

**EAST ASIAN GROWTH BASKET LIMITED**

**Report and Financial Statements**

**For the year ended 30 September 2012**

# EAST ASIAN GROWTH BASKET LIMITED

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# **EAST ASIAN GROWTH BASKET LIMITED**

## **REPORT AND FINANCIAL STATEMENTS GENERAL INFORMATION**

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**DIRECTORS:**

C Hickling  
J Lewis  
D Stephenson

**ADMINISTRATOR, SECRETARY,  
CUSTODIAN AND REGISTRAR:**

Praxis Fund Services Limited  
PO Box 296  
Sarnia House  
Le Truchot  
St Peter Port  
Guernsey  
GY1 4NA

**REGISTERED OFFICE:**

Sarnia House  
Le Truchot  
St Peter Port  
Guernsey  
GY1 4NA

**AUDITOR:**

Saffery Champness  
PO Box 141  
La Tonnelle House  
Les Banques  
St Sampson  
Guernsey  
GY1 3HS

**BANKERS:**

Investec Bank (Channel Islands) Limited  
PO Box 188  
Gategny Court  
Gategny Esplanade  
St Peter Port  
Guernsey  
GY1 3LP

**COMPANY REGISTRATION NO:** 44743

# **EAST ASIAN GROWTH BASKET LIMITED**

## **REPORT OF THE DIRECTORS**

**For the year ended 30 September 2012**

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The Directors present their report and the audited financial statements for the year ended 30 September 2012.

### **Principal Activity**

The principal activity of the Company is investment holding.

The Company is a Guernsey authorised closed-ended investment scheme and is subject to the Authorised Closed-Ended Investment Scheme Rules 2008.

At an Extraordinary General Meeting of the Company held on 14 December 2011, shareholders approved a special resolution to extend the life of the Company for a further period of 5.5 years from the Company's termination date of 26 January 2012. Under the terms of the Company's new prospectus, which replaced the old prospectus with effect from 26 January 2012, in the absence of a special resolution to extend the life of the Company, the Company's shares will be redeemed and the Company will terminate on 26 July 2017.

### **Results and Dividends**

The statement of comprehensive income is set out on page 7. The Directors do not propose a dividend for the period (2011: Nil).

### **Directors**

The Directors of the Company during the year and to the date of this report are detailed below.

J Lewis  
C Hickling  
D Stephenson

No Director had any beneficial interest in the shares of the Company.

### **Statement of Directors' Responsibilities**

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report, which complies with the requirements of The Companies (Guernsey) Law, 2008.

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with The Companies (Guernsey) Law, 2008. The Directors have chosen to prepare financial statements for the Company in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union.

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

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

## **EAST ASIAN GROWTH BASKET LIMITED**

### **REPORT OF THE DIRECTORS (continued)**

**For the year ended 30 September 2012**

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#### **Statement of Directors' Responsibilities (continued)**

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware;
- each Director has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information;
- the financial statements give a true and fair view and have been prepared in accordance with International Financial Reporting Standards and with The Companies (Guernsey) Law, 2008 and the Protection of Investors (Bailiwick of Guernsey) Law, 1987.

#### **Auditor**

A resolution to re-appoint Saffery Champness as auditor will be put to the members at the Annual General Meeting.

By Order of the Board

**Chris Hickling**

**Director**

**27 March 2013**

## **INDEPENDENT AUDITOR'S REPORT**

### **To the members of East Asian Growth Basket Limited**

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We have audited the financial statements of East Asian Growth Basket Limited (the "Company") for the year ended 30 September 2012, which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the United Kingdom Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view
- are in accordance with International Financial Reporting Standards; and
- comply with The Companies (Guernsey) Law, 2008.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company;
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

