WEISS KOREA OPPORTUNITY FUND LTD.

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

WEISS KOREA OPPORTUNITY FUND LTD.

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WEISS KOREA OPPORTUNITY FUND LTD.

Corporate Information

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Stephen Charles Coe (Non-executive Director)
Robert Paul King (Non-executive Director)

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WEISS KOREA OPPORTUNITY FUND LTD.

Summary Information

The Company
Weiss Korea Opportunity Fund Ltd. ("WKOF" or the "Company") was incorporated with limited liability in Guernsey, as a closed-ended investment company on 12 April 2013. The Company's Shares were admitted to trading on the AIM Market of the London Stock Exchange (the "LSE") on 14 May 2013.

The Company is managed by Weiss Asset Management LP (the "Investment Manager"), a Boston-based investment management company registered with the Securities and Exchange Commission in the United States of America.

Investment Objective and Dividend Policy
The Company's investment objective is to provide Shareholders with an attractive return on their investment, predominantly through long-term capital appreciation. The Company intends to return to Shareholders all dividends received, net of withholding tax on an annual basis.

Investment Policy
The Company is geographically focused on South Korean companies. Specifically, the Company invests primarily in listed preferred shares issued by companies incorporated in South Korea, which in many cases are currently trading at a discount to the corresponding common shares of the same companies. The Investment Manager has assembled a portfolio of Korean preferred shares that it believes are undervalued and could appreciate based on criteria it selects. Some of the considerations that affect the Investment Manager's choice of securities to buy and sell may include the discount at which a preferred share is trading relative to its respective common shares, its dividend yield, its liquidity and its common shares weighting (if any) in the MSCI Korea 25/50 Net Total Return Index (the "Korea Index"), among other factors. Not all of these factors will necessarily be satisfied for particular investments. The Investment Manager will not generally make decisions based on corporate fundamentals or its view of the commercial prospects of the issuer. Preferred shares are selected by the Investment Manager at its sole discretion, subject to the overall control of the Board.

The Company invests primarily in Korean preferred shares, but it may invest some portion of its assets in other securities, including exchange-traded funds, futures contracts and other types of options, swaps and derivatives related to Korean equities, as well as cash and cash equivalents. The Company does not have any concentration limits.

The Company has not hedged its exposure to foreign currency during the year ended 31 December 2015 (2014: Nil).

Share Buy-backs
At the Annual General Meeting (the "AGM") on 29 July 2015, Shareholders granted the Company a general buy-back authority of up to 40% of the Company's issued share capital. In addition, on 9 February 2015, the Company appointed N+1 Singer Advisory LLP to manage an irrevocable programme during close periods (the "Close Period Buy-Back Programme") to buy-back ordinary shares within certain pre-set parameters. Any shares purchased in the Close Period Buy-Back Programme will count towards the Company's share buy-back authority of 40% of the Company's issued share capital, as approved at the Company's AGM.

On 10 February 2016, the Company re-appointed N+1 Singer Advisory LLP to manage the Close Period Buy-Back Programme to buy-back ordinary shares within certain pre-set parameters. Any shares purchased in the Close Period Buy-Back Programme will count towards the Company's share buy-back authority of 40% of the Company's issued share capital, as approved at the Company's AGM.

For additional information on share buy-backs refer to Notes 15 and 20 on pages 40 and 47, respectively.

Shareholder Information
Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator") is responsible for calculating the Net Asset Value ("NAV") per Share of the Company. The unaudited NAV per Ordinary Share is calculated on a weekly basis and at the month end by the Administrator, which is announced by a Regulatory News Service and is available through the Company's website www.weisskoreaopportunityfund.com.

Summary Information (continued)

Company financial highlights and performance summary for the year ended 31 December 2015

	As at 31 December 2015 £	As at 31 December 2014 £
Total Net Assets	131,142,778	126,415,820
NAV per share	1.3449	1.2040
Basic and diluted earnings per share	0.1561	0.1338
Mid-Market Share price	1.2800	1.2000
Discount to NAV	(4.8%)	(0.3%)

As at close of business on 12 April 2016, the latest published NAV per share had increased to £1.3562 (as at 5 April 2016) and the share price stood at £1.3100.

Total expense ratio
The annualised total expense ratio for the year ended 31 December 2015 was 1.81% (31 December 2014: 1.82%).

Chairman's Review

We are pleased to provide the 2015 Annual Report on the Company. During the period from 31 December 2014 to 31 December 2015 (the "Period"), the Company's NAV per share increased by 11.70%,[1] outperforming the reference MSCI Korea 25/50 Capped Index, which returned -1.1% in pounds sterling,[2] in what turned out to be a challenging year for developing equity markets. The future may be volatile and 2016 has started off as a challenging year for global equity markets, but I derive comfort from the favorable relationship between price and value in Korean preference shares. Over a long time horizon, I believe Korean preferred shares offer compelling value.

One promising recent development, which is discussed further in the Investment Manager's report below, was that Samsung Electronics publicly commented on the discount of its preferred shares, provided guidance about possible future discount controls, and initiated a large stock buy-back programme for both common and preferred shares. Following Samsung's announcement regarding its buy-back programme on 28 October 2015, the Samsung preferred discount has narrowed somewhat but remains volatile. This volatility continues to provide investment opportunities for the Company.

The Company paid a dividend of 1.8580 pence per share on 26 June 2015. As stated in the Admission Document, the Directors intend to return to Shareholders all dividends received, net of withholding tax, on an annual basis. Typically for South Korean companies, shareholders of record near the end of the calendar year are entitled to a single annual dividend. However, the dividends are generally not announced or paid to shareholders until several months into the following calendar year. The Board has decided to schedule payment of the Company's annual dividend distributions in the early summer. This timing helps ensure that dividends are paid out as soon as is reasonably practical after the Company receives them.

The Board is committed to adding value for Shareholders, as well as enhancing the liquidity of the Company's shares, through the exercise of its authority to repurchase up to 40% of the shares of the Company at a discount to NAV. In this regard, during the Period, the Company repurchased and cancelled 7,490,250 shares (7.13% of shares outstanding on 31 December 2014) on instructions from the Board. Also, the Board has in place standing instructions with the Company's broker, N+1 Singer Advisory LLP, for the repurchase of shares during closed periods when the Board is not permitted to give individual instructions, typically around the preparation of the Annual and Half-Yearly Financial Reports. We will continue to keep Shareholders informed of any share repurchases through public announcements.

Since its inception, the Company has not engaged in hedging activities or made use of leverage to fund investments. However, as stated in the Admission Document, the Company reserves the right to do so in the future.

We will be holding our AGM later this year, notices of which will be sent out once the final arrangements have been made. As I have mentioned in previous letters, all Directors have agreed to stand for election annually. We invite all Shareholders to attend, and look forward to meeting you. If you are unable to attend in person, the Board would be happy to answer questions or to meet with Shareholders directly. Please contact the Company at the address given on page 2 of this document.

I would like to thank Shareholders for their support, and look forward to the continued success of the Company in the future. I would also like to thank Weiss Asset Management, as well as the other service providers, all of whom have contributed greatly to the Company.

Sincerely,

Norman Crighton
12 April 2016

[1] This return includes all dividends paid to the Company's Shareholders, but does not assume such dividends are reinvested.
[2] MSCI total return indices are calculated as if any dividends paid by constituents are reinvested at their respective closing prices on the ex-date of the distribution.

Investment Manager's Report[3]

For the year ended 31 December 2015

The Company's total return on net assets was 12.0% in 2015, with a cumulative total return on net assets of 40.7% since inception (inclusive of dividends in both cases). In comparison, the reference MSCI Korea 25-50 Index was down 1.1% in 2015 and has lost 4.4% since the Company's inception. As of 31 December 2015, the weighted average discount of preferred shares held[4] was 36.0%, compared with 37.6% as of 31 December 2014. The average trailing 12-month price to earnings ratio of preferred shares held was 8.7x at year-end 2015, whereas it was 6.9x at year-end 2014.[5]

The 2015 performance of Korean companies was adversely affected by a slowdown in China. If China goes into an economic decline this will further hurt the Korean economy. China is the main market for Korean exports, accounting for about a quarter of total exports. Some sectors of the Korean economy, such as steel producers, are particularly vulnerable to overcapacity in China. The stock price of POSCO, the largest Korean steel maker, fell 37.9% in 2015. We had no direct exposure to the steel industry but adverse effects on the steel industry could have affected market sentiment, and may have triggered concern about the potential for overcapacity in the Chinese auto industry, which may have hurt our investments in Hyundai Motor Company.

As we noted last year, the past depreciation of the Japanese yen against the Korean won has probably hurt the earnings of Korean exporters. However, in 2015, the won depreciated against the yen as well as against the dollar. As discussed below, we believe this is bullish for Korean companies.

Samsung Share Repurchases

In 2015, Samsung Electronics announced its intention to repurchase both its preference and ordinary shares in several tranches. The first tranche was completed in January 2016. Relative to the shares outstanding in each share class, the first tranche of repurchases was heavily weighted toward the preference shares: Samsung repurchased 5.43% of the outstanding preference shares vs. 1.51% of the outstanding ordinary shares. Samsung recently announced the number of preference and ordinary shares it will be repurchasing in the second tranche of its buy-back program. Samsung's repurchase guidance specifies repurchasing 2.45% of its preference shares and 1.45% of its ordinary shares. This would amount to a rate of roughly 15% of historical average daily volume in each share class over the next three months.[6] Since the share repurchase was first announced, the discount on the Samsung preference shares has narrowed and is currently at around 15%. Samsung has indicated that it would suspend the repurchase of preference shares only if the discount hits 10%; however, its total commitment to repurchase shares is currently limited to 11.3 trillion won, which is a little less than 6% of the total market capitalisation of Samsung.[7] Because of Samsung's large holdings of cash and marketable securities with low yields, Samsung's repurchase of both ordinary and preference shares, as well as its payment of an interim dividend, will marginally improve its price earnings ratio. More important is the message Samsung is sending to the market: that the largest Korean company is actively pursuing policies to increase shareholder value. While Samsung is repurchasing preference shares at a 15% discount to its ordinary shares, most preference shares are trading at much larger discounts. It will be harder for the managers of those other companies to argue that they should not be repurchasing their heavily discounted preference shares when Samsung is repurchasing its preference shares at much smaller discounts. In the long run, this precedent is a strong positive for all discounted preference shares.

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[3] Unless explicitly stated otherwise all data are reported in GBP.

[4] Weighted average discount of preferred shares held is the average discount of the last traded price of the preferred shares held by WKOF to the last traded price of the respective common shares of the same issuer, weighted by the market value of each investment on the report date.

[5] The average trailing 12-month price to earnings ratio of preferred shares held is based on the consolidated diluted earnings per share reported by Bloomberg over the trailing 12-month period, and is calculated as the total earnings allocable to WKOF based on WKOF's holdings on the report date divided by the total market value of WKOF's preferred share portfolio on the report date. It does not account for any estimated or forecasted future earnings of WKOF's investments.

[6] Samsung Electronics 4Q earnings conference call, 28 January 2016.
http://irsvc.teletogether.com/sec/2015Q4/eng/eng_view.php

[7] As of 17 Feb 2016.

Share Repurchases by WKOF

We do not only advocate repurchases of undervalued shares by South Korean companies; the Company has been active in repurchasing its own shares at a discount to net asset value. In 2015, the Company repurchased 7,490,250 shares at a volume-weighted average discount of about 5.67%. This has had the benefit of being accretive to continuing shareholders and to occasionally provide exit opportunities for shareholders who want to sell large blocks of stock. Since inception, the Company's Articles have granted the Directors unusually large share repurchase authority. They have authority to repurchase up to 40% of the shares outstanding at a discount to NAV. We strongly believe that when a closed-end fund trades at a significant discount to its NAV, the best investment the fund might make is to repurchase its own shares.

