TAU CAPITAL PLC
(a company incorporated in the Isle of Man)

ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

TAU CAPITAL PLC

Table of Contents **Page**

Company Information

Directors (Non-Executive)
Philip Lambert* (Chairman)
Terence Mahony
Philip Scales*
Robert Brown III*(resigned 31 March 2013)
Richard Horlick (resigned 1 January 2014)
Nicholas Paris (resigned 6 March 2013)
Graham Smith* (appointed 9 April 2013 – resigned 1 January 2014)

*Independent Director

Registered Office
IOMA House
Hope Street
Douglas IM1 1AP
Isle of Man

Nominated Adviser and Broker
Numis Securities Ltd
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT
United Kingdom

Investment Advisor-Private Equity
Capitalgate Securities Limited
Trident Chambers
Road Town
Tortola
British Virgin Islands

Investment Manager-Public Equity
Sturgeon Capital Limited
(until 8 October 2013)
4 Bourlet Close
London W1W 7BJ
United Kingdom

Independent Auditor
Deloitte LLP
PO Box 250
The Old Courthouse
Athol Street
Douglas IM99 1XJ
Isle of Man

UK Solicitors
White & Case LLP
5 Old Broad Street
London EC2N 1DW
United Kingdom

Isle of Man Advocates
Cains Advocates Ltd
Fort Anne
South Quay
Douglas IM1 5PD
Isle of Man

Cayman Islands Counsel
Maples & Calder
PO Box 309 GT
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

CREST Service Provider and UK Transfer Agent
Computershare Investor Services
(Channel Islands) Ltd
Queensway House
Hilgrove Street
St Helier JE1 1ES
Jersey

Administrator and Registrar
IOMA Fund and Investment Management Ltd
IOMA House
Hope Street
Douglas IM1 1AP
Isle of Man

Sub-Administrator to 30 September 2013
BNY Mellon Investment Servicing (International) Ltd
Riverside Two
Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2
Ireland

Chairman's Statement

During 2013, your Board continued to implement the wind-down process of the Company following the new investing policy adopted at the July 2012 Annual General Meeting.

Having completed the sale of all the public equities by the middle of May 2013, Sturgeon Capital Limited ("Sturgeon") retired as the Investment Manager. The Board would like to thank Sturgeon again for managing the sale of all the public equities so efficiently.

Capitalgate Securities Limited ("Capitalgate") continues to act as the Investment Advisor of the two remaining private equity assets, Stopharm LLP and Lucent Petroleum LLP. As previously announced, the Board, through its advisors, is actively engaged in seeking ways to exit both these investments and appropriate announcements will be made as soon as there is progress to report.

At 31 December 2013, the valuations of both Stopharm and Lucent Petroleum were further impaired and details are included in the Investment Advisor's Report. Following the year-end and as announced on 13 June 2014, a further impairment to Stopharm was made following an assessment of the effect that the devaluation of the Kazakhstan Tenge would have on the performance of Stopharm. However, following discussions with the Investment Advisor, it is expected that the performance of Stopharm will improve during the latter half of 2014 and into early 2015.

After the year-end, and as announced on 7 March 2014, the holding of Oxus Gold was sold for US$425,000.

In February 2013, a second Tender Offer (following the Tender Offer in November 2012) was completed with approximately US$33m returned to shareholders. In October 2013, a third Tender Offer of approximately US$15m was completed and as announced after the year-end in April 2014, a fourth Tender Offer of approximately US$5.5m is proposed. Once the fourth Tender Offer is completed, the total amount returned to shareholders will have been approximately US$81.8m.

The Board continues to closely monitor the operational costs of the Company and these will continue to be reduced where possible.

Philip Lambert
Chairman

26 June 2014

Investment Advisor's Report

Private Equity Holding Tau Capital Plc		
	% Ownership	Valuation
Stopharm LLP	**40.35%**	**$13.5 m**
Lucent Oil and Gas (CY) Ltd.	**5.50%**	**$0.0 m**

Stopharm LLP ("Stopharm")

Financial Results 2013

During 2013, Stopharm LLP earned revenues of US$254 million as compared to US$244 million during 2012. While revenue increased due to a significant increase in commercial sales that offset the declining government sales, due to the lower margin of commercial sales net income was lower in 2013 as compared to 2012. Net income for 2013 decreased to $3.1 million as compared to $8.9 million for 2012. The decrease in net income reflects not only the lower margins from the commercial sales, but a greater amount of finance charges, and foreign exchange losses. Total finance charges increased in 2013 to $4.7 million as compared to $2.8 million in 2012. The increase was mainly due to financing new increased inventory requirements for SK Pharma sales. Foreign Exchange (FX) Loss was due to increases in US Dollar and Euro relative to the Kazakhstan Tenge during the course of the year.

Name	2013 KZT	2013 US$	2012 KZT	2012 US$
Revenue	39.3 billion	$253,554,797	40.32 billion	$243,741,137
EBITDA	1.49 billion	$9,661,570	2.39 billion	$15,674,830
FX loss	(294.6) million	($1,900,742)	(178.1) million	($1,164,633)
Interest	(735.3) million	($4,743,916)	(435.0) million	($2,843,313)
Depreciation/Amortization	(95.7) million	($617,619)	(65.7) million	($429,682)
Tax	(183.5) million	($1,183,871)	(423.4) million	($2,767,620)
Net Income	**483 million**	**$3,116,163**	**1.2 billion**	**$8,899,261**

Note the US dollar amounts used above are based upon a Kazakhstan Tenge to US Dollar rate of 155 to 1

Valuation as of 31 December 2013

The valuation of Stopharm as at 31 December 2013 represents a value derived based on an earnings multiple valuation technique from the Investment Funds Private Equity and Venture Capital Valuation Guidelines using EBITDA adjusted for cash and debt. Accordingly Stopharm is valued at $13,500,000.

	2013
Multiple	7,25
EBITDA	1 497 543 337,0
KZT value	10 857 189 193,3
Less debt	-6 383 000 000,0
Plus cash	685 489 422,0
Total KZT	5 159 678 615,3
FX rate	0,00645160
USD	33 288 182,6
Tau %	40,35%
Valuation	**13 431 781,7**

Investment Advisor's Report (continued)

Events after the date of the Statement of Financial Position

On 11 February 2014 the Kazakhstan Tenge devalued by 18%. Stopharm's revenue is all in Kazakhstan Tenge while a large part of its cost of goods sold is denominated in other currencies. Accordingly, Stopharm's management believes such event will have a material adverse impact on the financial performance of Stopharm in 2014, and post year end valuation has been written down by US$5.5 million to US$8 million.

Lucent Petroleum LLP ("Lucent")

Developments during the year 2013 as of 31 December 2013

Lucent Management continues to seek a farm in partner to provide finance through additional investment based upon additionally acquired 3d seismic survey, which according to Lucent Management now covers most of the block under their contract. Management's marketing efforts have produced several companies who have signed non-disclosure agreements, but no substantive farm in discussions have taken place. During 2013, certain cash deposits of Lucent held in Cyprus were converted into equity of Cyprus banks, and as at 31 December 2013 it had remaining funds frozen in Cyprus bank accounts in an amount of $1.3 million.

Valuation references available as of 31 December 2013

Initial Valuation Criteria

The below formed the initial valuation of the company, but since the company has yet to deliver on any of the assertions of the valuation report and due to the fact that Tau's interest was diluted to 5.4% of the Kazakhstan company holding the contracts for the extraction of hydrocarbons, the original data below included in the valuation is considered to be less relevant to support the current valuation recommendation.

MX Consulting resource valuation report of July 2010:

- A resource valuation report was prepared on Lucent's oil resources, as established by AGR and PGS reports and on the readiness for an IPO on the AIM stock exchange.
- The valuation framework employed is based on the most recent historical M&A transactions in the observed region.
- The valuation of assets worth $265 million.
- This valuation implies a value for Tau's final stake in Lucent of 6.18% in the amount of $16.4 million.

The valuation of the investment has been impaired over the past year due to the dwindling cash reserves, no new investors and the lifting of the moratorium of the Government of Kazakhstan sales of new exploration blocks.

Valuation as of 31 December 2013

Taking into account that there has been no interest by investors and that the company is now facing competition from new oil and gas properties are being offered for sale by the Government of Kazakhstan the recommendation is to value the investment as at 31 December 2013 at US$Nil.

Directors' Report

The Directors have pleasure in presenting the annual report and consolidated financial statements of Tau Capital Plc (the "Company") and its subsidiaries (together the "Group" or the "Fund") for the year ended 31 December 2013.

Principal activity and incorporation
The Company was incorporated in the Isle of Man on 3 April 2007 for the purpose of investing in public and private businesses that are established in, operating in or have exposure to Kazakhstan and neighbouring countries. It was admitted to the Alternative Investment Market of the London Stock Exchange on 3 May 2007.

On 25 July 2012, the Company restated its investment policy and committed to realising assets and distributing net proceeds as soon as practicable to Shareholders, subject to retaining sufficient cash to meet current and future liabilities.

The Company continued to pursue its realisation strategy and disposed of all public equity investments during the year, generating proceeds of USD 18.0 million in the period. The Company is actively pursuing the disposal of other investments.

Other than the transactions mentioned above, there were no changes to the nature of the Company's business, its subsidiaries or in the classes of business in which the Company has an interest. Details of the Company's private equity investments and subsidiaries at the balance sheet date and at the date of this report are disclosed in notes 16 and 17 respectively.

