

EAST ASIAN GROWTH BASKET LIMITED

Report and Financial Statements

For the year ended 30 September 2015

EAST ASIAN GROWTH BASKET LIMITED

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EAST ASIAN GROWTH BASKET LIMITED

REPORT AND FINANCIAL STATEMENTS GENERAL INFORMATION

DIRECTORS:	C Hickling J Lewis D Stephenson
ADMINISTRATOR, SECRETARY, CUSTODIAN AND REGISTRAR:	Praxis Fund Services Limited Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
INVESTMENT ADVISER:	Investec Corporate and Institutional Banking 36 Hans Strijdom Avenue Foreshore Cape Town 8001 South Africa
REGISTERED OFFICE:	Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
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 2015

The Board of Directors presents its report and the audited financial statements ("the financial statements") for the year ended 30 September 2015.

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 2015.

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 years and 6 months 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 year (2014: Nil).

Directors

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

C Hickling

J Lewis

D Stephenson

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

Historical Results

The results and assets and liabilities of the Company for the last 5 years are as follows:

	Total Assets	Total Liabilities	Total Comprehensive Income/(Loss)
Year ended 30 September 2015	AUD 24,569,694	AUD 67,336	AUD (235,015)
Year ended 30 September 2014 (restated*)	AUD 24,797,335	AUD 59,962	AUD 1,575,433
Year ended 30 September 2013	AUD 23,208,482	AUD 46,542	AUD 1,830,252
Year ended 30 September 2012	AUD 21,369,641	AUD 18,164	AUD (1,334,573)
Year ended 30 September 2011	US\$ 21,439,319	US\$ 54,477	US\$ (4,000,352)

* See note 19

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).

EAST ASIAN GROWTH BASKET LIMITED

REPORT OF THE DIRECTORS (continued)

For the year ended 30 September 2015

Statement of Directors' Responsibilities (continued)

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.

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, with The Companies (Guernsey) Law, 2008 and with 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

9 March 2016

INDEPENDENT AUDITOR'S REPORT

To the members of East Asian Growth Basket Limited

We have audited the financial statements of East Asian Growth Basket Limited (the "Company") for the year ended 30 September 2015, 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 pages 4 and 5, 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 Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view;
- 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

9 March 2016

EAST ASIAN GROWTH BASKET LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2015

		2015	Restated *
	Notes	AUD	2014
			AUD
REVENUE			
Interest income	5	1,350,686	1,263,122
(LOSSES)/GAINS ON INVESTMENTS			
Investments at fair value through profit and loss	6	(963,850)	671,178
		<u>386,836</u>	<u>1,934,300</u>
Operating expenses	8	(337,509)	(338,982)
PROFIT FOR THE YEAR		<u>49,327</u>	<u>1,595,318</u>
Earnings per share			
Basic and diluted earnings per ordinary share	9	<u>2.36</u>	<u>76.25</u>
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss			
Revaluation of available-for-sale investments	7	(284,342)	(19,885)
Total other comprehensive loss for the year		<u>(284,342)</u>	<u>(19,885)</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u>(235,015)</u>	<u>1,575,433</u>

* See note 19

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

The notes on pages 11 to 22 are an integral part of these financial statements.

EAST ASIAN GROWTH BASKET LIMITED

STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	Notes	30 September 2015 AUD	Restated * 30 September 2014 AUD	Restated * 1 October 2013 AUD
NON-CURRENT ASSETS				
Investments at fair value through profit and loss	6	4,884,402	5,848,252	5,177,074
Available-for-sale investments	7	18,972,905	17,917,403	16,697,808
		<u>23,857,307</u>	<u>23,765,655</u>	<u>21,874,882</u>
CURRENT ASSETS				
Trade and other receivables	10	109,662	118,690	155,035
Long-term fixed deposits		-	500,000	1,000,000
Cash and cash equivalents		602,725	412,990	178,565
		<u>712,387</u>	<u>1,031,680</u>	<u>1,333,600</u>
CURRENT LIABILITIES				
Trade and other payables	11	(15,869)	(12,943)	(11,725)
NET CURRENT ASSETS		<u>696,518</u>	<u>1,018,737</u>	<u>1,321,875</u>
NON-CURRENT LIABILITIES				
Trade and other payables	11	(51,467)	(47,019)	(34,817)
NET ASSETS		<u>24,502,358</u>	<u>24,737,373</u>	<u>23,161,940</u>
CAPITAL AND RESERVES				
Share capital	12	298	298	298
Share premium	13	27,366,190	27,366,190	27,366,190
Revaluation reserve	14	1,086,263	1,370,605	1,390,490
Retained earnings		(1,092,279)	(1,141,606)	(2,736,924)
Translation reserve		(2,858,114)	(2,858,114)	(2,858,114)
EQUITY SHAREHOLDERS' FUNDS		<u>24,502,358</u>	<u>24,737,373</u>	<u>23,161,940</u>
Number of fully paid ordinary shares		20,922.691	20,922.691	20,922.691
Net Asset Value per ordinary share		AUD 1,171.09	AUD 1,182.32	AUD 1,107.02

