THE ECO RESOURCES FUND PROTECTED CELL COMPANY PLC

Report and financial statements
for the year ended 31 December 2014

Report and financial statements for the year ended 31 December 2014

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Officers, principal parties and registered office

Directors
W M Burgoyne
A J Parry
M J Richardson
J Sutton
D J Whitaker

Secretary
C Tushingham

Registered office
International House
Castle Hill
Victoria Road
Douglas
Isle of Man
IM2 4RB

Administrator
Moore Fund Administration (IOM) Limited
International House
Castle Hill
Victoria Road
Douglas
Isle of Man
IM2 4RB

Auditors
Ernst & Young LLC
Rose House
51/59 Circular Road
Douglas
Isle of Man
IM1 1AZ

Listing Sponsor
First Names Corporate Services Limited
Third Floor
37 The Esplanade
St Helier
Jersey
JE2 3QA
Channel Islands

Investment Committee
J C Bourbon
J Fogg
A J Parry
M J Richardson
D J Whitaker

Manager & Promoter
The Premier Group (Isle of Man) Limited
Ground Floor Office
12-14 Ridgeway Street
Douglas
Isle of Man
IM1 1EN

Custodian & Bankers
Kleinwort Benson (Guernsey) Limited
Dorey Court
Admiral Park
St Peter Port
Guernsey
GY1 3BG

Legal Advisers
Cains Advocates Limited
Fort Anne
Douglas
Isle of Man
IM1 5PD

Management Shareholder
Premier Group Distribution Inc.
Akara Building
24 De Castro Street
Wickhams Cay 1
Road Town
Tortola
British Virgin Islands

Directors' report

The directors present herewith their report and audited financial statements for the year to 31 December 2014.

Principal activities

The principal activity of the Company is that of a Qualifying Fund which complies with the requirements of the Isle of Man Collective Investment Schemes (Qualifying Fund) Regulations 2010. The Company was incorporated in the Isle of Man on 17 July 2012.

The Company is established as a protected cell company under the Isle of Man Protected Cell Companies Act 2004. This means that, under Isle of Man law, and provided that the conditions of the Act have been complied with, the assets attributable to each Cell will only be available to the creditors of that Cell.

The Company was initially incorporated with three cells: the Premier Eco Resources Sterling Cell, the Premier Eco Resources US Dollar Cell and the EcoEarth Resources Sterling Cell. Three additional cells have been added: the Premier Eco Resources Euro Cell on 8 March 2013 and the Premier Eco Resources Singapore Dollar Cell and Eco Resources US Dollar Cell on 30 December 2013. Each Cell comprises an eponymous Sub-Fund. The Premier Eco Resources Singapore Dollar Cell had not launched at the reporting date.

The Premier Eco Resources Sterling Sub-Fund and EcoEarth Resources Sterling Sub-Fund are listed on the Channel Islands Securities Exchange.

The Company aims to provide long term growth by investing directly or indirectly in Sustainable Biological Assets and in associated processing facilities, including the land, buildings, plant and machinery required to convert raw Sustainable Biological Assets into a marketable product. Should the opportunity arise, the Company will also seek to profit indirectly from the sale of carbon rights.

The Company currently invests indirectly through its wholly owned subsidiary ERF Limited ("ERF") in bamboo plantations in Nicaragua and South Africa.

Results for the year

The results for the year are set out in the statement of comprehensive income on page 9. The retained results have been transferred to reserves.

Dividend

The directors do not recommend the payment of a dividend for the year.

Directors

The directors holding office during the year and at the present time are shown on page 3.

C C Myers resigned on 31 December 2014 and J Sutton was appointed on 21 January 2015.

Investment Committee

The members of the investment committee holding office during the year and at the present time are shown on page 3.

Secretary

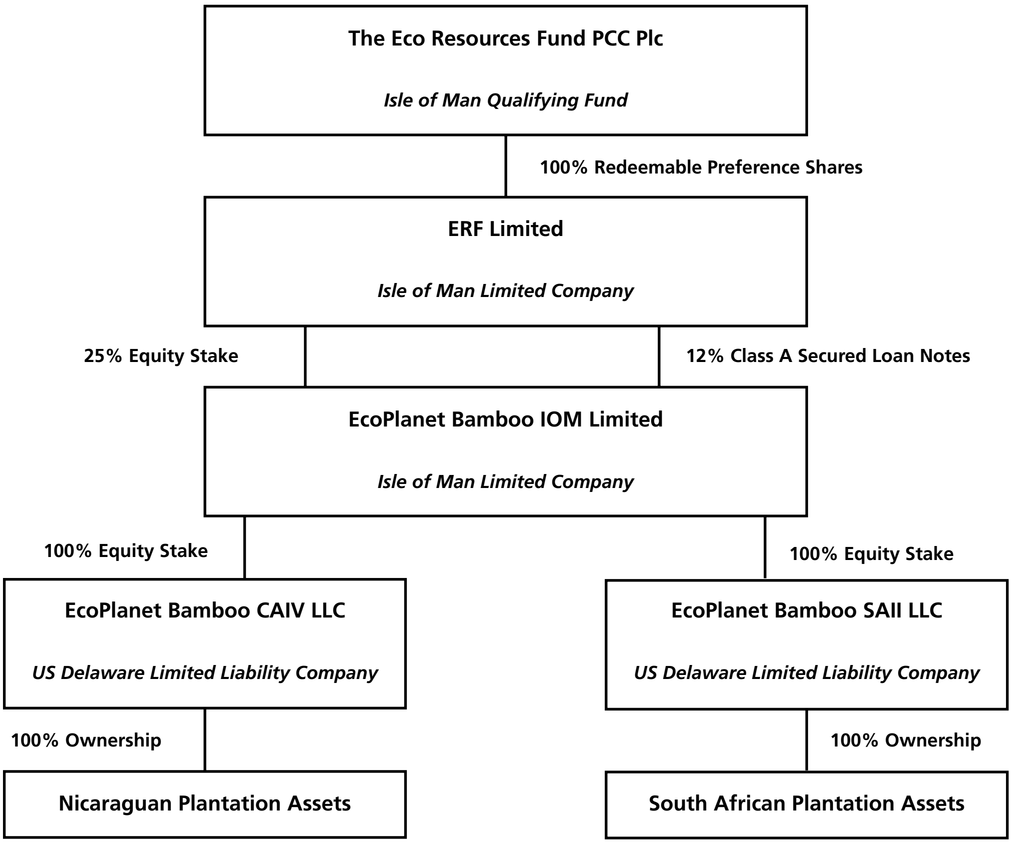
The secretary holding office during the year and at the present time is shown on page 3.

Auditors

Ernst & Young LLC have expressed their willingness to continue in office in accordance with Section 12(2) of the Isle of Man Companies Act 1982.

Directors' report
(continued)

Investment Structure



The Plantation Assets at the reporting date consisted of:

- a 918 hectare Guadua aculeate bamboo plantation, called Rio Kama, at Kukra Hill on the Atlantic side of Nicaragua which is fully planted;
- a 455 hectare Guadua aculeate bamboo plantation, called Rio Siquia, near Rama on the Atlantic side of Nicaragua which is fully planted;
- a 1,390 hectare Guadua aculeate bamboo plantation, called San Jose, near Rama on the Atlantic side of Nicaragua on which planting has commenced;
- 320 hectares of land that is being established as a Guadua aculeate bamboo plantation, currently known as the Gomez Property, adjacent to the Rio Siquia plantation, on which planting has commenced; and
- a 323 hectare mixed bamboo plantation, called Kowie II, in South Africa's Eastern Cape, north of Port Alfred which is fully planted.

Significant events

In August 2014 EcoPlanet CA IV LLC ("EBCA IV") purchased an additional 320 hectares of land known as the Gomez Property, adjacent to the Rio Siquia plantation already owned and fully planted. Since the purchase date significant progress has been made in the planting of bamboo on the site.

On 20 April 2015 the Directors resolved to defer the redemption of shares in the Company.