Results and dividends
The Group's results for the financial year ended 31 December 2013 are set out in the Consolidated Statement of Comprehensive Income on page 9.

A review of the Group's activities is set out in the Chairman's Statement on page 2 and the Investment Advisor's Report on pages 3 and 4.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2013 (31 December 2012: US$Nil), leaving a loss of US$19,922,128 (31 December 2012: US$17,110,614 loss) to be transferred from reserves (31 December 2012: transfer from reserves).

During the year the Company completed two Tender Offers on 20 February 2013 and 16 October 2013 following which 63,082,437 and 32,360,364 shares were repurchased respectively, at US$0.520573 per share and US$0.460965 and subsequently cancelled.

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and positions are set out in the Investment Advisor's Report on pages 3 to 4. Note 2 and note 10 to the financial statements include the Group's objectives and policies, its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to market risk, credit risk and liquidity risk.

Since the balance sheet date, the Group has realised US$425,000 from the disposal of debt instruments. The directors have considered forecast administration expenses and liquid financial resources available to the Group post year end, and after making enquires, have a reasonable expectation that the Company and the Group have adequate financial resources to meet liabilities as they fall due and to continue in operational existence for the foreseeable future.

Directors' Report (continued)

The Directors have considered the resolutions passed at the AGM in July 2012 in relation to an orderly disposal of investments, which require disposal of the private investments within 24 months. This time frame has now almost elapsed however the Directors are continuing to seek opportunities to dispose of the remaining private investments. After taking into account the current status regarding these investments and the fact that no final decision has been made by the board in relation to the future trading activities of the Company and the Group, the Directors consider that the Company is still a going concern. Accordingly, they continue to adopt the going concern basis in preparing the annual report and consolidated financial statements.

Directors
The Directors of the Company during the year and to the date of this report were as follows:

	Appointed
Philip Scales	3 April 2007
Philip Lambert	11 April 2007
Terence Mahony	24 July 2012
Richard Horlick	11 April 2007 (resigned 1 January 2014)
Robert Brown, III	11 April 2007 (resigned 31 March 2013)
Nicholas Paris	24 July 2012 (resigned 6 March 2013)
Graham Smith	9 April 2013 (resigned 1 January 2014)

Directors' interests in the shares of the Company are detailed in note 9.

Company Secretary
The Secretary of the Company during the year ended 31 December 2013 and to the date of this report was Philip Scales.

Auditors
Deloitte LLP, being eligible, has indicated its willingness to continue in office.

Approved on behalf of the Board of Directors

Philip Scales

Philip Lambert

26 June 2014

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the consolidated financial statements in accordance with applicable law and regulations.

Isle of Man company law requires the Directors to prepare consolidated financial statements for each financial year. Under that law the Directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the Directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these consolidated financial statements, International Accounting Standard 1 requires that Directors:

- 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 IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company and Group's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the consolidated financial statements comply with the Companies Act 2006. They are also responsible for the system of internal control, for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Tau Capital Plc

We have audited the financial statements of Tau Capital Plc for the year ended 31 December 2013, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows, and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body. 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 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. 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 (APB'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 annual report 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 Group and Company's affairs as at 31 December 2013 and of the Group's loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

Emphasis of matter – valuation of private investments

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures in notes 2(d), 5 and 16 concerning the valuation of investments. The Directors of the Company have estimated the total fair value of the private investments as US$13,500,000 as of 31 December 2013 in accordance with the Group's accounting policy, as disclosed in note 2(d). The value has been estimated by the Directors following the opinions and advice of the Investment Advisor in the absence of readily ascertainable market values. However, because of the inherent uncertainty of the valuations, the estimated values may differ materially from the values that would have been realised had disposals of the investments been made between a willing buyer and seller. It is not possible to quantify such uncertainties.

Deloitte LLP
Chartered Accountants
Douglas, Isle of Man
Date: 26 June 2014

Consolidated Statement of Comprehensive Income

	Note	For the year ended 31 December 2013 US$	For the year ended 31 December 2012 US$
Investment Income			
Interest income		13,586	3,829
Dividend income		1,396,263	5,745,329
Less: withholding tax		(4,497)	(160,698)
Net (loss) on financial assets and liabilities at fair value through profit or loss	3	(18,527,536)	(17,397,281)
Total operating (loss)		**(17,122,184)**	**(11,808,821)**
Expenses			
Operating expenses	7	(2,799,944)	(5,301,793)
(Loss) for the year attributable to:			
Owners of the parent		**(19,922,128)**	**(17,110,614)**
Non-controlling interests		-	-
Other comprehensive income		-	-
Total comprehensive (loss) for the year		**(19,922,128)**	**(17,110,614)**
Total comprehensive (loss) attributable to:			
Owners of the parent		(19,922,128)	(17,110,614)
Non-controlling interests		-	-
		(19,922,128)	**(17,110,614)**
Basic and diluted (loss) per share	15	**($0.20)**	**($0.08)**

All results derive from continuing operations.

Approved on behalf of the Board of Directors

Philip Scales　　　Philip Lambert

26 June 2014

The accompanying notes on pages 16 to 39 are an integral part of these financial statements.

Consolidated Statement of Financial Position

	Note	As at 31 December 2013 US$	As at 31 December 2012 US$
Assets			
Cash and cash equivalents	6	8,027,395	39,225,307
Financial assets at fair value through profit or loss	3	14,059,886	53,117,728
Dividends receivable		-	233,720
Other receivables		449,467	478,217
Total assets		**22,536,748**	**93,054,972**
Liabilities			
Financial liabilities at fair value through profit or loss	3	-	(2,504,266)
Accounts payable and accrued expenses	7	(324,700)	(660,521)
Total liabilities		**(324,700)**	**(3,164,787)**
Total net assets		**22,212,048**	**89,890,185**
Shareholders' equity			
Share capital	8	1,751,145	3,653,225
Capital redemption reserve	8	-	-
Distributable reserves		20,460,903	86,236,960
Total shareholders' equity		**22,212,048**	**89,890,185**
Net Asset Value per share	14	**$0.30**	**$0.53**

Approved on behalf of the Board of Directors

Philip Scales

Philip Lambert

26 June 2014

The accompanying notes on pages 16 to 39 are an integral part of these financial statements.

Company Statement of Financial Position

	Note	As at 31 December 2013 US$	As at 31 December 2012 (Restated*) US$
Assets			
Cash		7,018,084	2,402,258
Debtors and prepayments		12,959	74,419
Investments in subsidiaries	17	15,254,775	128,447,542
Loan to subsidiary	9	210,768	-
Total assets		**22,496,586**	**130,924,219**
Liabilities			
Creditors and accruals		(284,538)	(200,328)
Loan from subsidiary	9	-	(40,833,706)
Total liabilities		**(284,538)**	**(41,034,034)**
Total net assets		**22,212,048**	**89,890,185**
Shareholders' equity			
Share capital	8	1,751,145	3,653,225
Distributable reserves		20,460,903	86,236,960
Total shareholders' equity		**22,212,048**	**89,890,185**
Net Asset Value per share	14	**$0.30**	**$0.53**

* The comparatives have been restated, see note 2 (s)

Approved on behalf of the Board of Directors

Philip Scales

Philip Lambert

26 June 2014

The accompanying notes on pages 16 to 39 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2013

	Note	Share Capital US$	Distributable reserves US$	Total US$
Balance at 31 December 2012		3,653,225	86,236,960	89,890,185
Own shares acquired	8	(1,902,080)	(45,853,929)	(47,756,009)
Total comprehensive (loss) for the year				
attributable to:		-	(19,922,128)	(19,922,128)
Owners of the parent		-	-	-
Non-controlling interests				
Balance at 31 December 2013		**1,751,145**	**20,460,903**	**22,212,048**

Consolidated Statement of Changes in Equity for the year ended 31 December 2012

	Note	Share Capital US$	Capital redemption reserve US$	Distributable reserves US$	Total US$
Balance at 31 December 2011		4,752,070	250,109	139,097,195	144,099.374
Own shares acquired	8	(1,098,845)	-	(35,999,730)	(37,098,575)
Transfer to capital redemption reserve	8	-	254,209	(254,209)	-
Transfer from capital redemption reserve	8	-	(504,318)	504,318	-
Total comprehensive (loss) for the year attributable to:					
Owners of the parent		-	-	(17,110,614)	(17,110,614)
Non-controlling interests		-	-	-	-
Balance at 31 December 2012		**3,653,225**	**-**	**86,236,960**	**89,890,185**

The accompanying notes on pages 16 to 39 are an integral part of these financial statements.

