

ASIA PACIFIC BASKET LIMITED

Report and Financial Statements

For the year ended 30 September 2010

ASIA PACIFIC BASKET LIMITED

REPORT AND FINANCIAL STATEMENTS CONTENTS

	Page
General Information	3
Report of the Directors	4-5
Independent Auditor's Report	6
Profit and Loss Account	7
Statement of Total Recognised Gains and Losses	7
Balance Sheet	8
Reconciliation of Movement in Shareholders' Funds	9
Cash Flow Statement	10
Notes to the Financial Statements	11-18

ASIA PACIFIC BASKET LIMITED

REPORT AND FINANCIAL STATEMENTS GENERAL INFORMATION

DIRECTORS:

C Hickling
J Lewis
D Stephenson

**ADMINISTRATOR, SECRETARY
AND REGISTRAR:**

Praxis Property 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
La Vielle Cour
St Peter Port
Guernsey
GY1 3LP

ASIA PACIFIC BASKET LIMITED

REPORT OF THE DIRECTORS

For the year ended 30 September 2010

The Directors present their report and the audited financial statements for the year ended 30 September 2010.

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.

Results and Dividends

The profit and loss statement is set out on page 7. The Directors do not propose a dividend for the year (2009: Nil).

Directors

The Directors of the Company during the period 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.

Directors' responsibilities

Guernsey company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that 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;
- prepare the financial statements according to United Kingdom accounting standards, subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Disclosure to Auditor

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; and
- 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 The Companies (Guernsey) Law, 2008.

ASIA PACIFIC BASKET LIMITED

REPORT OF THE DIRECTORS

For the year ended 30 September 2010

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

Janine Lewis

Director

11 March 2011

INDEPENDENT AUDITOR'S REPORT

To the members of Asia Pacific Basket Limited

We have audited the company's financial statements on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (Generally Accepted Accounting Principles).

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, 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 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 annual report 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 Generally Accepted Accounting Principles; 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, or
- 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
11 March 2011

ASIA PACIFIC BASKET LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2010

	Notes	Year ended 30/9/2010 AUD	Period from 19/5/2008 to 30/9/2009 AUD
REVENUE			
Interest income	3	23,946	98,975
(LOSS)/GAIN ON INVESTMENTS			
Investments at fair value through profit and loss	4	(1,613,972)	541,686
		<u>(1,590,026)</u>	<u>640,661</u>
OPERATING EXPENSES	6	(450,932)	(522,766)
(LOSS)/PROFIT FOR THE YEAR/PERIOD		<u><u>(2,040,958)</u></u>	<u><u>117,895</u></u>
Earnings per share			
Basic - Ordinary Shares	7	<u><u>AUD (67.00)</u></u>	<u><u>AUD 3.87</u></u>
 STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES For the year ended 30 September 2010		2010 AUD	2009 AUD
(LOSS)/PROFIT FOR THE YEAR/PERIOD		(2,040,958)	117,895
GAIN ON INVESTMENTS			
Available-for-sale investments - unrealised		2,120,200	2,618,948
TOTAL RECOGNISED GAINS FOR THE YEAR/PERIOD		<u><u>79,242</u></u>	<u><u>2,736,843</u></u>

The notes on pages 11 to 18 are an integral part of these financial statements.

ASIA PACIFIC BASKET LIMITED

BALANCE SHEET

As at 30 September 2010

	Notes	2010		2009	
		AUD	AUD	AUD	AUD
FIXED ASSETS					
Investments at fair value through profit and loss	4	6,671,320		8,285,292	
Available-for-sale investments	5	25,128,640		23,008,440	
			31,799,960		31,293,732
CURRENT ASSETS					
Trade and other receivables	8	374,276		386,093	
Cash and cash equivalents	9	1,066,386		1,482,665	
		1,440,662		1,868,758	
CREDITORS: amounts falling due within one year					
Creditors and accruals	10	9,751		10,862	
NET CURRENT ASSETS					
			1,430,911		1,857,896
			33,230,871		33,151,628
CAPITAL AND RESERVES					
Share capital	11		315		315
Share premium	12		30,414,470		30,414,470
Profit and loss account			(1,923,062)		117,895
Revaluation reserve	13		4,739,148		2,618,948
EQUITY SHAREHOLDERS' FUNDS					
			33,230,871		33,151,628
Number of fully paid Ordinary shares of AUD 0.01 each			30,462.65		30,462.65
Net Asset Value per Ordinary Share			AUD 1,090.87		AUD 1,088.27

The financial statements were approved by the Board on 11 March 2011 and signed on its behalf by:

Janine Lewis
Director

The notes on pages 11 to 18 are an integral part of these financial statements.