Comments on other large positions

Each of our seven largest investments represents more than 5% of the Company's net assets. These investments are in Hyundai Motor, Samsung Electronics, LG Electronics, CJ Corp., AmorePacific Corp., LG Household & Health, and CJ CheilJedang. Our largest investment was in the preference shares of Hyundai Motors at 19% of assets under management at 31 December 2015. The investment in Hyundai Motors is cumulative across its three classes of preference shares, all of which have similar economic entitlements. At the end of 2015, the least liquid class was trading at roughly a 33% discount to the price of the ordinary shares (compared to a 30% discount for those shares at the end of 2014). The other two classes of Hyundai preference shares are trading at around 30% discounts. Hyundai has announced long term plans to significantly increase its dividend and to set up an independent committee of the company's outside directors with one of them tasked exclusively with helping protect shareholder interests.[8] These actions are bullish for the long term prospects of the Hyundai preference shares.

Comments on Macro-Economic Events

Currency

In recent years the Korean won to Japanese yen exchange rate has been exceptionally volatile. In July 2007 the Korean won was at 7.5 won per yen. By February 2009 it had lost more than half its value and was at 16 won per yen. However, by April 2015 the won had reversed most of that depreciation and was trading at 9 won per yen. Most of the increase in the value of the won against the yen took place in the last four years, beginning in June 2012 when it was at 15. This appreciation of the won against the yen coupled with very low inflation in Japan hurt the competitive position of Korean firms against their Japanese competitors. More recently the trend has partially reversed again as the won has depreciated against the yen going from around 9 won to the yen in June, 2015 to 10.4 as of 24 March 2016. Over the last two years the won has been relatively stable against the Chinese yuan. As with most currencies the won has depreciated against the dollar, increasing the margins from sales in the U.S. market.

Commodity Prices

South Korea is likely to benefit from the dramatic fall in the prices of oil, iron ore, coal, and other industrial materials. The international press has been focused on falls in oil prices, so we will not discuss oil price falls, except to note that Korea is a significant consumer of imported oil. However, many of the other commodities that Korea imports have experienced price declines of a similar magnitude to that of oil. For instance, the price of iron ore has fallen from a 2013 high of about $160 to $44 per metric ton at year-end 2015.[9] The price of Australian coal has fallen nearly 50% since 2013, and over 60% since its 2011 peak.[10] The price of copper has fallen more than 50% from its peak in 2011. Prices of a wide range of other industrial materials have also fallen significantly.

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[8] Simon Mundy, "Hyundai looks to placate investors with shareholder rights body", *Financial Times*, 27 April 2015.

[9] Based on the U.S. dollar spot price index of 62% fine Iron ore delivered to Qingdao, China.

[10] Based on the global COAL Monthly Newcastle Index, in US dollars.

Comments on Macro-Economic Events (continued)

Commodity Prices (continued)
South Korea benefits more from these price falls than does any other major country, as measured by net energy and metals imports to GDP. For instance, in the U.S., the benefit to its manufacturers from lower input prices is offset by the losses suffered by miners and petroleum producers and the losses to banks and other financial institutions that have made loans to the extractive industry, or that hold their debt. Other industries such as railroads and bulk shipping have also been hurt by the lower sales of commodities. These adverse effects offset the positive effects of lower commodity prices on consumer discretionary income. In South Korea the extractive industries are an insignificant fraction of the economy, so the long term positive effects of falls in commodity prices are more favorable for the Korean economy (save that there may be a small adverse effect on companies such as POSCO that have investments in miners operating in other countries).

North Korea
The news out of North Korea continues to be disturbing. We are far from being experts on international relations or on the psychological state of the "Beloved Leader" (the son and successor of the previous "Beloved Leader"). Not only has he conducted new nuclear bomb tests and new tests of long range missiles, but he has engaged in executions of potential rivals for power as well as their relatives. The South Korean central bank estimates that the North Korean economy is around 2% of the South Korean economy. It is not at all clear how the risks from North Korea will affect the South Korean economy. The situation appears bad but stable. Five year protection in the form of South Korean credit default swaps currently trade at approximately 70 basis points (the Company does not own credit default swaps, but they are potentially indicative of the market's current perception of risk). On the other hand, we are aware that seemingly stable situations can get out of hand.

Summary
In the short run, security prices are driven by changes in sentiment. We do not purport to be able to predict those changes. We only pay attention to price changes in so far as they create opportunities to buy or sell securities at favorable prices. In the long run, the value proposition for Korean equities continues to look favorable. Overall valuations for the South Korean market remain attractive, especially compared to other East Asian markets. The preference shares provide exceptional value relative to the common shares and securities in other markets. Increasing dividend payouts and share buy-backs should help highlight this value differential. It is difficult to pick a turning point when the preference shares' value will be reflected in their prices, but we believe that a patient investor will be rewarded with significant outperformance relative to other markets.

Weiss Asset Management LP
12 April 2016

Top Ten Holdings

Investments	Holdings at 31.12.2015	Fair Value £	% of Total Net Assets
Samsung Electronics Co Ltd Preferred Shares	37,418	23,594,962	17.99%
LG Electronics Inc Preferred Shares	712,980	11,837,813	9.03%
Hyundai Motor Company 1st Preferred Shares	176,852	10,486,874	8.00%
Hyundai Motor Company 2nd Preferred Shares	149,200	9,019,809	6.88%
CJ Corporation Preferred Shares	114,738	8,662,236	6.61%
LG Household & Healthcare Preferred Shares	25,400	7,993,645	6.10%
Amorepacific Group Preferred Shares	56,300	7,474,864	5.70%
CJ Cheiljedang 1st Preferred Shares	58,523	7,397,590	5.64%
Hyundai Motor Company 3rd Preferred Shares	89,802	5,158,786	3.93%
Samsung SDI Co Ltd Preferred Shares	103,943	4,413,707	3.37%
		96,040,286	73.25%

Investments	Holdings at 31.12.2014	Fair Value £	% of Total Net Assets
Samsung Electronics Co Ltd Preferred Shares	39,204	23,342,046	18.46%
LG Electronics Inc Preferred Shares	712,980	11,216,167	8.87%
Hyundai Motor Company 2nd Preferred Shares	117,643	9,201,937	7.28%
iShares MSCI South Korea Capped ETF	252,182	8,945,940	7.08%
Hyundai Motor Company 1st Preferred Shares	120,633	8,802,064	6.96%
Hyundai Motor Company 3rd Preferred Shares	92,792	6,337,307	5.01%
CJ Cheiljedang 1st Preferred Shares	58,523	5,551,218	4.39%
CJ Corporation Preferred Shares	114,738	5,076,739	4.02%
LG Chemical Ltd Preferred Shares	53,218	4,349,056	3.44%
Samsung SDI Co Ltd Preferred Shares	103,943	4,253,257	3.37%
		87,075,731	68.88%

This schedule forms an integral part of the Financial Statements, refer to Note 10 of the Financial Statements.

Directors

The Company has three non-executive Directors, all of whom are considered independent of the Investment Manager and details are set out below.

Norman Crighton (aged 49)
Mr Crighton is Chairman of the Company. He is also a non-executive director of GLI Alternative Finance plc, Private Equity Investor plc and, Global Fixed Income Realisation Limited. Norman was, until May 2011, an investment manager at Metage Capital Limited where he was responsible for the management of a portfolio of closed-ended funds and has more than 25 years' experience in closed-ended funds having worked at Olliff and Partners, LCF Edmond de Rothschild, Merrill Lynch, Jefferies International Limited and latterly Metage Capital Limited. His experience covers analysis and research as well as sales and corporate finance. Norman is British and resident in the United Kingdom. Mr Crighton was appointed to the Board in 2013.

Stephen Charles Coe (aged 50)
Mr Coe is Chairman of the Audit Committee. He qualified as a Chartered Accountant with PricewaterhouseCoopers in 1990. From 1997 to 2003 he was a director of the Bachmann Trust Company Limited and managing director of Bachmann Fund Administration Limited. Between 2003 and 2006, Stephen was managing director of Investec Administration Services Limited and of Investec Trust (Guernsey) Limited prior to becoming self-employed in 2006 providing director services to financial services clients.

Currently, Mr Coe sits on the board of a number of listed companies including Raven Russia Limited, a main market listed property investment specialist focused on Russia, and European Real Estate Investment Trust Limited, a European focused closed-ended property investment company. Stephen is also a non-executive director of Trinity Capital Limited, an AIM listed Indian real estate investment company and South Africa Property Opportunities plc, an AIM listed, close-ended investment fund focused on South African real estate assets. Stephen is British and resident in Guernsey. Mr Coe was appointed to the Board in 2013.

Robert Paul King (aged 52)
Mr King is a non-executive director for a number of open and closed-ended investment funds including Chenavari Capital Solutions Limited, JPMorgan Senior Secured Loans Fund Limited and Threadneedle UK Select Trust Limited. He was a director of Cannon Asset Management Limited and their associated companies, from 2007 to 2011. Prior to this, he was a director of Northern Trust International Fund Administration Services (Guernsey) Limited (formerly Guernsey International Fund Managers Limited) where he had worked from 1990 to 2007. He has been in the offshore finance industry since 1986 specialising in administration and structuring offshore open and closed-ended investment funds. Robert is British and resident in Guernsey. Mr King was appointed to the Board in 2013.

Report of the Directors

The Directors of the Company present their Annual Report and Audited Financial Statements for the year ended 31 December 2015.

Principal Activity
The Company was incorporated with limited liability in Guernsey on 12 April 2013 as a company limited by shares and as an authorised closed-ended investment company. The Company's Shares were admitted to trading on the AIM Market of the LSE on 14 May 2013. As an existing closed-ended fund, the Company is deemed to be granted an authorised declaration in accordance with Section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and Rule 6.02 of the Authorised Closed-ended Investment Schemes Rules 2008 on the same date as the Company obtained consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinance 1959 to 1989.

Investment Objective and Investment Policy
The investment objective and investment policy of the Company is to provide Shareholders with an attractive return on their investment, predominantly though long-term capital appreciation, by investing primarily in listed Korean preferred shares. The full investment objective and investment policy is detailed on page 3 of the Annual Report.

Going Concern
The Directors believe that, having considered the Company's investment objective (see Summary Information on page 3), financial risk management (see Note 17 to the Financial Statements on pages 41 to 45) and in view of the liquidity of investments, the income deriving from those investments and its holding in cash and cash equivalents, the Company has adequate financial resources and suitable management arrangements in place to continue as a going concern for at least twelve months from the date of approval of the Annual Financial Statements.

Viability Statement
In accordance with the UK Corporate Governance Code (the "UK Code"), the Board has assessed the prospects of the Company over a longer period than the 12 months minimum required by the 'Going Concern' assessment. As realisation opportunities occur every four years from the date of admission, the Board considers that an appropriate period to assess the viability of the Company for the purpose of giving assurance to shareholders is three years. However, it is noted that in this instance, there is a realisation opportunity on 15 May 2017 and the three year period ("viability period") assumes that the Company will continue in operation thereafter.