Company Statement of Changes in Equity for the year ended 31 December 2013

	Note	Share Capital US$	Distributable reserves US$	Total US$
Balance at 31 December 2012		3,653,225	86,236,960	89,890,185
Own shares acquired	8	(1,902,080)	(45,853,929)	(47,756,009)
Total comprehensive (loss) for the year		-	(19,922,128)	(19,922,128)
Balance at 31 December 2013		**1,751,145**	**20,460,903**	**22,212,048**

Company Statement of Changes in Equity for the year ended 31 December 2012

	Note	Share Capital US$	Capital redemption reserve US$	Distributable reserves US$	Total US$
Balance at 31 December 2011		4,752,070	250,109	139,097,195	144,099.374
Own shares acquired	8	(1,098,845)	-	(35,999,730)	(37,098,575)
Transfer to capital redemption reserve	8	-	254,209	(254,209)	-
Transfer from capital redemption reserve	8	-	(504,318)	504,318	-
Total comprehensive (loss) for the year:		-	-	(17,110,614)	(17,110,614)
Balance at 31 December 2012		**3,653,225**	**-**	**86,236,960**	**89,890.185**

The accompanying notes on pages 16 to 39 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

	For the year ended 31 December 2013 US$	For the year ended 31 December 2012 US$
Cash flows from operating activities		
(Loss) for the year	(19,922,128)	(17,110,614)
Adjustments to reconcile (loss) for the year to net cash provided by operating activities		
Purchase of financial assets and settlement of financial liabilities	-	(19,166,613)
Sale of financial assets and settlement of financial liabilities	18,026,040	88,908,985
Realised loss on investments	10,393,257	35,843,940
Net change in unrealised (gain)/loss on investments	8,134,279	(18,228,966)
Decrease in amounts due from broker	-	6,178,013
Net increase in dividends receivable	233,720	(233,720)
Decrease/(increase) in other receivables	28,750	(344,954)
Decrease in interest receivable	-	51,118
(Decrease)/increase in accounts payable and accrued expenses	(335,821)	306,696
Net cash provided by operating activities	**16,558,097**	**76,203,885**
Cash flows from financing activities		
Payment for purchase of ordinary shares	(47,756,009)	(37,098,575)
Net cash used in financing activities	**(47,756,009)**	**(37,098,575)**
Net (decrease)/increase in cash and cash equivalents	**(31,197,912)**	**39,105,310**
Cash and cash equivalents at beginning of year	39,225,307	119,997
Cash and cash equivalents at end of year	**8,027,395**	**39,225,307**
Supplementary disclosure of cash flow information		
Dividends received	1,629,983	5,511,609
Net interest received	13,586	54,947

The accompanying notes on pages 16 to 39 are an integral part of these financial statements.

Company Statement of Cash Flows

	For the year ended 31 December 2013	For the year ended 31 December 2012 (Restated*)
	US$	US$
Cash flows from operating activities		
(Loss) for the year	(19,922,128)	(17,110,614)
Adjustments to reconcile (loss) for the year to net cash provided by operating activities		
(Increase)/decrease in debtors and prepayments	(149,308)	58,843
Decrease in investment in subsidiaries	113,192,767	15,750,209
Increase/(decrease) in creditors and accruals	84,210	(121,967)
Net cash provided by operating activities	93,205,541	(1,423,529)
Cash flows from financing activities		
Payment for purchase of ordinary shares	(47,756,009)	(37,098,575)
Proceeds from inter-company loan	(40,833,706)	40,833,706
Net cash flow used in financing activities	(88,589,715)	3,735,131
Net increase in cash and cash equivalents	4,615,826	2,311,602
Cash and cash equivalents at beginning of year	2,402,258	90,656
Cash and cash equivalents at end of year	**7,018,084**	**2,402,258**

* The comparatives have been restated, see note 2 (s)

The accompanying notes on pages 16 to 39 are an integral part of these financial statements.

Notes to the Financial Statements

1. General

Tau Capital plc (the "Company") is a closed-ended investment fund incorporated and domiciled in the Isle of Man on 3 April 2007. The Company was incorporated under the Companies Acts 1931-2004. Following approval at the Annual General Meeting held on 24 July 2012, the Company was re-registered under the Companies Act 2006 with number 008604V. The Company was originally established to allow investors the opportunity to realise returns through investing in both public and private businesses that are established in, operating in or have exposure to Kazakhstan. Although Kazakhstan focused, the Company also seeks investment opportunities in the Kyrgyz Republic, Uzbekistan, Turkmenistan, Tajikistan, Mongolia and Russia (the "Investment Countries"). The Company is listed on the Alternative Investment Market of the London Stock Exchange. The Company has no employees.

The Company's public investments are held by a subsidiary, Tau Cayman LP. Tau Cayman LP holds two (31 December 2012: two) private investments. As at 31 December 2013, one other private investment was held by Tau SPV 1 Cooperatief (31 December 2012: one). Tau Cayman LP, Tau SPV 1 Cooperatief, Tau Cayman Limited and Tau Capital plc are referred to as the "Group".

The Group previously invested in public companies with substantial operating assets in Kazakhstan or in the Investment Countries who have securities listed on the Kazakhstan Stock Exchange ("KASE") or other stock exchanges or over-the-counter-markets. These investments may have been in combination with additional debt or equity-related financings, and potentially in collaboration with other financial and/or strategic investors. During the year ended 31 December 2013 all remaining investments in public companies were disposed of.

The Group is currently implementing the investing policies agreed at the 2012 AGM and has not made any new investments during the period under review.

2. Accounting Policies

The significant accounting policies and estimation techniques adopted by the Group for the year ended 31 December 2013 are consistent with those adopted by the Group for the annual financial statements for the year ended 31 December 2012.

a) Statement of compliance

The annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union and applicable legal and regulatory requirements of Isle of Man law and the AIM Rules of the London Stock Exchange.

b) New accounting standards

In the current year, the Company has adopted the following Standards and Interpretations that are mandatorily effective for an accounting period that begins on or after 1 January 2013:

- Amendment to IFRS 1 – Government Loans. The adoption of this standard has not had any material impact on the financial statements of the Company.
- Amendment to IFRS 7 (Dec 2011) - Disclosures - Offsetting Financial Assets and Financial Liabilities. The adoption of this standard has not had any material impact on the financial statements of the Company.
- IAS 19 (revised June 2011) – Employee Benefits. The adoption of this standard has not had any material impact on the financial statements of the Company.
- IFRS 13- Fair Value Measurement. Other than the additional disclosures required by IFRS 13 which have been included in the Company's financial statements (see note 5), the adoption of this standard has not had any material impact on the amounts recognised in the Group's financial statements.
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine. The adoption of this interpretation has not had any impact on the financial statements of the Company.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

b) New accounting standards (continued)

As of the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not been adopted by the European Union):

- IFRS 9: Financial Instruments was issued in November 2009. The standard is effective for annual periods, beginning on or after 1 January 2015, with earlier application permitted. The adoption of this standard is expected to have limited impact on the classification and measurement of financial instruments in the financial statements.
- IFRS 12 - Disclosure of Interests in Other Entities. Effective 1 January 2014, with earlier application permitted. The adoption of this standard in future periods may impact on disclosures in the financial statements. The Company has not yet fully assessed the impact that adoption of the standard will have on the financial statements and will need to perform this assessment taking into account amendments made by Investment Entities.
- IFRS 11 - Joint Arrangements. Effective 1 January 2014, with earlier application permitted. The adoption of this standard in future periods may impact on disclosures in the financial statements.
- Amendments to IFRS 11 (May 2014) - Accounting for Acquisitions of Interests in Joint Operations. Effective 1 January 2016, with earlier application permitted. The standard has not yet been adopted in the EU. The adoption of this standard in future periods is not expected to have a material impact on the financial statements.
- IFRS 10 - Consolidated Financial Statements. Effective 1 January 2014, with earlier application permitted. The adoption of this standard in future periods may impact on disclosures in the financial statements. The Company has not yet fully assessed the impact that adoption of the standard will have on the financial statements and will need to perform this assessment taking into account amendments made by Investment Entities.
- IAS 28 (revised May 2011) - Investments in Associates and Joint Ventures. Effective 1 January 2014, with earlier application permitted. The adoption of this standard in future periods may impact on disclosures in the financial statements. The Company has not yet fully assessed the impact that adoption of the standard will have on the financial statements and will need to perform this assessment taking into account amendments made by Investment Entities.
- IAS 27 (revised May 2011) - Separate Financial Statements. Effective 1 January 2014, with earlier application permitted. The adoption of this standard in future periods may impact on disclosures in the financial statements. The Company has not yet fully assessed the impact that adoption of the standard will have on the financial statements and will need to perform this assessment taking into account amendments made by Investment Entities.
- IFRS 10, IFRS 12, IAS 28 and IAS 27 (amended) – Investment Entities. Effective 1 January 2014, with earlier application permitted. The adoption of this standard in future periods may have a material impact on the financial statements of the Company in respect of the consolidation of the Company's investments. The Company has not yet fully assessed the impact that adoption of Investment Entities will have on the financial statements.
- IFRS 14 - Regulatory Deferral Accounts. Effective 1 January 2016, with earlier application permitted. The standard has not yet been adopted in the EU. The adoption of this standard in future periods is not expected to have a material impact on the financial statements.
- IFRS 15 - Revenue from Contracts with Customers. Effective 1 January 2017, with earlier application permitted. The standard has not yet been adopted in the EU. The adoption of this standard in future periods is not expected to have a material impact on the financial statements.
- Amendment to IAS 32 (Dec 2011) - Offsetting Financial Assets and Financial Liabilities. Effective 1 January 2014, with earlier application permitted. The adoption of this standard in future periods is not expected to have a material impact on the financial statements.
- Amendment to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting. Effective 1 January 2014, with earlier application permitted. The adoption of this standard in future periods is not expected to have a material impact on the financial statements.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

b) New accounting standards (continued)

- Amendment to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets. Effective 1 January 2014, with earlier application permitted. The adoption of this standard in future periods is not expected to have a material impact on the financial statements.
- Amendments to IAS 16 and IAS 38 (May 2014) Clarification of Acceptable Methods of Depreciation and Amortisation. Effective 1 January 2016, with earlier application permitted. The standard has not yet been adopted in the EU. The adoption of this standard in future periods is not expected to have a material impact on the financial statements
- Amendments to IAS 19 (Nov 2013) - Defined Benefit Plans: Employee Contributions. Effective 1 July 2014, with earlier application permitted. The standard has not yet been adopted in the EU. The adoption of this standard in future periods is not expected to have a material impact on the financial statements
- IFRIC 21 – Levies. Effective 1 January 2014. The adoption of this interpretation has not had any impact on the financial statements.

c) Basis of presentation

The financial statements are presented in US dollars. The functional currency is also the US dollar.