* See note 19

The financial statements were approved by the Board and authorised for issue on 9 March 2016 and signed on its behalf by:

Chris Hickling
Director

The notes on pages 11 to 22 are an integral part of these financial statements.

EAST ASIAN GROWTH BASKET LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2015

	Management Shareholders	Ordinary Shareholders				Total	
	Share Capital AUD	Share Capital AUD	Share Premium AUD	Revaluation reserve AUD	Retained earnings AUD	Translation reserve AUD	AUD
Restated *							
At 30 September 2013 (as previously reported)	13	285	27,366,190	3,233,154	(4,579,588)	(2,858,114)	23,161,940
Prior year adjustment (see note 19)	-	-	-	(1,842,664)	1,842,664	-	-
At 30 September 2013 (restated *)	13	285	27,366,190	1,390,490	(2,736,924)	(2,858,114)	23,161,940
Net profit for the year	-	-	-	-	1,595,318	-	1,595,318
Revaluation of available-for-sale investments (see notes 7,14)	-	-	-	(19,885)	-	-	(19,885)
At 30 September 2014	13	285	27,366,190	1,370,605	1,141,606	2,858,114	24,737,373
Net profit for the year	-	-	-	-	49,327	-	49,327
Revaluation of available-for-sale investments (see notes 7,14)	-	-	-	(284,342)	-	-	(284,342)
At 30 September 2015	13	285	27,366,190	1,086,263	(1,092,279)	(2,858,114)	24,502,358

* See note 19

The notes on pages 11 to 22 are an integral part of these financial statements.

EAST ASIAN GROWTH BASKET LIMITED

STATEMENT OF CASH FLOWS

For the year ended 30 September 2015

	Notes	2015 AUD	Restated * 2014 AUD
Operating profit for the year		49,327	1,595,318
Adjustments for:			
Interest income		(1,350,686)	(1,263,122)
Loss/(gain) on investments at fair value through profit and loss	6	963,850	(671,178)
Decrease in trade and other receivables		680	1,659
Increase in trade and other payables		7,374	13,420
Net cash outflow from operating activities		(329,455)	(323,903)
Cash flows from investing activities			
Bank interest		19,190	58,328
Transfer from long-term fixed deposits		500,000	500,000
Net cash inflow from investing activities		519,190	558,328
Increase in cash and cash equivalents for the year		189,735	234,425
Cash and cash equivalents at the beginning of the year		412,990	178,565
Cash and cash equivalents at the end of the year		602,725	412,990

* See note 19

The notes on pages 11 to 22 are an integral part of these financial statements.

EAST ASIAN GROWTH BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

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

The financial statements of East Asian Growth Basket Limited, with domicile in Guernsey, have been prepared in accordance with International Financial Reporting Standards ('IFRS'). The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB").

Going concern

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

Adoption of new and revised Standards

The IASB completed its Annual Improvements 2010-2012 Cycle and Annual Improvements 2011-2013 Cycle in December 2013. These projects amended a number of existing standards and interpretations effective for accounting periods commencing on or after 1 July 2014.

The adoption of these amended standards has had no material impact on the Financial Statements of the Company.