The Board and the Investment Manager believe that the investment opportunity provided by the Company remains compelling, but the viability of the Company is clearly contingent on the investment opportunity remaining in place, a matter which the Board monitors on an on-going basis. As the South Korean preference shares held by the Company trade at a discount compared with ordinary shares for the same companies, the Company remains attractive to long term investors over the viability period which for the purposes of this statement, the Board has assessed for a three year period to 12 April 2019.

The Board's assessment of the Company over the viability period has been made with reference to the Company's current financial position and prospects, the Company's strategy and risk appetite having considered the Company's principal risks and uncertainties detailed below. The Board has also considered the Company's likely cash flows and the liquidity of its portfolio.

It is noted that the Company currently has no gearing, though borrowing is permitted under its constitution. In the event that the Company did consider taking on debt, the Board would carefully assess the Company's ability to meet the debt obligations as they become due.

It is possible to imagine a number of scenarios, such as war or political events, which could severely impact on the liquidity of the Company's investments. The Board maintains cash balances (outside of South Korea) sufficient to meet the Company's running costs for at least two years.

Also the Board has assumed that the regulatory and fiscal regimes under which the Company operates will continue in broadly the same form during the viability period. The Board speaks with its broker and legal advisers on a regular basis to understand issues impacting on the Company's regulatory and fiscal structure.

Report of the Directors (continued)

Viability Statement (continued)
The Board considers the principal risks affecting the viability of the Company are as follows:

Notice period of Investment Manager
The Board has assumed that the Investment Manager will remain in place during the viability period; however, the Board acknowledges the risk of the Investment Manager serving a twelve month notice period under the Management Agreement. To mitigate this risk, the Board meets and communicates regularly with the Investment Manager to review its performance and the relationship with the Investment Manager.

Failure of the Custodian to carry out its obligations to the Company
The Company's assets are held in accounts maintained by the Company's Custodian. Failure by the Custodian to carry out its obligations to the Company in accordance with the terms of the Custodian agreement could have an impact on the viability of the Company. To mitigate this risk, the Board regularly receives reports from the Custodian, and through the Management and Engagement Committee they monitor the relationship with the Custodian.

Loss of license or listing
The Board has assumed that the Company will retain its regulatory status and listing throughout the viability period. The Company Secretary, Administrator and Broker report to the Board at least quarterly on regulatory matters and confirm compliance with listing and other regulatory requirements.

Based on the Company's processes for monitoring operating costs, share price discount, the Investment Manager's compliance with the investment objective, asset allocation, the portfolio risk profile, liquidity risk and the robust assessment of the principal risks and uncertainties facing the Company, the Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the viability period to 12 April 2019.

Results and Dividends
The results for the year ended 31 December 2015 are set out in the Statement of Comprehensive Income on page 29. An annual dividend of 1.8580 pence per share (£1,868,474) was approved on 4 June 2015 and paid on 26 June 2015, in respect of the year ended 31 December 2014. An annual dividend of 1.4413 pence per share (£1,513,399) was approved on 5 June 2014 and paid on 27 June 2014, in respect of the period from 12 April 2013 (date of incorporation) to 31 December 2013.

The Board has resolved to declare and pay a dividend in June 2016 for the year ended 31 December 2015, based on dividends from investments in Korean preferred shares with a record date on or before 31 December 2015, and received by the Company by 31 May 2016.

Shareholder Information
Further shareholder information can be found in the Summary Information set out on page 3.

Investment Management
The Investment Manager of the Company is Weiss Asset Management LP, a Delaware limited partnership formed on 10 June 2003, (the "Investment Manager"). The key terms of the Investment Management Agreement and specifically the fee charged by the Investment Manager are set out in Note 16 of the Financial Statements. The Board believes that the investment management fee is competitive with other investment companies with similar investment mandates.

The Board reviews, on an on-going basis, the performance of the Investment Manager and considers whether the investment strategy utilised is likely to achieve the Company's investment objective.

Having considered the portfolio performance and investment strategy, the Board has unanimously agreed that the interests of the Shareholders as a whole are best served by the continuing appointment of the Investment Manager on the terms agreed.

Report of the Directors (continued)

Directors
The details of the Directors of the Company during the year and at the date of this Report are set out on pages 2 and 10.

Directors' Interests
The Directors who held office at 31 December 2015 and up to the date of this Report held the following numbers of Ordinary Shares beneficially:

	As at 31 December 2015		As at 31 December 2014	
	Ordinary Shares	% of issued share capital	Ordinary Shares	% of issued share capital
Norman Crighton	20,000	0.02%	20,000	0.02%
Stephen Coe	10,000	0.01%	10,000	0.01%
Robert King	15,000	0.02%	15,000	0.01%

There have been no changes in the interests of the above directors during the year.

Substantial Interests
Disclosure and Transparency Rules ("DTRs") are now comprised in the Financial Conduct Authority handbook. Section 5, the only section of the DTRs which applies to AIM listed companies, requires substantial Shareholders to make relevant holding notifications to the Company. The Company must then disseminate this information to the wider market. Details of major Shareholders in the Company can be found in Note 10.

Corporate Governance
The Company is a Guernsey registered company, and is not premium listed; the Company is not required to comply with the UK Code. However, the Board is committed to high standards of corporate governance and has implemented a framework for corporate governance which it considers to be appropriate for an investment company in order to comply with the main principles of the UK Code. By complying with the UK Code, the Company is deemed to comply with the Code of Corporate Governance (the "GFSC Code") issued by the Guernsey Financial Services Commission.

The UK Code is publicly available on the Financial Reporting Council's (the "FRC") website. The FRC issued a revised UK Code in September 2014, for reporting periods beginning on or after 1 October 2014. The Board has adopted the revised code.

The Board has considered the principles and recommendations of the UK Code, and considers that reporting against the UK Code will provide better information to shareholders. To ensure on-going compliance with these principles the Board receives a report from the Company Secretary, at each quarterly meeting, identifying how the Company is in compliance and identifying any changes that might be necessary.

The Board, having reviewed the UK Code, considers that it has maintained procedures during the year ended 31 December 2015 and up to the date of this report to ensure that it complies with the UK Code except as explained elsewhere in the Report.

Role of the Board
The Board is the Company's governing body and has overall responsibility for maximising the Company's success by directing and supervising the affairs of the business and meeting the appropriate interests of Shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring protection of investors. A summary of the Board's responsibilities is as follows:

- statutory obligations and public disclosure;
- strategic matters and financial reporting;
- risk assessment and management including reporting compliance, governance, monitoring and control; and
- other matters having a material effect on the Company.

The Board's responsibilities for the Annual Report are set out in the Statement of Directors' Responsibilities on pages 18 and 19.

Report of the Directors (continued)

Corporate Governance (continued)

Role of the Board (continued)
The Board has engaged external companies to undertake the investment management, administrative and custodial activities of the Company. Documented contractual arrangements are in place with these companies which define the areas where the Board has delegated responsibility to them.

The Board needs to ensure that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

In seeking to achieve this, the Directors have set out the Company's investment objective and policy and have explained how the Board and its delegated committees operate and how the Directors review the risk environment within which the Company operates and set appropriate risk controls. Furthermore, throughout the Annual Report and Financial Statements the Board has sought to provide further information to enable shareholders to better understand the Company's business and financial performance.

Composition and Independence of the Board
The Board currently comprises three non-executive Directors, all of whom are considered independent of the Investment Manager. The Directors of the Company are listed on the Corporate Information on page 2 and on page 10.

The Chairman is Mr Crighton. A biography for Mr Crighton and all other Directors appears on page 10. In considering the independence of the Chairman, the Board has taken note of the provisions of the UK Code relating to independence, and has determined that Mr Crighton is an independent Director.

The Board believes it has a good balance of skills and experience to ensure it operates effectively. The Chairman is responsible for leadership of the Board and ensuring its effectiveness.

As the Chairman is an independent Director, no appointment of a senior independent Director has been made. The Company has no employees and therefore there is no requirement for a chief executive.

The Company holds a minimum of four Board meetings per year to discuss general management, structure, finance, corporate governance, marketing, risk management, compliance, asset allocation and gearing, contracts and performance. The quarterly Board meetings are the principal source of regular information for the Board enabling it to determine policy and to monitor performance, compliance and controls. These meetings are supplemented by communication and discussions throughout the year.

A representative of the Investment Manager, Administrator and Company Secretary may attend each Board meeting either in person or by telephone thus enabling the Board to fully discuss and review the Company's operations and performance. Each Director has direct access to the Investment Manager and Company Secretary and may at the expense of the Company seek independent professional advice on any matter.

Attendance at the Board and other Committee meetings during the year was as follows:

	Number of Meetings held	Norman Crighton	Robert King	Stephen Coe
Board Meetings	6	6	6	6
Audit Committee Meetings	3	3	3	3

Board Diversity
The Board considers the composition of the Board on an on-going basis.

Re-election
The Articles of Incorporation provide that one-third of the Directors retire by a voluntary rotation basis at each AGM. However, in order to meet the highest standards of corporate governance, the Directors have agreed to stand for election yearly.

Report of the Directors (continued)

Corporate Governance (continued)

Re-election (continued)
The Directors may at any time appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until, and shall be eligible for re-election at, the next AGM following their appointment but shall not be taken into account in determining the Directors or the number of Directors who are to retire by a voluntary rotation basis, at that meeting, if it is an AGM.

Board Performance
During the Board Meeting held on 12 November 2015, the Chairman and the Directors discussed whether it was necessary to undertake an annual evaluation or whether it would be preferable just to undertake an external evaluation on a three yearly basis. The Board agreed that this matter will be discussed further in twelve months' time.

Committees of the Board
The Board has established Audit and Management and Engagement Committees. All Terms of Reference for Committees are available from the Company Secretary upon request or on the Company's website, **www.weisskoreaopportunityfund.com.**

Audit Committee
The Company has established an Audit Committee, with formally delegated duties and responsibilities within written terms of reference. The Audit Committee is chaired by Mr Coe. The Audit Committee's other members are Mr Crighton and Mr King. The Audit Committee meets formally at least twice a year.

Appointment to the Audit Committee is for a period up to three years which may be extended for two further three year periods.

The table on page 14 sets out the number of Audit Committee Meetings held during the year ended 31 December 2015 and the number of such meetings attended by each Audit Committee member.

A report of the Audit Committee detailing responsibilities and activities is presented on pages 21 to 24.

Management and Engagement Committee
The Company has established a Management and Engagement Committee, with formally delegated duties and responsibilities within written terms of reference. The Management and Engagement Committee is chaired by Mr King. The Management and Engagement Committee's other members are Mr Crighton and Mr Coe. The Management and Engagement Committee meets formally once a year.

The principal duties of the Management and Engagement Committee are to review the performance of and contractual arrangements with the Investment Manager and all other service providers to the Company (other than the external auditors).

During the year the Management and Engagement Committee has reviewed the services provided by the Investment Manager as well as the other service providers and have recommended to the Board that their continuing appointments are in the best interests of the Shareholders. The last meeting was held on 12 November 2015.

Nomination Committee
The Board does not have a separate Nomination Committee. The Board as a whole fulfils the function of a Nomination Committee. Any proposal for a new Director will be discussed and approved by the Board. The Board will determine whether in future an external search consultancy or open advertising is used in the appointments of non-executive Directors.

Corporate Governance (continued)

Remuneration Committee

In view of its non-executive and independent nature, the Board considers that it is not appropriate for there to be a Remuneration Committee as anticipated by the UK Code because this function is carried out as part of the regular Board business. A Remuneration Report prepared by the Board is contained in the Annual Report on page 20. Directors' remuneration is considered on an annual basis.

Environmental Policy

Due to the Company's listing on AIM, the Company is required to disclose its Environmental Policy but this is not applicable due to the nature of its operations.