On 14 May 2015 the listing of the redeemable preferences shares on the Channel Islands Securities Exchange was suspended.

Change of custodian

On 31 March 2014 Kleinwort Benson Trustees (Isle of Man) Limited was replaced as custodian to the Company by Kleinwort Benson (Guernsey) Limited due to a decision by Kleinwort Benson to cease the provision of custodial services from its Isle of Man operations.

Going concern

The directors have authorised the preparation of these financial statements on a going concern basis as they are confident that the Company will maintain and attract sufficient resources to continue in operational existence for the foreseeable future.

For and on behalf of the Board

A J Parry
Director
4 June 2015

Statement of directors' responsibilities for the year ended 31 December 2014

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that year. The directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards. In preparing these financial statements, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements. These financial statements have been prepared on a going concern basis as discussed in note 2.2.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Acts 1931 to 2004. 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.

Independent auditors' report to the members of The Eco Resources Fund Protected Cell Company Plc

We have audited the financial statements of The Eco Resources Fund Protected Cell Company Plc for the year ended 31 December 2014 which comprise the statement of comprehensive income, statement of financial position, statement of changes in net assets attributable to participating redeemable preference shareholders, statement of cash flows and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

This report is made solely to the company's members, as a body, pursuant to Section 15 of the Companies Act 1982. 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 auditor's 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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law 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 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 state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
– have been properly prepared in accordance with International Financial Reporting Standards; and
– have been prepared in accordance with the requirements of the Companies Acts 1931 to 2004.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 requires us to report to you if, in our opinion:

– adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
– the financial statements are not in agreement with the accounting records and returns; or
– certain disclosures of directors' remuneration specified by law are not made; or
– we have not received all the information and explanations we require for our audit.

Ernst & Young LLC

Chartered Accountants
Isle of Man
5 June 2015

Statement of comprehensive income
for the year ended 31 December 2014

	Note	Year to 31 December 2014 $	17 July 2012 to 31 December 2013 As restated $
Income			
Interest income		51	–
Exit penalty revenue	8	142,777	87,597
Net gain on financial assets at fair value through profit or loss	4	10,004,501	2,006,320
Net foreign exchange (losses)/gains		47,381	404,967
		10,194,710	2,498,884
Expenses			
Net forward currency contract losses		(1,955,869)	–
Management fees	8	(90,906)	(21,740)
Administration fees	8	(121,339)	(52,450)
Custodian fees	8	(30,091)	(28,092)
Performance fees	8	(598,176)	(248,995)
Promoter fees	8	(681,797)	(163,053)
Sales and marketing costs	8	(1,843,371)	(905,897)
Sundry expenses		(20,094)	(18,256)
		(5,341,643)	(1,438,483)
Increase in net assets attributable to holders of participating redeemable preference shares from operations before and after taxation		4,853,067	1,060,401
Other comprehensive income to be recycled to profit or loss in subsequent periods			
Arising from the presentation of financial statements for multi-currency based Sub-Funds	13	(1,322,709)	480,608
Total comprehensive income		3,530,358	1,541,009

The notes on pages 13 to 36 form part of these financial statements.

Statement of financial position
as at 31 December 2014

	Note	2014 $	2013 $
Assets			
Cash and cash equivalents		1,103,485	1,049,295
Other receivables and prepayments		9,167	2,586
Forward currency contracts	10.2	–	180,377
Financial assets at fair value through profit or loss	4,5	50,289,468	35,673,043
Total assets		51,402,120	36,905,301
Liabilities			
Forward currency contracts	10.2	325,057	–
Fee accruals		687,092	293,885
Accrued expenses		7,688	3,965
Total liabilities (excluding net assets attributable to holders of participating redeemable preference shares)		1,019,837	297,850
Net assets attributable to holders of participating redeemable preference shares (calculated in accordance with IFRS)	7	50,373,116	36,607,351
Total liabilities		51,392,953	36,905,201
Equity			
Management share capital		100	100
Nominal share capital		9,067	–
Total liabilities and equity		51,402,120	36,905,301

The notes on pages 13 to 36 form part of these financial statements.

The financial statements on pages 9 to 36 were approved by the Board of Directors and authorised for issue on 4 June 2015 and were signed on its behalf by:

M J Richardson **A J Parry**

Director **Director**

Statement of changes in net assets attributable to participating redeemable preference shareholders for the year ended 31 December 2014

	Numbers of shares	Net assets attributable to shareholders (calculated in accordance with redemption requirements) $	Adjustment for the restating of financial assets at fair value through profit or loss at fair value $	Adjustment for capitalisation of introductory & preliminary costs and additional accruals $	Net assets attributable to shareholders (calculated in accordance with IFRS) $
Issue of participating redeemable preference shares	30,392,313	37,365,113	–	–	37,365,113
Redemption of participating redeemable preference shares	(1,454,525)	(2,441,912)	–	–	(2,441,912)
Net increase in net assets attributable to participating redeemable preference shareholders from transactions in shares	28,937,788	34,923,201	–	–	34,923,201
Equalisation (as restated – Note 13)	–	143,141	–	–	143,141
Total comprehensive income (as restated – Note 13)	–	2,685,755	(395,187)	(749,559)	1,541,009
Balance at 31 December 2013	28,937,788	37,752,097	(395,187)	(749,559)	36,607,351
Issue of participating redeemable preference shares	14,102,944	24,145,275	–	–	24,145,275
Redemption of participating redeemable preference shares	(11,364,956)	(14,344,633)	–	–	(14,344,633)
Net increase in net assets attributable to participating redeemable preference shareholders from transactions in shares	2,737,988	9,800,642	–	–	9,800,642
Equalisation	–	434,765	–	–	434,765
Total comprehensive income	–	4,723,587	88,502	(1,281,731)	3,530,358
Balance at 31 December 2014	31,675,776	52,711,091	(306,685)	(2,031,290)	50,373,116

The notes on pages 13 to 36 form part of these financial statements.

Statement of cash flows
for the year ended 31 December 2014

Operating activities		**Year to 31 December 2014 $**	**17 July 2012 to 31 December 2013 $**
Cost of purchase of financial assets at fair value through profit or loss	5	(18,021,966)	(12,602,251)
Proceeds from sale of financial assets at fair value through profit or loss	5	12,102,876	8,083
Interest income		51	–
Exit penalty revenue		142,777	87,597
Operating expenses		(3,385,774)	(1,438,483)
Net forward currency contract losses		(1,450,435)	–
Decrease/(increase) in other receivables and prepayments		2,486	(182,863)
Increase in other payables and accrued expenses		396,930	297,850
Net cash used in operating activities		(10,213,055)	(13,830,067)
Financing activities			
Proceeds from the issue of participating redeemable preference shares		24,690,359	16,937,359
Cost of redemptions of participating redeemable preference shares		(14,454,952)	(2,479,017)
Net cash arising from financing activities		10,235,407	14,458,342
Net increase in cash and cash equivalents		22,352	628,275
Net foreign exchange differences		31,838	421,020
Cash and cash equivalents at beginning of year/period		1,049,295	–
Cash and cash equivalents at end of year/period		1,103,485	1,049,295

Significant non-cash transactions

On 19 October 2012 the Company issued participating redeemable preference shares to EcoPlanet Bamboo Central America LLC ("EBCA") as part of a non-cash transaction whereby;

- EBCA was issued with 2,418,000 participating redeemable preference shares issued at $1.00 in the Company split evenly between the Premier Sterling, Premier US Dollar and EcoEarth Sterling Sub-Funds;
- The Company acquired 2,418,000 participating redeemable preference shares issued at $1.00 in ERF;
- ERF acquired $2,418,000 of 12% Loan Stock issued by EBIOM;
- EBIOM acquired a 100% holding in EBCA IV from EBCA at a cost of $2,418,000.

