranche 3 CHF Extendable Fund Linked Notes Linked to UBS Alpha Select Hedge Fund	CHF	3,245,395
Series 36	Tranche 1 EUR Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	EUR	2,320,307
Series 36	Tranche 2 EUR Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	EUR	1,515,874
Series 36	Tranche 3 EUR Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	EUR	5,365,383
Series 36	Tranche 4 USD Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	USD	1,403,633
Series 36	Tranche 5 USD Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	USD	884,041
Series 36	Tranche 6 CHF Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	CHF	4,171,728
Series 36	Tranche 7 CHF Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	CHF	267,159
Series 37	Tranche 1 EUR Extendable Fund Linked Notes Linked to UBS Multi-Manager Alternative Commodities Fund Ltd	EUR	157,954
Series 37	Tranche 2 EUR Extendable Fund Linked Notes Linked to UBS Multi-Manager Alternative Commodities Fund Ltd	EUR	4,692,944

Directors' report (continued)

Key performance indicators (continued)

During the financial year (continued):

		CCY	Nominal Amount
• The following Series of Notes partially redeemed during the financial year (continued):			
Series 37	Tranche 3 USD Extendable Fund Linked Notes Linked to UBS Multi-Manager Alternative Commodities Fund Ltd	USD	420,573
Series 37	Tranche 4 USD Extendable Fund Linked Notes Linked to UBS Multi-Manager Alternative Commodities Fund Ltd	USD	1,895,862
Series 37	Tranche 5 CHF Extendable Fund Linked Notes Linked to UBS Multi-Manager Alternative Commodities Fund Ltd	CHF	380,491
Series 37	Tranche 6 CHF Extendable Fund Linked Notes Linked to UBS Multi-Manager Alternative Commodities Fund Ltd	CHF	1,529,768
Threshold II Series 1	EP Loan	EUR	3,178
Threshold II Series 4	EP Loan	USD	4,418
Threshold II Series 5	EP Loan	CHF	54,731
Threshold II Series 6	EP Loan	EUR	107,948
Threshold II Series 11	EP Loan	USD	1,518
Threshold II Series 12	EP Loan	CHF	18,804
Threshold II Series 13	EP Loan	EUR	37,051
• The following Series of Notes fully redeemed:			
Series 11	Extendable Q-BLK Appreciation Fund, Inc. Class R (EUR) linked Notes	EUR	224,650,000
Series 26	Tranche 2 USD Extendable Fund Linked Notes Linked to Arden Alternative Advisers Compass SPC	USD	21,758,379
Series 27	Tranche 1 Extendable Fund Linked Notes Linked to Compass Offshore Special Situations PCC Limited	EUR	18,073,646
Series 27	Tranche 2 Extendable Fund Linked Notes Linked to Compass Offshore Special Situations II PCC Limited	EUR	4,760,092
Series 28	Extendable Fund Linked Notes Linked to GAM Strata Alternative Inc.	EUR	6,274,822
Series 29	Extendable Fund Linked Notes Linked to GAM Strata Equity Inc.	EUR	7,464,262
Series 30	Tranche 1 EUR Extendable Fund Linked Notes Linked to Global Property Fund	EUR	16,728,907
Series 30	Tranche 2 USD Extendable Fund Linked Notes Linked to Global Property Fund	USD	1
Series 30	Tranche 3 CHF Extendable Fund Linked Notes Linked to Global Property Fund	CHF	1
Series 31	Tranche 1 EUR Extendable Fund Linked Notes Linked to Q-BLK Alternative Specialised Fund Ltd	EUR	7,284,210
Series 31	Tranche 2 USD Extendable Fund Linked Notes Linked to Q-BLK Alternative Specialised Fund Ltd	USD	6,425,343
Series 31	Tranche 3 CHF Extendable Fund Linked Notes Linked to Q-BLK Alternative Specialised Fund Ltd	CHF	2,788,622
Series 32	Tranche 1 EUR Extendable Fund Linked Notes Linked to UBS Neutral Alpha Strategies	EUR	7,160,739
Series 32	Tranche 2 USD Extendable Fund Linked Notes Linked to UBS Neutral Alpha Strategies	USD	6,531,194
Series 32	Tranche 3 CHF Extendable Fund Linked Notes Linked to UBS Neutral Alpha Strategies	CHF	6,861,895
Series 33	Extendable Fund Linked Notes Linked to UBS A&Q Alternative Solution Ltd	EUR	7,956,961
Series 34	Tranche 1 EUR Extendable Fund Linked Notes Linked to UBS AFA Trading Fund	EUR	1,353,206
Series 34	Tranche 2 USD Extendable Fund Linked Notes Linked to UBS AFA Trading Fund	USD	2,059,749
Series 34	Tranche 3 CHF Extendable Fund Linked Notes Linked to UBS AFA Trading Fund	CHF	1,354,254
Series 35	Tranche 1 EUR Extendable Fund Linked Notes Linked to UBS Alpha Select Hedge Fund	EUR	11,889,511
Series 35	Tranche 2 USD Extendable Fund Linked Notes Linked to UBS Alpha Select Hedge Fund	USD	15,304,215
Series 35	Tranche 3 CHF Extendable Fund Linked Notes Linked to UBS Alpha Select Hedge Fund	CHF	22,211,096
Series 36	Tranche 1 EUR Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	EUR	27,905,245
Series 36	Tranche 2 EUR Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	EUR	18,387,161
Series 36	Tranche 3 EUR Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	EUR	22,608,236
Series 36	Tranche 4 USD Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	USD	18,237,311
Series 36	Tranche 5 USD Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	USD	3,063,313
Series 36	Tranche 6 CHF Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	CHF	28,382,669
Series 36	Tranche 7 CHF Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	CHF	2,987,968
Series 37	Tranche 1 EUR Extendable Fund Linked Notes Linked to UBS Multi-Manager Alternative Commodities Fund Ltd	EUR	1,394,529
Series 37	Tranche 2 EUR Extendable Fund Linked Notes Linked to UBS Multi-Manager Alternative Commodities Fund Ltd	EUR	8,094,232
Series 37	Tranche 3 USD Extendable Fund Linked Notes Linked to UBS Multi-Manager Alternative Commodities Fund Ltd	USD	3,188,003

Directors' report (continued)

Key performance indicators (continued)

During the financial year (continued):

		CCY	Nominal Amount
• The following Series of Notes fully redeemed (continued):			
Series 37	Tranche 4 USD Extendable Fund Linked Notes Linked to UBS Multi-Manager Alternative Commodities Fund Ltd	USD	19,677,113
Series 37	Tranche 5 CHF Extendable Fund Linked Notes Linked to UBS Multi-Manager Alternative Commodities Fund Ltd	CHF	1,890,956
Series 37	Tranche 6 CHF Extendable Fund Linked Notes Linked to UBS Multi-Manager Alternative Commodities Fund Ltd	CHF	11,718,547
• The following Series of Notes were issued:			
Series 12	Extendable UBS Stable Diversified Limited (USD) linked Notes	USD	45,200,000
Series 13	Extendable UBS Dynamic Diversified Limited (USD) linked Notes	USD	6,920,000
Series 15	Extendable Fund Linked Notes Linked to Class SH-USD Shares of UBS Global Alpha Strategies Limited	USD	18,400,000
Series 18	Extendable Index Linked Notes Linked to Stable Alpha Index (CHF)	CHF	18,040,000
Series 19	Extendable Index Linked Notes Linked to Stable Alpha Index (USD)	USD	1,773,000
Series 22	Tranche 1 Extendable Fund Linked Notes Linked to Multi Manager Access II – Emerging Markets Debt	EUR	62,400,000
Series 22	Tranche 2 Extendable Fund Linked Notes Linked to Multi Manager Access II – Emerging Markets Debt	USD	1,350,000
Series 22	Tranche 3 Extendable Fund Linked Notes Linked to Multi Manager Access II – Emerging Markets Debt	CHF	30,200,000
Series 24	Extendable Fund Linked Notes Linked to UBS Neutral Alpha Strategies (Feeder) Limited	EUR	39,000,000
Series 38	Extendable Fund Linked Notes linked to Arosa Capital Management Market Neutral Offshore Fund Ltd	USD	100,000,000
Series 39	Extendable Index Linked Notes Linked to A&Q Stable Growth Index	EUR	21,900,000
Series 41	Extendable Fund Linked Notes Linked to China Evergreen Acquisition Corp	USD	42,969,100
Series 44	Notes linked to China Evergreen Acquisition Corp	CNY	500,000,000
Series 46	Extendable Fund Linked Notes Linked to Systematica Trading Vehicle I Limited	USD	12,881,710
Threshold II Series 1	EP Loan	EUR	3,092
Threshold II Series 4	EP Loan	USD	4,418
Threshold II Series 5	EP Loan	CHF	53,580
Threshold II Series 6	EP Loan	EUR	115,161
Threshold II Series 11	EP Loan	USD	1,519
Threshold II Series 12	EP Loan	CHF	18,571
Threshold II Series 13	EP Loan	EUR	38,733

As at 31 March 2016, the Company had the following Notes in issue:

Series	Description	Maturity date	CCY	Nominal
<i>Fund-linked Notes</i>				
Series 1	Extendable Global Property Investment Notes (EUR)	08-Dec-16	EUR	14,678,300
Series 2	Extendable Global Property Investment Notes (CHF)	08-Dec-16	CHF	14,904,000
Series 3	Extendable Global Property Investment Notes (USD)	08-Dec-16	USD	14,517,900
Series 4	Extendable Global Property Investment Notes (GBP)	08-Dec-16	GBP	1,037,400
Series 12	Extendable UBS Stable Diversified Limited (USD) linked Notes	30-Sep-16	USD	347,850,000
Series 13	Extendable UBS Dynamic Diversified Limited (USD) linked Notes	30-Dec-16	USD	169,470,000
Series 15	Extendable Fund Linked Notes Linked to Class SH-USD Shares of UBS Global Alpha Strategies Limited	25-Apr-18	USD	126,000,000
Series 16	Extendable Notes Linked to Key Multi-Manager Hedge Fund – Diversified (USD) Index	31-Jul-18	USD	21,024,289
Series 17	Extendable Notes Linked to Key Multi-Manager Hedge Fund – Focused (USD) Index	31-Jul-18	USD	8,153,756
Series 18	Extendable Index Linked Notes Linked to Stable Alpha Index (CHF)	31-Jul-18	CHF	66,458,000
Series 19	Extendable Index Linked Notes Linked to Stable Alpha Index (USD)	28-Sep-18	USD	12,820,000
Series 20	Extendable Fund Linked Notes Linked to Arden Alternative Advisers SPC USD – Series J	14-Jun-24	USD	30,000,000
Series 21	Tranche 1 Extendable Fund Linked Notes Linked to Multi Manager Access II – Global Fixed Income Enhanced Strategies	29-Apr-16	EUR	6,155,997
Series 21	Tranche 2 Extendable Fund Linked Notes Linked to Multi Manager Access II – Global Fixed Income Enhanced Strategies	29-Apr-16	USD	102,700
Series 21	Tranche 3 Extendable Fund Linked Notes Linked to Multi Manager Access II – Global Fixed Income Enhanced Strategies	29-Apr-16	CHF	2,510,833
Series 22	Tranche 1 Extendable Fund Linked Notes Linked to Multi Manager Access II – Emerging Markets Debt	29-Apr-16	EUR	154,934,901
Series 22	Tranche 2 Extendable Fund Linked Notes Linked to Multi Manager Access II – Emerging Markets Debt	29-Apr-16	USD	4,288,364
Series 22	Tranche 3 Extendable Fund Linked Notes Linked to Multi Manager Access II – Emerging Markets Debt	29-Apr-16	CHF	66,529,805
Series 24	Extendable Fund Linked Notes Linked to UBS Neutral Alpha Strategies (Feeder) Limited	19-Jul-19	EUR	74,500,000

Directors' report (continued)**Key performance indicators (continued)**

As at 31 March 2016, the Company had the following Notes in issue (continued):

Series	Description	Maturity date	CCY	Nominal
<i>Fund-linked Notes (continued)</i>				
Series 26	Tranche 1 EUR Extendable Fund Linked Notes Linked to Arden Alternative Advisers Compass SPC	28-Jun-19	EUR	2
Series 26	Tranche 3 CHF Extendable Fund Linked Notes Linked to Arden Alternative Advisers Compass SPC	28-Jun-19	CHF	1
Series 38	Extendable Fund Linked Notes linked to Arosa Capital Management Market Neutral Offshore Fund Ltd	15-May-20	USD	100,000,000
Series 39	Extendable Index Linked Notes Linked to A&Q Stable Growth Index	30-Sep-20	EUR	21,900,000
Series 41	Extendable Fund Linked Notes Linked to China Evergreen Acquisition Corp	09-Nov-18	USD	42,969,100
Series 44	Notes linked to China Evergreen Acquisition Corp	21-Dec-18	CNY	500,000,000
Series 46	Extendable Fund Linked Notes Linked to Systematica Trading Vehicle I Limited	10-Dec-20	USD	12,881,710

As at 31 March 2016,

- The Company's total EP loans outstanding were USD 1,330,269,906 (2015: USD 1,306,289,211); and
- The Company's total indebtedness was USD 2,888,357,451 (2015: USD 3,258,970,395).

Future developments

The directors expect that the present level of activity will be sustained for the foreseeable future. The Board will continue to seek new opportunities for the Company and will continue to ensure proper management of the current portfolio of Series of the Company. It is anticipated that while some Series will redeem or mature, it is also expected that new issuances will be made.

Going concern

The Company's financial statements for the financial year ended 31 March 2016 have been prepared on a going concern basis. Each asset and/or derivative transaction are referenced with a specific Note or EP loan, and any loss derived from the asset and/or derivative will be ultimately borne by the Noteholders. The directors anticipate that the financial assets will continue to generate enough cash flow on an ongoing basis to meet the Company liabilities as they fall due. The Notes in issue as at 31 March 2016 have maturities ranging between the financial years 2016 to 2024. For these reasons, the directors believe that the going concern basis is appropriate.

Results and dividends for the financial year

The results for the financial year are set out on page 12. The directors do not recommend the payment of a dividend for the financial year (2015: nil).

Business risks and principal uncertainties

The main risks facing the Company relates to its financial instruments. These risks facing the Company are outlined in note 21 to the financial statements.

Change in directors, secretary and registered office during the financial year

On 12 October 2015, Rhys Owens was appointed as director of the Company and on 18 March 2016, he resigned as director. On the same date Bronagh Hardiman was appointed as director of the Company. There were no other changes in directors, secretary and registered office during the financial year.

Directors, secretary and their interests

None of the directors and secretary who held office on 1 April 2015 and 31 March 2016 held any shares in the Company at that date or during the financial year. Except for the Administration agreement entered into by the Company with Deutsche International Corporate Services (Ireland) Limited, there were no contracts of any significance in relation to the business of the Company in which the directors had any interest, as defined in Section 309 of the Companies Act 2014, at any time during the financial year.