Internal Controls

The Board is ultimately responsible for establishing and maintaining the Company's system of internal controls and for maintaining and reviewing its effectiveness. The Company's risk matrix continues to be the basis of the Company's risk management process in establishing the Company's system of internal financial and reporting controls. The risk matrix is prepared and maintained by the Board which initially identifies the risks facing the Company and then collectively assesses the likelihood of each risk, the impact of those risks and the strength of the controls operating over each risk. The Company's system of internal controls is designed to manage rather than to eliminate the risk of failure to achieve the Company's objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss. These controls aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained and the financial information for publication is reliable. The Board confirms that there is an on-going process for identifying, evaluating and managing the significant risks faced by the Company.

The UK Code requires Directors to conduct at least annually a review of the Company's system of internal controls, covering all controls, including financial, operational, compliance and risk management. The Board has evaluated the Company's systems of internal controls. In particular, it has prepared a process for identifying and evaluating the significant risks affecting the Company and the policies by which these risks are managed and resulted in a low to medium risk assessment.

The Board has delegated the management of the Company's investment portfolio and the administration, registrar and corporate secretarial functions including the independent calculation of the Company's NAV and the production of the Annual Report and Financial Statements, which are independently audited. Whilst the Board delegates these functions, it remains responsible for the functions it delegates and for the systems of internal control. Formal contractual agreements have been put in place between the Company and providers of these services. On an on-going basis Board reports are provided at each quarterly Board meeting from the Investment Manager, Administrator, Registrar and Company Secretary; and a representative from the Investment Manager is asked to attend these meetings.

In common with most investment companies, the Company does not have an internal audit function. All of the Company's management functions are delegated to the Investment Manager, Administrator, Registrar and Company Secretary which have their own internal audit and risk assessment functions.

The Company's risk exposure and the effectiveness of its risk management and internal control systems are reviewed by the Audit Committee at its meetings and annually by the Board. The Board believes that the Company has adequate and effective systems in place to identify, mitigate and manage the risks to which it is exposed.

Principal Risks and Uncertainties

In respect to the Company's system of internal controls and reviewing its effectiveness, the Directors:

- are satisfied that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; and
- have reviewed the effectiveness of the risk management and internal control systems including material financial, operational and compliance controls (including those relating to the financial reporting process) and no significant failings or weaknesses were identified.

Report of the Directors (continued)

Corporate Governance (continued)

Principal Risks and Uncertainties (continued)
The principal risks and uncertainties which have been identified and the steps which are taken by the Board to mitigate them are as follows:

Investment Risks
The Company is exposed to the risk that its portfolio fails to perform in line with its investment objective and policy if markets move adversely or if the Investment Manager fails to comply with the investment policy. The Board reviews reports from the Investment Manager at the quarterly Board meetings, with a focus on the performance of the portfolio in line with its investment policy. The Administrator is responsible for ensuring that all transactions are in accordance with the investment restrictions.

Operational Risks
The Company is exposed to the risk arising from any failures of systems and controls in the operations of the Investment Manager, Administrator and the Custodian. The Board and its Committees regularly review reports from the Investment Manager and the Administrator on their internal controls. The Administrator will report to the Investment Manager any valuation issues which will be brought to the Board for final approval as required.

Accounting, Legal and Regulatory Risks
The Company is exposed to the risk that it may fail to maintain accurate accounting records, fail to comply with requirements of its Admission document and fail to meet listing obligations. The accounting records prepared by the Administrator are reviewed by the Investment Manager. The Administrator, Broker and Investment Manager provide regular updates to the Board on compliance with the Admission document and changes in regulation.

Discount Management
The Company is exposed to shareholder dissatisfaction through inability to manage the share price discount to NAV. The Board and its Broker monitors share price discount (and premium) continuously and has engaged in share buy-backs from time to time to help minimise any such discount. The Board believes that it has access to sufficiently liquid assets to help manage share price discount. The Company's discount management programme is described within Note 17 on page 45.

Liquidity of Investments
The Korean Preferred Shares typically purchased by the Company generally have smaller market capitalisations and lower levels of liquidity than their common share counterparts. These factors, among others, may result in more volatile price changes in the Company's assets as compared to the Korean stock market or other more liquid asset classes. This volatility could cause the NAV to go up or down dramatically.

In order to realise its investments, the Company will likely need to sell its holdings in the secondary market, which could prove difficult if adequate liquidity does not exist at the time, and could result in the values received by the Company being significantly less than their holding values. The liquidity of the market for Preferred Shares may vary materially over time. There can be no guarantee that a liquid market for the Company's assets will exist or that the Company's assets can be sold at prices similar to the published NAV. Illiquidity could also make it difficult or costly for the Company to purchase securities, and this could result in the Company holding more cash than anticipated. Furthermore, it is possible that South Korea could impose currency-exchange or capital controls on foreign investors, making it difficult or impossible for the Company to repatriate funds. The Investment Manager considers the liquidity of secondary trading in assessing and managing the liquidity of the Company's investments. The Board reviews the Company's resources and obligations on a regular basis with a view to ensuring that sufficient liquid assets are held for the expected day to day operations of the Company. However, if the Company were required to liquidate a substantial portion of its assets at a single time, it is likely that the market impact of the necessary sale transactions would impact the value of the portfolio materially.

Report of the Directors (continued)

Corporate Governance (continued)

Principal Risks and Uncertainties (continued)

Fraud Risk
The Company is exposed to fraud risk. The Audit Committee continues to monitor the fraud, bribery and corruption policies of the Company. The Board receives a confirmation from all service providers that there have been no instances of fraud or bribery.

Financial Risks
The financial risks, including market, credit and liquidity risk faced by the Company are set out in Note 17 of the Financial Statements on pages 41 to 45. These risks and the controls in place to reduce the risks are reviewed at the quarterly Board meetings.

Shareholder Engagement
The Directors welcome shareholders' views and places great importance on communication with its shareholders. Shareholders wishing to meet with the Chairman and other Board members should contact the Company's Administrator.

The Investment Manager and Broker maintain a regular dialogue with institutional shareholders, the feedback from which is reported to the Board.

The Company's AGM provides a forum for shareholders to meet and discuss issues of the Company and shareholders with the opportunity to vote on the resolutions as specified in the Notice of AGM. The Notice of AGM and the results are released to the London Stock Exchange in form of an announcement.

In addition, the Company maintains a website which contains comprehensive information, including links to regulatory announcements, share price information, financial reports, investment objective and investor contacts.

Auditor
The Auditor, KPMG Channel Islands Limited, have indicated their willingness to continue in office. Accordingly, a resolution for their reappointment will be proposed at the forthcoming AGM.

Directors' Responsibilities
The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable law.

The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements the Directors are required to:

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

Report of the Directors (continued)

Directors' Responsibilities (continued)
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements have been properly prepared in accordance with the Companies (Guernsey) Law, 2008. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing the Annual Report and Financial Statements and that to the best of their knowledge and belief:

- the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for the shareholders to assess the Company's performance, business model and strategy; and
- the Financial Statements have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, and for the preparation and dissemination of financial statements.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the Auditor
So far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors recognise their responsibilities stated above.

Signed on behalf of the Board

Norman Crighton	Stephen Coe
Chairman	Director
12 April 2016	

Directors' Remuneration Report

Introduction
An ordinary resolution for the approval of the Directors' Remuneration Report will be put to the Shareholders at the AGM to be held on 27 July 2016.

Remuneration Policy
All Directors are non-executive and a Remuneration Committee has not been established. The Board as a whole considers matters relating to the Directors' remuneration. No advice or services were provided by any external person in respect of its consideration of the Directors' remuneration.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Directors on the Company's affairs and the responsibilities borne by the Directors and be sufficient to attract, retain and motivate directors of a quality required to run the Company successfully. The Chairman of the Board is paid a higher fee in recognition of his additional responsibilities, as is the Chairman of the Audit Committee. The policy is to review fee rates periodically, although such a review will not necessarily result in any changes to the rates, and account is taken of fees paid to Directors of comparable companies. The Directors of the Company are remunerated for their services at such a rate as the Directors determine provided that the aggregate amount of such fees does not exceed £200,000 per annum.

There are no long term incentive schemes provided by the Company and no performance fees are paid to Directors.

None of the Directors have a service contract with the Company but each of the Directors is appointed by a letter of appointment which sets out the main terms of their appointment. Directors hold office until they retire by rotation or cease to be a Director in accordance with the Articles of Incorporation, by operation of law or until they resign.

Remuneration
Directors are remunerated in the form of fees, payable quarterly in arrears, to the Director personally. No Directors have been paid additional remuneration outside their normal Directors' fees and expenses.

The annual Directors' fees comprise £26,000 payable to Mr Crighton, the Chairman, £22,000 to Mr Coe as Chairman of the Audit Committee and £20,000 to Mr King.

For the year ended 31 December 2015, Directors' fees were:

	For the year ended 31 December 2015	**For the year ended 31 December 2014**
	£	**£**
Norman Crighton	26,000	26,000
Stephen Coe	22,000	22,000
Robert King	20,000	20,000

Signed on behalf of the Board by:

Norman Crighton
Chairman
12 April 2016

Stephen Coe
Director

Audit Committee Report

Dear Shareholders,
On the following pages, we present the Audit Committee's Report for 2015, setting out the responsibilities of the Audit Committee and its key activities in 2015.

The Audit Committee has reviewed the Company's financial reporting, significant areas of judgement and estimation within the Company's Financial Statements, the independence and effectiveness of the external auditor and the internal control and risk management systems of the Company's service providers. The Audit Committee considered whether the Annual Report and Financial Statements are fair, balanced and understandable and whether they provided the necessary information for shareholders to assess the Company's performance, business model and strategy before recommending them to the Board for approval. In order to assist the Audit Committee in discharging these responsibilities, regular reports are received from the Investment Manager, Administrator and external auditor. Following its review of the independence and effectiveness of the Company's external auditors, the Audit Committee has recommended to the Board that KMPG Channel Islands Limited be reappointed as auditor, which the Board has submitted for approval to the Company's Shareholders.

A member of the Audit Committee will continue to be available at each AGM to respond to any Shareholder questions on the activities of the Audit Committee.

Responsibilities
The Audit Committee reviews and recommends the approval of the Financial Statements of the Company to the Board and is the forum through which the external auditor reports to the Board of Directors. The external auditor and the Audit Committee will meet together without representatives of either the Administrator or Investment Manager being present if either considers this to be necessary.

The role of the Audit Committee includes:

- monitoring the integrity of the published Financial Statements of the Company;
- review and report to the Board on the significant issues and judgements and estimates made in the preparation of the Company's published Financial Statements;
- monitor and review the quality and effectiveness of the external auditors and their independence;
- consider and make recommendations to the Board on the appointment, reappointment, replacement and remuneration to the Company's external auditor;
- review the Company's procedures for prevention, detection and reporting of fraud, bribery and corruption; and
- monitor and review the internal control and risk management systems of the service providers.

The Audit Committee's full terms of reference can be obtained by contacting the Company's Secretary or on the Company's website, **www.weisskoreaopportunityfund.com.**

Key Activities of the Audit Committee
The following sections discuss the assessments made by the Audit Committee during the year:

Financial Reporting
The Audit Committee's review of the Annual Report and Audited Financial Statements focused on the following significant area:

Valuation of investments
The Company's investments had a fair value of £122,775,669 as at 31 December 2015 and represent the majority of the net assets of the Company. The investments are all listed and traded and the valuation is by reference to the fair value measurement required by IFRS. The Audit Committee considered the fair value of the investments held by the Company as at 31 December 2015 to be reasonable from a review of information provided by the Investment Manager and Administrator. All prices have been confirmed by the Administrator, to independent pricing sources as at 31 December 2015.