On 30 December 2013 the Company issued participating redeemable preference shares to EBCA as part of a non-cash transaction whereby;

- EBCA was issued with 18,190,000 participating redeemable preference shares issued at $1.00 in the Company, all issued by the Eco Resources US Dollar Sub-Fund;
- The Company acquired $18,190,000 worth of participating redeemable preference shares in ERF;
- ERF acquired $18,190,000 of 12% Loan Stock issued by EBIOM;
- EBIOM acquired a 100% holding in EBSA II from EBCA at a cost of $3,190,000 and EBCA IV acquired 867 hectares of planted land at Rio Kama from EBCA at a cost of $15,000,000.

The notes on pages 13 to 36 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2014

1 General information

The Eco Resources Fund Protected Cell Company Plc (the "Company") is an open ended investment company domiciled and incorporated as a public limited company under the laws of the Isle of Man. The address of its registered office is International House, Victoria Road, Douglas, Isle of Man, IM2 4RB.

The Company was incorporated on 17 July 2012.

The Company is established as a protected cell company under the Isle of Man Protected Cell Companies Act 2004. This means that, under Isle of Man law, and provided that the conditions of the Act have been complied with, the assets attributable to each Cell will only be available to the creditors of that Cell.

The Company was initially incorporated with three cells: the Premier Eco Resources Sterling Cell, the Premier Eco Resources US Dollar Cell and the EcoEarth Resources Sterling Cell. Three additional cells have been added: the Premier Eco Resources Euro Cell on 8 March 2013 and the Premier Eco Resources Singapore Dollar Cell and Eco Resources US Dollar Cell on 30 December 2013. Each Cell comprises an eponymous Sub-Fund. The Premier Eco Resources Singapore Dollar Cell had not launched at the reporting date.

The Premier Eco Resources Sterling Sub-Fund and EcoEarth Resources Sterling Sub-Fund are listed on the Channel Islands Securities Exchange.

The Company aims to provide long term growth by investing directly or indirectly in Sustainable Biological Assets and in associated processing facilities, including the land, buildings, plant and machinery required to convert raw Sustainable Biological Assets into a marketable product. Should the opportunity arise, the Company will also seek to profit indirectly from the sale of carbon rights.

The Company currently invests indirectly through its wholly owned subsidiary ERF Limited ("ERF") in bamboo plantations in Nicaragua and South Africa.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied.

Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss and forward currency contracts. The financial statements have been prepared on a going concern basis.

As the prior period was the first period of accounting, this was a long period from 17 July 2012 to 31 December 2013.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity are disclosed in note 2.2.

2.1 Changes in accounting policy and disclosures

The Company has adopted the following new and revised IFRS and IFRIC interpretations in the year commencing 1 January 2014:

- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32
- Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

2 Summary of significant accounting policies (continued)

2.1 Changes in accounting policy and disclosures (continued)

- IFRIC 21 Levies
- Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

There was no material impact on the financial position or performance of the Company as a result of adopting the above.

In the prior year the Company early adopted IFRS 10 Financial Statements, which requires entities which meet the definition of an investment entity to recognise all investments at fair value through profit or loss rather than consolidate. The Company meets the definition of an investment entity (see Note 2.2) and therefore its subsidiary ERF is recognised at fair value through profit or loss in these financial statements.

The following standards, amendments and interpretations have been issued but are not yet effective. The Company intends to adopt applicable standards when they become effective. Dates given are for the start of the effective period:

- Annual Improvements to IFRSs: 2010-12 Cycle – July 2014
- Annual Improvements to IFRSs: 2011-13 Cycle – July 2014
- IFRS 9 Financial Instruments – January 2018
- IFRS 11 Amendments to accounting for acquisitions of Joint Ventures – January 2016
- IFRS 14 Regulatory Deferral Accounts – January 2016
- IFRS 15 Revenue from contracts with customers – January 2018

The standards, amendments and interpretations listed above will either have no effect on the Company or will require alteration or addition to disclosure within the financial statements. There will be no material impact on the financial position or performance of the Company.

2.2 Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Going concern

The directors have authorised the preparation of these financial statements on a going concern basis as they are confident that the Company will maintain and attract sufficient resources to continue in operational existence for the foreseeable future.

Assessment as investment entity

Entities that meet the definition of an investment entity within the amendment to IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis

2 Summary of significant accounting policies (continued)

2.2 Significant accounting judgements and estimates (continued)

The Company's prospectus details its objective of providing investment management services to investors which includes investing indirectly in plantation assets for the purpose of returns in the form of investment income and capital appreciation. The Company reports to its investors via monthly factsheets and to its management via internal management reports in accordance with its prospectus. All investments are reported at fair value within these financial statements. The Company has a clearly documented exit strategy for all of its underlying investments.

The Board has also concluded that the Company meets the additional characteristics of an investment entity, in that it has more than one underlying investment; the investments are in the form of equity and loan note finance; it has more than one external investor and those investors are not predominantly related parties.

The Board has concluded that the Company meets the definition of an investment entity. These conclusions will be reassessed on an annual basis should any of these criteria or characteristics change.

Functional and presentation currency

The Company's investors subscribe or redeem shares denominated in US Dollars. The primary activity of the Company is to invest in underlying dollar denominated assets of ERF which are based in Nicaragua and South Africa. The Company is domiciled in the Isle of Man and expenses are settled in Sterling, US Dollars or Euros. The directors consider that the functional currency of the Company is the currency of denomination, being the US Dollar, and have decided that the presentation currency of any financial statements will also be the functional currency. Each cell has its own functional currency which is the currency of denomination of each cell. The directors consider however that the presentation currency of all cells is US Dollar and therefore an fx reserve is created on aggregation.

Fair value of financial instruments

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, then that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

2.3 Significant accounting policies

Fair value of financial instruments

The Company's holdings classified as at fair value through profit or loss throughout the period consisted solely of investment in ERF. ERF is unquoted and it invests indirectly in Limited Liability Companies which hold plantation assets whose valuation, by necessity, is in accordance with a significant number of assumptions. The directors have therefore assessed the investment in ERF as a Level 3 financial asset.

The fair value of financial assets and liabilities in the statement of financial position is primarily related to the assessment of fair value for the investment made by the Company in ERF. ERF is an unquoted, wholly owned subsidiary of the Company which is valued as set out in part (d) below.

2 Summary of significant accounting policies (continued)

2.3 Significant accounting policies (continued)

Foreign currency translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of assets and liabilities denominated in foreign currencies are reflected in sundry expenses in the statement of comprehensive income. The exception to this is where they relate to financial assets at fair value through profit or loss where such amounts are included within realised and unrealised gains and losses on financial assets at fair value through profit or loss.

Financial Instruments

The Company holds sufficient equity in ERF that would ordinarily require that it be consolidated in these financial statements. As the directors have assessed the Company as an investment entity in accordance with IFRS 10 all equity investments held by the Company are accounted for as financial assets at fair value through profit or loss.

(a) Classification

The Company classifies its financial assets as either financial assets at fair value through profit or loss or loans, held for trading or receivables. The classification depends on the purpose for which the financial assets were acquired. The directors determine the classification of financial assets at initial recognition.

The Company classifies its investments in equity and other securities as financial assets at fair value through profit or loss. Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is for the directors to evaluate the information about these financial assets on a fair value basis together with other related financial information. The Company classifies forward currency contracts as held for trading as either an asset or liability.

(b) Recognition / derecognition

Purchases and sales of investments are recognised on the trade date, the date on which the Company commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

(c) Initial measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at cost. Transaction costs are expensed in the statement of comprehensive income.

(d) Subsequent measurement

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in the statement of comprehensive income in the period in which they arise. The subsequent fair value is the amount for which an asset or liability could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value in the case of ERF is derived by attributing a directors' valuation to underlying plantation assets held by EcoPlanet Bamboo IOM Limited ("EBIOM"), assessing a fair value to the equity and loan note investments that ERF holds in EBIOM and adding cash and other current assets. The directors' valuation of plantation assets is based on a third party valuation prepared by The Irland Group Inc, adjusted for the directors assessment of additional risk relating to the early periods of growth of the plantation.