**SAFFERY CHAMPNESS**  
**Chartered Accountants**  
**Guernsey**  
**27 March 2013**

# EAST ASIAN GROWTH BASKET LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2012

	Notes	2012 AUD	2011 AUD
<b>REVENUE</b>			
Interest income	5	36,498	746
Other income		3,546	-
<b>(LOSSES)/GAINS ON INVESTMENTS</b>			
Investments at fair value through profit and loss	6	(1,529,621)	(3,788,606)
Available-for-sale investments - realised	7	55,121	986
		<u>(1,434,456)</u>	<u>(3,786,874)</u>
Operating Expenses	8	(315,521)	(276,300)
<b>LOSS FOR THE YEAR</b>		<u>(1,749,977)</u>	<u>(4,063,174)</u>
<b>Loss per share</b>			
Basic and diluted loss per ordinary share	9	<u>(87.22)</u>	<u>(199.08)</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Unrealised gain on available-for-sale investments	7	2,496,486	162,831
Unrealised foreign exchange difference on currency redenomination		(2,081,082)	(230,632)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<u>(1,334,573)</u>	<u>(4,130,975)</u>

All of the Company's revenue and expenses derive from continuing operations.

The notes on pages 11 to 20 are an integral part of these financial statements.

# EAST ASIAN GROWTH BASKET LIMITED

## STATEMENT OF FINANCIAL POSITION at 30 September 2012

	Notes	2012 AUD	2011 AUD	2010 AUD
<b>NON-CURRENT ASSETS</b>				
Investments at fair value through profit and loss	6	3,781,515	-	5,058,881
Available-for-sale investments	7	15,961,140	-	20,951,561
		<u>19,742,655</u>	<u>-</u>	<u>26,010,442</u>
<b>CURRENT ASSETS</b>				
Investments at fair value through profit and loss	6	-	978,028	-
Available-for-sale investments	7	-	20,929,716	-
Trade and other receivables	10	113,078	95,713	226,010
Cash and cash equivalents		1,513,908	186,238	348,492
		<u>1,626,986</u>	<u>22,189,695</u>	<u>574,502</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	11	(9,346)	(56,384)	(56,304)
<b>NET CURRENT ASSETS</b>				
		<u>1,617,640</u>	<u>22,133,311</u>	<u>518,198</u>
<b>NON-CURRENT LIABILITIES</b>				
Trade and other payables	11	(8,818)	-	-
		<u>21,351,477</u>	<u>22,133,311</u>	<u>26,528,640</u>
<b>CAPITAL AND RESERVES</b>				
Share capital	12	298	282	285
Share premium	13	27,385,979	26,833,256	27,097,607
Revaluation reserve	14	2,496,486	3,241,900	3,110,955
Retained earnings		(5,673,172)	1,457,720	5,489,008
Translation reserve		(2,858,114)	(9,399,847)	(9,169,215)
<b>EQUITY SHAREHOLDERS' FUNDS</b>				
		<u>21,351,477</u>	<u>22,133,311</u>	<u>26,528,640</u>
Number of fully paid ordinary shares		20,923	20,278	20,488
Net Asset Value per ordinary share		<b>AUD 1,020.49</b>	AUD 1,091.49	AUD 1,294.84

The financial statements were approved by the Board and authorised for issue on 27 March 2013 and signed on its behalf by:

**Chris Hickling**  
Director

The notes on pages 11 to 20 are an integral part of these financial statements.