The Investment Manager and Administrator confirmed to the Audit Committee that they were not aware of any material misstatements including matters relating to Financial Statement presentation, nor were they aware of any fraud or bribery relating to the Company's activities. Furthermore, the external auditor reported to the Audit Committee that no material misstatements were found in the course of their work.

Audit Committee Report (continued)

Key Activities of the Audit Committee (continued)

Financial Reporting (continued)

Valuation of investments (continued)
Following a review of the presentations and reports from the Administrator and consulting where necessary with the external auditor, the Audit Committee is satisfied that the Financial Statements appropriately address the critical judgements and key estimates made in the preparation of the Financial Statements (both in respect to the amounts reported and the disclosures). The Audit Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

Risk Management
The Audit Committee continued to consider the process for managing the risk of the Company and its service providers. Risk management procedures for the Company, as detailed in the Company's risk assessment matrix, were reviewed and approved by the Audit Committee.

Fraud, Bribery and Corruption
The Audit Committee continues to monitor the fraud, bribery and corruption policies of the Company. The Board receives a confirmation from all service providers that there have been no instances of fraud or bribery.

The External Auditor

Independence, objectivity and fees
The independence and objectivity of the external auditor is reviewed by the Audit Committee which also reviews the terms under which the external auditor is appointed to perform non-audit services. The Audit Committee has established pre-approval policies and procedures for the engagement of the auditor to provide audit and assurance services.

These are that the external auditors may not provide a service which:

- places them in a position to audit their own work;
- creates a mutuality of interest;
- results in the external auditor developing close relationships with service providers of the Company;
- results in the external auditor functioning as a manager or employee of the Company; and
- puts the external auditor in the role of advocate of the Company.

As a general rule, the Company does not utilise external auditors for internal audit purposes, secondments or valuation advice. Services such as tax compliance, tax structuring, private letter rulings, accounting advice, quarterly reviews and disclosure advice are normally permitted but will be pre-approved by the Audit Committee.

The following table summarises the remuneration payable to KPMG Channel Islands Limited and to other KPMG member firms for audit and non-audit services.

	For the year ended 31 December 2015	For the year ended 31 December 2014
KPMG Channel Islands Limited	**£**	**£**
Annual audit	24,000	23,500
Tax fees (UK Reporting Fund Status)	3,750	5,000
Advisory fees (FATCA consultation)	-	3,000
	27,750	31,500

Audit Committee Report (continued)

The External Auditor (continued)
The Audit Committee does not consider KPMG Channel Islands Limited's independence to be under threat. In making this assessment, the Audit Committee has concluded that the non-audit fees do not relate to prohibited services identified by the Audit Committee on page 22. In approving the non-audit services the Audit Committee considered the safeguards put in place by KPMG Channel Islands Limited to reduce the threats to independence and objectivity to an acceptable level.

KPMG Channel Islands Limited has been the external auditor from the date of the initial listing on the London Stock Exchange. The recent revisions to the UK Corporate Governance Code introduced a recommendation that the external audit be put out to tender every ten years. The Audit Committee has noted this and will develop a plan for tendering at the appropriate time.

The Audit Committee has examined the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external auditor, with particular regard to non-audit fees, and considers KPMG Channel Islands Limited, as external auditor, to be independent of the Company.

Performance and effectiveness
During the period, when considering the effectiveness of the external auditors, the Audit Committee has taken into account the following factors:

- The audit plan presented to them before the audit;
- The post audit report including variations from the original plan;
- Changes in audit personnel;
- The external auditors' report on independence; and
- Feedback from both the Investment Manager and Administrator.

Further to the above, at the conclusion of the 2015 audit fieldwork, the Audit Committee performed specific evaluation of the performance of the external auditor through discussion with the Administrator, Investment Manager and the Auditors, themselves.

There were no significant adverse findings from this evaluation.

Reappointment of external auditors
Consequent to this review process, the Audit Committee has recommended to the Board that a resolution be put to the 2016 AGM for the reappointment of KPMG Channel Islands Limited as external auditor. The Board has accepted this recommendation.

Internal control and risk management systems
After consultation with the Investment Manager, Administrator and external auditor, the Audit Committee considers the impact of the risk of the override of controls by its service providers, the Investment Manager and Administrator.

The Audit Committee reviews externally prepared assessments of the control environment in place at the Administrator, with the Administrator providing a Service Organisation Controls Report on a bi-annual basis. The Audit Committee noted that the Management and Engagement Committee received a self-assessment from the Investment Manager and no issues were identified in this. Norman Crighton also visited the office of the Investment Manager to discuss and review the controls in place at the Investment Manager. No significant failings or weaknesses were identified in these reviews by the Audit Committee.

The Audit Committee has also reviewed the need for an internal audit function. The Audit Committee has decided that the systems and procedures employed by the Investment Manager and the Administrator's internal audit function provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

Audit Committee Report (continued)

In finalising the Financial Statements for recommendation to the Board for approval, the Audit Committee is satisfied that, taken as a whole, the Annual Report and Financial Statements are fair, balanced and understandable.

For any questions on the activities of the Audit Committee not addressed in the foregoing, a member of the Audit Committee remains available to attend each AGM to respond to such questions.

The Audit Committee Report was approved by the Board on 12 April 2016 and signed on behalf of the Audit Committee by:

Stephen Coe
Chairman, Audit Committee
12 April 2016

Independent Auditor's Report
To the Members of Weiss Korea Opportunity Fund Ltd.

Opinions and conclusions arising from our audit

Opinion on financial statements

We have audited the financial statements of Weiss Korea Opportunity Fund Ltd. (the "Company") for the year ended 31 December 2015 which comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union ('EU'). In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its total comprehensive income for the year ended 31 December 2015;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- comply with the Companies (Guernsey) Law, 2008.

Our assessment of risks of material misstatement

The risks of material misstatement detailed in this section of this report are those risks that we have deemed, in our professional judgement, to have had the greatest effect on: the overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team. Our audit procedures relating to these risks were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of these risks, and we do not express an opinion on these individual risks.

In arriving at our audit opinion above on the financial statements, the risk of material misstatement that had the greatest effect on our audit was as follows:

Valuation of investments (£122,775,669 or 95% of NAV)

Refer to page 21 of the Report of the Audit Committee, Note 2e (accounting policies) and Note 11 and 18 (financial instrument disclosures).

- **The risk** – The Company invests primarily in listed preferred shares issued by companies incorporated and listed in South Korea, which in certain cases may trade at a discount to the corresponding common shares of the same companies. As highlighted in the Report of the Audit Committee on page 21, the valuation of the Company's investments, given they represent the majority of the Company's net assets as at 31 December 2015, is a significant area of our audit. Fair value of investments traded in active markets are based on the bid price at the close of business of the relevant stock exchange on the reporting date. As disclosed in Note 18 to the financial statements, 100% of the Company's investments are traded in an active market.

- **Our response –** Our audit procedures with respect to the Company's valuation of investments included, but were not limited to, evaluating the design and implementation of controls at the administrator in relation to valuation of investments, using our own financial instruments valuation specialist to perform a comparison of the latest available bid prices from an independent third party pricing provider to the bid prices utilised by the Company. In addition our own financial instruments valuations specialist assesses the quality of the available bid prices used as at 31 December 2015 for evidence of stale prices or bid prices not quoted in an active market against observed market trading data.

  We also considered the Company's valuation policies adopted and fair value disclosures in Note 2e, 11 and 18 for compliance with International Financial Reporting Standards as adopted by the EU.

Independent Auditor's Report
To the Members of Weiss Korea Opportunity Fund Ltd.

Our application of materiality and an overview of the scope of our audit

Materiality is a term used to describe the acceptable level of precision in financial statements. Auditing standards describe a misstatement or an omission as "material" if it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The auditor has to apply judgement in identifying whether a misstatement or omission is material and to do so the auditor identifies a monetary amount as "materiality for the financial statements as a whole".

The materiality for the financial statements as a whole was set at £3,650,000. This has been calculated using a benchmark of the Company's net asset value (of which it represents approximately 3%) which we believe is the most appropriate benchmark as net asset value is considered as the prime driver of returns to the members and to be one of the principal considerations for members of the Company in assessing the financial performance of the Company.

We agreed with the audit committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £182,500, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above. The audit was performed at the offices of the administrator.

Whilst the audit process is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather we plan the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant depth of work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the Responsible Individual, to subjective areas of the accounting and reporting process.

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 Board of 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.

Disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' Viability Statement on pages 11 to 12, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the company's continuing in operation over the 3 years to 12 April 2019; or
- the disclosures in note 2 of the financial statements concerning the use of the going concern basis of accounting.

Independent Auditor's Report
To the Members of Weiss Korea Opportunity Fund Ltd.

Matters on which we are required to report by exception

Under International Standards on Auditing ("ISAs") (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for members to assess the Company's performance, business model and strategy; or

- the Audit Committee Report does not appropriately address matters communicated by us to the audit committee.

Under the Companies (Guernsey) Law, 2008, we are required to report to you if, in our opinion:

- the Company has not kept proper accounting records; or

- the financial statements are not in agreement with the accounting records; or

- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008 and, in respect of any further matters on which we have agreed to report, on terms we have agreed with the Company. 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 set out on pages 18 and 19, 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 ISAs (UK and Ireland). Those standards require us to comply with the UK Ethical Standards for Auditors.

KPMG Channel Islands Limited

Chartered Accountants
Glategny Court
Glategny Esplanade
St Peter Port, Guernsey
GY1 1WR
12 April 2016

Statement of Financial Position

	Notes	As at 31 December 2015 £	As at 31 December 2014 £
Assets			
Financial assets at fair value through profit or loss	**11,18**	122,775,669	118,537,000
Other receivables	**13**	2,358,893	2,235,438
Cash and cash equivalents	**12**	6,360,135	6,408,790
Due from broker	**2(o)**	481,717	-
Total assets		**131,976,414**	**127,181,228**
Liabilities			
Other payables	**14**	833,636	765,408
Total liabilities		**833,636**	**765,408**
Net assets		**131,142,778**	**126,415,820**
Represented by:			
Shareholders' equity and reserves			
Share capital	**15**	93,746,629	102,900,000
Other reserves	**2(r)**	37,396,149	23,515,820
Total shareholders' equity		**131,142,778**	**126,415,820**
Net assets per Share	**6**	**1.3449**	**1.2040**

The Financial Statements were approved and signed by the Board of Directors on 12 April 2016.

Norman Crighton
Chairman

Stephen Coe
Director

The notes on pages 32 to 47 form an integral part of these Financial Statements.

WEISS KOREA OPPORTUNITY FUND LTD.

Statement of Comprehensive Income

	Notes	For the year ended 31 December 2015 £	For the year ended 31 December 2014 £
Income			
Net changes in fair value of financial assets at fair value through profit or loss	**7**	16,197,400	14,924,253
Other income	**8**	2,586,621	2,183,389
Net income		18,784,021	17,107,642
Expenses			
Operating expenses	**9**	(2,466,120)	(2,579,362)
Total operating expenses		(2,466,120)	(2,579,362)
Operating profit for the period before tax		16,317,901	14,528,280
Withholding tax	**2(q)**	(569,098)	(480,324)
Operating profit for the period after tax		15,748,803	14,047,956
Total comprehensive income for the year		**15,748,803**	**14,047,956**
Basic and diluted earnings per share	**5**	**0.1561**	**0.1338**

All items derive from continuing activities.