Shares and shareholders

The authorised share capital of the Company is EUR 40,000 which has been fully issued and paid. The issued shares are held in trust by BADB Charitable Trust Limited, Eurydice Charitable Trust Limited, MEDB Charitable Trust Limited holding 13,332 shares each and Anthony Walsh Christopher Quinn, Turlough Galvin and William Prentice holding 1 share each (the "Share Trustees") under the terms of a declaration of trust (the "Declaration of Trust") under which the Share Trustees hold the benefit of the shares on trust for charitable purposes. The Share Trustee has no beneficial interest in and derives no benefit from its holding of the shares. There are no other rights that pertain to the shares and the shareholders.

Credit Events

There has not been any credit event for the financial year under review.

Subsequent events

Subsequent events have been disclosed in note 25 to the financial statements.

Directors' report (continued)**Corporate Governance Statement***Introduction*

The Company is subject to and complies with Irish Statute comprising the Companies Act 2014 and the Listing rules of the Irish Stock Exchange and Vienna Stock Exchange. The Company does not apply additional requirements in addition to those required by the above. Each of the service providers engaged by the Company is subject to their own corporate governance requirements.

Financial Reporting Process

The Board of directors (the "Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The financial statements of the subsidiaries are prepared by UBS Limited, a reputable company with long term credit rating of A. Therefore, the directors rely on the accuracy and completeness of the financial statements.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing the Administrator, Deutsche International Corporate Services (Ireland) Limited, to maintain the accounting records of the Company independently of UBS Limited (the "Arranger"), Deutsche Bank (Cayman) Limited and Deutsche Bank AG London (the "Custodians") and Deutsche Trustee Company Limited (the "Trustee"). The Administrator is contractually obliged to maintain adequate accounting records per S381 to S383(2) of the Companies Act 2014 and as required by the Corporate Administration agreement. To that end the Administrator performs reconciliations of its records to those of the Arranger and the Custodians. The Administrator is also contractually obliged to prepare for review and approval by the Board the annual report including financial statements intended to give a true and fair view. The Administrator prepares half financial yearly and annual financial statements for review and approval by the Board of Directors.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time the Board also examines and evaluates the Administrator's financial accounting and reporting routines and monitors, qualifications and independence. The Administrator has operating responsibility for internal control in relation to the financial reporting process and the Administrator's report to the Board.

Market risk limitations are typically based on individual Prospectus of each Series Issued where the risk factors are defined. These include overall limits on portfolio credit quality, a system of individual counterparty credit limits that is used to mitigate concentration risks, ability to pay interest and enhanced fair values. These risk limits are binding and generally set to ensure that any meaningful increase in risk exposures is promptly escalated to more senior levels of management. The majority of these limits are monitored on a daily basis.

The fair value of the financial assets designated at fair value through profit or loss are derived from the monthly NAV statement of the individual fund. The derivative financial liabilities are derived by UBS Limited as it's capacity as swap counterparty. For more details, refer to note 4 to the financial statements.

Risk Assessment

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements. More specifically;

- The Administrator has a review procedure in place to ensure errors and omissions in the financial statements are identified and corrected.
- Regular training on accounting rules and recommendations is provided to the accountants employed by the Administrator.
- Accounting bulletins, issued by Deutsche AG, London, an entity related to Deutsche International Corporate Services (Ireland) Limited, are distributed monthly to all accountants employed by the Administrator.
- The Company's financial statements are prepared by accountants employed by the Administrator, Deutsche International Corporate Services (Ireland) Limited.

Control Activities

The Administrator is contractually obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's annual report.

Monitoring

The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditor.

Given the contractual obligations on the Administrator, the Board has concluded that there is currently no need for the Company to have a separate internal audit function in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process.

Capital Structure

The principal shareholders in the Company are BADB Charitable Trust Limited, Eurydice Charitable Trust Limited, MEDB Charitable Trust Limited holding 13,332 shares each. Anthony Walsh, Christopher Quinn, Turlough Galvin and William Prentice hold 1 share each. Other than that, no person has a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company's share capital.

The directors confirm that share trustees have entered into a share trust agreement whereby they have agreed not to exercise their voting rights.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, Irish Statute comprising the Companies Act 2014. The Articles of Association themselves may be amended by special resolution of the shareholders.

Directors' report (continued)**Corporate Governance Statement (continued)***Powers of directors*

The Board is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The directors may delegate certain functions to the Administrator and other parties, subject to the supervision and direction by the directors. The directors have delegated the day to day administration of the Company to the Administrator.

Audit committee

Statutory audits in Ireland are regulated by the European Communities Regulations, 2011 (S.I. 220 of 2011). According to the regulations, if the sole business of the Irish SPV relates to the issuing of asset backed securities, the SPV is exempt from the requirement to establish an audit committee (under Regulation 91(9) (d) of the Regulations). The Company is a debt listed Company incorporated in Ireland which satisfies the requirements to avail of this exemption. In this respect, the Company is not required to establish an audit committee.

Accounting records

The measures that the directors have taken to secure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records are to outsource this function to a specialised provider of such services and by providing adequate resources to the financial function. The accounting records of the Company are maintained at Pinnacle 2, Eastpoint Business Park, Dublin 3, Ireland.

Political donations

The Electoral Act, 1997 (as amended by the Electoral Amendment Political Funding Act, 2012) requires companies to disclose all political donations over €200 in aggregate made during a financial year. The directors, on enquiry, have satisfied themselves that no such donations in excess of this amount have been made by the Company during the financial year to 31 March 2016.

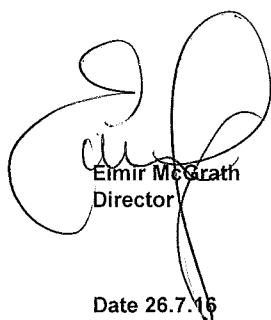
Subsequent events

Subsequent events have been disclosed in note 25 to the financial statements.

Independent auditor

Deloitte, Chartered Accountants and Statutory Audit Firm, have signified their willingness to continue in office as auditors, in accordance with Section 383(2) of the Companies Act 2014.

On behalf of the board



Eimir McGrath
Director

Date 26.7.16



Bronagh Hardiman
Director

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014 and the applicable regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

International Accounting Standard 1 'Presentation of Financial Statements', requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

In preparing these financial statements, the directors are required to:

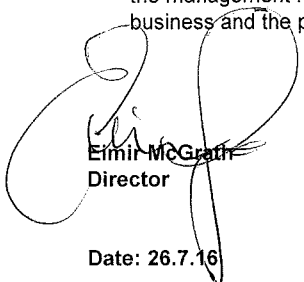
- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- state that the financial statements have been prepared in accordance with IFRSs as issued by the International Accounting Standards Board (the "IASB") and as adopted by the EU;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- make judgements and estimates that are reasonable and prudent.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibility statement

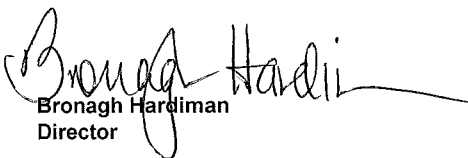
Each of the persons whose names and functions appear on page 1 confirm to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as issued by the IASB and as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.



Eimir McGrath
Director

Date: 26.7.16



Bronagh Hardiman
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STAR COMPASS PLC

We have audited the financial statements of Star Compass Plc the financial year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 27. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("relevant financial reporting framework").

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with the Companies Act 2014 and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and Audited Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 March 2016 and of the profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STAR COMPASS PLC

Emphasis of matter – Valuation of financial instruments

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure of the valuation policy of financial instruments set out in Note 3(h) to the financial statements. As disclosed in Note 21(e), the financial assets designated at fair value through profit or loss valued at USD 2,774,158,801, derivative financial assets valued at USD 121,034,034, and derivative financial liabilities valued at USD 6,835,384 as of 31 March 2016, the fair value of which have been estimated by management in the absence of readily determinable market prices. Management's estimates of fair values of financial assets designated at fair value through profit or loss are based on net asset values provided by the Arranger, UBS Limited, or the administrators of the underlying assets. Management's estimates of fair values of derivative financial assets and liabilities are based on values obtained from the arranging investment bank of the derivative, which are determined in whole or in part using valuation techniques such as discounted cash flow techniques, option pricing models or any other valuation techniques that provide an estimate of prices obtained comparison to similar instruments for which market observable prices exist, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained should the derivative financial assets or liabilities be traded.

If other prices were available for these financial assets and liabilities the valuations may be different from those presented and those differences could be material. The realisable value of the financial assets and liabilities may differ significantly from the values recorded. The ultimate outcome of these uncertainties cannot be, at present, determined.

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' Report is consistent with the financial statements and based on the work undertaken in the course of the audit the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the financial reporting process is consistent with the financial statements and has been prepared in accordance with section 1373 Companies Act 2014. Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.



John McCarroll
For and on behalf of Deloitte
Chartered Accountants and Statutory Audit Firm
Dublin

Date: 26th July 2016

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2016

	Note	Financial year ended 31-Mar-16 USD	Financial year ended 31-Mar-15 USD
Net loss on financial assets designated at fair value through profit or loss	5	(46,018,271)	(258,974,801)
Net gain on financial liabilities designated at fair value through profit or loss	6	107,628,746	75,381,686
Net (loss)/gain on derivative financial instruments	7	(61,610,475)	183,593,114
Net foreign exchange gain/(loss)		302,679	(305,622)
		302,679	(305,623)
Other income	8	906,322	1,217,574
Operating expenses	9	(1,206,156)	(902,324)
Profit before tax		2,845	9,627
Income tax	10	(711)	(2,407)
Net profit for the financial year		2,134	7,220
Other comprehensive income		-	-
Total comprehensive income for the financial year		2,134	7,220


STATEMENT OF FINANCIAL POSITION
as at 31 March 2016

	Note	31-Mar-16 USD	31-Mar-15 USD
Assets			
Financial assets designated at fair value through profit or loss	11	2,774,158,801	3,147,519,740
Derivative financial assets	12	121,034,034	111,714,082
Other receivables	13	345,947	3,663,326
Cash and cash equivalents	14	401,029	12,714,946
Total assets		2,895,939,811	3,275,612,094
Liabilities and equity			
Liabilities			
Financial liabilities designated at fair value through profit or loss	15	2,888,357,451	3,258,970,395
Derivative financial liabilities	12	6,835,384	263,427
Cash and cash equivalents	14	815	-
Other payables	16	642,770	16,274,719
Tax payable		1,727	4,023
Total liabilities		2,895,838,147	3,275,512,564
Equity			
Called up share capital presented as equity	17	54,684	54,684
Retained earnings		46,980	44,846
Total equity		101,664	99,530
Total liabilities and equity		2,895,939,811	3,275,612,094

On behalf of the board


Eimir McGrath
 Director

Date: 26.7.16


Bronagh Hardiman
 Director

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2016

	Share Capital USD	Retained Earnings USD	Total USD
Balance as at 1 April 2014	54,684	37,626	92,310
<i>Total comprehensive income for the financial year</i>			
Net profit or loss	-	7,220	7,220
Other comprehensive income	-	-	-
Total comprehensive income for the financial year	-	7,220	7,220
Balance as at 31 March 2015	54,684	44,846	99,530
Balance as at 1 April 2015	54,684	44,846	99,530
<i>Total comprehensive income for the financial year</i>			
Net profit or loss	-	2,134	2,134
Other comprehensive income	-	-	-
Total comprehensive income for the financial year	-	2,134	2,134
Balance as at 31 March 2016	54,684	46,980	101,664

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2016

		Financial Year ended 31-Mar-16 USD	Financial Year ended 31-Mar-15 USD
Cash flows from operating activities	Notes		
Profit before tax		2,845	9,627
<i>Adjustments for:</i>			
Fair value movement on financial assets designated at fair value through profit or loss	5	46,018,271	258,974,801
Fair value movement on financial liabilities designated at fair value through profit or loss	6	(107,628,746)	(75,381,686)
Fair value movement on derivative financial instruments	7	61,610,475	(183,593,114)
<i>Movements in working capital</i>			
Decrease/(increase) in other receivables		3,317,379	(3,303,624)
(Decrease)/increase in other payables		(15,631,949)	3,495,884
<i>Cash (used in)/generated from operating activities</i>		(12,311,725)	201,888
Tax paid		(3,007)	-
Net cash (used in)/generated from operating activities		(12,314,732)	201,888
Cash flows from investing activities			
Purchase of financial assets designated at fair value through profit or loss	11	(382,134,756)	(116,925,665)
Disposal of financial assets designated at fair value through profit or loss	11	217,347,733	138,981,256
<i>Net cash (used in)/generated from investing activities</i>		(164,787,023)	22,055,591
Cash flows from financing activities			
Issue of financial liabilities designated at fair value through profit or loss	15	382,134,756	116,925,666
Redemption of financial liabilities designated at fair value through profit or loss	15	(217,347,733)	(126,604,097)
<i>Net cash generated from/(used in) financing activities</i>		164,787,023	(9,678,431)
(Decrease)/increase in cash and cash equivalents		(12,314,732)	12,579,048
Cash and cash equivalents at start of the financial year		12,714,946	135,898
Cash and cash equivalents at end of the financial year	14	400,214	12,714,946

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

1 General Information

Star Compass Plc is a special purpose company incorporated in Ireland on 1 November 2006 and established for the purpose of issuing asset backed securities. The principal activities of the Company are the establishment of a secured note programme (the "programme") arranged by UBS Limited for the issuance of up to EUR 20,000,000,000 (or its equivalent in other currencies at the date of issue) aggregate nominal amount of notes (the "Notes") in different series (each a "Series").

At first instance, the Company used the proceeds from the issue of the Series 1, 2, 3 and 4 Notes to invest in shares of UBS Property Holding Conduit Limited. The Company also used the issue proceeds for Series 12 to invest in A&Q Stable Diversified Ltd USD Class H Series 1 and the proceeds for Series 13 to invest in A&Q Dynamic Diversified Limited USD - Class H.

Further to the above issuances, the Company entered into a transaction for Threshold II Series 1, 4, 5 and 6 on 3 November 2010 and Threshold II Series 11 to 13 on 29 July 2013. For Threshold II, the Company entered into a securities lending and borrowing agreement with SF (LUX) SICAV 3 (the "Lux Fund"), pursuant to which the Lux Fund (as Lender) agreed to lend to the Company (as Borrower) and the Company (as Borrower) agreed to borrow from the Lux Fund (as Lender) a loan (the "EP Loan"), pursuant to, and in accordance with the terms of, the EP Loan Agreement. The EP loan was used to purchase fund of hedge fund shares (the "FoHF shares").

During the financial year ended 31 March 2014, the Company issued Series 15, 16, 17, 18 and 19 to invest in shares of A&Q Global Alpha Strategies Limited, Key Multi-Manager Hedge Fund - Diversified Limited, Key Multi-Manager Hedge Fund - Focused Ltd, Stable Alpha (Feeder) Ltd Class I Series 1 CHF and Stable Alpha (Feeder) Ltd Class I Series 1 USD, respectively. During the financial year ended 31 March 2015, the Company issued Series 20 to 22 and Series 24 to invest in fund shares. During the financial year ended 31 March 2016, the Company issued Series 38, 39, 41, 44 and 46 to invest in fund shares.