# EAST ASIAN GROWTH BASKET LIMITED

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2012

	Management Shareholders		Ordinary Shareholders			Total	
	Share Capital	Share Capital	Share Premium	Revaluation reserve	Retained earnings	Translation reserve	
	AUD	AUD	AUD	AUD	AUD	AUD	
At 30 September 2010	13	272	27,097,607	3,110,955	5,489,008	(9,169,215)	26,528,640
Redemptions of shares (see note 13)	-	(3)	(264,351)	-	-	-	(264,354)
Net loss for the year	-	-	-	-	(4,063,174)	-	(4,063,174)
Recycling of prior year revaluation gains on investments disposed of during the year (see note 14)	-	-	-	(31,886)	31,886	-	-
Revaluation of available for sale investments (see note 14)	-	-	-	162,831	-	-	162,831
Translation differences	-	-	-	-	-	(230,632)	(230,632)
At 30 September 2011	13	269	26,833,256	3,241,900	1,457,720	(9,399,847)	22,133,311
<b>Redemptions of shares (see notes 12,13)</b>	-	<b>(143)</b>	<b>(14,942,558)</b>	-	-	-	<b>(14,942,701)</b>
<b>Issue of shares (see notes 12,13)</b>	-	<b>159</b>	<b>15,543,142</b>	-	-	-	<b>15,543,301</b>
<b>Launch costs capitalised</b>	-	-	<b>(47,861)</b>	-	-	-	<b>(47,861)</b>
<b>Net loss for the year</b>	-	-	-	-	<b>(1,749,977)</b>	-	<b>(1,749,977)</b>
<b>Recycling of prior year revaluation gains on investments disposed of during the year (see note 14)</b>	-	-	-	<b>(3,241,900)</b>	<b>3,241,900</b>	-	-
<b>Revaluation of available-for-sale investments (see note 14)</b>	-	-	-	<b>2,496,486</b>	-	-	<b>2,496,486</b>
<b>Recycling of prior year translation differences</b>	-	-	-	-	<b>(8,622,815)</b>	<b>8,622,815</b>	-
<b>Translation differences</b>	-	-	-	-	-	<b>(2,081,082)</b>	<b>(2,081,082)</b>
<b>At 30 September 2012</b>	<b>13</b>	<b>285</b>	<b>27,385,979</b>	<b>2,496,486</b>	<b>(5,673,172)</b>	<b>(2,858,114)</b>	<b>21,351,477</b>

The notes on pages 11 to 20 are an integral part of these financial statements.

# EAST ASIAN GROWTH BASKET LIMITED

## STATEMENT OF CASH FLOWS

For the year ended 30 September 2012

	Notes	2012 AUD	2011 AUD
Operating loss for the year		(1,749,977)	(4,063,174)
Adjustments for:			
Interest income		(36,498)	(746)
Loss on investments at fair value through profit and loss	6	1,529,621	3,788,606
Gain on available-for-sale investments	7	(55,121)	(986)
(Increase)/decrease in trade and other receivables		(17,365)	130,297
(Decrease)/increase in trade and other payables		(38,220)	79
<b>Net cash outflow from operating activities</b>		<b>(367,560)</b>	<b>(145,924)</b>
<b>Cash flows from investing activities</b>			
Bank interest		36,498	746
Purchase of investments held at fair value through profit and loss	6	(5,162,750)	-
Disposals of investments held at fair value through profit or loss	6	829,642	60,284
Purchase of available-for-sale investments	6	(13,464,654)	-
Disposals of available-for-sale investments	6	20,984,837	203,483
<b>Net cash inflow from investing activities</b>		<b>3,223,573</b>	<b>264,513</b>
<b>Cash flows from financing activities</b>			
Receipts from issue of shares	12,13	15,543,301	-
Payments for redemptions of shares	12,13	(14,942,701)	(264,354)
Capitalised launch costs	13	(47,861)	-
<b>Net cash inflow/(outflow) from financing activities</b>		<b>552,739</b>	<b>(264,354)</b>
<b>Increase/(decrease) in cash and cash equivalents for the year</b>		<b>3,408,752</b>	<b>(145,765)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>186,238</b>	<b>348,492</b>
<b>Unrealised foreign exchange difference on currency redenomination</b>		<b>(2,081,082)</b>	<b>(16,489)</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>1,513,908</b>	<b>186,238</b>

The notes on pages 11 to 20 are an integral part of these financial statements.

# EAST ASIAN GROWTH BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2012

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### 1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### **Basis of preparation**

On 26 January 2012 the Company reached its termination date and all shareholders were offered the opportunity to redeem their shareholdings. However, pursuant to a decision by shareholders at an Emergency General Meeting of the Company on 14 December 2011, the life of the Company was extended for a further period of 5.5 years. On this date the Company switched from reporting under United Kingdom Generally Accepted Accounting Practice ('UK GAAP') to International Financial Reporting Standards ('IFRS'). These financial statements, including the comparative figures, are in compliance with IFRS; no adjustments have been necessary to convert comparative information previously reported under UK GAAP to IFRS. The transition from UK GAAP to IFRS has not materially affected the Company's reported financial position, financial performance or cash flows.

#### **Going concern**

The financial statements have been prepared on a going concern basis.

#### **New accounting policies effective and adopted**

The following new standard, which has had no material effect on the Company, has been applied for the first time in these Financial Statements.