Notes to the financial statements for the year ended 31 December 2014 (continued)

2 Summary of significant accounting policies (continued)

2.3 Significant accounting policies (continued)

(e) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. All receivables are classed as current assets. The Company's receivables comprise 'Other receivables and prepayments' which are carried at cost less any impairment in value.

Cash and cash equivalents

Cash and cash equivalents include demand deposits, other short-term highly liquid investments with original maturities of three months or less.

Other receivables and prepayments and other payables and accruals

Other receivables, prepayments, payables and accruals do not carry interest and are recognised at cost.

Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method.

Expenses

All expenses are recognised in the statement of comprehensive income on an accruals basis.

Equalisation

Equalisation represents the income element of amounts paid or received on the purchase or redemption of participating redeemable preference shares. The Company operates full equalisation as defined under the Reporting Fund regulations which is recognised in the statement of changes in net assets attributable to participating redeemable preference shareholders.

Exit penalty revenue

Exit penalties are charged to redeemers in accordance with the scheme particulars.

Participating redeemable preference shares

The Company issues participating redeemable preference shares, which are redeemable at the holders' option and are classified as financial liabilities due to their priority over management and nominal shares on winding up. Participating redeemable preference shares can be put back to the Company at any time for cash equal to a proportionate share of the traded net asset value less any redemption penalties chargeable. The participating redeemable preference shares are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the share back to the Company, adjusted for capitalised deferred sales and marketing costs.

Participating redeemable preference shares are issued and redeemed at the holder's option at prices based on the Company's net asset value per share at the time of issue or redemption. On 20th April 2015 the Directors resolved to defer the redemption of shares in the Company.

The Company's net asset value per share is calculated by dividing the net assets attributable to the holders of participating redeemable preference shares by the total number of outstanding redeemable preference shares. Investment positions are valued based on the provisions of the Company's scheme particulars for the purpose of determining the net asset value per share for subscriptions and redemptions.

2 Summary of significant accounting policies (continued)

2.3 Significant accounting policies (continued)

The holders of participating redeemable preference shares have the right to be paid, in the event of a winding up, firstly an amount equal to the nominal value paid up on the participating redeemable preference shares in issue prior to the payment of amounts due to management and nominal shareholders and further, an amount equal to their proportion of the Company's total net assets which their respective holdings of redeemable preference shares represent at the commencement of winding up, after amounts paid up on management shares and nominal shares have been repaid. Participating redeemable preference shares are therefore classified as liabilities of the Company in accordance with IAS 32.

Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as fair value through profit or loss and excludes interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period's unrealised gains or losses for financial instruments which were realised in the period.

Realised gains and losses on disposals of financial instruments classified as 'fair value through profit or loss' are calculated using the average cost method. They represent the difference between the historical average cost of the financial instrument and the proceeds received on sale.

3 Taxation

The company is resident in the Isle of Man for income tax purposes. The standard rate of corporate income tax in the Isle of Man is 0%, except where the profits are derived from Isle of Man land and property, banking business or in certain circumstances retail business, which are subject to corporate income tax at a rate of 10%. As the Company does not derive its income from Isle of Man land and property, banking business or retail business, its profits are subject to the standard rate of corporate income tax of 0%.

Notes to the financial statements for the year ended 31 December 2014 (continued)

4 Financial assets at fair value through profit or loss

	2014 $	2013 $
Fair value of assets designated as fair value through profit or loss:		
ERF Limited	50,289,468	35,673,043

	2014 Shares held	2013 Shares held
ERF Limited – 100% ownership	29,429,799	25,651,435

The principal place of business of ERF Limited is the Isle of Man. There have been no restrictions on dividends or distributions from ERF Limited and the Company has not provided any support to ERF Limited during the year.

ERF Limited – underlying assets	**2014 Fair value $**	**2013 Fair value $**
EcoPlanet Bamboo IOM Limited		
12% 2027 Loan Notes – 100% ownership	41,755,777	29,073,367
Ordinary Shares – 25% ownership	7,002,539	2,051,726
Other net assets including cash	1,531,152	4,547,950
ERF Limited – Equity value	50,289,468	35,673,043

EcoPlanet Bamboo IOM Limited – underlying assets	**2014 Fair value $**	**2013 Fair value $**
EcoPlanet Bamboo CAIV LLC		
– Rio Kama I (Nicaraguan Plantation)	34,407,634	19,468,235
– Rio Siquia (Nicaraguan Plantation)	13,854,852	7,153,033
– San Jose (Nicaraguan Plantation)	13,084,958	4,425,510
– Rio Kama ERF (Nicaraguan Plantation)	2,793,012	2,418,000
– Gomez (Nicaraguan Plantation)	951,664	–
Other net assets including cash	924,578	822,648
	66,016,698	34,287,426
EcoPlanet Bamboo SAII LLC		
– Kowie II (South African Plantation)	3,737,958	3,190,000
Other net assets including cash	46,485	200
	3,784,443	3,190,200
EcoPlanet Bamboo IOM Limited		
– Total plantation LLC assets	69,801,141	37,477,626
– 12% 2027 Loan Notes	(41,755,777)	(29,073,367)
Other net liabilities including cash	(35,208)	(197,356)
EcoPlanet Bamboo IOM Limited – Equity value (of which ERF Limited holds 25%)	28,010,156	8,206,903

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

The Company holds all management and participating redeemable preference shares in ERF Limited.

The net gain recognised in relation to financial assets at fair value through profit or loss is made up as follows:

	Year to 31 December 2014 $	17 July 2012 to 31 December 2013 $
Unrealised gains	8,845,154	2,005,740
Realised gains	1,159,347	580
	10,004,501	2,006,320

5 Fair value of financial instruments

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

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

At 31 December 2014	Level 2 $	Level 3 $	Total $
ERF Limited	–	50,289,468	50,289,468
Forward currency contracts	(325,057)	–	(325,057)
Participating redeemable preference shares	–	(50,373,116)	(50,373,116)
At 31 December 2013		**$**	**$**
ERF Limited	–	35,673,043	35,673,043
Forward currency contracts	180,377	–	180,377
Participating redeemable preference shares	–	(36,607,351)	(36,607,351)

The classification of the Company's financial instruments is based on the difference between observable and non-observable inputs. Financial instruments for which a traded price is available for valuation purposes must be involved in an active market and have a price issued on the reporting date of the investor for that price to be observable. Equally, if the financial instrument is not traded in an active market, the investor must demonstrate their ability to assess appropriate fair value of all underlying financial assets and liabilities within the financial instrument for their valuation to be observable. ERF is unquoted and not actively traded outside of the Company. The directors have prepared an assessment of fair value based on independent valuations of underlying assets although these fair values are based on assumptions which are unobservable. All financial assets at fair value through profit or loss in the Company are therefore classified as Level 3.

Notes to the financial statements for the year ended 31 December 2014 (continued)

5 Fair value of financial instruments (continued)

Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

	Year to 31 December 2014 $	17 July 2012 to 31 December 2013 $
Opening balance	35,673,043	–
Purchases	18,021,966	33,210,251
Sales	(12,102,876)	(8,083)
Total gains and losses in profit and loss	10,004,501	2,006,320
Foreign currency (losses)/gains	(1,307,166)	464,555
Closing balance	50,289,468	35,673,043

Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments.

6 Share capital

The authorised share capital of the Company is:

	2014 $	2013 $
100 management shares of $1 each	100	100
100,000,000 unclassified shares of $0.001 each	100,000	100,000
	100,100	100,100

Management shares

Management shares, which carry no right to dividend, can only be issued at par to the Management shareholders or their nominees or associates. At general meetings of shareholders, on a show of hands every holder of a management share present in person or by proxy shall have one vote and on a poll of every holder present in person or by proxy shall have one vote for each management share held. In the event of a winding up, management shareholders are entitled to receive the nominal value paid up on the management shares in issue. Only holders of the management shares are entitled to vote at general meetings, save where a special resolution is passed to wind up the Company or to alter the rights attaching to shares.