Fully funded Swap with UBS AG, London Branch

Pursuant to the Company's investment in hedge funds as part of the Threshold II, it entered into a fully funded swap agreement with UBS AG, London Branch, whereby the Company pays any excess of the hedge funds over EP loans to UBS AG, London Branch, in respect of any outperformance and receives any excess of the EP loans over the hedge funds. Refer to note 4 for details of how the swaps are valued. The swap holders bear all the risk of the Company as they are also the arranger.

The transactions were entered for the purpose of creating the security over the mortgaged property ("Mortgaged Property") relating to the Lux Fund.

All the Notes issued are listed on main securities market of the Vienna Stock Exchange except Series 1 to 4 which are listed on the Irish Stock Exchange. Series 21 and 22 are not listed.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and its interpretations as adopted by the EU and as applied in accordance with the Companies Act 2014.

The accounting policies set out below have been applied in preparing the financial statements for the financial year ended 31 March 2016; the comparative information presented in these financial statements are for the financial year ended 31 March 2015.

For the financial year ended 31 March 2016, the Company has adopted the amendments to IFRS 10 - *Consolidated Financial Statements* whereby the Company meets the definition of an investment entity. Further details are included in note 2(e) to the financial statements.

In line with the above, the Company has equally applied the provisions relating to IFRS 12 - *Disclosure of Interests in Other Entities*, which provides transition relief for disclosures related to unconsolidated structured entities.

These financial statements have been prepared on a going concern basis as described in the Directors' Report.

(b) Functional and presentation currency

The financial statements are presented in United States Dollar (USD), which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The majority of the nominal of debt securities are issued in USD. The Directors of the Company believe that USD most faithfully represents the economic effects of the underlying transactions, events and conditions of the Company.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Financial assets designated at fair value through profit or loss are measured at fair value;
- Derivative financial instruments are measured at fair value; and
- Financial liabilities issued designated at fair value through profit or loss are measured at fair value.

The methods used to measure fair values are discussed further in note 4.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the financial year ended 31 March 2016

2 Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Details of material judgements and estimates have been further described in accounting policy 3(h) "Financial instruments", note 4 and note 21 to the financial statements.

Critical judgements in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

- **Designating investments purchased and notes issued at fair value through profit or loss**
 Note 3(h) to the financial statements describes that the directors have designated the investments purchased and notes issued at fair value through profit or loss. In making their judgement, the directors have considered the requirements of IAS 39 Financial Instruments: Recognition and Measurement. Directors consider that such designating will significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- **Fair value of derivatives and other financial instruments**
 The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Company uses its judgement to select a variety of methods and valuation techniques. This judgement is based on the type of financial instruments held, associated risks and cost of fair valuing such instruments.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- **Fair value of derivatives and other financial instruments**
 The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. In applying the variety of the valuation, the Company makes assumptions that are mainly based on market conditions existing at the end of each reporting period, some of which are unobservable as outlined in note 21 to the financial statements.

 The fair value of derivative financial instruments is obtained from the Swap counterparty which uses its proprietary valuation model that takes into accounts the notional amount, maturity date and any early redemption clause.

 Because of the limited recourse nature of the Notes, the fair values of Notes issued by the Company (financial liabilities designated at fair value through profit or loss) are determined by reference to the fair value of associated financial assets designated at fair value through profit or loss and the fair value of derivative financial instruments. Any future change in the fair value of financial assets and derivatives will have an equal but opposite impact on the fair value of financial liabilities.

(e) Investment entity

The Company has been deemed to meet the definition of an investment entity as per IFRS 10 as the following conditions exist:

- The Company has obtained funds for the purpose of providing investors with investment management services;
- The Company business purpose is to invest solely for returns from capital appreciation, investment income, or both; and
- The Company measures and evaluates the performance of substantially all of its financial assets on a fair value basis.

Following the above, the directors have assessed the Company's status and confirm the the Company meets all the characteristics and definition of an "investment entity" as per IFRS 10.

As a result, the Company accounts for its investments in UBS Property Holding Conduit Limited, UBS Opportunistic Reality Fund Limited, UBS Strategic Reality Fund Limited, UBS Stable Diversified Ltd and UBS Dynamic Diversified Ltd at fair value through profit or loss. The Company has deemed these investments to be controlled structured entities as for each entity, the following conditions exist:

- The Relevant activities of each entity are directed by means of contractual arrangements with restrictions over funds transfer to the Company ;
- The entities have narrow and well defined objectives; and
- There is insufficient equity to permit the structured entities to finance their activities without subordinated financial support.

Details of the unconsolidated subsidiaries as at 31 March 2016 are as follows:

<u>Name of Company</u>	<u>Nature of business</u>	<u>% Holding</u>	<u>Place of Incorporation</u>
UBS Property Holding Conduit Limited	Financial	100	Jersey
*UBS Opportunistic Reality Fund Limited	Financial	100	Jersey
*UBS Strategic Reality Fund Limited	Financial	100	Jersey

*These companies are wholly owned by UBS Property Holding Conduit Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the financial year ended 31 March 2016

2 Basis of preparation (continued)

(e) Investment entity (continued)

The following changes occurred on the financial statements following a change in status of the Company to an investment entity as from 1 April 2014:

- The Company has presented the Company's figures rather than the Group's figures in the Statement of Comprehensive income.
- The Company has presented Company figures rather than Group figures in the Statement of financial position, Statements of cash flows and Statements of changes in equity.

(f) New standards, amendments or interpretations

Effective for annual periods beginning after 1 January 2015

The Directors have set out below both the upcoming EU endorsed and un-endorsed accounting standards, amendments or interpretations.

Standards and interpretation		Effective date
IFRS 11	Amended by Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	Annual financial periods beginning on or after 1 January 2016
Amendments to IAS 27	Equity method in separate financial statements. The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.	Annual financial periods beginning on or after 1 January 2016
IFRS 10 & IAS 28	Amended by Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Annual financial periods beginning on or after 1 January 2016
IFRS 9	Financial instruments on the classification, measurement and recognition of financial assets and financial liabilities. Early adoption is permitted. The Company is yet to assess IFRS 9's full impact on the Company's financial statements.	Annual financial periods beginning on or after 1 January 2018
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception	Annual financial periods beginning on or after 1 January 2016
Amendments to IAS 1	Disclosure Initiative	Annual financial periods beginning on or after 1 January 2016
Amendments to IAS 24	Related Party Disclosure	Annual financial periods beginning on or after 1 February 2015

The Directors have considered the new standards, amendments and interpretations as detailed in the above table and does not plan to adopt these standards early. The application of all of these standards, amendments or interpretations will be considered in detail in advance of a confirmed effective date by the Company. The Directors have concluded that the following may be relevant and are still reviewing the impact of the upcoming standards to determine their impact.

IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement, it is effective from 1 January 2018. The final version of the standard was published on 24 July 2014. The Company is currently considering the implications of the new standard and it is impracticable for the Company to quantify the impact of IFRS 9 at this stage.

IAS 24 Related Party Disclosure: This improvement relates to the identification of an entity providing key management personnel (KPM) services to the reporting entity being a related party of the reporting entity.

Amendments to IAS 1: Disclosure Initiative: These amendments to IAS 1 Presentation of Financial statements address some of the concerns expressed about existing presentation and disclosure requirements and ensure that the entities are able to use judgement where applying IAS 1. The amendments relate to the following; materiality, order of the notes, subtotals, accounting policies and disaggregation.

(g) New accounting standards adopted during the year

There were no new accounting standards adopted during the financial year that had an impact on the Company's accounting policies.

3 Significant accounting policies

(a) Net loss on financial assets designated at fair value through profit or loss

Net loss on financial assets designated at fair value through profit or loss relates to investments and includes all realised and unrealised fair value changes and foreign exchange differences. Any gains and losses arising from changes in fair value of the financial assets designated at fair value through profit or loss are recorded in the Statement of Comprehensive income. Details of recognition and measurement of financial assets are disclosed in the accounting policy of financial instruments (note 3(h)).

Realised gains and losses are recognised on disposal of financial assets, when the disposal price is not equal to the carrying value of the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the financial year ended 31 March 2016

3 Significant accounting policies (continued)

(b) Net gain on financial liabilities designated at fair value through profit or loss

Net gain on financial liabilities designated at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences. Any gains and losses arising from changes in fair value of the financial liabilities designated at fair value through profit or loss are recorded in the Statement of Comprehensive income. Details of recognition and measurement of financial liabilities are disclosed in the accounting policy of financial instruments (note 3(h)).

Realised gains and losses are recognised on redemption of the financial liabilities when the redemption price is not equal to the carrying value of the financial liabilities.

(c) Net (loss)/gain on derivative financial instruments

Net (loss)/gain on derivative financial instruments relates to the fair value movements on swaps held by the Company and includes realised and unrealised fair value movements and foreign exchange differences. Any gains and losses arising from changes in fair value of the derivative financial instruments are recognised in the Statement of Comprehensive income. Details of recognition and measurement of derivative financial instruments are disclosed in the accounting policy of financial instruments (note 3(h)).

Realised gains and losses are recognised on termination of swap when the termination price is not equal to the carrying value of the financial liabilities.

(d) Other income and expenses

All other income and expenses are accounted for on an accruals basis.

(e) Interest income and expense

Interest income and expense are recognised in the Statement of Comprehensive income for all financial instruments on an accruals basis.

(f) Income tax expense

The Company meets the criteria for a "Section 110 vehicle" under the Tax Consolidation Act, 1997 and is therefore subject to special tax regime which potentially allows the Company to be tax neutral. The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period as calculated in accordance with Irish Tax Laws. Taxable profit may differ from profit before tax as reported in the Statement of Comprehensive income because it excludes items of income or expense that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash held at banks, which are subject to insignificant risk of changes in value, and are used by the Company in the management of its short term commitments.

There are no restrictions on cash and cash equivalents.

Cash and cash equivalents are carried at amortised cost in the Statement of financial position.

(h) Financial instruments

The financial instruments held by the Company include the following

- Financial assets designated at fair value through profit or loss
- Financial liabilities designated at fair value through profit or loss
- Derivative financial instruments

Designation at fair value through profit or loss upon initial recognition

The Company has designated financial assets and liabilities at fair value through profit or loss when either:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- The asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

These include financial assets and financial liabilities that are not held for trading, such as collaterals purchased and the Notes issued. These financial instruments are designated on the basis that their fair value can be reliably measured and their performance has been evaluated on a fair value basis in accordance with the risk management and/or investment strategy as set out in the Company's offering document.

Categorisation

A financial asset or financial liability at fair value through profit or loss is a financial asset or liability that is classified as held-for-trading or designated as at fair value through profit or loss on initial recognition (Investment securities, debt securities issued and derivative financial instruments).

The Company has designated its investment securities and debt securities at fair value through profit or loss. Derivative financial instruments that are not designated and effective as hedging instruments are classified as held for trading.

Financial assets designated at fair value through profit or loss

All financial investments held by the Company are designated as at fair value through profit or loss at initial recognition in order to eliminate or significantly reduce accounting mismatch, which would otherwise arise in relation to financial liabilities as explained below.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the financial year ended 31 March 2016

3 Significant accounting policies (continued)

(h) Financial instruments (continued)

Financial liabilities designated at fair value through profit or loss

The financial liabilities are initially measured at fair value and are designated as liabilities at fair value through profit or loss in order to either eliminate or significantly reduce accounting mismatch or when they contain an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Derivative financial instruments

Derivative financial instruments include all derivative assets and liabilities that are used to economically hedge. Derivatives are not however formally designated into a qualifying hedge relationship and therefore all changes in their fair value are recognised immediately in the Statement of Comprehensive income.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in the Statement of Comprehensive income immediately. A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability.

Initial recognition

The Company initially recognises all financial assets and liabilities at fair value on the trade date at which the Company becomes a party to the contractual provisions of the instruments at fair value. From trade date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities at fair value through profit or loss are recorded in the Statement of Comprehensive income.

Subsequent measurement

After initial measurement, the Company measures financial instruments which are classified at fair value through profit or loss at their fair value. Subsequent changes in the fair value of financial instruments designated at fair value through profit or loss are recognised directly in the Statement of comprehensive income. The fair value of financial instruments is based on their quoted market prices on a recognised exchange or sourced from a reputable broker/counterparty, in the case of non-exchange traded instruments, at the reporting date without any deduction for estimated future selling costs.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Offsetting

Financial assets and liabilities are set off and the net amount presented in the Statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions. No set off has occurred during the financial year ended 31 March 2016.

(i) Foreign currency transaction

The results and financial position of the entity are expressed in USD which is the reporting currency of the Company. Transactions in currencies other than USD are recorded at the actual rate. At each reporting date, monetary items and non-monetary assets and liabilities that are fair valued and are dominated in foreign currencies are retranslated at the rate prevailing on the reporting date. Gains and losses arising on retranslation are included in net profit or loss for the period where investments are classified as fair value through profit or loss.

(j) Other receivables

Other receivables do not carry any interest and are short-term in nature and have been reviewed for any evidence of impairment. Other receivables are accounted at amortised cost.

(k) Other payables

Other payables are accounted at amortised cost.

(l) Equity instruments

Equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of issue costs.

(m) Share capital

Share capital is issued in Euro (EUR). Dividends are recognised as a liability in the period in which they are approved.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the financial year ended 31 March 2016

3 Significant accounting policies (continued)

(n) Funding from arranger

Income is received from UBS Limited (the "Arranger") to meet the expenses of the Company. These amounts are accounted for in the Statement of comprehensive income under other income.

(o) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). The Company's business involves the repackaging of bonds and other debt instruments, on behalf of investors, which are bought in the market and subsequently securitised to avail of potential market opportunities and risk return asymmetries. The Company with no employee, has only one business unit, thus all administrative and operating functions are carried out and reviewed by the Administrator and Company Secretary, Deutsche International Corporate Services (Ireland) Limited.

The Company's principal activity is to invest in financial instruments which are the revenue generating segment of the Company. The Chief Operating Decision Maker (CODM) of the operating segment is the Board. The Company is a special purpose vehicle whose principal activities are the issuance of Notes and investment in securities. The CODM does not consider each underlying Series of Notes as a separate segment, rather they look at the structure as a whole. Based on that fact, the directors confirm that there is only one segment.

4 Determination of fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in note 21 to the financial statements. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

For more complex instruments, the Company relies on prices provided from broker/ counterparty.

Critical accounting judgements in applying the Company's accounting policies

Critical accounting judgements made in applying the Company's accounting policies in relation to valuation of financial instruments is further described in note 21.