- IAS 24 (amended), "Related Party Disclosures" has revised the definition of related parties.

#### **New, revised and amended standards and interpretations not yet adopted**

At the date of authorisation of these Financial Statements, the following standards and interpretations, which have not been applied in these Financial Statements, were in issue but not yet effective:

- IAS 1 (amended), "Presentation of Financial Statements" (effective for periods commencing on or after 1 July 2012);
- IAS 12 (amended), "Income Taxes" (effective for periods commencing on or after 1 January 2012);
- IAS 27 (revised) "Separate Financial Statements" (revised version effective for periods commencing on or after 1 January 2013 on adoption of IFRS 10, IFRS 11 and IFRS 12);
- IAS 28 (revised) "Investments in Associates and Joint Ventures" (revised version effective for periods commencing on or after 1 January 2013 on adoption of IFRS 10, IFRS 11 and IFRS 12);
- IAS 32 (amended) "Financial Instruments: Presentation" (effective for periods commencing on or after 1 January 2014);
- IFRS 7 (amended), "Financial Instruments: Disclosures" (various amendments effective for periods commencing on or after 1 January 2013 and 1 January 2015);
- IFRS 9, "Financial Instruments - Classification and Measurement" (effective for periods commencing on or after 1 January 2015);
- IFRS 10, "Consolidated Financial Statements" (effective for periods commencing on or after 1 January 2013);
- IFRS 11, "Joint arrangements" (effective for periods commencing on or after 1 January 2013);
- IFRS 12, "Disclosure of Interest in Other Entities" (effective for periods commencing on or after 1 January 2013);
- IFRS 13, "Fair Value Measurement" (effective for periods commencing on or after 1 January 2013).

In addition the IASB completed its most recent annual improvements project in May 2012. This project amended a number of existing standards and interpretations effective for accounting periods commencing 1 January 2013.

The Directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the Financial Statements of the Company.

# EAST ASIAN GROWTH BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2012

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### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

#### Foreign exchange

Foreign currency assets and liabilities are translated into Australian Dollars ('AUD') at the rate of exchange ruling on the year end date. Foreign currency transactions are translated into AUD at the rate of exchange ruling on the date of the transaction. Foreign exchange gains and losses are included in the statement of comprehensive income in the period in which they arise.

#### Change in functional currency

IAS 21, 'The Effects of Changes in Foreign Exchange Rates', describes functional currency as 'the currency of the primary economic environment in which an entity operates'. Until 26 January 2012 the Company's investments and a significant majority of the Company's income and expenditure were denominated in US Dollars ('USD'). On this date the Company disposed of its USD denominated investments. On the extension of the life of the Company, further capital was raised in, and all remaining liquid assets were converted to, AUD. Subsequent to this date the Company's investments and a significant majority of the Company's income and expenditure were denominated in AUD. Accordingly, the Directors have determined that the functional currency of the Company changed from USD to AUD on 26 January 2012.

In accordance with IAS 21, this change has been accounted for prospectively from this date.

#### Change in presentation currency

From 26 January 2012 the Company also changed its presentation currency from USD to AUD. Comparative information has been restated in accordance with the guidance defined in IAS 21. The 2011 financial statements and related notes have been retranslated from USD to AUD using the procedures outlined below:

- Assets and liabilities were translated into AUD using the closing rates of exchange applicable at 30 September 2011 and the opening rates of exchange applicable at 1 October 2010.
- Trading results were translated into AUD at average rates of exchange for the relevant accounting period.
- Share capital and share premium arising on the initial issue of shares has been translated into AUD at the rate of exchange applicable at the date of issue.
- Subsequent movements in share capital, share premium and other reserves have been translated into AUD at average rates of exchange for the relevant accounting period.
- All differences arising on the above retranslations have been taken to the translation reserve.

#### Revenue recognition

Revenue includes bank interest and other income and is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the revenue can be measured reliably. Revenues are accounted for on an accruals basis.

#### Investments

The Company's option investments are designated as investments at fair value through profit or loss.

The Company's bond investments are classified as available-for-sale investments.