The notes on pages 32 to 47 form an integral part of these Financial Statements.

Statement of Changes in Equity

For the year ended 31 December 2015

	Notes	Share capital £	Other reserves £	Total £
Balance at 1 January 2014		**102,900,000**	**10,981,263**	**113,881,263**
Total comprehensive income for the year		-	14,047,956	14,047,956
Transactions with Shareholders, recorded directly in equity				
Distributions paid	**3**	-	(1,513,399)	(1,513,399)
Balance at 31 December 2014		**102,900,000**	**23,515,820**	**126,415,820**
Balance at 1 January 2015		**102,900,000**	**23,515,820**	**126,415,820**
Total comprehensive income for the year		-	15,748,803	15,748,803
Transactions with Shareholders, recorded directly in equity				
Repurchase of ordinary shares and cancelled on purchase	**15**	(9,153,371)	-	(9,153,371)
Distributions paid	**3**	-	(1,868,474)	(1,868,474)
Balance at 31 December 2015		**93,746,629**	**37,396,149**	**131,142,778**

The notes on pages 32 to 47 form an integral part of these Financial Statements.

Statement of Cash Flows

	Notes	For the year ended 31 December 2015 £	For the year ended 31 December 2014 £
Cash flows from operating activities			
Total comprehensive income for the year		15,748,803	14,047,956
Adjustments for:			
Net change in fair value of financial assets held at fair value profit or loss	**7**	(16,197,400)	(14,924,253)
Increase in debtors	**13**	(123,455)	(235,935)
Increase in creditors	**14**	68,228	77,160
Net cash used in operating activities		(503,824)	(1,035,072)
Cash flows from investing activities			
Purchase of financial assets at fair value through profit or loss	**11**	(24,778,741)	(57,294,034)
Proceeds from the sale of financial assets at fair value through profit or loss	**11**	36,214,129	61,999,255
Net cash inflows from investing activities		11,435,388	4,705,221
Cash flows from financing activities			
Repurchase of ordinary shares and cancelled on purchase	**15**	(9,153,371)	-
Distributions paid	**3**	(1,868,474)	(1,513,399)
Net cash outflows from financing activities		(11,021,845)	(1,513,399)
Effects of exchange rate fluctuations		41,626	382,915
Net (decrease)/increase in cash and cash equivalents		(48,655)	2,539,665
Cash and cash equivalents at the beginning of the year		6,408,790	3,869,125
Cash and cash equivalents at the end of the year		6,360,135	6,408,790

The notes on pages 32 to 47 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. General information

The Company was incorporated with limited liability in Guernsey, as a closed-ended investment company on 12 April 2013. The Company's Shares were admitted to trading on the AIM Market of the LSE on 14 May 2013.

The Company's investment objective and policy is set out in the Summary Information on page 3.

The Investment Manager of the Company is Weiss Asset Management LP.

On 29 July 2015, the Memorandum of Articles of Incorporation which was originally entered on 8 May 2013 had been revised to reflect current administrative functions of the Directors. This was pursuant to a shareholder vote at the last AGM to allow telephone meetings of the Board.

2. Significant accounting policies

a) Statement of Compliance

The Annual Report and Audited Financial Statements of the Company for the year ended 31 December 2015 have been prepared in accordance with IFRS adopted by the European Union and the AIM Listing Rules of the London Stock Exchange. They give a true and fair view and are in compliance with the Companies (Guernsey) Law, 2008.

b) Basis of Preparation

The Financial Statements are prepared in pounds sterling (£), which is the Company's functional and presentation currency. They are prepared on a historical cost basis modified to include financial assets at fair value through profit or loss.

c) Going Concern

The Directors believe that, having considered the Company's investment objective (see Summary Information on page 3), financial risk management (see Note 17 to the Financial Statements on pages 41 to 45) and in view of the liquidity of investments, the income deriving from those investments and its holding in cash and cash equivalents, the Company has adequate financial resources and suitable management arrangements in place to continue as a going concern for at least twelve months from the date of approval of the Annual Financial Statements.

d) Standards, amendments and interpretations not yet effective

At the date of approval of these Financial Statements, IFRS 9 Financial Instruments (Effective 1 January 2018), which has not been applied in these Financial Statements, was in issue but not yet effective.

The Company is currently evaluating the potential effect of this standard.

IFRS 9 'Financial Instruments' is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted and amends IAS 39. IFRS 9 specifies how an entity should classify and measure financial assets, including some hybrid contracts. They require all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; this classification includes financial assets initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; subsequently measured at amortised costs or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the numerous categories of financial assets in IAS 39, each of which had its own classification criteria.

They also result in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

e) Financial instruments

i) Classification

Financial assets are classified into the following categories: financial assets at fair value through profit or loss and loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

ii) Recognition

Investment assets at fair value through profit or loss ("investments")

Financial assets and derivatives are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Purchases and sales of investments are recognised on the trade date (the date on which the Company commits to purchase or sell the investment). Investments purchased are initially recorded at fair value, being the consideration given and excluding transaction or other dealing costs associated with the investment.

Subsequent to initial recognition, investments are measured at fair value. Gains and losses arising from changes in the fair value of investments and gains and losses on investments that are sold are recognised through profit or loss in the Statement of Comprehensive Income within net changes in fair value of financial assets at fair value through profit or loss.

Derivatives

Futures and forward foreign currency contracts are treated as derivative contracts and as such are recognised at fair value on the date on which they are entered into and subsequently re-measured at their fair value. Fair value is determined by rates in active currency markets. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The gain or loss on re-measurement to fair value is recognised immediately through profit or loss in the Statement of Comprehensive Income within net changes in fair value of financial assets at fair value through profit or loss in the period in which they arise.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise assets and settle the liabilities simultaneously.

iii) Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments traded in active markets are valued at the latest available bid prices ruling at midnight on the reporting date. The Directors are of the opinion that the bid-market prices are the best estimate on fair value. Gains and losses arising from changes in the fair value of financial assets/(liabilities) are shown as net gains or losses on financial assets through profit or loss in Note 11 and recognised in the Statement of Comprehensive Income in the period in which they arise.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

e) Financial instruments (continued)

iii) Measurement (continued)

Derecognition of financial instruments
A financial asset is derecognised when: (a) the rights to receive cash flows from the asset have expired, (b) the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through arrangement"; or (c) the Company has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Realised and unrealised gains and losses
Realised gains and losses arising on disposal of investments are calculated by reference to the proceeds received on disposal and the average cost attributable to those investments, and are recognised in the Statement of Comprehensive Income. Unrealised gains and losses on investments are recognised in the Statement of Comprehensive Income.

f) Income
Dividend income from equity investments is recognised through profit or loss in the Statement of Comprehensive Income when the relevant investment is quoted ex-dividend. Investment income is included gross of withholding tax.

g) Expenses
All expenses are accounted for on an accruals basis.

h) Cash and cash equivalents
Cash comprises cash in hand and demand deposits. Cash equivalents, which can include bank overdrafts, are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value. Cash, deposits with banks and bank overdrafts are stated at their principal amount.

i) Share Capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are shown in equity as a deduction, net of tax, from the proceeds and disclosed in the Statement of Changes in Equity.

j) Foreign currency translations
Functional and presentation currency
The Financial Statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its 'functional currency'). The Directors have considered the currency in which the original capital was raised, distributions will be made and ultimately the currency in which capital would be returned in a liquidation.

On Balance Sheet Date, the Directors believe that pounds sterling best represents the functional currency of the Company. For the purpose of the Financial Statements, the results and financial position of the Company are expressed in pounds sterling, which is the presentation currency of the Company. Transactions denominated in foreign currencies are translated into pounds sterling at the rate of exchange ruling on the date of the transaction. Financial assets and liabilities denominated in foreign currencies at the reporting date are translated into pounds sterling at the exchange rate prevailing at that date. Realised and unrealised gains or losses on currency translation are recognised in the Statement of Comprehensive Income. Foreign currency differences relating to investments at fair value through profit or loss are included within net changes in fair value of financial assets at fair value through profit or loss (Note 7).

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

k) Treasury Shares

Where the Company purchases its own share capital, the consideration paid, which includes any directly attributable costs, is recognised as a deduction from Shareholders' equity through the other reserves, which is a distributable reserve.

When such Shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is recognised as an increase in equity and the resulting surplus or deficit on the transaction is transferred to/from the other reserve.

Where the Company cancels treasury shares, no further adjustment is required to the share capital account at the time of cancellation. Shares held in treasury are excluded from calculations when determining NAV per share and earnings per share.

l) Operating Segments

The Board has considered the requirements of IFRS 8 'Operating Segments', and is of the view that the Company is engaged in a single segment of business, being an investment strategy tied to listed preferred shares issued by companies incorporated in South Korea. The Board, as a whole, has been determined as constituting the chief operating decision maker of the Company.

The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the total return on the Company's NAV, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in these Audited Financial Statements.

The Board of Directors is charged with setting the Company's investment strategy in accordance with the investment policy. They have delegated the day to day implementation of this strategy to its Investment Manager but retain responsibility to ensure that adequate resources of the Company are directed in accordance with their decisions. The investment decisions of the Investment Manager are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Board. The Investment Manager has been given full authority to act on behalf of the Company, including the authority to purchase and sell securities and other investments on behalf of the Company and to carry out other actions as appropriate to give effect thereto. Whilst the Investment Manager may make the investment decisions on a day to day basis regarding the allocation of funds to different investments, any changes to the investment strategy or major allocation decisions have to be approved by the Board, even though they may be proposed by the Investment Manager.

The Board therefore retains full responsibility as to the major decisions made on an on-going basis. The Investment Manager will always act under the terms of the Admission Document which cannot be significantly changed without the approval of the Board of Directors and where necessary, Shareholders.

m) Other Receivables

Other receivables are amounts due in the ordinary course of business. Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

n) Other Payables

Other payables are obligations to pay for services that have been acquired in the ordinary course of business. Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

o) Due from and due to brokers

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

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

p) Dividend Distribution

Dividend distribution to the Company's Shareholders is recognised as a liability in the Company's Financial Statements and disclosed in the Statement of Changes in Equity in the period in which the dividends are proposed and approved by the Board.

q) Taxation

The Company has been granted Exempt Status under the terms of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 to income tax in Guernsey. Its liability is an annual fee of £1,200 (2014: £600).

The amounts disclosed as taxation in the Statement of Comprehensive Income relates solely to withholding tax levied in South Korea on distribution from Korean companies at an offshore rate of 22%.

r) Other Reserves

Total comprehensive income for the year is transferred to Other Reserves.

3. Dividends to Shareholders

Dividends, if any, will be paid annually in June each year. An annual dividend of 1.8580 pence per share (£1,868,474) was approved on 4 June 2015 and paid on 26 June 2015, in respect of the year ended 31 December 2014.

An annual dividend of 1.4413 pence per share (£1,513,399) was approved on 5 June 2014 and paid on 27 June 2014, in respect of the period from 12 April 2013 (date of incorporation) to 31 December 2013.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Annual Financial Statements:

Functional currency

As disclosed in Note 2(j), the Company's functional currency is Sterling. Sterling is the currency in which the original capital was raised, distributions will be made and ultimately the currency in which capital would be returned in a liquidation.

5. Basic and Diluted Earnings per Share

The basic and diluted earnings per share for the Company has been calculated based on the total comprehensive income for the year of £15,748,803 (for the year ended 31 December 2014: £14,047,956) and the weighted average number of Ordinary Shares in issue during the year of 100,886,598 (for the year ended 31 December 2014: 105,000,000).