Fair value measurement principles

The determination of fair values of financial assets designated at fair value through profit or loss is based on net asset values ("NAV") provided by UBS Limited (the "Arranger") or the administrator of the underlying asset. The determination of fair values of derivative financial assets and liabilities that are not quoted in an active market are estimated by management. Management's estimates are based on values obtained from the arranging investment bank of the derivative, which are determined in whole or in part using valuation techniques such as discounted cash flow techniques, option pricing models or any other valuation techniques that provides an estimate of prices obtained should the derivative financial assets or liabilities be traded.

The following methodologies have been applied in determining the fair values of each class of Notes:

Fund-linked Notes - Series 1 to 4, 12 to 13, 15 to 22, 24, 26, 38, 39, 41, 44 and 46.

Investment - The methodology applied to fair value the investments is to use the NAV as at 31 March 2016 of the individual fund as detailed below:

Series	Fund
Series 12	A&Q Stable Diversified Ltd USD Class H Series 1
Series 13	A&Q Dynamic Diversified Limited USD - Class H
Series 15	A&Q Global Alpha Strategies Limited - USD Class SH
Series 16	Key Multi-Manager Hedge Fund - Diversified Ltd Class H USD
Series 17	Key Multi-Manager Hedge Fund - Focussed Ltd USD Class H
Series 18	Stable Alpha (Feeder) Ltd. Class I Series 1 CHF
Series 19	Stable Alpha (Feeder) Ltd. Class I Series 1 USD
Series 20	Investment in Arden Alternative Advisers SPC USD Series J Tranche 0206
Series 21 Tranche 1	Multi Manager Access II- Global Fixed Income Enhanced Strategies BI EUR
Series 21 Tranche 2	Multi Manager Access II- Global Fixed Income Enhanced Strategies BI USD
Series 21 Tranche 3	Multi Manager Access II- Global Fixed Income Enhanced Strategies BI CHF
Series 22 Tranche 1	Multi Manager Access II- Emerging Markets Debt BI (EUR Hedged)
Series 22 Tranche 2	Multi Manager Access II- Emerging Markets Debt BI
Series 22 Tranche 3	Multi Manager Access II- Emerging Markets Debt BI (CHF Hedged)
Series 24	A&Q Neutral Alpha Strategies (Feeder) Ltd - EUR Class HI
Series 38	Arosa Capital Management Neutral Offshore Fund Ltd
Series 39	A&Q Stable Growth Limited Class HI EUR
Series 41	China Evergreen Acquisition Corp. - Class A
Series 44	China Evergreen Acquisition Corp. - Class A
Series 46	Systematica Trading Vehicle I Limited - USD Share Class

Series 11, 26, 28, 29, 30, 31, 32 to 36, 37 Tranche 1, 37 Tranche 3 and 37 Tranche 5 were disposed during the financial year ended 31 March 2016.

Series 27, 37 Tranche 2, 37 Tranche 4 and 37 Tranche 6 matured during the financial year ended 31 March 2016.

Notes - Due to the limited recourse aspects of the Notes, the value will be equal to the value of the underlying collateral.

Details of the Fund-linked Notes are included in note 15.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the financial year ended 31 March 2016

4 Determination of fair values (continued)

Fair value measurement principles (continued)

EP Loan

Investment - The methodology applied to fair value the investments is to use the NAV as at 31 March 2016 of the individual fund as detailed below:

Series	Fund
1	A&Q Alternative Solution
4	Key Multi-Manager Hedge Fund - Diversified Ltd Class H USD
5	Key Multi-Manager Hedge Fund - Diversified Ltd Class H CHF
6	Key Multi-Manager Hedge Fund - Diversified Ltd Class H EUR
11	Key Multi-Manager Hedge Fund USD - Class H
12	Key Multi-Manager Hedge Fund CHF - Class H
13	Key Multi-Manager Hedge Fund EUR - Class H

Swaps - For the UBS Swap, UBS AG, London Branch delivers the performance of the relevant stock exchange index, as detailed below, to the Company. For the Lux Swap, the Company receives the outperformance of the stock exchange index over the equity portfolio index.

Series	Stock exchange index
1	A&Q EUR Index
4	MSA USD Index
5	MSA II CHF Index
6	MSA II EUR Index
11	Focused USD Index
12	Focused CHF Index
13	Focused EUR Index

Series 10 was terminated during the financial year ended 31 March 2016.

EP Loan - Due to the limited recourse aspects of the Notes, the value will be equal to the value of the underlying collateral and swaps.

Details of the EP Loan is included in note 15.

5 Net loss on financial assets designated at fair value through profit or loss

	Financial year ended 31-Mar-16 USD	Financial year ended 31-Mar-15 USD
Net loss on financial assets designated at fair value through profit or loss	(46,018,271)	(258,974,801)
	<u>(46,018,271)</u>	<u>(258,974,801)</u>

6 Net gain on financial liabilities designated at fair value through profit or loss

	Financial year ended 31-Mar-16 USD	Financial year ended 31-Mar-15 USD
Net gain on financial liabilities designated at fair value through profit or loss	107,628,746	75,381,686
	<u>107,628,746</u>	<u>75,381,686</u>

7 Net (loss)/gain on derivative financial instruments

	Financial year ended 31-Mar-16 USD	Financial year ended 31-Mar-15 USD
Fair value movement on derivative financial instruments	(61,610,475)	183,593,114
	<u>(61,610,475)</u>	<u>183,593,114</u>

8 Other income

	Financial year ended 31-Mar-16 USD	Financial year ended 31-Mar-15 USD
Funding from arranger	901,702	1,207,944
Corporate benefit	2,845	9,629
Bank interest	1,775	1
	<u>906,322</u>	<u>1,217,574</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the financial year ended 31 March 2016

9 Operating expenses

	Financial year ended 31-Mar-16 USD	Financial year ended 31-Mar-15 USD
Professional fees	(1,088,321)	(757,730)
Audit fees	(34,994)	(18,693)
Administration fees	(66,439)	(104,168)
Bank charges	(10,803)	(18,626)
Tax fees	(5,599)	(3,107)
	<u>(1,206,156)</u>	<u>(902,324)</u>
Auditors remuneration for the financial year (excluding VAT):	31-Mar-16 USD	31-Mar-15 USD
- Audit of individual Company account	28,450	26,828
- Other assurance services	-	-
- Tax advisory services	4,552	4,292
- Other non-audit services	-	-
	<u>33,002</u>	<u>31,120</u>

The directors of Star Compass Plc received no remuneration from the Company during the financial year (2015: USD nil). The Company has no employees and services required are contracted from third parties.

10 Income tax

	Financial year ended 31-Mar-16 USD	Financial year ended 31-Mar-15 USD
Profit before tax	2,845	9,627
Current tax at rate of 25%	-	-
Effect of:		
Income taxed at higher rates	711	2,407
Current tax charge	<u>711</u>	<u>2,407</u>

The Company will continue to be taxed at 25% (2015: 25%).

11 Financial assets designated at fair value through profit or loss

	31-Mar-16 USD	31-Mar-15 USD
Investments	<u>2,774,158,801</u>	<u>3,147,519,740</u>
<i>Movement in investments:</i>		
At start of the financial year	3,147,519,740	2,754,474,748
<i>*Non-cash transactions:</i>		
Additions during the financial year	2,609,354,086	2,323,230,492
Disposals during the financial year	(3,098,666,467)	(1,649,155,108)
<i>Cash transactions:</i>		
Additions during the financial year	382,134,756	116,925,665
Disposals during the financial year	(217,347,733)	(138,981,256)
Fair value movement	(48,835,581)	(258,974,801)
At end of the financial year	<u>2,774,158,801</u>	<u>3,147,519,740</u>

* Non-cash transactions refer to additions and disposals for the investment in funds and Threshold II investments.

Maturity Analysis

	31-Mar-16 USD	31-Mar-15 USD
Less than 1 year	940,517,801	360,197,688
1-2 years	-	988,578,330
2-5 years	1,796,344,006	1,749,673,903
> 5 years	37,296,994	49,069,820
	<u>2,774,158,801</u>	<u>3,147,519,741</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2016

11 Financial assets designated at fair value through profit or loss (continued)

(i) Fund-linked Notes - Investment in UBS Funds

<u>Series</u>	<u>Investment</u>	<u>Type</u>	<u>Nature of business</u>	<u>Place of Incorporation</u>	31-Mar-16 USD Fair value	31-Mar-15 USD Fair value
1	Class C Participating Shares in UBS Property Holding Conduit Limited	Participating shares	Investment	Jersey	10,435,936	22,622,974
2	Class B Participating Shares in UBS Property Holding Conduit Limited	Participating shares	Investment	Jersey	9,971,808	22,310,294
3	Class A Participating Shares in UBS Property Holding Conduit Limited	Participating shares	Investment	Jersey	8,809,574	19,800,351
4	Class D Participating Shares in UBS Property Holding Conduit Limited	Participating shares	Investment	Jersey	898,877	2,116,705
12	A&Q Stable Diversified Ltd USD Class H Series 1	Participating shares	Investment	Cayman Islands	441,014,168	390,767,609
13	A&Q Dynamic Diversified Limited USD - Class H	Participating shares	Investment	Cayman Islands	216,445,624	215,941,771
15	A&Q Global Alpha Strategies Limited - USD Class SH	Non-voting	Investment	Cayman Islands	128,497,142	117,436,087
16	Key Multi-Manager Hedge Fund - Diversified Ltd Class H USD	Non-voting	Investment	Cayman Islands	26,326,117	32,363,349
17	Key Multi-Manager Hedge Fund - Focussed Ltd USD Class H	Non-voting	Investment	Cayman Islands	9,237,449	12,184,279
18	Stable Alpha (Feeder) Ltd. Class I Series 1 CHF	Non-voting	Investment	Cayman Islands	68,459,850	59,182,963
19	Stable Alpha (Feeder) Ltd. Class I Series 1 USD	Non-voting	Investment	Cayman Islands	12,934,839	12,743,701
20	Investment in Arden Alternative Advisers SPC USD Series J Tranche 0206	Non-voting	Investment	Cayman Islands	37,296,995	39,568,080
21 Tranche 1	Multi Manager Access II-Global Fixed Income Enhanced Strategies BI EUR	Voting	Investment	Luxembourg	6,657,400	12,563,874
21 Tranche 2	Multi Manager Access II-Global Fixed Income Enhanced Strategies BI USD	Voting	Investment	Luxembourg	98,145	347,163
21 Tranche 3	Multi Manager Access II-Global Fixed Income Enhanced Strategies BI CHF	Voting	Investment	Luxembourg	2,452,912	4,397,806
22 Tranche 1	Multi Manager Access II-Emerging Markets Debt BI (EUR Hedged)	Voting	Investment	Luxembourg	172,538,536	104,401,175
22 Tranche 2	Multi Manager Access II-Emerging Markets Debt BI	Voting	Investment	Luxembourg	4,233,421	3,099,537
22 Tranche 3	Multi Manager Access II-Emerging Markets Debt BI (CHF Hedged)	Voting	Investment	Luxembourg	66,961,401	39,154,576
24	A&Q Neutral Alpha Strategies (Feeder) Ltd - EUR Class HI	Non-voting	Investment	Luxembourg	88,075,527	39,747,926
38	Arosa Capital Management Neutral Offshore Fund Ltd	Participating non-voting	Investment	Cayman Islands	91,862,740	-
39	A&Q Stable Growth Limited Class HI EUR	Voting	Investment	Cayman Islands	24,511,751	-
41	China Evergreen Acquisition Corp. - Class A	Participating shares	Investment	Cayman Islands	42,857,380	-
44	China Evergreen Acquisition Corp. - Class A	Participating shares	Investment	Cayman Islands	75,581,067	-
46	Systematica Trading Vehicle I Limited - USD Share Class	Voting	Investment	Cayman Islands	11,928,888	-
11	Q-BLK Appreciation Fund, Inc. - Class R (EUR)	Non-voting	Investment	Cayman Islands	-	305,642,955
Balance carried forward					1,558,087,547	1,456,393,174

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2016

11 Financial assets designated at fair value through profit or loss (continued)

(i) Fund-linked Notes - Investment in UBS Funds (continued)

<u>Series</u>	<u>Investment</u>	<u>Type</u>	<u>Nature of business</u>	<u>Place of Incorporation</u>	Fair value 31-Mar-16 USD	Fair value 31-Mar-15 USD
Balance brought forward					1,558,087,547	1,456,393,174
26 Tranche 1	Arden Alternative Advisers Compass SPC	Non-voting	Investment	Cayman Islands	-	12,638,538
26 Tranche 2	Arden Alternative Advisers Compass SPC	Non-voting	Investment	Cayman Islands	-	26,839,965
26 Tranche 3	Arden Alternative Advisers Compass SPC	Non-voting	Investment	Cayman Islands	-	13,827,563
27 Tranche 1	Compass Offshore Special Situations PCC Limited	Voting	Investment	Guernsey	-	42,450,118
28	GAM Strata Alternative Inc.	Voting	Investment	British Virgin islands	-	8,307,739
29	GAM Strata Equity Inc.	Voting	Investment	British Virgin islands	-	11,074,411
30 Tranche 1	Global property Fund- EUR Non-voting share Class G	Non-voting	Investment	Guernsey	-	39,176,016
30 Tranche 2	Global property Fund	Non-voting	Investment	Guernsey	-	1
30 Tranche 3	Global property Fund	Non-voting	Investment	Guernsey	-	1
31 Tranche 1	Q-BLK Appreciation Fund, Inc. - Class K (EUR)	Voting	Investment	Guernsey	-	10,891,965
31 Tranche 2	Q-BLK Appreciation Fund, Inc. - Class K (USD)	Voting	Investment	Guernsey	-	11,836,783
31 Tranche 3	Q-BLK Appreciation Fund, Inc. - Class K (CHF)	Voting	Investment	Guernsey	-	3,341,975
32 Tranche 1	UBS Neutral Alpha Strategies (Feeder Ltd)	Non-voting	Investment	Cayman Islands	-	9,277,274
32 Tranche 2	UBS Neutral Alpha Strategies (Feeder Ltd)	Non-voting	Investment	Cayman Islands	-	8,037,963
32 Tranche 3	UBS Neutral Alpha Strategies (Feeder Ltd)	Non-voting	Investment	Cayman Islands	-	9,313,677
33	UBS A&Q Alternative Solution Ltd	Non-voting	Investment	Cayman Islands	-	9,501,740
34 Tranche 1	UBS AFA Trading Fund	Non-voting	Investment	Cayman Islands	-	2,135,050
34 Tranche 2	UBS AFA Trading Fund	Non-voting	Investment	Cayman Islands	-	4,289,808
34 Tranche 3	UBS AFA Trading Fund	Non-voting	Investment	Cayman Islands	-	2,767,422
35 Tranche 1	UBS Alpha Select Hedge Fund - Class H EUR	Non-voting	Investment	Cayman Islands	-	15,468,053
35 Tranche 2	UBS Alpha Select Hedge Fund - Class H USD	Non-voting	Investment	Cayman Islands	-	17,821,711
35 Tranche 3	UBS Alpha Select Hedge Fund - Class H CHF	Non-voting	Investment	Cayman Islands	-	27,341,454
36 Tranche 1	UBS Global Alpha Strategies - Class R EUR Series 1	Voting	Investment	Cayman Islands	-	33,208,714
36 Tranche 2	UBS Global Alpha Strategies - Class HC EUR	Voting	Investment	Cayman Islands	-	22,435,066
36 Tranche 3	UBS Global Alpha Strategies - Class M EUR	Voting	Investment	Cayman Islands	-	30,814,934
36 Tranche 4	UBS Global Alpha Strategies - Class R USD	Voting	Investment	Cayman Islands	-	20,116,731
36 Tranche 5	UBS Global Alpha Strategies - Class HC USD	Voting	Investment	Cayman Islands	-	5,862,772
36 Tranche 6	UBS Global Alpha Strategies - Class R CHF	Voting	Investment	Cayman Islands	-	34,184,062
36 Tranche 7	UBS Global Alpha Strategies - Class HC CHF	Voting	Investment	Cayman Islands	-	3,512,900
37 Tranche 1	UBS Multi-Manager Alternative Commodities Fund Ltd - Class H EUR	Non-voting	Investment	Cayman Islands	-	1,775,622
37 Tranche 2	UBS Multi-Manager Alternative Commodities Fund Ltd - Class C EUR	Non-voting	Investment	Cayman Islands	-	14,610,679
37 Tranche 3	UBS Multi-Manager Alternative Commodities Fund Ltd - Class H USD	Non-voting	Investment	Cayman Islands	-	3,825,289
Balance carried forward					1,558,087,547	1,913,079,170