All investments are measured initially at cost, which is the fair value of whatever was paid to acquire them. Transaction costs are expensed as incurred in the statement of comprehensive income. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

After initial recognition, the Company uses the following measurement bases for its investments:

- i) Held-for-trading investments and those so designated at inception: Fair value through profit and loss;
- ii) Available-for-sale investments: Fair value through equity.

# EAST ASIAN GROWTH BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2012

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### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

#### Investments (continued)

Fair value is calculated using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the year end date. Gains arising on the disposal of investments are recognised in the statement of comprehensive income, as are unrealised gains on investment at fair value through profit and loss. Unrealised gains on available-for-sale investments are recognised in other comprehensive income. All gains or losses are recognised in the period in which they arise. Prior year revaluation gains on available-for-sale investments disposed of during the year are recycled through the income statement in the period in which the investments are disposed of.

#### Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) Guernsey Ordinance 1989 and is charged an annual exemption fee of £600.

### 2. SEGMENT REPORTING

The Board of Directors considers that the Company is engaged in a single segment of business, being the holding of investments. The Board considers that it is the Company's Chief Operating Decision Maker.

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from such estimates.

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 was revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The most critical judgements that management has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements are related to the carrying value of the available-for-sale investments and the investments designated to be at fair value through profit or loss (see note 1).

### 4. SIGNIFICANT AGREEMENTS

The following significant agreements have been entered into by the Company:

#### Administration, Custodian and Secretarial Agreement

Under the Administration, Custodian and Secretarial Agreement, the Company has agreed to pay or procure to be paid to the administrator, for its services as administrator, secretary, custodian and registrar, a fee of 0.15% per annum of the Company's funds (as reduced by any redemptions of Ordinary Shares prior to the Redemption Date). This fee is payable annually in advance each year until the termination date, the date of compulsory redemption of the ordinary shares. In addition the administrator is entitled to receive interest earned by the Company on the unpaid element of the fees.

#### Investment Advisory Agreement

Under the Investment Advisory Agreement, the Company has agreed to pay or procure to be paid to the advisor, for its services as advisor, a fee of 0.6% per annum of the Company's funds (as reduced by any redemptions of Ordinary Shares prior to the Redemption Date). This fee is payable annually in advance each year until the termination date, the date of compulsory redemption of the ordinary shares. In addition the advisor is entitled to receive interest earned by the Company on the unpaid element of the fees.

# EAST ASIAN GROWTH BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2012

### 4. SIGNIFICANT AGREEMENTS (continued)

#### Distribution Agreement

Under the Distribution Agreement, the Company has agreed to pay or procure to be paid to the Distributors a fee of 0.7% per annum of that portion of the Company's funds that is derived from the subscription amount subscribed for by Subscribers introduced by the Distributor (as reduced by any redemptions of such Ordinary Shares prior to the Redemption Date), or holders of existing issued Ordinary Shares introduced by the Distributor and who elect to remain invested in the Company (as reduced by any redemptions of such Ordinary Shares prior to the Redemption Date), payable in advance on the first Business Day of each year, until the Termination Date.

### 5. INTEREST INCOME

	2012	2011
	AUD	AUD

Bank interest received	<u>36,498</u>	<u>746</u>
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### 6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2012	2011
	AUD	AUD

#### Societe Generale equity option

Balance brought forward	978,028	5,058,881
Disposals during the year	(829,642)	(60,283)
(Loss)/gain on disposals during the year	(148,386)	11,390
Fair value adjustment for the year	-	(3,799,996)
Translation difference	-	(231,964)
Fair value carried forward	<u>-</u>	<u>978,028</u>

	2012	2011
	AUD	AUD

#### BNP Paribas equity option

Purchases during the year	5,162,750	-
Fair value adjustment for the year	(1,381,235)	-
Fair value carried forward	<u>3,781,515</u>	<u>-</u>

### 7. AVAILABLE-FOR-SALE INVESTMENTS

	2012	2011
	AUD	AUD

#### Zero Coupon Bonds issued by Investec plc

Fair value brought forward	20,929,716	20,951,561
Disposals during the year	(20,984,837)	(203,483)
Gain on disposals during the year	55,121	986
Purchases during the year	13,464,654	-
Fair value adjustment for the year	2,496,486	162,831
Translation difference	-	17,821
Fair value carried forward	<u>15,961,140</u>	<u>20,929,716</u>