No separate Statement of Comprehensive Income has been presented for the Company. The parent company incurred a loss of US$19,922,128 in the year (31 December 2012: loss of US$17,110,614).

The Statement of Financial Position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items. All of the Group's assets and liabilities are held for the purpose of being traded or are expected to be realised within one year with the exception of private investments and any associated interest receivable. All references to net assets throughout this document refer to net assets attributable to holders of ordinary shares unless otherwise stated.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and positions are set out in the Investment Advisors Report on pages 3 to 4. Note 2 and note 10 to the financial statements include the Group's objectives and policies, its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to market risk, credit risk and liquidity risk.

The Group has considerable financial resources and as a consequence the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Since the balance sheet date, the Group has also realised US$425,000 from the disposal of private investments. The directors have considered forecast administration expenses and liquid financial resources available to the Group post year end, and after making enquires, have a reasonable expectation that the Company and the Group have adequate financial resources to meet liabilities as they fall due and to continue in operational existence for the foreseeable future.

The Directors have considered the resolutions passed at the AGM in July 2012 in relation to an orderly disposal of investments, which require disposal of the private investments within 24 months. This time frame has now almost elapsed however the Directors are continuing to seek opportunities to dispose of the remaining private investments. After taking into account the current status regarding these investments and the fact that no final decision has been made by the board in relation to the future trading activities of the Company and the Group, the Directors consider that the Company is still a going concern.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

d) Significant accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires the Board of Directors to exercise its judgement in the process of applying the Group's accounting policies. Key estimates, assumptions and judgements that have significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques. Where applicable, investments are valued according to the International Private Equity and Venture Capital Valuation Guidelines December 2012 based on the opinions and advice of the Investment Advisor. Valuation techniques may include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. It is reasonably possible that outcomes within the next financial year that are different from the assumptions adopted by the Board of Directors could require a material adjustment to the carrying amount of the asset or liability affected. Further details concerning the uncertainties surrounding the valuation of private investments can be found in note 2(e), note 5 and note 16.

e) Financial instruments

i) Classification

The Group designates its assets and liabilities into the category below in accordance with IAS 39 "Financial instruments: Recognition and Measurement".

Financial assets and liabilities at fair value through profit or loss

The category of financial assets and liabilities at fair value through profit or loss is further sub-divided into:

<u>Financial assets and liabilities held for trading</u>: These include equities, debt instruments, OTC options, futures and liabilities from short sales of financial instruments. These instruments are acquired or incurred principally for the purpose of generating a profit from a short-term fluctuation in price. Derivatives are categorised as held for trading, as the Group does not designate any derivatives as hedges for hedge accounting purposes as described under IAS 39.

<u>Financial assets and liabilities designated at fair value through profit or loss at inception:</u> including private investments comprising equity, bridging loans, mezzanine loans, profit participating loans, or combinations thereof. These are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Group's documented investment strategy. Private investments have been designated at fair value through profit or loss and accounted for in accordance with IAS 39 "Financial Instruments: Recognition and Measurement". IAS 28 "Investments in Associates" and IAS 31 "Interest in Joint Ventures" has not been applied by the Group to the investments that it holds in associates or joint ventures as the Group is a venture capital organisation outside the scope of these standards.

ii) Recognition

All regular way purchases and sales of financial instruments are recognised on the trade date, which is the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial instruments that require delivery of assets within the period generally established by regulation or convention in the market place. Realised gains and losses on disposals of financial instruments are calculated using the first-in-first-out ("FIFO") method.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

e) Financial instruments (continued)

iii) Initial measurement
Financial instruments categorised at fair value through profit or loss, are recognised initially at fair value, with transaction costs for such instruments being recognised directly in the Statement of Comprehensive Income.

iv) Subsequent measurement
After initial measurement, the Group measures financial instruments which are classified as at fair value through profit or loss at their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. 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 date of the Statement of Financial Position without any deduction for estimated future selling costs. Financial assets are priced at their current bid prices, while financial liabilities are priced at their current offer prices.

If a quoted market price is not available on a recognised stock exchange or from a reputable broker/counterparty, the fair value of the financial instruments may be estimated by the Directors using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Unlisted private investments are valued at the Directors' estimate of their fair value in accordance with the requirements of IAS 39 and guidelines issued by the International Private Equity and Venture Capital Association ("IPEVCA") December 2012. In estimating fair value for this type of investment, the Directors will apply a methodology that is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio and will use reasonable assumptions and estimations. An appropriate methodology will incorporate available information about all factors that are likely to materially affect the fair value of the investment. Valuation methodologies will be applied consistently from year to year, except where a change would result in a more accurate estimate of the fair value of the investment, which may be up or down (see note 2(d)).

v) De-recognition
The Group de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition in accordance with IAS 39.

v) De-recognition (continued)
The Group derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

An analysis of the fair value of financial instruments is set out in note 5.

f) Investments in subsidiaries

In accordance with IAS 27 "Consolidated and Separate Financial Statements", investments in subsidiaries are accounted for under IAS 39 "Financial Instruments: Recognition and Measurement" as investments designated at fair value through profit or loss.

g) Interest income and expense

Interest income and interest expense are recognised on an accruals basis, using the effective interest method, in line with contractual terms. Interest is accrued on a daily basis.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

h) Dividend income and expense

Dividend income and expense are recognised in the Statement of Comprehensive Income on the dates on which the relevant securities are listed as "ex-dividend". Dividend income is shown gross of any non-recoverable withholding taxes, which are disclosed separately in the Statement of Comprehensive Income, and net of any tax credits.

i) Expenses

All expenses, including performance fees and management fees, are recognised in the Statement of Comprehensive Income on an accruals basis.

j) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

k) Foreign currency translation

i) Functional and presentation currency

Items included in the Group's financial statements are measured and presented using the currency of the primary economic environment in which it operates (the "functional currency"). This is the US dollar, which reflects the Group's primary activity of investing in US dollar securities and derivatives.

ii) Foreign currency transactions

Monetary assets and liabilities and financial instruments categorised as at fair value through profit or loss, denominated in currencies other than the US dollar are translated into US dollars at the closing rates of exchange at the date of the Statement of Financial Position. Transactions during the year, including purchases and sales of securities and income and expenses are translated at the rate of exchange prevailing on the date of the transaction. Foreign currency transaction gains and losses are included in realised and unrealised gains and losses on financial assets and liabilities designated at fair value through profit or loss.

l) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances with a maturity date of up to three months from the date of acquisition. They are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

m) Amounts due from brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the date of the Statement of Financial Position.

n) Taxation

The Company is resident for tax purposes in the Isle of Man and its profits are subject to Isle of Man corporate income tax at the current rate of 0%.

The Group is exempt from all forms of taxation in the Cayman Islands, including income, capital gains and withholding taxes.

Provided the relevant investments meet the criteria of the participation exemption, the Group will not incur any taxes in the Netherlands. To date, the Group has not incurred a liability to Dutch tax.

The Group suffered withholding taxes on dividends received from foreign sources in the current and prior year.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

o) Share capital

The Company's founder shares are classified as equity in accordance with the Company's Articles of Association.

p) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December 2013. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full on consolidation.

q) Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to the segment and assess its performance.

The investment strategy of the Group is focused on entities that operate in or have an exposure to Kazakhstan and the Investment Countries, which represent one geographical segment. Accordingly, the Directors are of the opinion that the Group is engaged in a single segment of business, being investment business, in one geographical area, being Kazakhstan and the Investment Countries.

r) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, from the date that they are issued. The equity-settled transactions were fully vested on the date of their issue.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the fair value of the liability determined at each date of the Statement of Financial Position with any changes in fair value recognised in profit or loss for the year.

s) Prior year restatement

Comparative information disclosed in the Company Statement of Financial Position and Company Statement of Cash Flows for the year ended 31 December 2012 has been restated to recognise that the cash previously reported as held by a subsidiary was in fact held by the Company. This has resulted in the recognition of cash and cash equivalents, other debtors and accounts payable, accrued expenses and adjustments to the value of investments in subsidiaries and loan from subsidiary balances within the Company Statement of Financial Position. It has also resulted in amendments for associated cash flows related to those balances within the Company Statement of Cash Flows. The restatement does not have an impact on the net assets of the Company, the net asset value per share or the loss made by the Company in the prior year.

The restatement also does not affect any comparative figures presented in respect of the Group consolidated financial statements.