Unclassified shares

Unclassified shares have been issued as nominal and participating redeemable preference shares.

Nominal shares

Nominal shares will only be issued at par to the Administrator or its associates for the purpose of providing funds for the redemption of the nominal value of participating redeemable preference shares. Nominal shares may be converted into participating redeemable preference shares. Nominal shares carry no other rights. In the event of a winding up, nominal shareholders are entitled to receive the nominal value paid up on the nominal shares in issue.

Both Management Shares and Nominal Shares are reflected as equity holdings in these financial statements.

6 Share capital (continued)

Participating redeemable preference shares

Shares are issued and redeemed at the Dealing Price which is calculated in accordance with the Articles of Association and based on the value of the underlying net assets of the Company at the time of issue or redemption. Upon the issue of shares the difference between the Dealing Price and the nominal value is credited to the share premium account. Upon the redemption of redeemable preference shares, the administrator is obliged to subscribe for nominal shares for cash at par. The premium payment is debited to the share premium account, or, where this is exhausted, out of distributable profits. The shares confer the right to a proportionate share in the property of the Company and to its dividend income, if any.

The holders of redeemable preference shares have the right to be paid, in the event of a winding up, firstly an amount equal to the nominal value paid up on the participating redeemable preference shares in issue prior to the payment of amounts due to management and nominal shareholders and further, an amount equal to their proportion of the Company's total net assets which their respective holdings of redeemable preference shares represent at the commencement of winding up, after amounts paid up on management shares and nominal shares have been repaid. Participating redeemable preference shares are therefore reflected as a liability in these financial statements.

Issued share capital

Transactions in the share capital of the Company in the period were as follows:

	2014 Number	2014 $	2013 Number	2013 $
Management shares of $1 (unpaid)	100	100	100	100
Participating redeemable preference shares of $0.001, fully paid				
Balance brought forward	28,937,788	28,938	–	–
Issued during the period	14,102,944	14,103	30,392,313	30,392
Redeemed during the period	(11,364,956)	(11,365)	(1,454,526)	(1,454)
Balance carried forward	31,675,776	31,676	28,937,788	28,938
Nominal shares of $0.001 (unpaid)				
Balance brought forward	–	–	–	–
Issued during the period	11,364,956	11,365	1,454,526	1,454
Redeemed during the period	(2,297,605)	(2,298)	(1,454,526)	(1,454)
Balance carried forward	9,067,351	9,067	–	–

Notes to the financial statements for the year ended 31 December 2014 (continued)

7 Net assets attributable to holders of participating redeemable preference shares

	2014 $	2013 As restated $
Share capital	31,676	28,938
Share premium	44,692,167	34,894,263
Accumulated losses	(5,519,447)	(802,778)
Capital reserve	12,010,821	2,006,320
Foreign currency reserve	(842,101)	480,608
Net assets attributable to holders of participating redeemable preference shares	50,373,116	36,607,351

(i) Share premium account (non distributable)

	2014 $	2013 As restated $
Balance at the beginning of the year/period	34,894,263	–
Arising on issue of participating redeemable preference shares	24,131,172	37,334,720
Used in redemption of participating redeemable preference shares	(14,333,268)	(2,440,457)
Balance at the end of the year/period	44,692,167	34,894,263

(ii) Accumulated gains/(losses)

	2014 $	2013 As restated $
Balance at the beginning of the year/period	(802,778)	–
Total comprehensive income	3,530,358	1,541,009
Net gain on financial assets at fair value through profit or loss transferred to capital reserve	(10,004,501)	(2,006,320)
Equalisation	434,765	143,141
Effect of exchange rate on aggregation of these financial statements in US Dollars	1,322,709	(480,608)
Balance at the end of the year/period	(5,519,447)	(802,778)

(iii) Capital reserve

	2014 $	2013 As restated $
Balance at the beginning of the year/period	2,006,320	–
Net gain on financial assets at fair value through profit or loss transferred from accumulated losses	10,004,501	2,006,320
Balance at the end of the year/period	12,010,821	2,006,320

The Capital reserve represents the total of all historical gains or losses on financial assets at fair value through profit or loss.

(iv) Foreign currency reserve

	2014 $	2013 As restated $
Balance at the beginning of the year/period	480,608	–
Effect of exchange rate on aggregation of these financial statements in US Dollars	(1,322,709)	480,608
Balance at the end of the year/period	(842,101)	480,608

8 Fees

Management fees

A management fee is payable to the Manager at a rate of 0.2% per annum of the Net Asset Value of the Company. The fee is accrued and paid monthly in arrears. During the year management fees of $90,906 (2013: $21,740) were charged and an amount of $9,546 (2013: $3,436) was outstanding at the reporting date.

Administration fees

An administration fee was payable to the Administrator at a rate of 0.25% per annum of the Net Asset Value of the Company subject to a minimum annual fee of £40,000 (£30,000 prior to the launch of the Premier Eco Resources Euro Sub-Fund) to 31 December 2013. From 1 January 2014 the administration fee payable to the Administrator is at a rate of 0.265% per annum of the Net Asset Value of the Company subject to a minimum annual fee of £60,000 (£75,000 once the Premier Eco Resources Singapore Dollar Sub-Fund is launched). The fee is accrued and paid monthly in arrears. During the year administration fees of $121,339 (2013: $52,450) were charged and an amount of $13,383 (2013: $6,945) was outstanding at the reporting date.

Custodian fees

A custodian fee is payable to the Custodian at a rate of 0.05% per annum of the Net Asset Value of the Company. The fee was subject to a minimum annual fee of £10,000 for the year to 5 October 2013 and is subject to a minimum annual fee of £17,000 for the year to 5 October 2014 and subsequent years (increasing pro rata to £19,000 and £21,000 following the launch of the Premier Eco Resources Singapore Dollar and Eco Resources US Dollar Sub-Funds). The fee is accrued monthly and paid quarterly in arrears. The fee was subject to VAT while the custodian was domiciled in the Isle of Man. During the year custodian's fees of $30,091 (2013: $28,092) were charged and an amount of $7,494 (2013: $24,600) was outstanding at the reporting date.

Promoter fees

A promoter fee is payable to the Promoter at a rate of 1.5% per annum of the Net Asset Value of the Company. The fee is accrued and paid monthly in arrears. During the year Promoter's fees of $681,797 (2013: $163,053) were charged and an amount of $71,598 (2013: $25,766) was outstanding at the reporting date.

In addition, the Promoter is entitled to a performance fee equal to 20% of any increase in the Net Asset Value per share of each Sub-Fund over a benchmark of 10% per annum. During the year a performance fee of $598,176 (2013: $248,995) was incurred, with $585,071 (2013: $233,138) being payable at the reporting date. The payment of the performance at 31 December 2014 has been deferred by the Promoter.

Sales and marketing expenses

A maximum fee of 8% of the subscription monies for shares issued in the Premier Sub-Funds is payable to the Promoter. The fees are charged to enable the Promoter to meet introductory and advertising costs and are therefore classified as sales and marketing expenses in the statement of comprehensive income. During the year $1,843,371 (2013: $905,897) was incurred in respect of sales and marketing expenses.

Exit penalty revenue

Exit penalties are charged to redeemers in accordance with the scheme particulars. Exit penalty revenue for the year was $142,777 (2013: $87,597).

Notes to the financial statements for the year ended 31 December 2014 (continued)

8 Fees (continued)

Audit fees

Audit fees of £48,400 (2013: £44,000) for the audit of these financial statements have been provided for and will be payable from ERF.

Directors' fees and expenses

Each director of the Company is entitled to receive the following annual director's fee for acting as a director of the Company and of ERF:

– while the net asset value of the Company is less than or equal to £10 million, no fees;

– while the net asset value of the Company is more than £10 million but less than or equal to £50 million, £5,000;

– while the net asset value of the Company is more than £50 million but less than or equal to £100 million, £15,000; and

– while the net asset value of the Company is over £100 million, £25,000.