# EAST ASIAN GROWTH BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2012

<b>8. OPERATING EXPENSES</b>	<b>2012</b>	<b>2011</b>
	<b>AUD</b>	<b>AUD</b>
Auditor's remuneration	11,397	9,601
Administration fees	31,132	19,277
Distribution fees	138,002	134,941
Investment advisory fees	111,561	96,387
Licence fees	4,483	4,753
Listing fees	2,382	3,773
Sponsorship fees	1,703	3,443
Statutory fees	1,646	1,725
Interest payable	8,818	101
Professional indemnity insurance	1,601	1,739
Sundry expenses	2,796	560
	<u>315,521</u>	<u>276,300</u>

## 9. LOSS PER ORDINARY SHARE

The calculation of basic and diluted loss per share is based on the following data:

	<b>2012</b>	<b>2011</b>
	<b>AUD</b>	<b>AUD</b>
Loss attributable to Ordinary shares:		
Loss for purpose of basic and diluted earnings per share being loss for the year attributable to ordinary shareholders	<u>(1,749,977)</u>	<u>(4,063,174)</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>20,064</u>	<u>20,410</u>
Loss per ordinary share	<u>(87.22)</u>	<u>(199.08)</u>

A weighted average number of shares has been calculated to enable users to gain a fairer understanding of the loss generated per share through the year. The weighted average has been calculated with reference to the number of days shares have actually been in issue and hence their ability to influence income generated.

<b>10. TRADE AND OTHER RECEIVABLES</b>	<b>2012</b>	<b>2011</b>
	<b>AUD</b>	<b>AUD</b>
Bank interest receivable	7,724	148
Prepaid administration fees	11,184	7,057
Prepaid distributor fees	45,698	49,395
Prepaid investment advisory fees	44,738	35,282
Other prepayments	3,734	3,831
	<u>113,078</u>	<u>95,713</u>

# EAST ASIAN GROWTH BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2012

11. TRADE AND OTHER PAYABLES	2012	2011
	AUD	AUD
<b>Current</b>		
Audit fee	9,346	9,678
Interest payable	-	46,706
	<u>9,346</u>	<u>56,384</u>
<b>Non-current</b>		
Interest payable	<u>8,818</u>	<u>-</u>

## 12. SHARE CAPITAL

	2012	2011
	AUD	AUD
Authorised:		
10 Management shares of AUD 1 each (2011: 10 shares of US\$1 each)	10	10
999,000 Ordinary shares of AUD 0.01 each (2011: 999,000 shares of US\$0.01 each)	9,990	10,340
	<u>10,000</u>	<u>10,350</u>
Issued and fully paid:	AUD	AUD
10 Management shares of AUD 1 each (2011: 10 shares of US\$1 each)	13	13
20,923 ordinary shares of AUD 0.01 each (2011: 20,278 shares of US\$0.01 each)	285	269
	<u>298</u>	<u>282</u>

During the year 15,248 ordinary shares were redeemed for a consideration of US\$1,042.76 per share.

On 10 February 2012 15,892.691 ordinary shares were issued for a consideration of AUD 978.0157 per share.

Ordinary shares are entitled to 1 vote each at a general meeting of the Company. The Ordinary shares will be compulsorily redeemed on the termination date, 26 July 2017. Management shares are entitled to 10,000 votes each at a General Meeting of the Company.

13. SHARE PREMIUM	2012	2011
	AUD	AUD
Balance brought forward	26,833,256	27,097,607
Ordinary shares issued during the year	15,543,142	-
Ordinary shares redeemed during the year	(14,942,558)	(264,351)
Capitalised launch costs	(47,861)	-
Balance carried forward	<u>27,385,979</u>	<u>26,833,256</u>



# EAST ASIAN GROWTH BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2012

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14. REVALUATION RESERVE	2012	2011
	AUD	AUD
Balance brought forward	3,241,900	3,110,955
Recycling of prior year revaluation gains on investments disposed of during the year	(3,241,900)	(31,886)
Revaluation of available-for-sale investments during the year	2,496,486	162,831
Balance carried forward	<u>2,496,486</u>	<u>3,241,900</u>

## 15. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

The company's immediate controlling party is The Basket Trust, a trust administered by Praxis Fiduciaries Limited, and the ultimate controlling party is Praxis Holdings Limited, a company incorporated in Guernsey.