Notes to the Financial Statements (continued)

3. Financial Instruments at Fair Value Through Profit or Loss

	As at 31 December 2013 US$	As at 31 December 2012 US$
Held for trading		
Public equities	-	23,434,883
Debt instruments	559,886	682,845
	559,886	24,117,728
Designated at fair value through profit or loss:		
Private investments	13,500,000	29,000,000
Total financial assets at fair value through profit or loss	**14,059,886**	**53,117,728**
Held for trading:		
Derivatives: contracts for difference	-	(2,504,266)
Total financial liabilities at fair value through profit or loss	**-**	**(2,504,266)**
Net (loss) on financial assets and liabilities at fair value through profit or loss:		
Net realised (loss) on investments and foreign exchange	-	-
Net movement in unrealised (loss) on investments and foreign exchange	(15,500,000)	(3,750,000)
	(15,500,000)	**(3,750,000)**
Net (loss) on financial assets and liabilities held for trading:		
Net realised (loss) on investments and foreign exchange	(10,393,257)	(35,710,310)
Net movement in unrealised gain on investments and foreign exchange	7,365,721	22,063,029
	(3,027,536)	**(13,647,281)**
Total net (loss)	**(18,527,536)**	**(17,397,281)**

4. Derivative Contracts

Typically, derivative contracts serve as components of the Group's investment strategy and are utilised primarily to structure and hedge investments to enhance performance and reduce risk to the Group (the Group does not designate any derivatives as hedges for hedge accounting purposes as described under IAS 39). The derivative contracts that the Group holds or issues are over-the-counter ("OTC") options and futures.

The Group records its derivative activities on a mark-to-market basis. Fair values are determined by using quoted market prices. For OTC contracts, the Group enters into master netting agreements with its counterparties, therefore, assets represent the Group's unrealised gains less unrealised losses for OTC contracts in which the Group has a master netting agreement. Similarly, liabilities represent net amounts owed to counterparties on OTC contracts.

A breakdown of the fair value of the derivatives held as at 31 December 2013 and 31 December 2012 can be found in note 3 to the financial statements above. There are no derivative contracts held as at 31 December 2013.

The primary difference in the risk associated with OTC contracts and exchange-traded contracts is credit risk. The Group has credit risk from OTC contracts when two conditions are present (i) the OTC contracts have unrealised gains, net of any collateral and (ii) the counterparty to the contract defaults. The credit risk related to exchange-traded contracts is minimal because the exchange ensures that their contracts are always honoured.

Notes to the Financial Statements (continued)

4. Derivative Contracts (continued)

The Group purchases or sells put and call options through the OTC markets. Options purchased by the Group provide the Group with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option. The Group is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value.

Options written by the Group provide the purchaser of the option the opportunity to purchase from or sell to the Group the underlying asset at an agreed-upon value either on or before the expiration of the option.

Premiums received from writing options are mark-to-market in accordance with note 2(e) and the resulting gains or losses are recorded in the Statement of Comprehensive Income.

5. Fair Value of Financial Instruments

The Group classifies investments in accordance with IAS 39 - Financial Instruments: Recognition and Measurement and values its investments in accordance with IFRS 13 – Fair Value Measurements ("IFRS 13"). IFRS 13 defines fair value and establishes a framework for measuring fair value. The fair value of financial assets and liabilities are calculated in accordance with the accounting polices disclosed in note 2 (e) to the financial statements.

Financial instruments included in each category are as follows:

Level 1 - Quoted market price:	Public equities and contracts for difference
Level 2 - Market observable inputs:	Debt instruments and public equities
Level 3 - Non-market observable inputs:	Private investments

The following tables show an analysis of financial instruments recorded at fair value, between those whose fair value is based on quoted market prices (level 1), those involving valuation techniques where all the model inputs are observable in the market (level 2) and those where the valuation technique involves the use of non-market observable inputs (level 3).

As at 31 December 2013, the breakdown was as follows:

	(Level 1) US$	**(Level 2) US$**	**(Level 3) US$**	**Total US$**
Financial Assets				
- Held for trading	-	559,886	-	559,886
- Designated at fair value through profit or loss	-	-	13,500,000	13,500,000
	-	**559,886**	**13,500,000**	**14,059,886**

Notes to the Financial Statements (continued)

5. Fair Value of Financial Instruments (continued)

As at 31 December 2012, the breakdown was as follows:

	(Level 1) US$	(Level 2) US$	(Level 3) US$	Total US$
Financial Assets				
- Held for trading	22,798,484	1,319,244	-	24,117,728
- Designated at fair value through profit or loss	-	-	29,000,000	29,000,000
	22,798,484	**1,319,244**	**29,000,000**	**53,117,728**
Financial Liabilities				
- Held for trading	(2,504,266)	-	-	(2,504,266)
	(2,504,266)	**-**	**-**	**(2,504,266)**

There were no transfers between Level 1 and 2 in the period.

The following is a reconciliation of the movement in financial assets for which non-market observable inputs (level 3) were used to determine fair value as at 31 December 2013 and 31 December 2012:

	31 December 2013 US$	31 December 2012 US$
Opening balance at beginning of year	29,000,000	57,566,228
Transfers in	-	-
Transfers out	-	-
Purchases	-	-
Sales	-	(18,950,770)
Net realised and unrealised gain on investments recognised as investment income	(15,500,000)	(9,615,458)
Closing balance at end of year	**13,500,000**	**29,000,000**

Net realised and unrealised (loss)/gain on investments are recognised as investment income in the Statement of Comprehensive Income. There were no transfers out of level 3 during the year (2012: none).

Fair value of the Group's level 3 financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

Notes to the Financial Statements (continued)

5. Fair Value of Financial Instruments (continued)

Financial assets	Fair value as at 31 December 2013	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Private equity investments	40.35 per cent equity investment in Stopharm LLP engaged in wholesale pharmaceutical distribution: US$ 13,500,000	Level 3	Adjusted earnings approach	Earnings multiple, determined by reference to the earnings multiple of listed entities in similar industries, discounted for lack of marketability. Maintainable earnings.	The higher the discount, the lower the fair value. The higher the earnings, the higher the fair value.
Private equity investments	5.5 per cent equity investment in Lucent Petroleum LLP engaged in oil and gas exploration: US$ NIL	Level 3	Net realisable assets approach	Discount for lack of marketability of shares and uncertainty over future financing of the project.	If future financing is found development of project sites can begin and fair value will increase.

If either of the above unobservable inputs to the valuation model in respect of Stopharm LLP were 10 per cent high/lower while all the other variables were held constant, the carrying amount of shares would decrease/increase by £2,826,366.

A sensitivity to changes in assumptions has not been prepared in respect of Lucent Petroleum LLP due to the nil fair value of the investments and because changes in the fair value of the investment will derive from the ability to find a farm in partner (see note 16 for further details).

6. Cash and Cash Equivalents

	As at 31 December 2013 US$	**As at 31 December 2012 US$**
Cash at bank	8,027,395	39,225,307
	8,027,395	**39,225,307**

7. Fees and Expenses

Investment management fees

During the period Capital Gate Securities Ltd ("Capital Gate") was the Investment Advisor to the private equity part of the Fund for which they receive two fees which are paid semi-annually in advance. The first fee is equal to 2% of the aggregate net asset value of Stopharm LLP and the aggregate net asset value of Lucent Petroleum LLP as at the date of the agreement, being US$21,500,000 and US$11,250,000 respectively, until the liquidation of such assets.

Additionally Capital Gate receives 1% of the net asset value of any other assets that the Group may subsequently transfer from its public equity portfolio to Capital Gate or in respect of any other ancillary services which the Company asks Capital Gate to provide.

Sturgeon Capital Ltd ("Sturgeon") acted as Investment Manager to the Group up until 8 October 2013, with responsibility for the public equity securities. All public equity investments have now been realised.

Notes to the Financial Statements (continued)

7. Fees and Expenses (continued)

The investment management fees that applied to Sturgeon until 8 October 2013 were as follows:

a) The management fee is an amount equal to 0.12% of the net asset value, which is calculated or determined monthly at each valuation date.

b) If the aggregate investment management fees paid by the Group prior to the earlier of (i) the date of termination of the investment management agreement or (ii) the first anniversary of 21 September 2012 are less than US$375,000, the Group shall pay an amount equal to US$375,000 less the investment management fees actually paid during the period by no later than 30 days after the earlier of (a) the termination date of the agreement or (b) the first anniversary of the effective date.

c) The Group shall pay Sturgeon a maximum aggregate amount of US$750,000 in investment management fees and performance fees during the term of the investment management agreement. If such maximum amount has been reached, there is no further liability to pay any investment management fee or performance fee during the term of the investment management agreement.

The total investment management fee for the year was US$1,057,836 (31 December 2012: US$3,150,005) of which US$Nil (31 December 2012: US$Nil) was outstanding as at 31 December 2013. The current year fee is split US$702,881 and US$354,955 between Capital Gate and Sturgeon respectively.

Performance fees
Sturgeon was also entitled to a receive a performance fee equal to 20% of the Net Realisation of an Investment provided the Net Realisation of each Investment (other than the Oxus Bonds) has achieved a Hurdle Return (an increase of 12% per annum on the base value of the relevant investment).

The performance fee for the year was US$(181,101) (31 December 2012: US$289,507) resulting from a reversal of a prior year over accrual. US$Nil (31 December 2012: US$289,507) was outstanding as at 31 December 2013.

Administrator and Sub-Administrator fees
The Administrator is entitled to receive a fixed fee of £35,000 per annum payable quarterly in arrears. As of 1 October 2013 the Administrator is also entitled to receive an additional fixed fee of $35,000 per annum payable quarterly in arrears for the provision of accounting services.

The sub-administrator was entitled to receive a monthly fee up until 30 September 2013 for the provision of administration and accounting services of US$3,000 plus an additional fee at the following rates (subject to a minimum monthly fee of US$7,500):

a) 0.08% of the first US$100 million of average net assets;
b) 0.06% of the next US$100 million of average net assets;
c) 0.04% of the next US$100 million of average net assets; and
d) 0.03% of the average net assets in excess of US$300 million.