New, revised and amended standards and interpretations not yet adopted

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

- IAS 1, "Presentation of Financial Statements" (effective for periods commencing on or after 1 January 2016);
- IFRS 7 (amended), "Financial Instruments: Disclosures" (amendments effective for periods commencing on or after 1 January 2018, or on application of IFRS 9 if earlier);
- IFRS 9, "Financial Instruments - Classification and Measurement" (effective for periods commencing on or after 1 January 2018);
- IFRS 15, "Revenue from Contracts with Customers" (effective for periods commencing on or after 1 January 2017).

In addition, the IASB completed its Annual Improvements to IFRS 2012-2014 Cycle in September 2014. This project has amended a number of existing standards and interpretations effective for accounting periods commencing on or after 1 January 2016.

The Directors believe that none of these standards and interpretations will have an effect on the financial statements of the Company, with the exception of IFRS 9 "Financial Instruments – Classification and Measurement" which is not expected to significantly affect the financial position of the Company but may require additional disclosure in future financial statements.

Revenue recognition

Revenue includes bank interest, bond 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. Bond interest is calculated on an effective interest rate basis. Other revenues are accounted for on an accruals basis.

Expenses

Expenses are accounted for on an accruals basis. All expenses are charged to the Statement of Comprehensive Income, except for expenses incurred in relation to the launch of the Company, which have been charged against share premium.

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.

EAST ASIAN GROWTH BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Foreign exchange (continued)

Gains and losses resulting from a change in the functional currency are recognised in Other Comprehensive Income and are taken to the translation reserve.

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.

Fair value is the price at which an orderly transaction to sell the investment would take place between market participants at the measurement date, in the principal or most advantageous market for the asset. It may be 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 investments at fair value through profit and loss. Unrealised gains on available-for-sale investments, after adjusting for interest accruals, 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.

Cash and cash equivalents

Cash and cash equivalents comprises bank balances and short term deposits with an original maturity of three months or less. Deposits with an original maturity of greater than three months are classified as long-term fixed deposits.

Trade and other receivables

Trade receivables are stated at amortised cost less any impairment. In the opinion of the Directors, there is no material difference between the carrying value of the trade and other receivables and their fair value.

Trade and other payables

Trade payables are stated at amortised cost. In the opinion of the Directors, there is no material difference between the carrying value of the trade and other payables and their fair value.

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 and from year 2015 £1,200 is charged.

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.

EAST ASIAN GROWTH BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 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 Directors have determined that the Company's Zero Coupon Bonds should be classified as an available-for-sale investment and its Option investment classified as an investment at fair value through profit or loss. The methodologies for establishing the fair value of the Company's investments are detailed in notes 6 and 7.

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, which attract a redemption fee of 0.5% of the value of the redemption). In addition the administrator is entitled to receive interest earned by the Company on the unpaid element of the fees. See notes 8, 10 and 11 for details of administration fees and interest paid in the year and balances outstanding at the year end.

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, which attract a redemption fee of 0.5% of the value of the redemption). In addition the advisor is entitled to receive interest earned by the Company on the unpaid element of the fees. See notes 8, 10 and 11 for details of investment advisory fees and interest paid in the year and balances outstanding at the year end.

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). See notes 8, 10 and 11 for details of distribution fees paid in the year and balances outstanding at the year end. Investec Corporate and Institutional Banking, the Company's investment advisor, is also a distributor for the Company and has received distribution fees during the year.

All fees described above are payable annually in advance on the anniversary of the Trade Date (the date of investment of the Company's funds) each year until the Termination Date (the date of compulsory redemption of the Ordinary shares).

EAST ASIAN GROWTH BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

5. INTEREST INCOME	2015	Restated *
	AUD	2014 AUD
Interest on available-for-sale investments	1,339,844	1,239,480
Bank interest	10,842	23,642
	<u>1,350,686</u>	<u>1,263,122</u>

* See note 19

6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS	2015	2014
	AUD	AUD
BNP Paribas Index Basket Option		
Fair value brought forward	5,848,252	5,177,074
Fair value adjustment for the year	(963,850)	671,178
Fair value carried forward	<u>4,884,402</u>	<u>5,848,252</u>

The Option is a Call Option referenced to a weighted basket of indices as follows:

- Hang Seng China Enterprises Index 20%
- Hang Seng Index 25%
- Korea KOSPI 200 Index 15%
- Taiwan Capitalisation Weighted Stock Index 25%
- Nikkei 225 Index 15%

The Directors determine the fair value of the Option based on valuations provided by BNP Paribas. These valuations are calculated using a formula specified in the Option contract, which is based on the movements in the closing prices of the above Indices from the issue date of the Option to the reporting date.