Praxis Fund Services Limited ('PFSL') (the administrator of the Company with effect from 1 May 2011) is deemed to be a related party, as Janine Lewis and Chris Hickling are Directors of the Company and of PFSL and David Stephenson is a Director of the Company and an employee of PFSL. During the prior year International Fund Management Limited ('IFML') (formerly Praxis Property Fund Services Limited, the administrator of the Company until 30 April 2011) was deemed to be a related party as Janine Lewis and Chris Hickling are Directors of the Company and of IFML and David Stephenson is a Director of the Company and was an employee of IFML until 30 April 2011. During the year PFSL received AUD 31,132 (2011: AUD 8,146) for their services as administrator, whilst IFML received AUD Nil (2011: AUD 12,317) for their services as administrator. At the year end date administration fees of AUD 11,184 had been paid to PFSL in advance (2011: AUD 7,057).

## 16. FINANCIAL INSTRUMENT RISK FACTORS

The Company is exposed to market risk, credit risk, liquidity risk and capital management risk from the financial instruments it holds. The Company has a fixed modus operandi, as stated in its prospectus, which is to invest its capital in a zero coupon bond and an option on a specified basket of indices, and to retain a certain element of cash to cover expenses to be incurred over the specified period of its life. As a result of this, the Company's flexibility in dealing with the risks associated with these instruments is somewhat limited. However, the risk management policies that are employed by the Company to manage these risks are discussed below:

### (i) Market risk

#### (a) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is not materially exposed to foreign exchange risk as most transactions are in Australian Dollars. The Company's management monitors the exchange rate fluctuations on an on-going basis.

The Company had no material currency exposures as at either 30 September 2012 or 30 September 2011.

# EAST ASIAN GROWTH BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2012

### 16. FINANCIAL INSTRUMENT RISK FACTORS

#### (i) Market risk (continued)

##### (b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk as it invests cash and bank balances at short term interest rates. At 30 September 2012, the Company held cash on a call account of AUD 1,513,908 (2011: AUD 186,238), which earns interest at a floating rate.

Had these balances existed for the whole of the year, the effect of an increase of 0.5%/decrease of 0.25% in short term annual interest rates would have been a decrease of AUD 7,570/increase of AUD 3,785 in the loss for the year (2011: decrease of AUD 932/increase of AUD 466).

The available-for-sale investments are exposed to fair value interest rate risk. However, whilst changes in market interest rates may give rise to short-term fluctuations in fair value, if the bonds are held to maturity their maturity value is fixed and therefore not subject to interest rate risk.

The Company had no other material interest rate exposures as at either 30 September 2012 or 30 September 2011.

##### (c) Price risk

Price risk is the risk that the value of the instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Company's investments at fair value through profit and loss are directly affected by changes in market prices.

Price risk is managed by investing in a European call option on a basket of indices, with an international bank, BNP Paribas. The bank has a Fitch long-term credit rating of A+.

Price risk is managed by investing in a zero coupon bond, with an international bank, Investec plc. The bank has a long-term Fitch credit rating of BBB- (2011: BBB).

The investments at fair value through profit and loss and available-for-sale investments expose the Company to price risk. The details are as follows:

	2012	2011
	AUD	AUD
European call option with Societe Generale	-	978,028
European call option with BNP Paribas	3,781,515	-
Investec plc Zero Coupon Bonds	15,961,140	20,929,716
	<u>19,742,655</u>	<u>21,907,744</u>

A 3 per cent increase/decrease in the value of the investments at fair value through profit and loss at 30 September 2012 would have increased/decreased the Net Asset Value of the Company by AUD 113,445 (2011: AUD 29,341).

A 3 per cent increase/decrease in the value of the available-for-sale investments at 30 September 2012 would have increased/decreased the Net Asset Value of the Company by AUD 478,834 (2011: AUD 627,891).