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2016

11 Financial assets designated at fair value through profit or loss (continued)

(i) Fund-linked Notes - Investment in UBS Funds (continued)

<u>Series</u>	<u>Investment</u>	<u>Type</u>	<u>Nature of business</u>	<u>Place of Incorporation</u>	Fair value 31-Mar-16 USD	Fair value 31-Mar-15 USD
Balance brought forward					1,558,087,547	1,913,079,170
37 Tranche 4	UBS Multi-Manager Alternative Commodities Fund Ltd - Class C USD	Non-voting	Investment	Cayman Islands	-	22,846,289
37 Tranche 5	UBS Multi-Manager Alternative Commodities Fund Ltd - Class H CHF	Non-voting	Investment	Cayman Islands	-	2,453,115
37 Tranche 6	UBS Multi-Manager Alternative Commodities Fund Ltd - Class C CHF	Non-voting	Investment	Cayman Islands	-	14,302,610
					<u>1,558,087,547</u>	<u>1,952,681,184</u>

Star Compass Plc has invested in the Voting/Non Voting shares and participating shares of the above funds. Although the Company has invested in Voting shares, the latter does not have any control and power over the investees.

	31-Mar-16 USD	31-Mar-15 USD
At beginning of the financial year	1,952,681,185	1,265,528,109
<i>Non-cash transactions:</i>		
Additions during the financial year	163,517,854	950,696,195
Disposals during the financial year	(664,111,496)	(162,578,461)
<i>Cash transactions:</i>		
Additions during the financial year	382,134,756	116,925,665
Disposals during the financial year	(217,347,733)	(138,981,256)
Fair value movement	(58,787,019)	(78,909,067)
At end of the financial year	<u>1,558,087,547</u>	<u>1,952,681,185</u>

(ii) EP Loans - Investment in hedge funds

The composition of the fund as at 31 March 2016 are as follows:

<u>Series</u>	<u>Description</u>	Units outstanding	Fair value 31-Mar-16 USD
Series 1	A&Q Alternative Solution	10,420	15,248,349
Series 4	Key Multi-Manager Hedge Fund - Diversified Ltd Class H USD	17,106	21,591,551
Series 5	Key Multi-Manager Hedge Fund - Diversified Ltd Class H CHF	250,823	278,573,424
Series 6	Key Multi-Manager Hedge Fund - Diversified Ltd Class H EUR	449,224	599,438,333
Series 11	Key Multi-Manager Hedge Fund USD - Class H	6,413	7,323,805
Series 12	Key Multi-Manager Hedge Fund CHF - Class H	80,566	93,437,868
Series 13	Key Multi-Manager Hedge Fund EUR - Class H	155,323	200,457,924
		<u>969,875</u>	<u>1,216,071,254</u>
<u>Series</u>	<u>Description</u>	Units outstanding	Fair value 31-Mar-15 USD
Series 1	A&Q Alternative Solution	12,172	17,684,031
Series 4	Key Multi-manager hedge fund USD - Diversified Limited	17,838	23,393,969
Series 5	Key Multi-manager hedge fund CHF - Diversified Limited	257,246	298,195,932
Series 6	Key Multi-manager hedge fund EUR - Diversified Limited	423,443	556,732,966
Series 10	Global Equity (Extension) Alpha EUR	217	363,291
Series 11	Key Multi-Manager Hedge Fund USD - Focussed Ltd	7,037	7,934,854
Series 12	Key Multi-Manager Hedge Fund CHF - Focussed Ltd	87,829	100,897,093
Series 13	Key Multi-Manager Hedge Fund EUR - Focussed Ltd	156,952	189,636,420
		<u>962,734</u>	<u>1,194,838,556</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2016

11 Financial assets designated at fair value through profit or loss (continued)

Movement in investment in hedge funds:

	31-Mar-16 Units	31-Mar-16 Fair value USD	31-Mar-15 Units	31-Mar-15 Fair value USD
At beginning of the financial year	962,734	1,194,838,556	1,034,505	1,488,946,638
<i>Non-cash transactions*:</i>				
Additions during the financial year	1,954,765	2,445,836,232	1,089,213	1,372,534,297
Disposals during the financial year	(1,947,624)	(2,434,554,972)	(1,160,984)	(1,486,576,646)
Fair value movement	-	9,951,438	-	(180,065,733)
At end of the financial year	969,875	1,216,071,254	962,734	1,194,838,556

Some of the investment securities have upon initial recognition been designated at fair value through profit or loss when the Company holds related derivatives at fair value through profit or loss and designation therefore eliminates or significantly reduces an accounting mismatch that would otherwise arise. The investment securities are held as collateral for debt securities issued by the Company.

The carrying value of the assets of the Company represents their maximum exposure to the credit risk. The credit risk is eventually transferred to the swap counterparty or the Noteholders.

Refer to note 21 for a description of the credit risk, concentration and currency risk disclosures relating to investment securities.

12 Derivative financial instruments

	31-Mar-16 USD	31-Mar-15 USD
At beginning of the financial year	111,450,655	315,304,043
<i>Non-cash transactions*:</i>		
Net transactions by the swap counterparty	64,358,470	(387,446,502)
Fair value movement due to market risk	(61,610,475)	183,593,114
At end of the financial year	114,198,650	111,450,655
	31-Mar-16 USD	31-Mar-15 USD
Derivative asset - Swap with Lux Fund	18,280,042	7,982,369
Derivative asset - Swap with UBS Fund	102,753,992	103,731,713
	121,034,034	111,714,082
Derivative liabilities - Swap with Lux Fund	(6,835,384)	(263,427)
	(6,835,384)	(263,427)

* Non-cash transactions refers to receipts and payments from/to the Swap counterparty arising out of movements on the Notes issued and investments in funds and Threshold II investments.

Fully funded Swap with UBS AG, London Branch

Pursuant to the Company's investment in hedge funds as part of the Threshold II, it entered into a fully funded swap agreement with UBS AG, London Branch, whereby the Company pays any excess of the hedge funds over EP loans to UBS AG, London Branch, in respect of any outperformance and receives any excess of the EP loans over the hedge funds. Refer to note 4 for details for the swaps are valued. The swap holders bear all the risk of the Company as they are also the arranger.

Details regarding the valuation of derivative financial instruments are outlined in note 3(h), note 4 and note 21 to the financial statements.

Threshold II

Series	Description	31-Mar-16 USD	31-Mar-15 USD
Series 1	A&Q Alternative Solution	1,988,328	1,541,566
Series 4	Key Multi-Manager Hedge Fund - Diversified Ltd Class H USD	2,555,368	1,820,200
Series 5	Key Multi-Manager Hedge Fund - Diversified Ltd Class H CHF	16,798,674	27,919,022
Series 6	Key Multi-Manager Hedge Fund - Diversified Ltd Class H EUR	66,236,076	51,717,115
Series 10	Global Equity (Extension) Alpha EUR	-	94,764
Series 11	Key Multi-Manager Hedge Fund USD - Class H	689,501	635,417
Series 12	Key Multi-Manager Hedge Fund CHF - Class H	8,613,802	9,681,823
Series 13	Key Multi-Manager Hedge Fund EUR - Class H	17,316,901	18,040,748
		114,198,650	111,450,655

Series 10 of Threshold II was terminated during the financial year ended 31 March 2016.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the financial year ended 31 March 2016

13 Other receivables

	31-Mar-16	31-Mar-15
	USD	USD
Income receivable from arranger	286,063	446,359
Other receivables	46,214	-
Prepayments	1,973	50,328
VAT receivable	9,247	9,247
Corporate benefit receivable	2,450	8,889
Issuance proceeds receivable	-	3,148,501
Redemption receivable from investments	-	2
	<u>345,947</u>	<u>3,663,326</u>

14 Cash and cash equivalents

	31-Mar-16	31-Mar-15
	USD	USD
Cash at bank	<u>401,029</u>	<u>12,714,946</u>
Bank overdraft	<u>(815)</u>	<u>-</u>

The Company's cash and cash equivalents are held with Bank of Ireland Corporate Banking (20%) and Deutsche Bank AG, London (80%).

15 Financial liabilities designated at fair value through profit or loss

31-Mar-16	31-Mar-15
USD	USD
<u>2,888,357,451</u>	<u>3,258,970,395</u>

Maturity Analysis

	Fund- linked	EP loan	Total	Fund- linked	EP loan	Total
	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-15	31-Mar-15	31-Mar-15
	USD	USD	USD	USD	USD	USD
Less than 1 financial year	940,517,801	-	940,517,801	342,513,657	19,225,597	361,739,254
1-2 financial years	-	-	-	988,578,330	-	988,578,330
2-5 financial years	580,272,750	1,330,269,906	1,910,542,656	572,519,377	1,287,063,614	1,859,582,991
> 5 financial years	37,296,994	-	37,296,994	49,069,820	-	49,069,820
	<u>1,558,087,545</u>	<u>1,330,269,906</u>	<u>2,888,357,451</u>	<u>1,952,681,184</u>	<u>1,306,289,211</u>	<u>3,258,970,395</u>

Movement in financial liabilities

	31-Mar-16	31-Mar-15
	USD	USD
At beginning of financial year	1,952,681,184	1,265,528,111
<i>*Non-cash transactions:</i>		
Additions	131,866,033	880,497,298
Redemptions	(632,459,675)	(104,756,725)
<i>Cash transactions:</i>		
Additions	382,134,756	116,925,666
Redemptions	(217,347,733)	(126,604,097)
Fair value movement	(58,787,020)	(78,909,069)
At end of the financial year	<u>1,558,087,545</u>	<u>1,952,681,184</u>

Movement in Equity Portfolio loan

	31-Mar-16	31-Mar-15
	USD	USD
At beginning of financial year	1,306,289,211	1,804,250,680
<i>Non-cash transactions:</i>		
Additions	2,674,491,090	1,533,545,780
Redemptions	(2,598,851,359)	(2,035,034,632)
Fair value movement	(51,659,036)	3,527,383
At end of the financial year	<u>1,330,269,906</u>	<u>1,306,289,211</u>

Total

<u>2,888,357,451</u>	<u>3,258,970,395</u>
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* Non-cash transactions refers to acquisitions and redemptions of financial liabilities and Equity Portfolio Loan.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2016

15 Financial liabilities designated at fair value through profit or loss (continued)

Fund-linked Notes

Details of the debt securities in issue at 31 March 2016 are detailed below:

Series	Description	Maturity date	CCY	Nominal USD	Fair values USD
1	Extendable Global Property Investment Notes (EUR)	08-Dec-16	EUR	14,678,300	10,435,936
2	Extendable Global Property Investment Notes (CHF)	08-Dec-16	CHF	14,904,000	9,971,808
3	Extendable Global Property Investment Notes (USD)	08-Dec-16	USD	14,517,900	8,809,574
4	Extendable Global Property Investment Notes (GBP)	08-Dec-16	GBP	1,037,400	898,877
12	Extendable UBS Stable Diversified Limited (USD) linked Notes	30-Sep-16	USD	347,850,000	441,014,168
13	Extendable UBS Dynamic Diversified Limited (USD) linked Notes	30-Dec-16	USD	169,470,000	216,445,624
15	Extendable Fund Linked Notes Linked to Class SH-USD Shares of UBS Global Alpha Strategies Limited	25-Apr-18	USD	126,000,000	128,497,142
16	Extendable Notes Linked to Key Multi-Manager Hedge Fund – Diversified (USD) Index	31-Jul-18	USD	21,024,289	26,326,117
17	Extendable Notes Linked to Key Multi-Manager Hedge Fund – Focused (USD) Index	31-Jul-18	USD	8,153,756	9,237,449
18	Extendable Index Linked Notes Linked to Stable Alpha Index (CHF)	31-Jul-18	CHF	66,458,000	68,459,850
19	Extendable Index Linked Notes Linked to Stable Alpha Index (USD)	28-Sep-18	USD	12,820,000	12,934,839
20	Extendable Fund Linked Notes Linked to Arden Alternative Advisers SPC USD – Series J	14-Jun-24	USD	30,000,000	37,296,995
21	Tranche 1 Extendable Fund Linked Notes Linked to Multi Manager Access II – Global Fixed Income Enhanced Strategies	29-Apr-16	EUR	6,155,997	6,657,400
21	Tranche 2 Extendable Fund Linked Notes Linked to Multi Manager Access II – Global Fixed Income Enhanced Strategies	29-Apr-16	USD	102,700	98,145
21	Tranche 3 Extendable Fund Linked Notes Linked to Multi Manager Access II – Global Fixed Income Enhanced Strategies	29-Apr-16	CHF	2,510,833	2,452,912
22	Tranche 1 Extendable Fund Linked Notes Linked to Multi Manager Access II – Emerging Markets Debt	29-Apr-16	EUR	154,934,901	172,538,536
22	Tranche 2 Extendable Fund Linked Notes Linked to Multi Manager Access II – Emerging Markets Debt	29-Apr-16	USD	4,288,364	4,233,421
22	Tranche 3 Extendable Fund Linked Notes Linked to Multi Manager Access II – Emerging Markets Debt	29-Apr-16	CHF	66,529,805	66,961,400
24	Extendable Fund Linked Notes Linked to UBS Neutral Alpha Strategies (Feeder) Limited	19-Jul-19	EUR	74,500,000	88,075,527
26	Tranche 1 EUR Extendable Fund Linked Notes Linked to Arden Alternative Advisers Compass SPC	28-Jun-19	EUR	2	-
26	Tranche 3 CHF Extendable Fund Linked Notes Linked to Arden Alternative Advisers Compass SPC	28-Jun-19	CHF	1	-
38	Extendable Fund Linked Notes linked to Arosa Capital Management Market Neutral Offshore Fund Ltd	15-May-20	USD	100,000,000	91,862,740
39	Extendable Index Linked Notes Linked to A&Q Stable Growth Index	30-Sep-20	EUR	21,900,000	24,511,750
41	Extendable Fund Linked Notes Linked to China Evergreen Acquisition Corp	09-Nov-18	USD	42,969,100	42,857,380
44	Notes linked to China Evergreen Acquisition Corp	21-Dec-18	CNY	500,000,000	75,581,067
46	Extendable Fund Linked Notes Linked to Systematica Trading Vehicle I Limited	10-Dec-20	USD	12,881,710	11,928,888
					<u>1,558,087,545</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2016

15 Financial liabilities designated at fair value through profit or loss (continued)

The risk associated with the financial liabilities remain with the Noteholders due to the limited recourse nature of the Notes issued.