6. Net Asset Value per Ordinary Share

The net asset value of each Share of £1.3449 (as at 31 December 2014: £1.2040) is determined by dividing the net assets of the Company attributed to the Ordinary Shares of £131,142,778 (as at 31 December 2014: £126,415,820) by the number of Ordinary Shares in issue at 31 December 2015 of 97,509,750 (as at 31 December 2014: 105,000,000 Ordinary Shares in issue).

Notes to the Financial Statements (continued)

7. Net changes in fair value on financial assets at fair value through profit or loss

	For the year ended 31 December 2015 £	For the year ended 31 December 2014 £
Realised gain on investments	4,927,720	9,488,378
Realised (loss)/gain on foreign currency	(1,686)	329,733
Movement in unrealised gain on investments	11,228,054	5,052,960
Movement in unrealised exchange gain on foreign currency	43,312	53,182
Net changes in fair value on financial assets at fair value through profit or loss	16,197,400	14,924,253

8. Other Income

	For the year ended 31 December 2015 £	For the year ended 31 December 2014 £
Dividend income	2,586,621	2,183,389

9. Operating Expenses

	For the year ended 31 December 2015 £	For the year ended 31 December 2014 £
Investment Management fee (Note 16c)	1,894,277	1,956,259
Custodian fees	54,885	49,899
Audit fees	24,308	24,268
Administration and Secretarial fees	95,405	92,599
Directors' fees (Note 16a)	68,000	68,000
Auditors remuneration for non-audit services *	3,750	8,000
Professional fees	37,609	45,940
Transaction costs	162,896	206,126
Financial Adviser, Nominated Adviser and Broker fee	30,000	30,000
Sundry expenses	94,990	98,271
	2,466,120	2,579,362

* Fees of £3,750 (31 December 2014: £8,000) were paid to the auditors, KPMG Channel Islands Limited, in respect of tax services provided in the period to 31 December 2015.

10. Operating Segments

Information on realised gains and losses derived from sales of investments are disclosed in Note 7 of the Financial Statements. The Company is domiciled in Guernsey. Substantially all of the Company’s income is from its investment in listed preferred shares issued by companies incorporated in South Korea.

The Company has no assets classified as non-current assets. The Company is likely to have a high degree of portfolio concentration as Korean preferred shares are concentrated with a small number of issuers.

Notes to the Financial Statements (continued)

10. Operating Segments (continued)

The Company also has a diversified Shareholder base. As at 31 December, registered Shareholders that have notified the market of their holding in the Company via an announcement to the LSE, were as follows:

	As at 31 December 2015	
Shareholders	**Shares**	**% of issued share capital**
Aberdeen Emerging Capital Limited	12,452,000	12.77%
Ruffer LLP	11,500,000	11.79%
Banque Degroof Luxembourg	10,125,000	10.38%
Lepercq de Neuflize Asset Management	8,764,065	8.99%
Mount Capital	8,000,000	8.20%
City of London Investment Management Company	7,160,740	7.34%
Andrew M. Weiss	6,427,550	6.59%

	As at 31 December 2014	
Shareholders	**Shares**	**% of issued share capital**
Ruffer LLP	11,500,000	10.95%
Lepercq Lynx Investment Advisory LLC	10,208,265	9.72%
Advance Emerging Capital Ltd	9,777,000	9.31%
Henderson Global Investors	8,800,000	8.38%
Mount Capital	8,000,000	7.62%
Andrew M. Weiss	6,427,550	6.12%

11. Financial assets at fair value through profit or loss

	As at 31 December 2015 £	As at 31 December 2014 £
Cost of investments at beginning of the year	103,534,207	98,751,050
Purchases of investments in the year	24,778,741	57,294,034
Disposal of investments in the year	(36,695,846)	(61,999,255)
Realised gain on disposal of investments in the year	4,927,720	9,488,378
Cost of investments held at end of the year	96,544,822	103,534,207
Unrealised gain on investments	26,230,847	15,002,793
Financial assets at fair value through profit or loss	122,775,669	118,537,000

Financial assets are valued at the bid-market prices ruling as at the close of business at the statement of financial position date, net of any accrued interest which is included in the Statement of Financial Position as an income related item. The Directors are of the opinion that the bid-market prices are the best estimate of fair value in accordance with the requirements of IFRS 13. Movements in fair value are included in the Statement of Comprehensive Income.

12. Cash and cash equivalents

	As at 31 December 2015 £	As at 31 December 2014 £
Cash at bank	6,360,135	6,408,790

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Notes to the Financial Statements (continued)

13. Other Receivables

	As at 31 December 2015 £	As at 31 December 2014 £
Dividends receivable	2,356,303	2,232,660
Prepaid expenses	2,590	2,778
	2,358,893	2,235,438

The Directors consider that the carrying amount of receivables approximate their fair value.

14. Other Payables

	As at 31 December 2015 £	As at 31 December 2014 £
Investment management fees payable (Note 16c)	162,303	170,718
Withholding Tax payable	518,387	491,185
Administration fee payable	24,079	24,200
Custody fee payable	5,320	4,276
Directors' fees payable (Note 16a)	17,000	17,000
Audit fees payable	15,156	15,220
Other payables	91,391	42,809
	833,636	765,408

The Directors consider that the carrying amount of payables approximate their fair value.

15. Share Capital

	As at 31 December 2015	As at 31 December 2014
Authorised		
Unlimited Ordinary Shares at no par value	-	-
Issued at no par value		
97,509,750 (2014: 105,000,000) unlimited Ordinary Shares at no par value	-	-

Reconciliation of number of Shares

	As at 31 December 2015 No. of Shares	As at 31 December 2014 No. of Shares
Ordinary Shares at the beginning of the year	105,000,000	105,000,000
Purchase of own Shares for cancellation	(7,490,250)	-
Total Ordinary Shares in issue at the end of the year	97,509,750	105,000,000

Share capital account

	As at 31 December 2015 Share Capital £	As at 31 December 2014 Share Capital £
Share Capital at the beginning of the year	102,900,000	102,900,000
Purchase of own Shares for cancellation	(9,153,371)	-
Total Share Capital at the end of the year	93,746,629	102,900,000

The Share Capital of the Company consists of an unlimited number of Ordinary Shares of no par value.

15. Share Capital (continued)

Ordinary shares
The Company has a single class of Ordinary Shares which were issued by means of an initial public offering on 14 May 2013, at 100 pence per Share.

The rights attaching to the Ordinary Shares are as follows:

a) the holders of Ordinary Shares shall confer the right to all dividends in accordance with the Articles of Incorporation of the Company.
b) the capital and surplus assets of the Company remaining after payment of all creditors shall, on winding-up or on a return (other than by way of purchase or redemption of own Ordinary Shares) be divided amongst the Shareholders on the basis of the capital attributable to the Ordinary Shares at the date of winding up or other return of capital.
c) the Shareholders present in person or by proxy or (being a corporation) present by a duly authorised representative at a general meeting has, on a show of hands, one vote and, on a poll, one vote for every Share.
d) On 20 March 2017, being 56 days before the fourth anniversary of admission (the "Realisation Date"), the Shareholders are entitled to serve a written notice (a "Realisation Election") requesting that all or a part of the Ordinary Shares held by them be redesignated to Realisation Shares, subject to the aggregate NAV of the continuing Ordinary Shares on the last business day before the Reorganisation Date being not less than £50 million. A Realisation Notice, once given is irrevocable unless the Board agrees otherwise. If one or more Realisation Elections are duly made and the aggregate NAV of the continuing Ordinary Shares on the last business day before the Realisation Date is less than £50 million, the Directors may propose an ordinary resolution for winding up of the Company and may pursue a liquidation of the Company instead of splitting the Portfolio into the Continuation Pool and the Realisation Pool.

Share buy-back and cancellation
During the year ended 31 December 2015, the Company purchased 7,490,250 of its own shares at a consideration of £9,153,371 under the share buy-back authority originally granted to the Company in 2014 and was renewed for a further three month period based on a resolution by the Board on 12 November 2015. These shares have been subsequently cancelled.

Following the share buy-back, the Company has 97,509,750 Ordinary shares in issue as of 31 December 2015.

16. Related party transactions and Material Agreements

Related party transactions

a) Directors Remuneration and expenses
During the year ended 31 December 2015, director fees of £68,000 (31 December 2014: £68,000) were charged to the Company and £17,000 remained payable at the year end (as at 31 December 2014: £17,000). For additional information refer to the Directors' Remuneration Report on page 20.

b) Shares held by related parties
The Directors' Interests are set out in the Report of the Directors on page 13.

The Investment Manager is principally owned by Dr. Andrew Weiss and certain members of the Investment Manager's senior management team.

As at 31 December 2015, Dr. Andrew Weiss and his immediate family members held an interest in 6,427,550 Ordinary Shares (as at 31 December 2014: 6,427,550 Ordinary Shares) representing 6.59 per cent. (as at 31 December 2014: 6.12 per cent.) of the issued share capital of the Company.

As at 31 December 2015, employees of the Investment Manager, their respective immediate family members or entities controlled by them or their immediate family members held an interest in 2,718,733 Ordinary Shares (as at 31 December 2014: 2,468,333 Ordinary Shares) representing 2.79 per cent. (as at 31 December 2014: 2.35 per cent.) of the issued share capital of the Company.

Notes to the Financial Statements (continued)

16. Related party transactions and Material Agreements (continued)

Material Agreements

c) Investment Management Fee

The Company's Investment Manager is Weiss Asset Management LP. In consideration for its services provided by the Investment Manager under the Investment Management Agreement dated 8 May 2013, the Investment Manager is entitled to an annual management fee of 1.5% of the Company's NAV accrued daily and payable within 14 days after each month end. The management fee is subject to a minimum annual amount of £1 (one) million per annum for the first 48 months following Admission. The Investment Manager is also entitled to reimbursement of certain expenses incurred by it in connection with its duties.

The Investment Management Agreement will continue in force until terminated by the Investment Manager or the Company giving to the other party thereto not less than 12 months' notice in writing, such notice not to expire prior to the fourth anniversary of admission other than in limited circumstances.

For the year ended 31 December 2015, investment management fees and charges of £1,894,277 (for the year ended 31 December 2014: £1,956,259) were charged to the Company and £162,303 (as at 31 December 2014: £170,718) remained payable at the year end.

17. Financial Risk Management

The Company's objective in managing risk is the creation and protection of Shareholder value. Risk is inherent in the Company's activities, but it is managed through an on-going process of identification, measurement and monitoring.

The Company's financial instruments include investments designated at fair value through profit or loss and cash and cash equivalents.

The main risks arising from the Company's financial instruments are market price risk, interest rate risk, credit risk, liquidity risk and currency risk. The techniques and instruments utilised for the purposes of efficient portfolio management are those which are reasonably believed by the Board to be economically appropriate to the efficient management of the Company.

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. The Company's activities expose it primarily to the market risks of changes in market prices, interest rates and foreign currency exchange rates. The Company's investments are heavily concentrated in South Korean securities.

Market price risk

The Company's NAV is sensitive to movement in market prices. As at 31 December 2015, if market prices had been 5% higher, or 5% lower, with all other variables held constant then the increase/decrease in NAV would have been £6,138,783 (as at 31 December 2014: £5,926,850). Actual trading results may differ from the above sensitivity analysis and those differences may be material.

Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company does not hedge its exposure to foreign currency (predominantly Korean Won (KWR)) and NAV per share will fluctuate with movements in foreign exchange rates.

17. Financial Risk Management (continued)

Foreign Currency Risk (continued)
As at 31 December 2015, the Company held the following assets and liabilities in foreign currencies:

Amounts in Sterling	KRW	As at 31 December 2015 USD	KRW	As at 31 December 2014 USD
Assets				
Monetary assets	6,235,621	2,736,979	6,458,801	1,083,572
Non-monetary assets	122,775,669	-	109,591,060	8,945,940
Liabilities				
Monetary liabilities	518,387	-	491,185	-

Amounts in the above table are based on the carrying value of monetary assets and liabilities.

The table below summarises the sensitivity of the Company's monetary and non-monetary assets and liabilities to changes in foreign exchange movements at 31 December 2015.

	Reasonable possible shift in rate 2015	As at 31 December 2015 £	Reasonable possible shift in rate 2014	As at 31 December 2014 £
Currency				
KRW				
- Monetary assets	+/- 5%	311,781	+/- 5%	322,940
- Non-Monetary assets	+/- 5%	6,138,783	+/- 5%	5,479,553
- Monetary liabilities	+/- 5%	25,919	+/- 5%	24,559
US Dollars				
- Monetary assets	+/- 5%	136,849	+/- 5%	54,179
- Non-monetary assets	+/- 5%	-	+/- 5%	447,297

Interest Rate Risk
The Company holds limited amounts on interest bearing deposits of £6,360,135 as at 31 December 2015 (as at 31 December 2014: £6,408,790) and does not invest in interest bearing securities and instruments. Accordingly interest rate risk is considered very low.

The tables below summarise the Company's exposure to interest rate risk as of 31 December 2015:

	Floating rate £	Fixed rate £	Non-Interest bearing £	Total As at 31 December 2015 £
Financial Assets				
Investments designated at fair value through profit or loss	-	-	122,775,669	122,775,669
Cash and cash equivalents	6,360,135	-	-	6,360,135
Due from broker	-	-	481,717	481,717
Other receivables	-	-	2,358,893	2,358,893
	6,360,135	-	125,616,279	131,976,414

Notes to the Financial Statements (continued)

17. Financial Risk Management (continued)

Interest Rate Risk (continued)

The tables below summarise the Company's exposure to interest rate risk as of 31 December 2015 (continued):

	Floating rate £	Fixed rate £	Non-Interest bearing £	Total As at 31 December 2015 £
Financial Liabilities				
Other payables	-	-	833,636	833,636
	-	-	833,636	833,636

The tables below summarise the Company's exposure to interest rate risk as of 31 December 2014:

	Floating rate £	Fixed rate £	Non-Interest bearing £	Total As at 31 December 2014 £
Financial Assets				
Investments designated at fair value through profit or loss	-	-	118,537,000	118,537,000
Cash and cash equivalents	6,408,790	-	-	6,408,790
Due from broker	-	-	-	-
Other receivables	-	-	2,235,438	2,235,438
	6,408,790	-	120,772,438	127,181,228

	Floating rate £	Fixed rate £	Non-Interest bearing £	Total As at 31 December 2014 £
Financial Liabilities				
Other payables	-	-	765,408	765,408
	-	-	765,408	765,408

Credit Risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company. Credit risk is limited to the carrying value of financial assets at 31 December 2015 as follows:

	As at 31 December 2015 £	As at 31 December 2014 £
Cash and cash equivalents	6,360,135	6,408,790
Other receivables	2,358,893	2,235,438
Due from broker	481,717	-
	9,200,745	8,644,228

The Company is exposed to material credit risk in respect of cash and cash equivalents. The credit risk from cash and cash equivalents is mitigated as majority of cash is placed with Northern Trust (Guernsey) Limited ("NTGL"). NTGL is a wholly owned subsidiary of The Northern Trust Corporation ("TNTC"). TNTC is publicly traded and a constituent of the S&P 500. As at 31 December 2015, TNTC has a credit rating of A+ (as at 31 December 2014: A+) from Standard & Poor's and A2 (as at 31 December 2014: A2) from Moody's.

Notes to the Financial Statements (continued)

17. Financial Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Company's investments are relatively liquid and the Company holds sufficient cash balances (or liquid investments) to meet its obligations as they fall due. The Board reviews its resources and obligations on a regular basis to ensure sufficient liquid assets are held.

As at 31 December 2015, the Company had no significant financial liabilities other than payables arising directly from investing activity.

	Less than 1 month £	1-3 months £	3-12 months £	Total As at 31 December 2015 £
Other payables	256,939	43,154	533,543	833,636
	256,939	43,154	533,543	833,636

	Less than 1 month £	1-3 months £	3-12 months £	Total As at 31 December 2014 £
Other payables	259,003	-	506,405	765,408
	259,003	-	506,405	765,408

Capital Risk Management

The fair value of the Company’s financial assets and liabilities approximate to their carrying amounts at the reporting date. For the purposes of this disclosure, redeemable participating preference shares are considered to be capital.

The Company's objective when managing capital is to maintain an optimal capital structure in order to reduce the cost of capital. The Company may borrow, however as at 31 December 2015 there were no borrowings (as at 31 December 2014: £Nil).

The gearing ratio below is calculated as total liabilities divided by total equity.

	As at 31 December 2015 £	As at 31 December 2014 £
Total assets	131,976,414	127,181,228
Less: total liabilities	(833,636)	(765,408)
Net Asset Value	131,142,778	126,415,820
Gearing Ratio	0.64%	0.61%

Notes to the Financial Statements (continued)

17. Financial Risk Management (continued)

Capital Risk Management (continued)

Share buy-backs
The Directors have general Shareholder authority to purchase in the market up to 40 per cent. of the Ordinary Shares in issue from time to time following Admission. The Directors intend to seek annual renewal of this authority from Shareholders at each general meeting of the Company.

Pursuant to this authority, and subject to Guernsey law and discretion of the Directors, the Company may repurchase Ordinary Shares in the market on an on-going basis at a discount to NAV with a view to increasing the NAV per Ordinary Share and assisting in controlling the discount to NAV per Ordinary Share in relation to the price at which such Ordinary Shares may be trading.

Purchases by the Company will be made only at prices below the estimated prevailing NAV per Ordinary Share based on the last Published NAV but taking account of movements in investments, stock markets and currencies, in consultation with the Investment Manager and at prices where the Directors believe such purchases will result in an increase in the NAV per Ordinary Share of the remaining Ordinary Shares.

The Directors will consider repurchasing Ordinary Shares when the price per Ordinary Share plus the pro forma cost to the Company per share repurchased is less than 95 per cent. of the NAV per Ordinary Share. The pro forma cost per share should include any brokerage commission payable and costs of realising portfolio securities to fund the purchase. The Directors may, at their discretion, also consider repurchasing Ordinary Shares at a smaller discount to NAV per Ordinary Share, provided that such purchase would be accretive to NAV per Ordinary Share for any continuing Shareholders.

Realisation opportunity
The Company will offer all Shareholders the right to elect to realise some or all of the value of their Ordinary Shares, less applicable costs and expenses, on or prior to the fourth anniversary of Admission, being 15 May 2017 (the "Realisation Date").

Subject to the aggregate Net Asset Value of the continuing Ordinary Shares at the close of business on the last Business Day before the Realisation Date being not less than £50 million, the Ordinary Shares held by the Shareholders who have elected for Realisation will be redesignated as Realisation Shares and the Portfolio will be split into two separate and distinct Pools namely the Continuation Pool (comprising the assets attributable to the continuing Ordinary Shares) and the Realisation Pool (comprising the assets attributable to the Realisation Shares).

With effect from the Realisation Date, the assets in the Realisation Pool will be managed in accordance with an orderly realisation programme with the aim of making progressive returns of cash, as soon as practicable, to those Shareholders who have elected to receive Realisation Shares. Ordinary Shares held by Shareholders who do not submit a valid and complete election in accordance with the Articles during the Election Period will remain Ordinary Shares.

Unless it has already been determined that the Company will be wound-up; every two years after the Realisation Date, the Directors will propose further realisation opportunities for Shareholders who have not previously elected to realise their Ordinary Shares using a similar mechanism to that described above.

If the weighted average discount on the Portfolio is less than 25 per cent. over any 90 day period, then the Directors shall propose an ordinary resolution for the winding up of the Company. If one or more Realisation Elections are duly made and the Net Asset Value of the continuing Ordinary Shares at the close of business on the last Business Day before the Reorganisation Date is less than £50 million, the Directors may propose an ordinary resolution for the winding up of the Company and may pursue a liquidation of the Company instead of splitting the Portfolio into the Continuation Pool and the Realisation Pool.

Notes to the Financial Statements (continued)

18. Fair Value Measurement

IFRS 13 requires the Company to establish a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under IFRS 13 are set as follows:
Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices); and
Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement requires judgement, considering factors specific to the asset or liability.

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

The following table presents the Company's financial assets and liabilities by level within the valuation hierarchy as of 31 December 2015:

	Level 1	**Level 2**	**Level 3**	**Total As at 31 December 2015**
	£	**£**	**£**	**£**
Financial assets at fair value through profit or loss:				
Korean preferred shares	122,775,669	-	-	122,775,669
Total assets	122,775,669	-	-	122,775,669

	Level 1	**Level 2**	**Level 3**	**Total As at 31 December 2014**
	£	**£**	**£**	**£**
Financial assets at fair value through profit or loss:				
Korean preferred shares	109,591,060	-	-	109,591,060
Korean Exchange Traded Fund	8,945,940	-	-	8,945,940
Total assets	118,537,000	-	-	118,537,000

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between levels during the year end 31 December 2015 (for the period ended 31 December 2014: Nil).

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include Korean preference shares and Exchange Traded Funds.

The Company held no Level 2 or 3 investments as at or during the year ended 31 December 2015 (as at 31 December 2014: Nil).

Notes to the Financial Statements (continued)

19. NAV reconciliation

The Company announces its NAV, based on bid value, to the LSE after each weekly and month end valuation point. The following is a reconciliation of the NAV per share attributable to redeemable participating preference Shareholders as presented in these Financial Statements, using IFRS to the NAV per share reported to the LSE:

	As at 31 December 2015		As at 31 December 2014	
	NAV	NAV per Participating Share	NAV	NAV per Participating Share
	£	£	£	£
Net Asset Value reported to the LSE	129,304,862	1.3261	124,674,345	1.1874
Adjustment for dividend income	1,837,916	0.0188	1,741,475	0.0166
Net Assets Attributable to Shareholders per Financial Statements	131,142,778	1.3449	126,415,820	1.2040

The published NAV per Share of £1.3261 (as at 31 December 2014: £1.1874) is different from the accounting NAV per Share of £1.3449 (as at 31 December 2014: £1.2040) due to the adjustments noted above.

20. Subsequent events

These Financial Statements were approved for issuance by the Board on 12 April 2016. Subsequent events have been evaluated until this date.

On 19 January 2016, the Company purchased 100,000 Ordinary shares (£120,481) of the Company at a price of £1.20 per share. These purchased shares were subsequently cancelled by the Company.

On 10 February 2016, the Company re-appointed N+1 Singer Advisory LLP to manage the Close Period Buy-Back Programme to buy-back ordinary shares within certain pre-set parameters. Any shares purchased in the Close Period Buy-Back Programme will count towards the Company's share buy-back authority of 40% of the Company's issued share capital, as approved at the Company's AGM.

At the date of this Report, the Company has 97,409,750 Ordinary Shares in issue.

No further subsequent events have occurred.