#### (ii) Credit risk

Credit risk arises when a failure by counter-parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the year end date. These financial assets include cash and cash equivalents, debtors, available-for-sale investments and investments at fair value through profit and loss. The Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying value or fair value of these instruments.

# EAST ASIAN GROWTH BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2012

### 16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

#### (ii) Credit risk (continued)

The Company aims to manage credit risk by holding its securities and cash assets with reputable banking institutions with an investment grade long-term credit rating, ie a Fitch rating in the range AAA+ to BBB-. In the event of any downgrading in the long-term credit rating of any issuer below this level, the Company in its absolute discretion would consider the following courses of action: selling the relevant securities to third party purchasers and reinvesting the proceeds in the purchase of securities of another issuer, such that the new securities would replicate as closely as possible the terms and conditions of the original securities; and transferring cash to another banking institution. The Directors would only seek to sell the relevant securities or transfer cash if they consider, having consulted with the investment advisor, that such would be in the best interests of the Company and its shareholders.

The Company monitors the creditworthiness of its counterparties on an ongoing basis.

The majority of the Company's debtors and prepayments balance consists of prepayments and there is no credit risk associated with these balances.

The available-for-sale investments and cash and cash equivalents are held with Investec plc, which has a Fitch long term rating of BBB- (2011: BBB). The investments at fair value through profit and loss are held with BNP Paribas, which has a Fitch long-term rating of A+ (2011: Societe Generale, with a credit rating of A+).

Liquidity risk is the risk that the Company will not be able to meet financial liability obligations as they fall due, which may cause financial losses to the Company. The Company places its cash and cash equivalents with financial institutions on a short-term basis in order to maintain a high level of liquidity. This ensures that the Company is able to complete transactions in a timely manner, thus minimising the Company's exposure to such losses.

The Board reviews the cash resources of the Company every quarter and ensures that sufficient monies are held on call to meet its short term obligations. At 30 September 2012 the cash on call was AUD 1,513,908 (2011: AUD 186,238), which is considered by the Board to be sufficient to meet all the Company's short term obligations.

The following table analyses the Company's financial liabilities, which will be settled on a net basis, into relevant maturity groupings based on the remaining period from the year end date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	<b>Less than 6 months</b>	<b>6-12 months</b>	<b>1 - 5 years</b>
<b>30 September 2012</b>	<b>AUD</b>	<b>AUD</b>	<b>AUD</b>
Creditors and accruals	<b>9,346</b>	-	<b>8,818</b>
Net exposure	<b>9,346</b>	-	<b>8,818</b>
	Less than 6 months	6-12 months	1 - 5 years
<b>30 September 2011</b>	<b>AUD</b>	<b>AUD</b>	<b>AUD</b>
Creditors and accruals	56,384	-	-
Net exposure	56,384	-	-

# EAST ASIAN GROWTH BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2012

### 16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

#### (iv) Fair value hierarchy

The following tables analyse instruments carried at fair value, by valuation method. The different levels have been defined 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 (ie as prices) or indirectly (ie derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<b>30 September 2012</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>AUD</b>	<b>AUD</b>	<b>AUD</b>	<b>AUD</b>
Investments at fair value through profit and loss	-	3,781,515	-	3,781,515
Available-for-sale investments	-	15,961,140	-	15,961,140
	<u>-</u>	<u>19,742,655</u>	<u>-</u>	<u>19,742,655</u>
<b>30 September 2011</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>AUD</b>	<b>AUD</b>	<b>AUD</b>	<b>AUD</b>
Investments at fair value through profit and loss	-	978,028	-	978,028
Available-for-sale investments	-	20,929,716	-	20,929,716
	<u>-</u>	<u>21,907,744</u>	<u>-</u>	<u>21,907,744</u>

#### (v) Capital risk management

The Company's capital comprises the funds it has raised through the issue of share capital.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost to capital.

In order to ensure that the Company will be able to continue as a going concern, the Board continuously monitors forecast and actual cash flows and matches the maturity profiles of assets and liabilities. The Company has no external borrowings.

### 17. POST YEAR END EVENTS

There were no significant post year end events requiring disclosure in these financial statements.