Details of the debt securities in issue as at 31 March 2015 are detailed below:

Fund-linked Notes

Series	Description	Maturity date	CCY	Nominal	Fair values USD
1	Extendable Global Property Investment Notes (EUR)	08-Dec-16	EUR	36,363,600	22,622,974
2	Extendable Global Property Investment Notes (CHF)	08-Dec-16	CHF	41,017,050	22,310,294
3	Extendable Global Property Investment Notes (USD)	08-Dec-16	USD	34,439,400	19,800,351
4	Extendable Global Property Investment Notes (GBP)	08-Dec-16	GBP	2,418,000	2,116,705
11	Extendable Q-BLK Appreciation Fund, Inc. Class R (EUR) Linked Notes	30-Sep-16	EUR	224,650,000	305,642,955
12	Extendable UBS Stable Diversified Limited (USD) linked Notes	30-Sep-16	USD	302,650,000	390,767,609
13	Extendable UBS Dynamic Diversified Limited (USD) linked Notes	30-Dec-16	USD	162,550,000	215,941,771
15	Extendable Fund Linked Notes Linked to Class SH-USD Shares of UBS Global Alpha Strategies Limited	25-Apr-18	USD	107,600,000	117,436,087
16	Extendable Notes Linked to Key Multi-Manager Hedge Fund – Diversified (USD) Index	31-Jul-18	USD	24,788,020	32,363,350
17	Extendable Notes Linked to Key Multi-Manager Hedge Fund – Focused (USD) Index	31-Jul-18	USD	10,854,129	12,184,279
18	Extendable Index Linked Notes Linked to Stable Alpha Index (CHF)	31-Jul-18	CHF	55,848,000	59,182,963
19	Extendable Index Linked Notes Linked to Stable Alpha Index (USD)	28-Sep-18	USD	12,347,000	12,743,702
20	Extendable Fund Linked Notes Linked to Arden Alternative Advisers SPC USD – Series J	14-Jun-24	USD	30,000,000	39,568,080
21	Tranche 1 Extendable Fund Linked Notes Linked to Multi Manager Access II – Global Fixed Income Enhanced Strategies	29-Apr-16*	EUR	11,905,997	12,563,874
21	Tranche 2 Extendable Fund Linked Notes Linked to Multi Manager Access II – Global Fixed Income Enhanced Strategies	29-Apr-16*	USD	352,700	347,163
21	Tranche 3 Extendable Fund Linked Notes Linked to Multi Manager Access II – Global Fixed Income Enhanced Strategies	29-Apr-16*	CHF	4,360,833	4,397,806
22	Tranche 1 Extendable Fund Linked Notes Linked to Multi Manager Access II – Emerging Markets Debt	29-Apr-16*	EUR	99,194,901	104,401,176
22	Tranche 2 Extendable Fund Linked Notes Linked to Multi Manager Access II – Emerging Markets Debt	29-Apr-16*	USD	3,148,364	3,099,536
22	Tranche 3 Extendable Fund Linked Notes Linked to Multi Manager Access II – Emerging Markets Debt	29-Apr-16*	CHF	38,919,805	39,154,576
24	Extendable Fund Linked Notes Linked to UBS Neutral Alpha Strategies (Feeder) Limited	19-Jul-19	EUR	35,500,000	39,747,926
26	Tranche 1 EUR Extendable Fund Linked Notes Linked to Arden Alternative Advisers Compass SPC	28-Jun-19	EUR	11,270,729	12,638,538
26	Tranche 2 USD Extendable Fund Linked Notes Linked to Arden Alternative Advisers Compass SPC	28-Jun-19	USD	25,691,206	26,839,965
26	Tranche 3 CHF Extendable Fund Linked Notes Linked to Arden Alternative Advisers Compass SPC	28-Jun-19	CHF	12,959,020	13,827,563
27	Tranche 1 Extendable Fund Linked Notes Linked to Compass Offshore Special Situations PCC Limited	30-Sep-15	EUR	23,757,309	29,691,215
27	Tranche 2 Extendable Fund Linked Notes Linked to Compass Offshore Special Situations II PCC Limited	30-Sep-15	EUR	10,208,986	12,758,903

Balance carried forward

1,552,149,361

* During the financial year ended 31 March 2016, the maturity dates for Series 21 and 22 were extended.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2016

15 Financial liabilities designated at fair value through profit or loss (continued)

Fund-linked Notes (continued)

Series	Description	Maturity date	CCY	Nominal	Fair values USD
	Balance carried forward				1,552,149,361
28	Extendable Fund Linked Notes Linked to GAM Strata Alternative Inc.	01-Mar-19	EUR	7,706,340	8,307,739
29	Extendable Fund Linked Notes Linked to GAM Strata Equity Inc.	01-Mar-19	EUR	9,771,678	11,074,411
30	Tranche 1 EUR Extendable Fund Linked Notes Linked to Global Property Fund	08-Jul-15	EUR	34,895,509	39,176,016
30	Tranche 2 USD Extendable Fund Linked Notes Linked to Global Property Fund	08-Jul-15	USD	1	1
30	Tranche 3 CHF Extendable Fund Linked Notes Linked to Global Property Fund	08-Jul-15	CHF	1	1
31	Tranche 1 EUR Extendable Fund Linked Notes Linked to Q-BLK Alternative Specialised Fund Ltd	30-Jun-16	EUR	9,748,212	10,891,965
31	Tranche 2 USD Extendable Fund Linked Notes Linked to Q-BLK Alternative Specialised Fund Ltd	30-Jun-16	USD	9,512,945	11,836,783
31	Tranche 3 CHF Extendable Fund Linked Notes Linked to Q-BLK Alternative Specialised Fund Ltd	30-Dec-18	CHF	3,124,670	3,341,975
32	Tranche 1 EUR Extendable Fund Linked Notes Linked to UBS Neutral Alpha Strategies	31-Mar-20	EUR	8,390,041	9,277,274
32	Tranche 2 USD Extendable Fund Linked Notes Linked to UBS Neutral Alpha Strategies	31-Mar-20	USD	7,798,820	8,037,963
32	Tranche 3 CHF Extendable Fund Linked Notes Linked to UBS Neutral Alpha Strategies	31-Mar-20	CHF	8,814,793	9,313,677
33	Extendable Fund Linked Notes Linked to UBS A&Q Alternative Solution Ltd.	31-Dec-21	EUR	8,431,386	9,501,740
34	Tranche 1 EUR Extendable Fund Linked Notes Linked to UBS AFA Trading Fund	31-Mar-20	EUR	1,920,019	2,135,050
34	Tranche 2 USD Extendable Fund Linked Notes Linked to UBS AFA Trading Fund	31-Mar-20	USD	4,141,431	4,289,808
34	Tranche 3 CHF Extendable Fund Linked Notes Linked to UBS AFA Trading Fund	31-Mar-20	CHF	2,604,516	2,767,422
35	Tranche 1 EUR Extendable Fund Linked Notes Linked to UBS Alpha Select Hedge Fund	31-Mar-20	EUR	13,760,473	15,468,053
35	Tranche 2 USD Extendable Fund Linked Notes Linked to UBS Alpha Select Hedge Fund	31-Mar-20	USD	17,025,332	17,821,711
35	Tranche 3 CHF Extendable Fund Linked Notes Linked to UBS Alpha Select Hedge Fund	31-Mar-20	CHF	25,456,491	27,341,454
36	Tranche 1 EUR Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	31-Dec-19	EUR	30,225,552	33,208,714
36	Tranche 2 EUR Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	30-Jun-16	EUR	19,903,035	22,435,066
36	Tranche 3 EUR Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	30-Sep-19	EUR	27,973,619	30,814,934
36	Tranche 4 USD Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	31-Dec-19	USD	19,640,944	20,116,731
36	Tranche 5 USD Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	30-Sep-16	USD	3,947,354	5,862,772
36	Tranche 6 CHF Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	31-Dec-19	CHF	32,554,397	34,184,062
36	Tranche 7 CHF Extendable Fund Linked Notes Linked to UBS Global Alpha Strategies	30-Sep-16	CHF	3,255,127	3,512,900
37	Tranche 1 EUR Extendable Fund Linked Notes Linked to UBS Multi-Manager Alternative Commodities Fund Ltd	31-Dec-17	EUR	1,552,483	1,775,622
37	Tranche 2 EUR Extendable Fund Linked Notes Linked to UBS Multi-Manager Alternative Commodities Fund Ltd	31-Dec-15	EUR	12,787,176	14,610,679
37	Tranche 3 USD Extendable Fund Linked Notes Linked to UBS Multi-Manager Alternative Commodities Fund Ltd	31-Dec-17	USD	3,608,576	3,825,289
37	Tranche 4 USD Extendable Fund Linked Notes Linked to UBS Multi-Manager Alternative Commodities Fund Ltd	31-Dec-15	USD	21,572,975	22,846,289
37	Tranche 5 CHF Extendable Fund Linked Notes Linked to UBS Multi-Manager Alternative Commodities Fund Ltd	31-Dec-17	CHF	2,271,447	2,453,115
37	Tranche 6 CHF Extendable Fund Linked Notes Linked to UBS Multi-Manager Alternative Commodities Fund Ltd	31-Dec-15	CHF	13,248,315	14,302,607
					<u>1,952,681,184</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the financial year ended 31 March 2016

15 Financial liabilities designated at fair value through profit or loss (continued)

Fund-linked Notes (continued)

All the Notes as mentioned above are Fund-linked notes, have an option for early redemption and are valued at fair value.

Debt securities issued for a particular Series are designated at fair value through profit or loss when the related investment securities and derivatives are fair valued or when they contain embedded derivatives that significantly modify cash flows that otherwise would be required to be separated.

All the Notes are limited recourse Notes and are secured by a way of a charge over the collateral held as noted in note 11. They have an option for early redemption.

In the event that the accumulated losses prove not to be recoverable during the life of the debt securities issued, this will reduce the obligation to the Noteholders by an equivalent amount.

All the Notes issued are listed on main securities market of the Vienna Stock Exchange except Series 1 to 4 which are listed on the Irish Stock Exchange. Series 21 and 22 are not listed.

EP Loans

The outstanding loans as at 31 March 2016 and 2015 were as follows:

Series	Description	Maturity date	31-Mar-16		31-Mar-15	
			Units	Fair value USD	Units	Fair value USD
1	EP loan	30-Sep-18	1,425	17,236,677	1,511	19,225,597
4	EP loan	30-Sep-18	2,031	24,146,920	1,980	25,214,169
5	EP loan	30-Sep-18	24,489	295,372,099	25,640	326,114,953
6	EP loan	30-Sep-18	55,033	665,674,409	47,820	608,450,080
10	EP loan	30-Sep-18	-	-	36	458,055
11	EP loan	30-Sep-18	674	8,013,306	673	8,570,271
12	EP loan	30-Sep-18	8,461	102,051,669	8,694	110,578,916
13	EP loan	30-Sep-18	18,004	217,774,826	16,322	207,677,170
			110,117	1,330,269,906	102,676	1,306,289,211

At the reporting date, the Company's financial liabilities designated at fair value through profit or loss were concentrated in the following types:

	31-Mar-16	31-Mar-15
Types of financial liabilities	%	%
Fund-linked Notes	54	60
EP Loans	46	40
	100	100

A description of the principal types of financial liabilities in issue is as follows:

Fund-linked Notes

Under these Series, the Company issued Notes and used the Notes proceeds to invest in the respective funds for each specified Series. The Company invests in available for sale investments and financial assets designated at fair value through profit or loss.

EP Loans

Under these Series, the Company borrowed loans and used the loan proceeds to purchase fund of hedge fund shares. The Company also enters into swap agreements with Lux Fund and UBS. The Company invests in financial assets designated at fair value through profit or loss.

16 Other payables

	31-Mar-16	31-Mar-15
	USD	USD
Notes payable	270,361	12,377,159
Accruals	184,901	182,823
Deferred income	187,508	566,234
Investment payable	-	3,148,503
	642,770	16,274,719

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the financial year ended 31 March 2016

17 Called up share capital presented as equity

	31-Mar-16	31-Mar-15
<i>Authorised</i>	USD	USD
40,000 ordinary share of EUR 1 each	54,684	54,684
(converted at historical rate of EUR:USD 1.3671)		
<i>Issued and fully paid</i>	USD	USD
40,000 ordinary share of EUR 1 each	54,684	54,684
(converted at historical rate of EUR:USD 1.3671)		
<i>Presented as follows:</i>	USD	USD
Called up share capital presented as equity	54,684	54,684

18 Ownership of the Company

The principal shareholders in the Company are BADB Charitable Trust Limited, Eurydice Charitable Trust Limited and MEDB Charitable Trust Limited, each holding 13,332 shares of EUR 1 each. All shares are held under the terms of declarations of trust under which the relevant share trustee holds the issued shares of the Company on trust for a charity. Mr Anthony Walsh, Mr Christopher Quinn, Mr Turlough Galvin and Mr William Prentice each holds 1 share.

The share Trustees have appointed a Board of Directors to run the day to day activities of the Company. The Board of Directors have considered the issue as to who is the ultimate Controlling Party. It has been determined that the control of the day to day activities of the Company rests with the Board.

19 Transactions with Administrator and Arranger

Transactions with administrator

During the financial year, USD 66,439 (2015: USD 104,168) relating to administration services were paid to Deutsche International Corporate Services (Ireland) Limited. The directors are employees of Deutsche International Corporate Services (Ireland) Limited, which is the administrator of the Company. As at 31 March 2016, USD 16,111 is due to the Administrator of the Company (2015: Nil).

Transactions with Arranger

UBS Limited is the Arranger and Swap Counterparty of the Company. UBS Limited as Arranger for each Series, paid the Company EUR 500 for each new Series issued. All payments to and from the Swap Counterparty have been disclosed on the Statement of comprehensive income and the notes to the financial statements. In addition, all costs associated with the Company are paid by the Arranger. During the financial year, a fee of USD 66,439 (2015: USD 104,168) relating to administration services, USD 34,994 (2015: USD 18,693) relating to audit fees and USD 5,599 (2015: USD 3,107) relating to tax advisory fees were payable by the Arranger.