Members of the Investment Committee who do not act as a director of the Company are entitled to receive the same fees as a director.

In addition to the fees outlined above, each director of the Company and member of the Investment Committee is entitled to be reimbursed reasonable travel and accommodation expenses incurred by him or her (as the case may be) in connection with his or her attendance at meetings in relation to the Company. Directors and Investment Committee members providing professional or consultancy services to the Company in addition to their board and / or committee roles may also be remunerated on standard commercial terms, subject to the approval of the same by a resolution of the board of directors and to full disclosure in the Company's subsequent financial statements.

The directors' fees and expenses are paid by ERF. Amounts payable to directors and members of the Investment Committee during the year were £37,000 (2013: £nil) and there were no amounts outstanding at the reporting date.

Preliminary costs and management shareholders contribution

While the net asset value of the Company was less than £5 million, the Management Shareholder bore the cost of audit fees and any shortfall in the Administrator Percentage Remuneration or the Custodian Percentage Remuneration below the minimum amount of the remuneration of the Administrator and the Custodian respectively. Once the net asset value of the Company exceeded such threshold, the Management Shareholder ceased to be required to bear such remuneration, fees and expenses and received full reimbursement of such amounts contributed (which totalled £10,578) out of the assets of the Premier Sub-Funds and the EcoEarth Sterling Sub-Fund pro rata to their respective net asset values. The cost of the reimbursement is being amortised over a period of five years for dealing purposes.

The Management Shareholder bore the preliminary expenses in relation to the Premier Sub-Funds and the EcoEarth Sterling Sub-Fund, which amounted to £275,391.33. The Management Shareholder has subsequently received reimbursement of this amount in full from ERF in three equal tranches upon the aggregate net asset value of the Premier Sub-Funds and the EcoEarth Sterling Sub-Fund reaching specified thresholds. The cost of each reimbursement tranche is being amortised over a period of five years for dealing purposes but has been fully expensed for the statutory financial reporting purposes. Please see note 12 for a more detailed explanation.

9 Related party transactions and controlling party

The holder of the management shares of the Company is the Management Shareholder, Premier Group Distribution Inc. Only holders of management shares are entitled to vote at general meetings, save where a special resolution is passed to wind up the Company or to alter the rights attaching to shares. Holders of management shares have no interest in the residual assets of the Company and so the Company has no ultimate controlling party.

In addition to being directors of the Company, all directors, with the exception of J Sutton, are also directors of ERF, in which the Company invests.

In addition to being a director of the Company, M J Richardson has indirect holdings in the Company.

In addition to being directors of the Company, A J Parry, M J Richardson, J Sutton and D J Whitaker have direct or indirect interests in the Management Shareholder, Premier Group Distribution Inc. M J Richardson, D J Whitaker, J Sutton and J C Bourbon are also directors of and M J Richardson and D J Whitaker have indirect interests in the Manager and Promoter, The Premier Group (Isle of Man) Limited. A J Parry was a director of the manager until his resignation on 31 March 2015.

In addition to being directors of the Company or serving on the investment committee, A J Parry, M J Richardson, D J Whitaker and J C Bourbon are directors of EBIOM, in which the Company invests through ERF and each receive a fee of £12,500 per annum for acting in that capacity.

CC Myers was a director of the Company during the year, until his resignation on 31 December. C C Myers is also a senior manager of the administrator, Moore Fund Administration (IOM) Limited.

Amounts payable and due to the Manager, Promoter and Administrator are disclosed in note 8.

In addition to being directors or investment committee members of the Company, A J Parry, M J Richardson, J Fogg, J Sutton and J C Bourbon are also directors and investment committee members of The Socially Responsible Investment Fund PCC Plc which invests in the Company.

On 19 October 2012 the Company issued participating redeemable preference shares to EcoPlanet Bamboo Central America LLC ("EBCA") as part of a non-cash transaction to facilitate the purchase of EBCA IV by EBIOM for $2,418,000. On 30 December 2013 the Company issued further participating redeemable preference shares to EBCA as part of a second non-cash transaction to facilitate the purchase of the Rio Kama plantation and EBSA II by EBIOM for $18,190,000. The purchase of the Rio Kama plantation was transacted at a cost of $15,000,000 for the Company, it being noted that the directors' assessment of fair value of the assets purchased at that time was $19,468,235.

Following the full redemption of the initial 2,418,000 EBCA shares in the Company, EBCA held 9,635,859 (2013: 18,190,000) participating redeemable preference shares in the Company at the reporting date, being the entire issued share capital relating to the Eco Resources US Dollar Cell. EBCA is fully owned by EcoPlanet Bamboo Group, LLC Series A, while EcoPlanet Bamboo Group, LLC Series E is the owner of 65% of the equity in EBIOM.

Mr T Wiseman, Mr M R Risco and Mr J Vogel, in addition to acting as directors of EBIOM in the year, each had or have an interest in EBCA. Mr Vogel resigned as a director of EBIOM on 6 September 2014 and Mr Risco was appointed as a director of EBIOM on 30 September 2014.

ERF Limited is a related party as the company owns 100% of the management and participating redeemable preference shares. Further details of the transactions with ERF Limited are shown in note 4 and note 5.

10 Financial risk and management objectives and policies

The Company is exposed to market risk (which includes price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk arising from the financial instruments it holds. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

10 Financial risk and management objectives and policies (continued)

The Company aims to provide long term growth by investing directly or indirectly in Sustainable Biological Assets and in associated processing facilities, including the land, buildings, plant and machinery required to convert raw Sustainable Biological Assets into a marketable product. Should the opportunity arise, the Company will also seek to profit indirectly from the sale of carbon rights.

The Company currently invests indirectly through its wholly owned subsidiary ERF Limited ("ERF") in bamboo plantations in Nicaragua and South Africa.

The Company's assets and liabilities comprise financial instruments, which include:

- Holdings in private companies. These are held in accordance with the Company's investment objectives and policies; and
- Cash, liquid resources and short-term debtors and creditors that arise directly from its investment activities;

As an investment company, the Company buys, sells or holds financial assets and liabilities in order to take advantage of changes in market prices or rates.

10.1 Market price risk

The Company is exposed to market price risk as it invests substantially all of its assets in ERF Limited, which invests through EBIOM and its subsidiaries in bamboo plantation assets in Nicaragua and South Africa.

In determining the net asset value of the Company, the value of the underlying assets is the directors' assessment of their fair value. In the case of the plantation assets fair value has been based on valuations provided by The Irland Group Inc, an independent valuer with expertise in the valuation of forestry products. There is however no guarantee that any underlying investments could be realised at the valuation used in determining fair value. In addition, the unquoted nature of the underlying investments may make it difficult to realise the value of such investments in a timely manner or at all. Valuation of the underlying assets is dependent on assessments prepared by, and information supplied by, third parties and, although the investment committee evaluates such assessments or information, it is not in a position to confirm the completeness, genuineness or accuracy of such assessments or information. There are only limited means by which valuations can be independently verified.

The valuation of the Sustainable Biological Assets is heavily dependent on the assets reaching maturity and there being sufficient liquidity for the assets to be managed and harvested effectively. The ability of the Company to realise the assets in the short term could be delayed, only possible at a discounted value or not possible at all. The wind up of the Company, particularly if it requires a fire sale of the underlying assets, could result in a substantial shortfall when compared to the valuation of the assets if held to maturity and sold in an orderly manner. A fire sale of the underlying investments is likely to realise moneys substantially below the net asset value determined in accordance with the offering documents.

The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Company's overall market positions are monitored on a regular basis by the Investment Committee and are reviewed on a quarterly basis by the directors.

The following table illustrates the sensitivity of the profit for the year and the net asset value to an increase of 100% or decrease of 50% in the market value of the underlying bamboo plantations. This level of change is considered reasonably possible based on projections which indicate substantial uplift in the value of the underlying bamboo plantations but still allowing for the risks associated with immature crops in their early years of life.