Administrator and Sub-Administrator fees (continued)
The Sub-Administrator was also entitled to receive a monthly fee up until 30 September 2013 for its trade support and middle office services at the following rates:

a) 0.06% of the first US$100 million of average net assets;
b) 0.04% of the next US$100 million of average net assets; and
c) 0.03% of the average net assets in excess of US$200 million.

Fees paid to the Administrator and Sub-Administrator for the year ended 31 December 2013 were US$60,682 (31 December 2012: US$92,000) and US$89,489 (31 December 2012: US$99,789) respectively.

Notes to the Financial Statements (continued)

7. Fees and Expenses (continued)

Directors' remuneration

The Directors are entitled to receive by way of fees for their services as Directors, such sum as the Board may determine (not exceeding £400,000 per annum or such other sum as the Group in General Meeting shall determine). Each Director is entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in the performance of his duties as a Director.

The Director's remuneration expense for the year amounted to US$226,088 (31 December 2012: US$213,265). During the year Terence Mahony and Philip Lambert received £40,000 and £50,000 respectively, pro-rated to 7 October 2013 when both directors' fees were reduced by £20,000 per annum each, pro-rated to 31 December 2013. Nicholas Paris and Robert Brown, III, each received £40,000 per annum, pro-rated to the date of their resignation of 5 March 2013 and 31 March 2013 respectively. Philip Scales and Graham Smith received £10,000 and £Nil respectively.

The following table shows the breakdown of accounts payable and accrued expenses as at 31 December 2013 and 31 December 2012:

	As at 31 December 2013 US$	**As at 31 December 2012 US$**
Administration fees payable	(46,839)	(72,394)
Audit fees payable	(70,000)	(58,994)
Directors' remuneration payable	(37,150)	(27,947)
Professional fees payable	(115,000)	(149,600)
Performance fees payable	-	(289,507)
Other accounts payable and accrued expenses	(55,711)	(62,079)
	(324,700)	**(660,521)**

The following table shows the breakdown of operating expenses incurred for the year ended 31 December 2013 and 31 December 2012:

	For the year ended 31 December 2013 US$	**For the year ended 31 December 2012 US$**
Investment management fees	(1,057,836)	(3,150,005)
Performance fees	181,101	(289,507)
Administration fees	(150,171)	(191,789)
Directors' remuneration expenses	(226,088)	(213,265)
Audit fees	(123,554)	(91,131)
Other operating expenses	(1,423,396)	(1,366,096)
	(2,799,944)	**(5,301,793)**

8. Share Capital and Share Premium

The authorised share capital of the Group is £3,502,000 comprising 350,199,998 ordinary shares of £0.01 each and 2 founder shares of £0.01 each. The founder shares carry identical rights and privileges to the ordinary shares of the Group which include a right to receive all dividends and other distributions declared, made or paid. The share capital of the Group has been allocated, called up and fully paid. The shares in issue as at 31 December 2013 and 31 December 2012 were as follows:

Notes to the Financial Statements (continued)

8. Share Capital and Share Premium (continued)

	Ordinary shares in issue	Founder shares in issue
As at 31 December 2012	169,426,460	2
Tender offer 20 February 2013	(63,082,437)	-
Tender offer 16 October 2013	(32,360,364)	-
As at 31 December 2013	73,983,659	2

During the year the Company acquired a total of 95,442,801 of its own ordinary shares of £0.01 each through completed Tender Offers, which were subsequently cancelled.

On 20 February 2013 the Company completed a Tender Offer following which 63,082,437 shares were repurchased at US$0.520573 per share and subsequently cancelled.

On 16 October 2013 the Company completed a further Tender Offer following which 32,360,364 shares were repurchased at US$0.460965 per share and subsequently cancelled.

During the year ended 31 December 2012, the following acquisitions of own shares took place:

	Shares	Price per Share US$	Amount Paid US$
22 February 2012	11,491,538	0.42	4,797,717
06 March 2012	500,000	0.43	215,000
19 March 2012	1,000,000	0.45	450,000
26 March 2012	500,000	0.45	225,000
30 March 2012	150,000	0.45	67,500
04 April 2012	500,000	0.47	232,500
18 April 2012	2,000,000	0.46	920,000
25 July 2012	1,500,000	0.47	697,500
02 August 2012	200,000	0.47	93,500
28 August 2012	3,000,000	0.47	1,402,500
	20,841,538		9,101,217

On 5 November 2012 the Company completed a Tender Offer following which 48,108,004 shares were repurchased at US$0.581075 per share and subsequently cancelled.

In 2012 in order to finance the share buy backs, a subsidiary company, Tau Cayman LP, sold certain public investments and loaned the proceeds to the Company. The loan was interest free and repayable on demand. During the current period as disclosed in note 16, Tau (Cayman) L.P. made distributions of US$94,448,867 which were offset against the loan. As required under Isle of Man company law, while the Company was incorporated under the Companies Act 1931 – 2004, the amount by which the Company's issued share capital has diminished was transferred to the capital redemption reserve. Following re-registration under the Companies Act 2006, this reserve was no longer required and an amount of US$504,318 was transferred to distributable reserves from the capital redemption reserve in the prior year.

In 2013 the Company loaned Tau Cayman LP an amount of US$210,768 for the payment of day to day expenses. The loan is unsecured and repayable on demand.

9. Related Party Transactions

Philip Scales, a Director of the Company as listed on page 1, is the managing director of IOMA Fund and Investment Management Ltd, the administrator.

Graham Smith, a Director of the Company until 1 January 2014 as listed on page 1, is an executive director of IOMA Fund and Investment Management Ltd, the administrator.

Notes to the Financial Statements (continued)

9. Related Party Transactions (continued)

Fee arrangements with related parties and details of Director's remuneration can be found in note 7.

As at 31 December 2013, Philip Lambert held 161,430 ordinary shares in the Company (31 December 2012: Philip Lambert and Robert Brown, III each held 389,292). Following Robert Brown, III's resignation during the period, his shares were transferred to a Nominee company. These shares were granted in consideration for the provision of services pursuant to their letters of appointment as non-executive Directors.

As at 31 December 2013, Richard Horlick held 7,192,737 ordinary shares (31 December 2012: 17,357,305).

As at 31 December 2013 Terence Mahony held 163,381 ordinary shares (31 December 2012: 393,996).

As at 31 December 2013 and 31 December 2012, both Spencer House Capital Management, LLP and Compass Asset Management Ltd held one founder share each.

As at 31 December 2013, Tau Cayman L.P. has loaned the Company US$Nil (2012: US$40,833,706). The terms of the loan are disclosed in note 8.

As at 31 December 2013, the Company has loaned Tau Cayman L.P. US$210,768 (2012: US$Nil). The terms of the loan are disclosed in note 8.

Gypsum Limited, a company to whom Richard Horlick provides consultancy services, received fees of £180,000 during 2013 (2012: £75,000).

10. Financial Instruments and Associated Risks

Introduction
In accordance with the Company's accounting policy for investments in subsidiaries (note 2f), these are designated at fair value through profit or loss. Since the Group's underlying net assets are owned by its subsidiaries and are carried at fair value, the disclosures in this note relating to financial instruments and associated risks are the same for both the Company and the Group.

Risk is inherent in the Group's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Group's continuing profitability. The Group is exposed to market risk (which includes currency risk, interest rate risk and other price risk), credit risk and liquidity risk arising from the financial instruments it holds.

Risk management structure
The Board of Directors is ultimately responsible for identifying and controlling risks. However, it is the Investment Manager who manages and monitors risks on an ongoing basis.

Risk measurement and reporting system
The Group's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The model makes use of the probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily performed based on limits established by the Board. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept. In addition, the Group monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

10. Financial Instruments and Associated Risks (continued)

Risk mitigation
The Group has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy and have established processes to monitor and control economic hedging transactions in a timely and accurate manner. The Group uses derivatives and other instruments for trading purposes and in connection with its risk management activities.

Excessive risk concentration
Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

Market risk

Market risk is the risk that the fair value, or future cash flows of a financial instrument, will fluctuate because of changes in market prices and includes interest rate risk, foreign currency risk and "other price risks", such as equity and commodity risk.

The Group's strategy on the management of investment risk is driven by its investment objective as outlined in note 1 to the financial statements. Details of the Group's financial instruments outstanding at the date of the Statement of Financial Position can be seen in the Schedule of Investments (unaudited) on page 40.

Equity price and private investment risk
Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. The equity and private investment price risk exposure arises from the Group's investment portfolio. The Group manages this risk by investing on different stock exchanges and in different sectors.

Price movements are influenced by, among other things, changing supply and demand relationships, monetary and exchange control programs, policies of governments, political and economic events, and policies and emotions of the marketplace.

Prior to the 2012 annual general meeting the Investment Manager considered the asset allocation of the portfolio in order to minimise risks whilst achieving the Group's investment objectives. The Group maintained a diversified portfolio both in terms of the number of positions, their geographic location and industry sector.