The Option has been classified as a level 2 investment in the fair value hierarchy.

7. AVAILABLE-FOR-SALE INVESTMENTS	2015	Restated *
	AUD	2014 AUD
Zero Coupon Bonds issued by Barclays plc		
Fair value brought forward	17,917,403	16,697,808
Interest for the year	1,339,844	1,239,480
Fair value adjustment for the year	(284,342)	(19,885)
Fair value carried forward	<u>18,972,905</u>	<u>17,917,403</u>

* See note 19

The Directors determine the fair value of the Zero Coupon Bonds based on valuations provided by Barclays plc. These valuations are calculated on a discounted cash flow basis, taking into account prevailing interest rates at the date of valuation.

The Bonds have been classified as level 2 investments in the fair value hierarchy.

EAST ASIAN GROWTH BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

8. OPERATING EXPENSES	2015	2014
	AUD	AUD
Auditor's remuneration	15,592	13,186
Administration fee	31,594	30,694
Distribution fees	140,901	142,295
Investment advisory fee	122,776	122,776
Licence fee	6,210	5,738
Listing fee	2,916	2,697
Sponsorship fee	4,936	3,947
Statutory fees	3,038	1,956
Interest payable	4,448	12,202
Professional indemnity insurance	1,323	1,691
Sundry expenses	3,775	1,800
	<u>337,509</u>	<u>338,982</u>

9. EARNINGS PER SHARE

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

	2015	Restated *
	AUD	2014 AUD
Profit attributable to Ordinary shares:		
Profit for purpose of basic and diluted earnings per share being profit for the year attributable to ordinary shareholders	<u>49,327</u>	<u>1,595,318</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>20,923</u>	<u>20,923</u>
Earnings per ordinary share	<u>2.36</u>	<u>76.25</u>

A weighted average number of shares has been calculated to enable users to gain a fairer understanding of the earnings 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.

* See note 19

10. TRADE AND OTHER RECEIVABLES	2015	2014
	AUD	AUD
Bank interest receivable	-	8,349
Prepaid administration fee	11,184	11,184
Prepaid distributor fees	50,684	51,690
Prepaid investment advisory fee	44,738	44,738
Other prepayments	3,056	2,729
	<u>109,662</u>	<u>118,690</u>

EAST ASIAN GROWTH BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

11. TRADE AND OTHER PAYABLES	2015	2014
	AUD	AUD
Current		
Audit fee	14,552	12,512
Sponsorship fee	518	431
Distributor fees	799	-
	<u>15,869</u>	<u>12,943</u>
Non-current		
Interest payable	<u>51,467</u>	<u>47,019</u>

12. SHARE CAPITAL

	2015	2014
	AUD	AUD
Authorised:		
10 Management shares of US\$ 1 each	10	10
999,000 Ordinary shares of US\$ 0.01 each	9,990	9,990
	<u>10,000</u>	<u>10,000</u>
Issued and fully paid:		
10 Management shares of US\$1 each	13	13
20,922.691 Ordinary shares of USD0.01 each	285	285
	<u>298</u>	<u>298</u>

No Ordinary or Management shares were issued or redeemed during the year.

Ordinary shares are entitled to 1 vote each at a general meeting of the Company. The ordinary shares may be compulsorily redeemed on the termination date, 26 July 2017. Ordinary shareholders are entitled to receive any dividends or distributions from the Company and any surplus arising on the winding up of the Company after the payment of creditors and redemption of the Management shares at their nominal value.

Management shares are entitled to 10,000 votes each at a general meeting of the Company. Management shares may only be owned by The Basket Trust (see note 13) or its nominee. Management shareholders are not entitled to receive any dividends or distributions from the Company nor any surplus arising on the winding up of the Company in excess of the nominal value of the Management shares.