10 Financial risk and management objectives and policies (continued)

10.1 Market price risk (continued)

	2014 Increase in fair value $	2014 Decrease in fair value $	2013 Increase in fair value $	2013 Decrease in fair value $
Profit for the period	17,207,519	(13,407,422)	9,163,695	(12,172,212)
Net asset value	34.22%	(26.66)%	25.69%	(34.12)%

The key unobservable inputs used in arriving at the valuation of the bamboo plantations are the estimated cashflows of each of the plantations and the discount rate used on future cashflows.

A 10% increase in the estimated future cashflows for each of the plantations would lead to an increase in valuation of $1,696,960. A decrease of 10% would lead to a decrease in valuation of $1,696,960.

A 10% increase in the discount rate used on future cashflows for the plantations would lead to a decrease in valuation of $2,230,549. A 10% decrease would lead to an increase of $2,673,254.

10.2 Foreign currency risk

The Company invests exclusively in US Dollar denominated financial assets.

The Company accepts monies from shareholders that are denominated in currencies other than the functional currency of its underlying investments. Accordingly, the value of the Company's Sterling, Euro and in the future, Singapore Dollar share classes may be affected favourably or unfavourably by fluctuations in currency rates and therefore the Company will necessarily be subject to foreign exchange risks.

The primary purpose of the Company's foreign currency hedging activities is to protect against the volatility associated with investments denominated in foreign currencies and other assets and liabilities created in the normal course of business. The Company primarily utilises forward exchange contracts to hedge foreign-currency-denominated financial assets, liabilities, and firm commitments. Increases or decreases in the Company's foreign-currency-denominated financial assets and liabilities are partially offset by gains and losses on the economic hedging instruments.

At a Sub-Fund level exposure to foreign currency risk is mitigated by the policy of the directors to hedge investment in foreign-currency-denominated financial assets, liabilities and firm commitments. A sensitivity analysis of currency risk has not therefore been prepared.

Notes to the financial statements for the year ended 31 December 2014 (continued)

10 Financial risk and management objectives and policies (continued)

10.2 Foreign currency risk (continued)

As of 31 December 2014, the mark to market asset or liability for forward foreign exchange contracts was as stated below:

EcoEarth Sterling Sub-Fund Purchase amount £	Contractual amount $	Maturity date	2014 Unrealised loss $
5,026,701	7,907,000	22 January 2015	77,876

Premier Sterling Sub-Fund Purchase amount £	Contractual amount $	Maturity date	2014 Unrealised loss $
10,701,208	16,833,000	22 January 2015	165,787

Premier Euro Sub-Fund Purchase amount €	Contractual amount $	Maturity date	2014 Unrealised loss $
2,254,312	2,810,000	22 January 2015	81,394
		Total unrealised losses	325,057

As of 31 December 2013, the mark to market asset or liability for forward foreign exchange contracts was as stated below:

EcoEarth Sterling Sub-Fund Purchase amount £	Contractual amount $	Maturity date	2013 Unrealised gain $
4,491,743	7,344,000	22 January 2014	99,811

Premier Sterling Sub-Fund Purchase amount £	Contractual amount $	Maturity date	2013 Unrealised gain $
3,619,572	5,918,000	22 January 2014	80,431

10 Financial risk and management objectives and policies (continued)

10.2 Foreign currency risk (continued)

Premier Euro Sub-Fund Purchase amount €	Contractual amount $	Maturity date	2013 Unrealised gain $
356,443	491,000	22 January 2014	135
		Total unrealised gains	180,377

10.3 Interest rate risk

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial positions and cashflows. The Company's exposure to cash flow risk for changes in interest rates relates only to its cash and cash equivalents, any bank overdrafts and loans payable.

The following tables illustrate the sensitivity of the profit or loss for the year and the net asset value to an increase or decrease of 50 basis points in interest rates for the coming year in regards to the Company's underlying monetary financial assets and financial liabilities. This level of change is considered reasonably possible based on observation of current market conditions. The sensitivity analysis assumes all other variables remain constant.

	2014 $	2013 $
Profit for the year/period	5,517	5,246
Net asset value	0.01%	0.01%

The tables below summarise the Company's exposure to interest rate risks:

At 31 December 2014	Interest bearing (fixed rate) $	Interest bearing (variable rate) $	Non-interest bearing $	Total $
Assets				
Financial assets at fair value through profit or loss	–	–	50,289,468	50,289,468
Other receivables and prepayments	–	–	9,167	9,167
Cash and cash equivalents	–	1,103,485	–	1,103,485
Total assets	–	1,103,485	50,298,635	51,402,120
Liabilities				
Forward currency contracts	–	–	325,057	325,057
Fee accruals	–	–	687,092	687,092
Accrued expenses	–	–	7,688	7,688
Management shares	–	–	100	100
Nominal shares	–	–	9,067	9,067
Participating redeemable preference shares	–	–	50,373,116	50,373,116
Total liabilities	–	–	51,402,120	51,402,120

10 Financial risk and management objectives and policies (continued)

10.3 Interest rate risk (continued)

The tables below summarise the Company's exposure to interest rate risks:

At 31 December 2013	Interest bearing (fixed rate) $	Interest bearing (variable rate) $	Non-interest bearing $	Total $
Assets				
Financial assets at fair value through profit or loss	–	–	35,673,043	35,673,043
Other receivables and prepayments	–	–	2,586	2,586
Forward currency contracts	–	–	180,377	180,377
Cash and cash equivalents	–	1,049,295	–	1,049,295
Total assets	–	1,049,295	35,856,006	36,905,301
Liabilities				
Fee accruals	–	–	293,885	293,885
Accrued expenses	–	–	3,965	3,965
Management shares	–	–	100	100
Participating redeemable preference shares	–	–	36,607,351	36,607,351
Total liabilities	–	–	36,905,301	36,905,301

10.4 Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. It is the Company's policy to enter into financial instruments with only reputable counterparties. Therefore, the Company does not expect to incur material credit losses on its financial instruments.

The Company's main exposure to credit risk is in relation to its investment in ERF Limited, and indirectly in the investment in the plantation assets.

The Company's maximum exposure to credit risk, in the event that counterparties fail to perform their obligations as of the reporting date, in relation to each class of financial assets, is the carrying amount of those assets as indicated in the statement of financial position.

10.5 Other risks

The investment structure of the Company involves companies or other entities incorporated in other jurisdictions. Although the Company, ERF and EBIOM have taken appropriate local legal advice, enforcement of legal rights against companies in other jurisdictions may prove difficult.

Concerns were raised by the Delaware lawyers acting for the Company, ERF and EBIOM about the formation formalities in relation to EcoPlanet Bamboo Group and the potential implications of defects in those formalities. Although the Delaware lawyers have advised that the defects in those formalities have now been rectified, there remained concerns regarding past actions and unknown issues. In light of the above, additional warranties and indemnities issues have been sought and obtained from the EcoPlanet Bamboo Group in relation to these. However, as noted above, enforcement of such warranties and indemnities against entities in other jurisdictions may prove difficult and the entities in question may have little or nothing in the way of assets against which enforcement could be levied.

10 Financial risk and management objectives and policies (continued)

10.5 Other risks (continued)

The Company invests and will continue to invest indirectly in assets and investments located in various jurisdictions throughout the world, including emerging or developing countries, some of which are highly controlled by governmental authorities. Particularly in developing countries, laws governing transactions in investments (including land, buildings and plant) and contractual arrangements may be new and largely untested. Investments in developing markets may include risks of: less publicly available information; more volatile markets; less favourable tax provisions; higher risk of severe inflation; corruption; unstable currency; war and expropriation of personal property; inadequate investor protection; contradictory legislation; rudimentary, unpredictable, incomplete, unclear and changing laws; lack of established or effective avenues for legal redress; lack of standard financial and commercial practices; disclosure and confidentiality customs characteristic of developed markets; and lack of enforcement of existing laws and regulations.