The following table shows the breakdown by industry sector as at 31 December 2013:

	Financial assets at fair value through profit or loss US$	**Financial liabilities at fair value through profit or loss US$**
Healthcare	13,500,000	-
Precious metals	559,886	-
	14,059,886	-

Notes to the Financial Statements (continued)

10. Financial Instruments and Associated Risks (continued)

The following table shows the breakdown by industry sector as at 31 December 2012:

	Financial assets at fair value through profit or loss US$	Financial liabilities at fair value through profit or loss US$
Healthcare	21,500,000	-
Oil & Gas	15,705,873	-
Precious metals	9,433,237	(2,504,266)
Metals & Mining	6,205,612	-
Telecom services	273,006	-
	53,117,728	(2,504,266)

Equity and private investment price risk (continued)

Management's best estimate of the effect on net assets and profit due to a reasonably possible change in private investments is disclosed in note 5. For the year ended 31 December 2012, management's best estimate of the effect on net assets and profit due to a reasonably possible change in private investments of a decrease of 10%, with all other variables held constant as at 31 December 2012 was US$2,900,000.

Management's best estimate of the effect on net assets and profit due to a reasonably possible change in private investments of a decrease of 10%, with all other variables held constant as at 31 December 2013 was US$2,900,000.

All public equity investments have been sold within the period and as such the Company no longer has exposure to market risk of holding those assets. In the prior year management's best estimate of the effect on net assets and profit due to a reasonably possible change in public equity investments of a decrease of 15%, with all other variables held constant as at 31 December 2012 was US$3,515,232.

In practice the actual trading results may differ from this change and the difference could be material.

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group invests in assets denominated in currencies other than its presentation currency, the US dollar. Consequently, the Group is exposed to risks that the exchange rate of the US dollar, relative to other currencies, may change in a manner which has an adverse effect on the reported value of that portion of the Group's assets which is denominated in currencies other than the US dollar.

The Group's currency risk is managed on a daily basis by the Investment Advisor through a review of the portfolio. The Group's overall currency risk is monitored on a quarterly basis by the Board of Directors during Board meetings.

At 31 December 2013 the Group's exposure to foreign currency was as follows:

	Financial assets US$	Financial liabilities US$	Cash & cash equivalents US$	Other assets & liabilities US$	Total US$
Euro	-	-	2,061	-	2,061
Kazakhstan tenge	13,500,000	-	-	-	13,500,000
Pound sterling	559,886	-	124	(231,839)	328,171
US dollar	-	-	8,025,210	356,606	8,381,816
	14,059,886	**-**	**8,027,395**	**124,767**	**22,212,048**

10. Financial Instruments and Associated Risks (continued)

Market risk (continued)

At 31 December 2012 the Group's exposure to foreign currency was as follows:

	Financial assets US$	Financial liabilities US$	Cash & cash equivalents US$	Other assets & liabilities US$	Total US$
Canadian dollar	4,671,148	-	-	-	4,671,148
Euro	-	-	14,032	-	14,032
Hong Kong dollar	2,611,470	-	-	-	2,611,470
Kazakhstan tenge	29,273,006	-	2,228,432	-	31,501,438
Pound sterling	15,879,258	(2,504,266)	13,510,664	-	26,885,656
US dollar	682,846	-	23,472,179	51,416	24,206,441
	53,117,728	**(2,504,266)**	**39,225,307**	**51,416**	**89,890,185**

Currency risk (continued)
The following analysis discloses management's best estimate of the effect of a reasonably possible movement in currency rates against the US dollar, with all other variables held constant on the Statement of Comprehensive Income (due to the fair value of currency sensitive trading monetary assets and liabilities) and Statement of Financial Position (due to the change in fair value of currency swaps and forward foreign exchange contracts). A negative amount in the table reflects a potential net reduction in total comprehensive income or net assets, while a positive amount reflects a net potential increase as at 31 December 2013.

	% change	Financial assets US$	Cash & cash equivalents US$	Other assets & liabilities US$	Effect on profit & net assets US$
Euro	10% increase	-	206	-	206
Kazakhstan tenge	10% increase	1,350,000	-	-	1,350,000
Pound sterling	10% increase	55,989	12	(23,184)	32,817
		1,405,989	**218**	**(23,184)**	**1,383,023**

In practice the actual trading results may differ from this change and the difference could be material.

The analysis below discloses management's best estimate of the effect of a reasonably possible movement in currency rates against the US dollar, with all other variables held constant on the Statement of Comprehensive Income (due to the fair value of currency sensitive trading monetary assets and liabilities) and Statement of Financial Position (due to the change in fair value of currency swaps and forward foreign exchange contracts). A negative amount in the table reflects a potential net reduction in total comprehensive income or net assets, while a positive amount reflects a net potential increase as at 31 December 2012.

	% change	Financial assets US$	Financial liabilities US$	Cash & cash equivalents US$	Other assets & liabilities US$	Effect on profit & net assets US$
Canadian dollar	10% increase	467,115	-	-	-	467,115
Euro	10% increase	-	-	-	1,403	1,403
Kazakhstan tenge	10% increase	2,927,301	-	222,843	-	3,150,144
Pound sterling	10% increase	1,587,926	(250,427)	-	1,351,066	2,688,565
		4,982,342	**(250,427)**	**222,843**	**1,352,469**	**6,307,227**

Notes to the Financial Statements (continued)

10. Financial Instruments and Associated Risks (continued)

Market risk (continued)

In practice the actual trading results may differ from this change and the difference could be material.

Interest rate risk
The majority of the Group's financial assets and liabilities are non-interest bearing. As a result, the Group is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

The Group's interest rate risk is managed on a daily basis by the Investment Advisor and is monitored on a quarterly basis by the Board of Directors during Board meetings.

Liquidity risk

Kazakhstan and the Investment Countries have less liquid and developed securities markets than the United States of America and Western Europe. The public equities which are listed on KASE or a stock market in the Investment Countries may be less liquid and may carry a higher risk than an investment in shares listed on markets in the United States of America and Western Europe.

Given that organised securities markets in Kazakhstan and the Investment Countries have been established relatively recently, the procedures for settlement, clearing and registration of securities transactions may be subject to legal uncertainties, technical difficulties and delays. Although significant developments have occurred in recent years, the sophisticated legal and regulatory frameworks necessary for the efficient functioning of modern capital markets have yet to be fully developed in Kazakhstan and the Investment Countries. In particular, legal protections against market manipulation and insider trading are less well developed in Kazakhstan and the Investment Countries, and less strictly enforced, than in the United States of America and Western European countries, and existing laws and regulations may be applied inconsistently with consequent irregularities in enforcement. In addition, less information relating to the proposed target entities and certain of the investments may be publicly available to investors in securities issued or guaranteed by such entities than is available to investors in entities organised in the United States of America or Western European countries.

The Group's liquidity is managed on a daily basis by the Administrator.

As at 31 December 2013, the Group held private investments with an estimated total fair value of US$13,500,000 (31 December 2012: US$29,000,000) which represents 60.77% (31 December 2012: 32.26%) of the Group's net assets. These investments are considered to be illiquid as there is no active market for the purchase and sale of these investments (see note 16).

The table below analyses the Group's financial liabilities as at 31 December 2013 and 31 December 2012 into relevant maturity groupings based on the remaining period at the date of the Statement of Financial Position to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at 31 December 2013:

	Less than 1 month US$	**1-6 months US $**
Accounts payable and other expenses	(149,700)	(175,000)
	(149,700)	(175,000)

Notes to the Financial Statements (continued)

10. Financial Instruments and Associated Risks (continued)

Liquidity risk (continued)

As at 31 December 2012:

	Less than 1 month US$	1-6 Months US$
Financial liabilities at fair value through profit or loss	-	(2,504,266)
Accounts payable and other expenses	(601,527)	(58,994)
	(601,527)	**(2,563,260)**

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group resulting in a financial loss to the Group. It is the Group's policy to enter into financial instruments with a range of reputable counterparties. Therefore, the Group does not expect to incur material credit losses on its financial instruments.

The Company no longer holds any assets with a Prime Broker and thus its credit risk is only in relation to holding cash and cash equivalents.

Private investments risk

The main risks related to private investments that the Group is exposed to, are liquidity risk, credit risk and pricing risk. These risks are correlated: since private investments are not traded in organised markets there are no guarantees that a buyer for these investments will materialise or repayment of loans and associated interest will happen in line with expectations, in particular if there is an expectation set forth in terms of investment realisation/loan repayment. A lack of an organised market might also cause a significant difference between the carried or expected valuation and the actual price obtained at realisation for those investments or the timing and method of the repayment (see note 16 for further details).

11. Exchange Rates

The following exchange rates were used to translate assets and liabilities into US dollars at 31 December 2013 and 31 December 2012:

	31 December 2013	31 December 2012
Euro	1.378900	1.318400
Kazakhstan tenge	0.006573	0.006647
Pound sterling	1.656600	1.625500

12. Distributions

Subject to the provisions of the Articles, the Company may by ordinary resolution, declare that out of profits available for distribution, in accordance with Isle of Man law, dividends be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board. There is no fixed date on which an entitlement to a dividend arises.

No dividends were paid during the years ended 31 December 2013 and 31 December 2012.

Notes to the Financial Statements (continued)

13. Commitments and Contingent Liabilities

As at 31 December 2013, the Group has no commitments or contingent liabilities.

14. Net asset value per share

The net asset value per share is calculated by dividing the net assets attributable to the equity holders of the Company by the number of ordinary shares in issue.