The Company has also entered into various swap agreements with UBS Limited, as Swap Counterparty. Details of the swaps are disclosed in note 12 to the financial statements.

There were no other transactions with the Administrator or Arranger that require disclosure in the financial statements.

20 Charges

Given the ring fenced nature of the Notes issued by the Company, Series are secured by way of a charge over the collateral purchased by the respective Series and by an assignment of a fixed first charge of the Company's rights, title and interest under respective swap agreement for the series. All of the financial assets at fair value through profit or loss on the Statement of financial position are held as collateral under each Series. The Charged Assets comprise of notes, securities, equity interests (including shares and participating income notes), other assets as more particularly specified in the relevant supplemental information memorandum.

Further to the above, the Company entered into a loan transaction whereby the Lux Fund agrees to lend to the Company and the Company agrees to borrow from the Lux Fund an Equity Portfolio. The EP loan was used to purchase Fund of hedge fund shares. The transactions were entered for the purpose of creating the security over the Mortgaged Property relating to the Lux Fund.

Pursuant to the Company's investment in hedge funds as part of the Threshold II, it entered into a fully funded swap agreement with UBS AG, London Branch, whereby the Company pays any excess of the hedge funds over EP loans to UBS AG, London Branch, in respect of any outperformance and receives any excess of the EP loans over the hedge funds. Refer to note 4 for detail on how the swaps are valued. The swap holders bear all the risk of the Company as they are also the Arranger.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the financial year ended 31 March 2016

21 Financial risk management

The Company has fund-linked Notes and EP Loans issued and has entered into Swap Agreement with UBS Limited, the Swap Counterparty.

The net proceeds of each Series will be used by the Company to purchase the Collateral, pay for or enter into any Swap Agreement and in meeting certain expenses and fees payable in connection with the operations of the Company and the issue of the Notes as set out in the relevant offering circular supplement relating to such Series or Tranche.

The Company was set up as a segregated multi issuance SPV which ensures that if one Series defaults, the holders of that Series do not have the ability to reach other assets of the Company, resulting in the Company's bankruptcy and the default of the other Series of Notes. The segregation criteria include the following:

- The Company is a bankruptcy remote Special Purpose Entity ("SPE"), organised in Ireland;
- The Company issues separate Series of debt obligations;
- Assets relating to any particular Series of debt securities are held separate and apart from the assets relating to any other Series;
- Any swap transaction entered into by the Company for a Series is separate from any other swap transaction for any other Series;
- For each Series of debt securities, only the trustee is entitled to exercise remedies on behalf of the debt security holders; and
- Each Series of issued debt securities is reviewed by a rating agency prior to issuance regardless of whether it is to be rated or not.

The Company is not engaged in any other activities.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The risk profile of the Company is such that market, credit, liquidity and other risks of the investment securities and derivatives held for risk management purposes are borne fully by the holders of debt securities issued.

The Company has exposure to the following risks from its use of financial instruments:

- (a) Operational risk;
- (b) Credit risk;
- (c) Market risk; and
- (d) Liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

The Company operates in an autopilot mode with the risk management framework agreed at the time of issuance of the Notes and included in the prospectus of each Series of Notes. The prospectus provides detailed information to the Noteholders regarding their exposure to different risks as well as how such risks will be managed going forward until the maturity of Notes. The Board of Directors has responsibility to ensure compliance with the prospectus and execute different legal documents as the need arises.

The Company has entered into a number of Series in the Programme. Each Series is governed by a separate Prospectus and consists of an investment in collateral from the proceeds of the issuance of debt securities.

In Threshold II, the Company has, in all of its Series, entered into Swap Agreements with UBS Limited and SF (Lux) Sicav 3. Refer to note 12 for a description of the different types of swaps entered into by the Company.

(a) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes and infrastructure, and from external factors other than credit, markets and liquidity issues such as those arising from legal and regulatory requirements and generally accepted standards to corporate behaviour.

Operational risks arise from all of the Company's operations. The Company was incorporated with the purpose of engaging in those activities outlined in the preceding paragraphs. The Company limits its exposure to operational risks by outsourcing all management and administration functions to Deutsche International Corporate Services (Ireland) Limited which has financial years of experience in this field.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's investment securities. The Company's principal financial assets are cash and cash equivalents, other receivables and financial assets designated at fair value through profit or loss, which represents the Company's maximum exposure to credit risk.

Each series is ring fenced. The Noteholders are exposed to the credit risk of the underlying collaterals for all Series in issue to the extent not covered by the swap counterparty. There is no net credit risk to the Company as the risk passes either to the Noteholders or the Swap counterparty.

The risk of default on these assets is either borne by the swap counterparty and/or the Noteholders in accordance with their respective agreements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the financial year ended 31 March 2016

21 Financial risk management (continued)

(b) Credit risk (continued)

For Series 1 to 4, 12 to 13, 15 to 20, 21, 22, 24, 26, 38, 39, 41, 44 and 46, the Company invested in Funds and is therefore exposed to the performance of the shares.

For all the threshold Series, the Company invested in investment funds and is therefore exposed to the performance of the funds.

The Company's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at 31 March 2016 in relation to each class of recognised financial assets, other than the derivatives, is set below:

	31-Mar-16 USD	31-Mar-15 USD
<i>Fund-linked Notes</i>		
Financial assets designated at fair value through profit or loss	1,558,087,547	1,952,681,184
	<u>1,558,087,547</u>	<u>1,952,681,184</u>
	31-Mar-16 USD	31-Mar-15 USD
<i>EP Loan</i>		
Financial assets designated at fair value through profit or loss	1,216,071,254	1,194,838,556
	<u>1,216,071,254</u>	<u>1,194,838,556</u>

Counterparty risk

Derivative financial instruments

The Company is exposed to the credit risk of the Swap Counterparty with respect to payments due under the Swaps. This risk is borne by the Noteholders who are subject to risk of defaults by the Swap Counterparty. UBS Limited and SF (LUX) SICAV 3 are the counterparties on all the swap transactions. The directors are satisfied with the current exposure of UBS Limited and SF (LUX) SICAV 3 ratings which are disclosed below.

With respect to derivative financial instruments, credit risk arises from the potential failure of the counterparty to meet their obligations under the contract or arrangement. The Company's maximum credit risk exposure to derivative instruments as at 31 March 2016 is disclosed in note 12.

The debt securities issued in each Series are limited recourse to the assets in each particular Series and therefore the Noteholders are exposed to the credit risk of the Swap Counterparty and the issuers of the securities forming the portfolio of collateral of each Series where the Company has no swap in place.

UBS Limited and SF (LUX) SICAV 3 are the swap counterparties for Threshold II Series containing swap agreements and have the following ratings:

	Long Term 31-Mar-16	Short term 31-Mar-16	Long Term 31-Mar-15	Short term 31-Mar-15
<i>UBS Limited and SF (LUX) SICAV 3</i>				
Standard & Poor's	A	A-1	A	A-1
Moody's	A1	P-1	A2	NR
Fitch	A	F1	A	F1

Credit quality of financial assets

Cash and cash equivalents

As at 31 March 2016, the Company held cash and cash equivalents amounting to USD 401,029 (2015: USD 12,714,946) and bank overdraft amounting to USD 815 (2015: USD nil) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with Bank of Ireland Corporate Banking and Deutsche Bank AG, London.

Cash balances held with Bank of Ireland Corporate Banking has the following ratings:

	Long term 31-Mar-16	Short term 31-Mar-16	Long term 31-Mar-15	Short term 31-Mar-15
Standard & Poor's	BBB-	A-3	BB+	B
Moody's	Baa2	P-2	Baa3	P-3
Fitch	BBB-	F3	BB+	B

Cash balances with Deutsche Bank AG London has the following ratings:

	Long term 31-Mar-16	Short term 31-Mar-16	Long term 31-Mar-15	Short term 31-Mar-15
Standard & Poor's	BBB+	A-2	BBB+	A-2
Moody's	A3	P-2	A3	P-2
Fitch	A-	F1	A	F1

Although Fitch's long term credit rating of Deutsche Bank AG London changed from A to A- in 2016, the directors believe that Deutsche Bank AG London is highly rated.

Financial assets

As at the reporting date, the Company's financial assets designated at fair value through profit or loss were not rated. Despite the non-rated nature of the financial assets, the Company's directors still consider these investments as having favourable credit worthiness.

There were no credit events during the financial year ended 31 March 2016 (2015: Nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the financial year ended 31 March 2016

21 Financial risk management (continued)

(b) Credit risk (continued)

Concentration risk

At the reporting date, the Company's financial assets designated at fair value through profit or loss were concentrated in the following asset types and geographical locations:

<i>Fund-linked Notes</i>	31-Mar-16	31-Mar-15
	%	%
Participating shares	52	5
Special Non-Voting	24	10
Investment in Notes	18	55
Participating non voting	6	30
	<u>100</u>	<u>100</u>

<i>EP Loan</i>	31-Mar-16	31-Mar-15
	%	%
Investment in hedge funds	<u>100</u>	<u>100</u>

By industry

Types of collaterals

<i>Fund-linked Notes</i>	31-Mar-16	31-Mar-15
	%	%
Financial	<u>100</u>	<u>100</u>

<i>EP Loan</i>	31-Mar-16	31-Mar-15
	%	%
Financial	<u>100</u>	<u>100</u>

By geographical location

Country of origin	31-Mar-16	31-Mar-15
<i>Fund-linked Notes</i>	%	%
Cayman Islands	76	78
Luxembourg	22	10
Jersey	2	5
Guernsey	-	6
British Virgin Islands	-	1
	<u>100</u>	<u>100</u>

<i>EP Loan</i>	31-Mar-16	31-Mar-15
	%	%
Cayman Islands	<u>100</u>	<u>100</u>

Other receivables

Other receivables mainly include income receivable from Arranger.

(c) Market risk

Market risk embodies the potential for both loss and gains and includes interest rate risk, currency risk and price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the returns on risk.

(i) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its Company or all factors affecting all instruments traded in the market.

Other price risks may include risks such as equity price risk, commodity price risk, prepayment risk (i.e. the risk that one party to a financial asset will incur a financial loss because the other party repays earlier or later than expected), and residual value risk.

The Company is exposed to price risk by investing in a portfolio of investments and is also exposed under swap agreements outlined in note 12. However, any fluctuation in the value of financial assets designated at fair value through profit or loss held by the Company will be borne by the Noteholders to the extent not borne by Swap Counterparty.

The price risk is managed by monitoring the market prices of the financial instruments.

Investment securities

Fund-linked Notes	31-Mar-16	31-Mar-15
	%	%
Unlisted	<u>100</u>	<u>100</u>

EP Loan	31-Mar-16	31-Mar-15
	%	%
Unlisted	<u>100</u>	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the financial year ended 31 March 2016

21 Financial risk management (continued)

(c) Market risk (continued)

(i) Price risk (continued)

Sensitivity analysis

Any changes in the prices of the financial assets designated at fair value through profit or loss would not have any effect on the equity or net profit or loss of the Company as any fair value fluctuations in prices are ultimately borne by the Noteholders. As at 31 March 2016, the Company's exposure to price risk relates to value of financial assets amounting to USD 2,774,158,801 (2015: USD 3,147,519,740). Price risk is actively managed by investing in highly rated investments ensuring that we have priority of payment.

An increase of 10% in the market prices of the financial assets and financial instruments at the reporting date, would result in an equivalent increase in the fair value of the Notes of USD 288,835,745 (2015: USD 325,897,040). Similarly, a decrease of 10% in the market prices of the financial assets and financial instruments at the reporting date would result in an equivalent decrease in the fair value of the Notes of USD 288,835,745 (2015: USD 325,897,040).

Any changes in quoted prices or unquoted prices of the financial assets held by the Company would not have any effect on the equity or profit or loss of the Company as any fair value fluctuations are ultimately borne by either the Swap Counterparty and/or the Noteholders issued by the Company and as such no detailed sensitivity analysis has been provided.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There may be a timing mismatch between payments of interest on the Notes and payments of interest on the financial assets, and in the case of floating rate financial assets, the rates at which they bear interest may adjust more or less frequently, and on different dates and based on different indices than the interest rate of the Notes.

The Company does not bear interest rate risk except on cash and cash equivalents.

The interest rate profile of financial assets and financial liabilities as at 31 March 2016 and 31 March 2015 was as follows:

Company	Floating Rate	Non interest bearing	Total
	USD	USD	USD
31-Mar-16			
Financial assets designated at fair value through profit or loss	-	2,774,158,801	2,774,158,801
Financial liabilities designated at fair value through profit or loss	-	(2,888,357,451)	(2,888,357,451)
Derivative financial assets	-	121,034,034	121,034,034
Derivative financial liabilities	-	(6,835,384)	(6,835,384)
Cash and cash equivalents	401,029	-	401,029
Bank overdraft	(815)	-	(815)
Other receivables	-	345,947	345,947
Other payables	-	(642,770)	(642,770)
Tax payable	-	(1,727)	(1,727)
Net exposure	400,214	(298,550)	101,664
	Floating Rate	Non interest bearing	Total
	USD	USD	USD
31-Mar-15			
Financial assets designated at fair value through profit or loss	-	3,147,519,740	3,147,519,740
Financial liabilities designated at fair value through profit or loss	-	(3,258,970,395)	(3,258,970,395)
Derivative financial assets	-	111,714,082	111,714,082
Derivative financial liabilities	-	(263,427)	(263,427)
Cash and cash equivalents	12,714,946	-	12,714,946
Other receivables	-	3,663,326	3,663,326
Other payables	-	(16,274,719)	(16,274,719)
Tax payable	-	(4,023)	(4,023)
Net exposure	12,714,946	(12,615,416)	99,530

Sensitivity analysis

The sensitivity analysis below has been determined based on the Company's exposure to interest rates for interest bearing assets and liabilities (included in the interest rate exposure tables above) at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting financial year in the case of instruments that have floating rates.

As at 31 March 2016, the Company is not exposed to any interest rate risk as the financial assets does not bear interest except for cash and cash equivalents. If interest rate increases by 10%, the cash and cash equivalents would have increased by USD 40,021 (2015: USD 1,271,495) for the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the financial year ended 31 March 2016

21 Financial risk management (continued)

(c) Market risk (continued)

(iii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company limits its exposure to currency risk by operating bank accounts in other currencies than its functional currency for receipts and payments in other currencies than its functional currencies. The Company is exposed to movement in exchange rates between USD, its functional currency, and certain foreign currencies namely Euro (EUR), British Pound (GBP), Swiss Franc (CHF) and Chinese Yuan Renminbi (CNY).

The Company entered into forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value.