13. SHARE PREMIUM	2015	2014
	AUD	AUD
Balance brought forward	27,366,190	27,366,190
Balance carried forward	<u>27,366,190</u>	<u>27,366,190</u>

EAST ASIAN GROWTH BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

14. REVALUATION RESERVE	Restated *	
	2015 AUD	2014 AUD
Balance brought forward	1,370,605	3,233,154
Prior year adjustment (see note 19)	-	(1,842,664)
Revaluation of available-for-sale investments during the year	(284,342)	(19,885)
Balance carried forward	<u>1,086,263</u>	<u>1,370,605</u>

* See note 19

15. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

The immediate controlling party at the year end date is PraxisIFM Trust Limited as trustee of The Basket Trust, which owns the Management shares in the Company, and the ultimate controlling party is PraxisIFM Group Limited ('PGL'), a company incorporated in Guernsey. PGL is also the ultimate controlling party of Praxis Fund Services Limited ('PFSL'), the administrator of the Company.

PFSL is deemed to be a related party, as Janine Lewis is a director of PFSL and a shareholder in Praxis Fund Holdings Limited ('PFHL'), the immediate controlling party of PFSL; Chris Hickling is an employee of PFSL and a shareholder in PFHL; and David Stephenson is an employee of PFSL. During the year PFSL received AUD 31,594 (2014: AUD 30,694) for their services as administrator. At the year end date administration fees of AUD 11,184 had been paid to PFSL in advance (2014: AUD 11,184). At the year end date interest on outstanding fees of AUD 10,271 (2014: AUD 9,215) was payable to PFSL.

16. FINANCIAL INSTRUMENT RISK FACTORS

The Company is exposed to market risk, credit risk and liquidity 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 exchange rate fluctuations on an on-going basis.

The Company had no material currency exposures as at either 30 September 2015 or 30 September 2014.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of 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 2015, the Company held cash on a call account of AUD 602,725 (2014: AUD 109,034), which earns interest at a floating rate. The Company held no fixed deposit as at 30 September 2015 (2014: AUD 500,000 and AUD 303,956 on one year and one month fixed deposits respectively, which earned interest at fixed rates of 3.20% and 2.68% respectively).

EAST ASIAN GROWTH BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk (continued)

(b) Interest rate risk (continued)

Had these balances existed for the whole of the year, the effect of an increase/decrease of 0.5% in short term annual interest rates would have been an increase/decrease of AUD 3,014 in the post-tax profit for the year (2014: AUD 4,565).

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 2015 or 30 September 2014.

(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 at inception by investing in a combination of two financial instruments: a holding of zero coupon bonds (or other structured product with similar characteristics) that will provide capital protection for investors; and a call option on a basket of indices that the investment advisor believes is most likely to provide positive performance during the life of the Company. In order to provide capital protection, the amount of bonds acquired is calculated to ensure that the maturing amount will be sufficient to guarantee that all investors who remain in the Company to maturity will at minimum get back the amount that they invested. The call option provides the potential for significant upside performance, should the relevant indices perform well, with the downside limited to loss of the initial option premium.

The investment premise of the Company involves participation in the potential upside afforded by the call option, whilst enjoying the capital protection afforded by the bonds. Therefore, whilst the Board monitors the performance of the call option and bonds, it is unlikely that the Board would consider redeeming these at any stage, other than in relation to the redemption of investors' shares. As a result, the management of price risk effectively occurs at the inception of the Company in the selection of investments, and is not an active ongoing process during the remainder of the life of the Company.

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:

	2015	2014
	AUD	AUD
European call option with BNP Paribas	4,884,402	5,848,252
Barclays plc Zero Coupon Bonds	18,972,905	17,917,403
	<u>23,857,307</u>	<u>23,765,655</u>

A 10 per cent increase/decrease in the value of the investments at fair value through profit and loss at 30 September 2015 would have increased/decreased the Net Asset Value of the Company by AUD 488,440 (2014: AUD 584,825).

A 3 per cent increase/decrease in the value of the available-for-sale investments at 30 September 2015 would have increased/decreased the Net Asset Value of the Company by AUD 569,187 (2014: AUD 537,522).

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(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.

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 are held with Barclays Bank plc, which has a Fitch long-term rating of A (2014: A). The investments at fair value through profit and loss are held with BNP Paribas, which has a Fitch long-term rating of A+ (2014: A+). The cash and cash equivalents are held with Investec Bank (Channel Islands) Limited, which has a Fitch long term rating of BBB (2014: BBB-).