Investing in developing markets creates greater exposure to economic structures that are generally less established, robust and mature. It may also be difficult to obtain and enforce a judgement in certain emerging countries. The level of investment of the Company may also be restricted by legal limits on foreign investment and these could be subject to change. There can be no assurance that these difficulties in protecting and enforcing rights in relation to investments will not have a material adverse impact on the value of the investments of the Company. There is also the risk of expropriation or confiscatory taxation, imposition of withholding and other taxes on dividends, interest, capital gains and other income, limitations on the removal of funds or other assets of the Company, political changes, governmental regulation, social instability or diplomatic developments (including war), all of which could affect adversely the economies of such countries or the value of investments in those countries.

EcoPlanet Bamboo has taken out political risk insurance with the Multilateral Investment Guarantee Agency ("MIGA"), a part of the World Bank Group, from which the Company and ERF will benefit in relation to plantations in Nicaragua and South Africa, with a view to reducing these specific risks. However, there remains a risk that the coverage obtained may not be at a level that is sufficient to match the value of the underlying assets or the amount invested by the Company. There is also a risk of non-payment of claims by MIGA or any other insurance provider as a result of either the failure of the insurer or the existence of an exclusion, dispute or breach of coverage terms by EcoPlanet Bamboo.

In addition to the insurance provided by MIGA, EcoPlanet Bamboo has arranged insurance of the plantations themselves in both Nicaragua and South Africa via ForestRe and insurance covering natural disaster and pest damage from MAPFRE in Nicaragua.

The Company has obtained title deeds to the underlying plantations held by the structure and has lodged them with the custodian.

10.6 Liquidity risk

Liquidity risk is the risk that the Company will not be able to raise sufficient cash to meet liabilities and redemptions.

The Company invests in underlying assets on which income is only derived after a 5-7 year growth period. In order to mitigate the risk of the Company being unable to raise sufficient cash to meet redemptions and expenses, the Company has invested in plantations which are in various stages of growth. The directors note that the underlying consolidated business plan of the plantations shows an outflow for 2015, a minimal outflow in 2016 and significant cash inflow in 2017. In addition, to manage short term cashflow requirements, the directors aim to retain 10% of the net asset value of the Company in cash. At the reporting date 2% (2013: 2%) in cash was held by the Company and 3% (2013: 8%) in cash held within ERF. The directors are currently looking at ways to bring the cash balance closer to the 10% target.

10 Financial risk and management objectives and policies (continued)

10.6 Liquidity risk (continued)

The directors are able, at their discretion, to restrict or defer redemptions from the Company for the benefit of the remaining shareholders. On 20 April 2015 the Directors resolved to defer the redemption of shares in the Company.

A table categorising payables by due date has not been prepared as all fee accruals and accrued expenses are payable within three months of the reporting date. Those amounts due to the holders of participating redeemable preference shares are payable following a redemption request by a shareholder in proportion to the number of shares redeemed.

11 Capital management

The directors consider the capital of the company to be the participating redeemable preference shares in issue at the year end of $50,373,116 (2013: $36,607,351)

The primary objective of the Company's capital management is to ensure that it maintains healthy capital in order to support its business and maximise net asset value.

The directors manage the capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure the company may seek new subscriptions, pursue alternative capital raising opportunities, return capital to investors or realise part of the underlying investment.

Further information on the participating redeemable preference shares is shown in notes 6, 7 and 10.6.

At 31 December 2014 the Company did not have any external debt financing.

12 Reconciliation of audited net asset value to net asset value for dealing purposes

The net asset value for dealing purposes is prepared in accordance with the Scheme Particulars which provide that preliminary costs, sales and marketing expenses and capitalised contributions be amortised over 60 months. For the purposes of the statutory financial statements, which are prepared in accordance with and comply with International Financial Reporting Standards, these amounts have been expensed to the statement of comprehensive income as incurred. In addition, financial assets at fair value through profit or loss have been valued according to the Scheme Particulars for dealing purposes and in accordance with International Financial Reporting Standards for these financial statements.

12 Reconciliation of audited net asset value to net asset value for dealing purposes (continued)

Net assets attributable to holders of participating redeemable preference shares		**Premier Dollar Sub-Fund 2014 $**	**Premier Euro Sub-Fund 2014 €**	**Premier Sterling Sub-Fund 2014 £**
Statement of financial position		11,662,364	2,286,945	10,823,190
Unamortised costs	(a)	733,479	183,467	688,108
Fair value adjustment	(b)	70,348	14,119	65,694
Trading purposes		12,466,191	2,484,531	11,576,992
Shares in issue		8,567,853	1,934,636	8,151,202
Net asset value per share		1.454	1.284	1.420

Net assets attributable to holders of participating redeemable preference shares		**EcoEarth Sterling Sub-Fund 2014 £**	**Eco Resources Dollar Sub-Fund 2014 $**
Statement of financial position		5,036,228	11,238,221
Unamortised costs	(a)	2,497	–
Fair value adjustment	(b)	30,844	68,869
Trading purposes		5,069,569	11,307,090
Shares in issue		3,386,226	9,635,859
Net asset value per share		1.497	1.173

(a) Unamortised costs consist of sales and marketing expenses paid and promoters contributions refunded which are recognised as incurred in the statement of comprehensive income in the financial statements. They are amortised over five years on a straight line basis within the dealing net asset value.

(b) The fair value adjustment relates to preliminary expenses paid by ERF Limited which are amortised over five years on a straight line basis within the dealing net asset value but have been expensed in full in the current period in the financial statements.

Notes to the financial statements for the year ended 31 December 2014 (continued)

12 Reconciliation of audited net asset value to net asset value for dealing purposes (continued)

Net assets attributable to holders of participating redeemable preference shares		Premier Dollar Sub-Fund 2013 $	Premier Euro Sub-Fund 2013 €	Premier Sterling Sub-Fund 2013 £
Statement of financial position		3,983,703	360,635	3,744,396
Unamortised costs	(a)	274,842	25,094	262,331
Fair value adjustment	(b)	44,034	3,906	39,208
Trading purposes		4,302,579	389,635	4,045,935
Shares in issue		3,396,524	343,496	3,247,033
Net asset value per share		1.266	1.134	1.246

Net assets attributable to holders of participating redeemable preference shares		EcoEarth Sterling Sub-Fund 2013 £	Eco Resources Dollar Sub-Fund 2013 $
Statement of financial position		4,784,596	17,990,700
Unamortised costs	(a)	3,228	–
Fair value adjustment	(b)	49,164	199,302
Trading purposes		4,836,988	18,190,002
Shares in issue		3,760,734	18,190,000
Net asset value per share		1.286	1.000

(a) Unamortised costs consist of sales and marketing expenses paid and promoters contributions refunded which are recognised as incurred in the statement of comprehensive income in the financial statements. They are amortised over five years on a straight line basis within the dealing net asset value.

(b) The fair value adjustment relates to preliminary expenses paid by ERF Limited which are amortised over five years on a straight line basis within the dealing net asset value but have been expensed in full in the current period in the financial statements.

13 Restatement of prior year figures

Amounts arising from the presentation of financial statements for multi-currency based Sub-Funds in sterling were, in the first reporting period, reflected through the statement of changes in net assets attributable to participating redeemable preference shareholders. In line with IFRS the directors have re-allocated these amounts to other comprehensive income as shown in the statement of comprehensive income. The adjustment is purely presentational and has no effect on the net asset value of the Company or its Sub-Funds.

Equalisation on the purchase or redemption of participating redeemable preference shares was, in the first reporting period, reflected as other comprehensive income on the statement of comprehensive income. In line with IFRS the directors have re-allocated these amounts to be shown in the statement of changes in net assets attributable to participating redeemable preference shareholders. The adjustment is purely presentational and has no effect on the net asset value of the Company or its Sub-Funds.

14 Post Balance Sheet Events

On 20 April 2015 the Directors resolved to defer the redemption of shares in the Company.

On 14 May 2015 the listing of the redeemable preferences shares on the Channel Islands Securities Exchange was suspended.