The Company's net exposure to currency risk as at 31 March 2016 is shown in the following table:

	Amounts in USD				
	CNY	EUR	CHF	GBP	Total
Financial assets designated at fair value through profit or loss	-	1,117,363,756	519,857,263	898,877	1,638,119,896
Cash and cash equivalents	-	265,083	126,115	-	391,198
Other receivables	-	4,423	-	-	4,423
Financial liabilities designated at fair value	(75,581,067)	(1,202,905,062)	(545,269,739)	(898,877)	(1,824,654,745)
Bank overdraft	-	(489)	(89)	-	(578)
Other payables	-	(171,967)	-	(12,934)	(184,901)
Net exposure	(75,581,067)	(85,444,256)	(25,286,450)	(12,934)	(186,324,706)

The Company's exposure to currency risk as at 31 March 2015 is shown in the following table:

	Amounts in USD			
	EUR	CHF	GBP	Total
Financial assets designated at fair value through profit or loss	1,526,151,755	642,824,467	2,844,529	2,171,820,751
Cash and cash equivalents	52,354	12,167,482	-	12,219,836
Other receivables	18,136	-	-	18,136
Financial liabilities designated at fair value through profit or loss	(1,591,211,929)	(667,953,761)	(1,019,439,052)	(3,278,604,742)
Other payables	(182,822)	-	-	(182,822)
Net exposure	(65,172,506)	(12,961,812)	(1,016,594,523)	(1,094,728,840)

The following significant exchange rates have been applied at financial year end:

	Closing rate	
	31-Mar-16	31-Mar-15
EUR : USD	1.1380	1.0731
CHF : USD	1.0397	1.0283
GBP : USD	1.4360	1.4818
CNY : USD	0.1551	0.1614

Sensitivity analysis

The impact of any change in exchange rates is borne by the Noteholders.

A strengthening of the USD by 10%, against the CNY, EUR, CHF and GBP as at 31 March 2016 would have increased the fair value of the financial assets issued by USD 163,811,990 (2015: 217,182,075).

A 10% strengthening of the USD against the CNY, EUR, CHF and GBP as at 31 March 2016 would have increased the fair value of the financial liabilities issued by USD 182,465,474 (2015: 327,860,474).

This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant.

The impact of any change in the exchange rates on the investment securities relating to any Series is offset by the foreign exchange rate changes on the debt securities issued under the Series. Any difference is borne by the swap counterparty and thus the exchange rate changes have no net impact on the equity or the profit or loss of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the financial year ended 31 March 2016

21 Financial risk management (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset and thus, the Company will not be able to meet its financial obligations as they fall due.

Liquidity risk is managed where possible by having the same maturity profile of financial liabilities and related financial assets.

The Company's obligation to the Noteholders is limited to the net proceeds upon realisation of the collateral of the Series and should the net proceeds be insufficient to make all payments due in respect of a particular Series of Notes, the other assets of the Company are not contractually required to be made available to meet payment and the deficit is instead borne by the Noteholders and the swap counterparty according to the priority of payments mentioned in the agreements.

The timing and amounts from realising the collateral of each Series is subject to market conditions. There were no liquidity issues experienced by the Company or the Swap Counterparty in respect to meeting obligations to Noteholders or by the Company to the Swap Counterparty. The Company or the Swap Counterparty did not default on any of its contractual commitments during the financial year.

The following are the contractual maturities of financial assets and liabilities including undiscounted interest payments and excluding the impact of netting agreements:

	Carrying amount	Gross contractual cash flows	Less than one financial year	One to five financial years	More than five financial years
31-Mar-16	USD	USD	USD	USD	USD
Company					
Financial assets designated at fair value through profit or loss	2,774,158,801	2,774,158,801	940,517,801	1,796,344,005	37,296,995
Cash and cash equivalents	401,029	401,029	401,029	-	-
Other receivables	345,947	345,947	345,947	-	-
Derivative financial asset*	121,034,034	121,034,034	121,034,034	-	-
Derivative financial liabilities*	(6,835,384)	(6,835,384)	(6,835,384)	-	-
Financial liabilities designated at fair value through profit or loss**	(2,888,357,451)	(2,888,357,451)	(940,517,801)	(1,910,542,655)	(37,296,995)
Bank overdraft	(815)	(815)	(815)	-	-
Other payables	(642,770)	(642,770)	(642,770)	-	-
Tax payable	(1,727)	(1,727)	(1,727)	-	-
	101,664	101,664	114,300,314	(114,198,650)	-
31-Mar-15					
Company					
Financial assets designated at fair value through profit or loss	3,147,519,740	3,147,519,740	360,197,688	2,738,252,233	49,069,820
Cash and cash equivalent	12,714,946	12,714,946	12,714,946	-	-
Other receivables	3,663,326	3,663,326	3,663,326	-	-
Derivative financial asset*	111,714,082	111,714,082	111,714,082	-	-
Derivative financial liabilities*	(263,427)	(263,427)	(203,326,038)	1,859,582,991	(1,656,520,380)
Financial liabilities designated at fair value through profit or loss**	(3,258,970,395)	(3,258,970,395)	(361,739,254)	(2,848,161,321)	(49,069,820)
Other payables	(16,274,719)	(16,274,719)	(16,274,719)	-	-
Tax payable	(4,023)	(4,023)	(4,023)	-	-
	99,530	99,530	(93,053,992)	1,749,673,903	(1,656,520,380)

* Derivative financial assets and liabilities are shown at fair value.

** The carrying amount of the financial liabilities designated at fair value through profit or loss equals to its contractual cash flows since these are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2016

21 Financial risk management (continued)

(e) Fair values

The fair value of a financial asset and liability 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 carrying amounts of all the Company's financial assets and financial liabilities at the reporting date approximated their fair values.

The Company's derivative financial instruments are carried at fair value on the Statement of financial position. The fair value of the financial instruments can be reliably determined within a reasonable range of estimates.

- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Refer to accounting policy in note 4 for more details on how the different classes of Notes are valued.

At the reporting date, the carrying amounts of financial assets designated at fair value through profit or loss, derivative financial instruments and financial liabilities designated at fair value through profit or loss issued by the Company, for which fair values were determined directly, in full or in part, by reference to published price quotations and determined using valuation techniques are as follows:

Fair value hierarchy as at 31 March 2016				
	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets designated at fair value through profit or loss	-	-	2,774,158,801	2,774,158,801
Derivative financial assets	-	-	121,034,034	121,034,034
Derivative financial liabilities	-	-	(6,835,384)	(6,835,384)
Financial liabilities designated at fair value through profit or loss	-	(1,330,269,906)	(1,558,087,545)	(2,888,357,451)
	-	(1,330,269,906)	1,330,269,906	-

Fair value hierarchy as at 31 March 2015				
	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets designated at fair value through profit or loss	-	-	3,147,519,740	3,147,519,740
Derivative financial assets	-	-	111,714,082	111,714,082
Derivative financial liabilities	-	-	(263,427)	(263,427)
Financial liabilities designated at fair value through profit or loss	-	(1,306,289,211)	(1,952,681,184)	(3,258,970,395)
	-	(1,306,289,211)	1,306,289,211	-

Financial assets measured at fair value based on Level 3

	31-Mar-16 USD	31-Mar-15 USD
At start of the financial year	3,147,519,740	2,754,474,748
Additions during the financial year	2,991,488,842	2,440,156,157
Disposals during the financial year	(3,316,014,200)	(1,788,136,364)
Fair value movement	(48,835,581)	(258,974,801)
At end of the financial year	2,774,158,801	3,147,519,740

Derivative financial instruments measured at fair value based on Level 3

	31-Mar-16 USD	31-Mar-15 USD
At beginning of the financial year	111,450,655	315,304,043
Net transactions by the swap counterparty	64,358,470	(387,446,502)
Fair value movement due to market risk	(61,610,475)	183,593,114
At end of the financial year	114,198,650	111,450,655

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the financial year ended 31 March 2016

21 Financial risk management (continued)

(e) Fair values (continued)

Financial liabilities measured at fair value based on Level 3

	31-Mar-16 USD	31-Mar-15 USD
At beginning of financial year	1,952,681,184	1,265,528,111
Additions	514,000,789	997,422,964
Redemptions	(849,807,408)	(231,360,822)
Fair value movement	(58,787,020)	(78,909,069)
At end of the financial year	1,558,087,545	1,952,681,184

Additional information has been made available to assess the leveling of the Equity Portfolio held by the Company as at 31 March 2016. As a result the Equity Portfolio has been classified as Level 2 in the current financial year.

The total amount of loss estimated using a valuation technique based on significant unobservable data (level 3) that was recognised in the Statement of comprehensive income is as follows:

	31-Mar-16 USD	31-Mar-15 USD
Financial assets designated at fair value through profit or loss	(48,835,581)	(258,974,801)
Financial liabilities designated at fair value through profit or loss	58,787,020	78,909,069
Derivative financial instruments	(61,610,475)	183,593,114
	(51,659,036)	3,527,382

Due to the limited recourse nature of the structure, the fair value of the financial liabilities is based on the fair values of the respective financial assets and derivative financial instruments for each individual Series and is sensitive to the changes to the underlying balances.

During the financial year, due to market conditions for investment securities, the significant inputs used in the fair value measurement was based on observable rather than unobservable inputs. The values attributable to these investments are derived from a number of valuation techniques. In turn, these valuation techniques incorporate a number of assumptions including discount rates, default rates and interest rate curves, all of which impact on fair value. As outlined in the section above, it has been determined not to include significant details of techniques and assumptions at an individual series level due to the number of series in issue, the complexities included and the proprietary nature of the techniques used.

Although the directors believe that their estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value as fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement e.g. interest rates, volatility, credit spreads, probability of defaults, estimates cashflows etc and therefore, cannot be determined with precision.

Fair value measurement sensitivity analysis

If the price of Level 3 financial assets designated at fair value through profit or loss was to increase by 10%, this would increase investments by USD 277,415,880 (2015: USD 314,751,974).

If the price of Level 3 derivative financial instruments was to increase by 10%, this would increase financial instruments by USD 11,419,865 (2015: USD 11,145,066).

If the price of Level 3 financial liabilities designated at fair value through profit or loss for was to increase by 10%, this would decrease by USD 155,808,755 (2015: USD 195,268,118).

(f) Profile of Series of debt securities issued by the Company

The following are the broad categories as at 31 March 2016:

Type of transaction	No of Series	% Debt securities issued USD	% Financial assets USD
Fund-linked Notes	26	56 1,558,087,545	54 1,558,087,547
EP Loans	7	44 1,330,269,906	46 1,216,071,254
		100 2,888,357,451	100 2,774,158,801

The following are the broad categories as at 31 March 2015:

Type of transaction	No of Series	% Debt securities issued USD	% Financial assets USD
Fund-linked Notes	56	60 1,952,681,184	62 1,952,681,184
EP Loans	8	40 1,306,289,211	38 1,194,838,556
		100 3,258,970,395	100 3,147,519,740

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the financial year ended 31 March 2016

22 Fair value of financial assets and financial liabilities that are not measured at fair value

The directors consider the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

	Carrying value 31-Mar-16 USD	Fair value 31-Mar-16 USD	Carrying value 31-Mar-15 USD	Fair value 31-Mar-15 USD
<i>At amortised cost</i>				
<i>Financial assets</i>				
Cash and cash equivalents	401,029	401,029	12,714,946	12,714,946
Other receivables	345,947	345,947	3,663,326	3,663,326
<i>Financial liabilities</i>				
Bank overdraft	(815)	(815)	-	-
Other payables	(642,770)	(642,770)	(16,274,719)	(16,274,719)
Tax payable	(1,727)	(1,727)	(4,023)	(4,023)
	<u>101,664</u>	<u>101,664</u>	<u>99,530</u>	<u>99,530</u>

The Company's financial assets and financial liabilities that are not accounted for at fair value through profit and loss are short term financial assets and financial liabilities whose carrying amounts approximate fair values. The different levels have been defined in note 21 to the financial statements.

	Fair value hierarchy as at 31 March 2016			
Company	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<i>Financial assets</i>				
Cash and cash equivalents	401,029	-	-	401,029
Other receivables	-	345,947	-	345,947
<i>Financial liabilities</i>				
Bank overdraft	-	(815)	-	(815)
Other payables	-	(642,770)	-	(642,770)
Tax payable	-	(1,727)	-	(1,727)
	<u>401,029</u>	<u>(299,365)</u>	<u>-</u>	<u>101,664</u>

	Fair value hierarchy as at 31 March 2015			
Company	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<i>Financial assets</i>				
Cash and cash equivalents	12,714,946	-	-	12,714,946
Other receivables	-	3,663,326	-	3,663,326
<i>Financial liabilities</i>				
Other payables	-	(16,274,719)	-	(16,274,719)
Tax payable	-	(4,023)	-	(4,023)
	<u>12,714,946</u>	<u>(12,615,416)</u>	<u>-</u>	<u>99,530</u>

23 Capital management

The Company view the share capital as its capital. The Company is a special purpose vehicle set up to issue debt for the purpose of making investments as defined under the programme memorandum and in each of the Series memorandum agreements. Share capital of USD 54,684 was issued in line with Irish Company Law and is not used for financing the investment activities of the Company. The Company is not subject to any other externally imposed capital requirements.

24 Segmental reporting

The principal asset of the Company are financial assets designated at fair value through profit and loss. They are originated in Cayman Islands and Jersey Islands. They were funded by Notes issued in the same country. All cash and cash equivalents are held in Ireland. The directors do not use any other segments for the purpose of managing the Company and further segmental reporting is not considered necessary.

The segmental reporting is further detailed as per below:

- **Products and services from which reportable segments derive their revenues**
Information reported to the directors for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Company has only one segment under IFRS 8 which is investments.
- **Segment revenues and results**
Since the Company has only one segment, the analysis of revenue and profit will be similar to the Statement of comprehensive income.

The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 2. Segment profit represents the profit earned by each segment. This is the measure reported to the directors for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the financial year ended 31 March 2016

24 Segmental reporting (continued)

- **Segments assets and liabilities**

Since the Company is reporting only one segment, the allocation of assets and liabilities is similar to that of the statement of financial position.

- **Geographical information**

The Company operates in a single location which is mainly in Ireland.

25 Subsequent events

The following Notes issued on 3 May 2016:

Series 48 USD 18,151,717 Extendable Index Linked Notes Linked to Multistrategy II Index (USD) due 2021

The net proceeds of the issue of the Securities, amounting to ZAR 500,000,000, was applied by the Company towards the purchase of the Charged Assets on 3 May 2016.

Other than the above, there are no significant events after financial year end up to the date of signing this report that require disclosure and/or adjustment in the financial statements.

Credit events

No credit events occurred after the financial year end.

26 Profit dealt within the Company financial statements

In accordance with the exemption contained within Section 148(8) of the Companies Act, 2014 and section 7(1A) of the Companies (Amendment) Act, 1986 the primary financial statements of the Company do not include a Statement of comprehensive income. Profit for the financial year of the Company is USD 2,134 (2015: USD 7,220).

27 Approval of financial statements

The board of directors approved these financial statements on 26 July, 2016.