(iii) Liquidity risk

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 on an ongoing basis to ensure that sufficient monies are held on call account to meet the Company's short-term obligations. At 30 September 2015 the cash on call was AUD 602,725 (2014: AUD 912,990), which is considered by the Board to be sufficient to meet all of 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.

EAST ASIAN GROWTH BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(iii) Liquidity risk (continued)

	Less than 6 months AUD	6-12 months AUD	1 - 5 years AUD
30 September 2015			
Creditors and accruals	15,070	799	51,467
Net exposure	<u>15,070</u>	<u>799</u>	<u>51,467</u>
	Less than 6 months AUD	6-12 months AUD	1 - 5 years AUD
30 September 2014			
Creditors and accruals	12,943	-	47,019
Net exposure	<u>12,943</u>	<u>-</u>	<u>47,019</u>

(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).

30 September 2015	Level 1 AUD	Level 2 AUD	Level 3 AUD	Total AUD
Investments at fair value through profit and loss	-	4,884,402	-	4,884,402
Available-for-sale investments	-	18,972,905	-	18,972,905
	<u>-</u>	<u>23,857,307</u>	<u>-</u>	<u>23,857,307</u>
30 September 2014	Level 1 AUD	Level 2 AUD	Level 3 AUD	Total AUD
Investments at fair value through profit and loss	-	5,848,252	-	5,848,252
Available-for-sale investments	-	17,917,403	-	17,917,403
	<u>-</u>	<u>23,765,655</u>	<u>-</u>	<u>23,765,655</u>

There have been no transfers between levels of the fair value hierarchy during the year.

EAST ASIAN GROWTH BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

17. MANAGEMENT OF CAPITAL

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 of 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.

18. POST BALANCE SHEET EVENTS

At the date of signing of these financial statements, the value of the Company's Option investment had reduced to AUD 3,589,078, a decline in value of AUD 1,295,324 since the year end.

There were no other significant post balance sheet events requiring disclosure in these financial statements.

19. PRIOR YEAR ADJUSTMENT

During the year, it was noted that the Company had not applied certain provisions of IAS 18 "Revenue" in relation to the recognition of the interest component of the movements in the value of the Company's available-for-sale investment. As a result, the Company has, from inception, recognised the entire movement in value of the available-for-sale investment as a fair value movement through equity, whereas the interest component of this movement, calculated on an effective interest rate basis, should have been recognised separately in the statement of comprehensive income.

This error has had no effect on the value of the Company's available-for-sale asset, merely the manner in which the movements in value of this asset have been recognised.

The error has been corrected in these financial statements, as a result of which a prior year adjustment of AUD 1,842,664 has been made between the revaluation reserve and retained earnings as at the start of the comparative period; and certain comparative period figures in the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements have been restated, as detailed in the following tables.

Effect on the Statement of Comprehensive Income

	Year ended 30 September 2014		
	Originally reported amount	Correction	Restated amount
	AUD	AUD	AUD
Interest income	<u>23,642</u>	<u>1,239,480</u>	<u>1,263,122</u>
Revaluation of available-for-sale investments	<u>1,219,595</u>	<u>(1,239,480)</u>	<u>(19,885)</u>
Profit for the year	<u>355,838</u>	<u>1,239,480</u>	<u>1,595,318</u>
Total other comprehensive loss	<u>1,219,595</u>	<u>(1,239,480)</u>	<u>(19,885)</u>
Basic and diluted earnings per ordinary share	<u>17.01</u>	<u>59.24</u>	<u>76.25</u>

EAST ASIAN GROWTH BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

19. PRIOR YEAR ADJUSTMENT (continued)

Effect on the Statement of Financial Position

	As at 30 September 2014		
	Originally reported amount AUD	Correction AUD	Restated amount AUD
Revaluation reserve	<u>4,452,749</u>	<u>(3,082,144)</u>	<u>1,370,605</u>
Retained earnings	<u>(4,223,750)</u>	<u>3,082,144</u>	<u>(1,141,606)</u>

	As at 30 September 2013		
	Originally reported amount AUD	Correction AUD	Restated amount AUD
Revaluation reserve	<u>3,233,154</u>	<u>(1,842,664)</u>	<u>1,390,490</u>
Profit and loss account	<u>(4,579,588)</u>	<u>1,842,664</u>	<u>(2,736,924)</u>