	As at 31 December 2013	As at 31 December 2012
Net assets attributable to equity holders of the Company (US$)	**22,212,048**	89,890,185
Ordinary shares in issue	**73,983,659**	169,426,460
Net asset value per share (US$)	**$0.30**	$0.53

15. (Loss) per Share

Basic and diluted loss per share is calculated by dividing the net consolidated profit or loss attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

	For the year ended 31 December 2013 US$	For the year ended 31 December 2012 US$
Net consolidated loss attributable to shareholders	($19,922,128)	($17,110,614)
Weighted average number of ordinary shares in issue	101,098,593	214,148,259
Basic loss per share	($0.20)	($0.08)

There is no difference between the fully diluted earnings per share and basic earnings per share.

16. Private Investments Designated at Fair Value Through Profit or Loss

At the financial year end, the Group's private investment portfolio comprised two investments (31 December 12: two) as follows:

	Note	As at 31 December 2013 US$	As at 31 December 2012 US$
Stopharm LLP	(i)	13,500,000	21,500,000
Lucent Petroleum LLP	(ii)	-	7,500,000
Total		**13,500,000**	**29,000,000**

Notes to the Financial Statements (continued)

16. Private Investments Designated at Fair Value Through Profit or Loss (continued)

The directors have valued these investments on the advice of the Investment Advisor and using the guidance laid down in the International Private Equity and Venture Capital Valuation Guidelines (December 2012) ("IPEVCVG").

(i) Stopharm LLP ("Stopharm")
Stopharm is a wholesale pharmaceuticals distributor operating in Kazakhstan. On 1 September 2010, the Group announced the closing of a US$21.5 million investment in Stopharm comprising a 24.00% equity stake in Stopharm acquired for US$12.8 million and a fully secured convertible bridge loan of US$8.7 million provided to one of the shareholders of Stopharm with implied equity on conversion representing an additional 16.35% stake. The conversion into equity of this loan was subject to approval by the Anti Monopoly Committee of the Republic of Kazakhstan which was received on 25 November 2011. The conversion subsequently took place on 27 December 2011. As such, at the year end, the Group held a 40.35% equity stake in Stopharm.

The investment in Stopharm LLP has been valued at 31 December 2013 at US$13,500,000, valued on an earnings based multiple. The value has reduced as a result of reduced overall net margins on services provided and increased financing charges. Furthermore, the investment has been devalued further post year end as a result of the devaluation in the Kazakh Tenge (see note 21 for further information).

(ii) Lucent Petroleum LLP ("Lucent")
Lucent is a Cyprus based oil and gas exploration company that in turn has a 99% equity stake in a Kazakhstan based subsidiary that owns rights to a block located in the pre Caspian basin, and in close proximity to several major producing oilfields. On 22 September 2010, the Group announced an investment in Lucent with total commitments of US$15 million, with an initial US$4.5 million drawdown on that date. The investment was initially structured as a convertible bridge loan to Lucent Oil & Gas (Cyprus) Limited, an indirect holding company of Lucent.

On completion of the operational milestones established in the Lucent business plan, on 15 July 2011, the Group provided the final tranche of financing in the shape of a convertible loan for a consideration of US$4m. After the final tranche was made, the total investment in Lucent increased to US$15 million. The conversion of US$15 million into the 6.18% stake in Lucent Oil & Gas (Cyprus) Ltd equity was subject to grant of approvals by the Government of the Republic of Kazakhstan. This approval was received on 3 November 2011.

On 23 January 2012, following the receipt by Lucent of the official letter from the Ministry of Oil and Gas of Kazakhstan providing a State Waiver of its right to purchase new shares of the company, and approval for the issuance of an additional 86 shares to the Group, the Convertible Bridge Loan originally provided by the Group to Lucent was converted into a 6.18% equity stake.In May 2012, the Board of the Group decided to mark-down the investment in Lucent, from the previous valuation, which was based on the price of recent investment, by 25% due to the extension of the drilling program. As of 31 December 2012, the investment was marked down by an additional 25% after a decision by the Board, and was valued at US$7,500,000. In the current period, the Lucent investment was written down by a further 100% from US$7,500,000 to US$Nil based on the uncertainty around Lucent's ability to secure a farm in partner as described below.

Lucent had started a process of negotiations with a number of potential farm-in partners during 2012 which would enable the Company to drill further exploratory wells. However following a continued reduction in Lucent's cash reserves due to payment of the normal operating costs, the Board felt it prudent to write down the value of the Company to reflect this cash burn from US$11,250,000 to US$7,500,000 as at 31 December 2012. In April 2013, the Company's shareholding was diluted to 5.5% of the issued share capital of Lucent following the issuance of new share by Lucent to a third party investor. In December 2013, the further write down of US$7,500,000 was followed by fresh concerns over the liquidity of the investment following a lifting of the Kazakhstan Government's moratorium on auctions of new oil and gas projects earlier in the year, and the awarding of 20 new contracts in 2013 - 2014, thus providing competition for Lucent with respect to prospective farm-in partners.

Notes to the Financial Statements (continued)

16. Private Investments Designated at Fair Value Through Profit or Loss (continued)

A successful farm-in partner has yet to be found and as a result the investment has been fully written down to US$Nil as at 31 December 2013.

As stated in note 2, and specifically in relation to the Group's investments in Stopharm LLP and Lucent Petroleum above, valued at US$13.5 million and US$Nil respectively, where the valuation of investments is dependent on non-market observable inputs a degree of judgement is required in estimating fair values. Accordingly the valuation of the private investments is subject to significant inherent uncertainty. This is illustrated by the post year end decrease in value of the investment in Stopharm LLP as described in note 21.

17. Investments in Subsidiaries

Name	Country of incorporation	Principal investment activity	Proportion of ownership interest
Tau (Cayman) L.P.	Cayman Islands	Investment Holding	100%

The values of the subsidiaries at 31 December 2013 and 31 December 2012 were as follows:

	As at 31 December 2013 US$	As at 31 December 2012 (Restated) US$
Tau Cayman Limited	-	-
Tau (Cayman) L.P.	15,254,775	128,447,542
Tau SPV 1 Cooperatief W.A.	-	-
	15,254,775	**128,447,542**

During the year Tau (Cayman) L.P. distributed US$94,448,867 to Tau Capital Plc (31 December 2012: US$Nil), which was offset against the loan disclosed in note 8.

18. Off-Balance Sheet Risk

Securities sold short and options written represent obligations of the Group to deliver the specified security at the contracted price, and thereby create a liability to repurchase the security in the market at prevailing prices. Accordingly, these securities may result in off-balance sheet risk as the Group's satisfaction of the obligations may exceed the amount recognised in the Statement of Financial Position.

19. Share-Based Payments

The following share-based payment arrangement was in existence with Numis Securities Limited, the Company's Nominated Adviser and Broker, at 31 December 2011. The share-based payment arrangement expired unexercised on 3 May 2012. This arrangement was conditional upon admission of the ordinary share capital of the Company to the Alternative Investment Market operated by the London Stock Exchange.

Options	Number	Grant date	Expiry date	Exercise price US$
Issued 3 May 2007	2,510,000	3 May 2007	3 May 2012	1.00

Notes to the Financial Statements (continued)

20. Capital Management

The Group's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated by its investing strategy.
- To achieve consistent returns while safeguarding capital by investing in accordance with their investment strategy.
- To maintain sufficient liquidity to meet the expenses of the Group.
- To maintain sufficient size to make the operation of the Group cost-efficient.

Refer to "Financial Instruments and Associated Risks" (note 10) for the policies and processes applied by the Group in managing its capital. See note 8 for details of the Company's share capital as at 31 December 2013.

21. Events After the Date of the Statement of Financial Position

Non-adjusting events

Mr. Richard Horlick resigned as Director on 1 January 2014.

Mr. Graham Smith resigned as Director on 1 January 2014.

Since the balance sheet date to the date of signing, there has been a significant devaluation of the investment held in Stopharm LLP. This is as a result of further devaluation in the Kazakh Tenge and an assessment of the likely impact this will have on the performance of Stopharm in the short term.

Since the balance sheet date to the date of signing these financial statements, disposals of debt instruments in Oxus Gold of US$425,000 have been made.

On 24 April 2014 a fourth tender offer of approximately US$5.5 million was announced.

There were no other significant events subsequent to the date of the Statement of Financial Position.

On 3rd April 2014 Capital Gate Holding LLP acquired 6,910,025 shares in the Company at a price of US$0.145 per share. Capital Gate Holding LLP is wholly owned by Nurgul Zhaukeyeva who also wholly owns Capital Gate Securities Limited, the Investment Adviser to the Company. Following this transaction, Capital Gate Holding LLP owns 6,910,025 shares in the Company. This represents 9.34% of the Ordinary Shares in issue.

22. Approval of Financial Statements

The Annual Report and financial statements were approved by the Directors on 26 June 2014.

Additional Information: Schedule of Investments as at 31 December 2013 (unaudited)

	Fair value - US$	% of net assets
Financial assets at fair value through profit or loss		
Debt instruments		
United States of America		
Gold Mining	559,886	2.53%
Total debt instruments	**559,886**	**2.53%**
Private investments		
Kazakhstan		
Healthcare	13,500,000	60.77%
Oil & gas services	-	-
Total private investments	**13,500,000**	**60.77%**
Total financial assets at fair value through profit or loss	**14,059,886**	**63.30%**
Financial assets at fair value through profit or loss	**14,059,886**	**63.30%**
Cash and cash equivalents	8,027,395	36.14%
Other assets in excess of liabilities	124,767	0.56%
Total net assets	**22,212,048**	**100.00%**