ASIA PACIFIC BASKET LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 30 September 2010

	Management Shareholders	Ordinary Shareholders				Total
	Share Capital AUD	Share Capital AUD	Share Premium AUD	Profit and loss account AUD	Revaluation reserve AUD	Total AUD
Period from 19 May 2008 to 30 September 2009						
Shares issued (see notes 11,12)	10	305	30,462,345	-	-	30,462,660
Formation costs (see note 12)	-	-	(47,875)	-	-	(47,875)
Net profit for the period	-	-	-	117,896	-	117,896
Revaluation of available-for- sale investments (see note 13)	-	-	-	-	2,618,948	2,618,948
At 30 September 2009	10	305	30,414,470	117,896	2,618,948	33,151,629
Year ended 30 September 2010						
Net loss for the year	-	-	-	(2,040,958)	-	(2,040,958)
Revaluation of available- for-sale investments (see note 14)	-	-	-	-	2,120,200	2,120,200
At 30 September 2010	10	305	30,414,470	(1,923,062)	4,739,148	33,230,871

The notes on pages 11 to 18 are an integral part of these financial statements.

ASIA PACIFIC BASKET LIMITED

CASH FLOW STATEMENT

For the year ended 30 September 2010

		Year ended 30/9/2010 AUD	Period from 19/5/2008 to 30/9/2009 AUD
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Cash flows from operating activities	Notes		
Operating profit		(2,040,958)	117,895
Less:			
Interest income	3	(23,946)	(98,975)
		<u>(2,064,904)</u>	<u>18,920</u>
Adjustments for non-cash items:			
Gain on investments at fair value through profit and loss	4	1,613,972	(541,686)
Working capital adjustments:			
Decrease/(increase) in trade and other receivables		11,817	(381,144)
(Decrease)/increase in trade and other payables		(1,110)	10,862
Net cash outflow from operating activities		<u>(440,225)</u>	<u>(893,048)</u>
CASH FLOW STATEMENT			
Net cash outflow from operating activities		(440,225)	(893,048)
Investing			
Interest income	3	23,946	94,026
Management of liquid reserves			
Purchase of investments at fair value through profit and loss	4	-	(7,743,606)
Purchase of available-for-sale investments	5	-	(20,389,492)
		<u>-</u>	<u>(28,133,098)</u>
Financing			
Issue of ordinary share capital	11,12	-	30,414,785
Net (decrease)/increase in cash and cash equivalents		<u>(416,279)</u>	<u>1,482,665</u>
Cash at the beginning of the year/period		1,482,665	-
Cash at the end of the year/period	9	<u>1,066,386</u>	<u>1,482,665</u>

The notes on pages 11 to 18 are an integral part of these financial statements.

ASIA PACIFIC BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2010

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 Asia Pacific Basket Limited, with domicile in Guernsey, have been prepared in accordance with Generally Accepted Accounting Principles.

Going concern

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

Foreign exchange

Foreign currency assets and liabilities are translated into Australian Dollars at the rate of exchange ruling on the balance sheet date. Foreign currency transactions are translated into Australian Dollars at the rate of exchange ruling on the date of the transaction. Foreign exchange gains and losses are included in the profit and loss account in the period in which they arise.

Income

Bank interest is accounted for on an accruals basis.

Investments

The Company's option investments are designated as held-for-trading and as such are classified as investments at fair value through profit or loss.

The Company's bond investments were reclassified as available-for-sale investments on 30 September 2009. Previously these investments had been classified as held-to-maturity 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 profit and loss account. Investments are derecognised when the rights to receive cash flows from the investments have expired and the Company has transferred substantially all risks and rewards of ownership.

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

- i) Investments held-for-trading and those designated to the category at inception: Fair value through profit and loss;
- ii) Held-to-maturity investments: Amortised cost;
- iii) Available-for-sale investments: Fair value through equity.

Fair value is calculated using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the year end date. Amortised cost is calculated using the effective interest method. Gains arising on the disposal of investments are recognised in the profit and loss account, as are unrealised gains on investment at fair value through profit and loss and held-to-maturity investments. Unrealised gains on available-for-sale investments are recognised in the statement of total recognised gains and losses. 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 profit and loss 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.

ASIA PACIFIC BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2010

2. 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% of the Net Asset Value of the Fund per annum. This fee is payable annually in advance each year until the termination date, the date of compulsory redemption of the ordinary shares.

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 0.55% per annum of the Company's funds, payable in advance on the anniversary of the first business day following the closing date, until the termination date as defined above.

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 the Company's funds payable in advance on the first Business Day of each year, until the Termination Date.

3. INTEREST INCOME

	2010 AUD	2009 AUD
Bank interest receivable	<u>23,946</u>	<u>98,975</u>

4. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2010 AUD	2009 AUD
Deutsche Bank AG index basket call option		
Fair value brought forward	8,285,292	-
Acquisitions during the year/period	-	7,743,606
Fair value adjustment for the year/period	<u>(1,613,972)</u>	<u>541,686</u>
Fair value carried forward	<u>6,671,320</u>	<u>8,285,292</u>

5. AVAILABLE-FOR-SALE INVESTMENTS

	2010 AUD	2009 AUD
Zero Coupon Bonds issued by Investec Bank plc		
Fair value brought forward	23,008,440	-
Acquisitions during the year/period	-	20,389,492
Fair value adjustment for the year/period	<u>2,120,200</u>	<u>2,618,948</u>
Fair value carried forward	<u>25,128,640</u>	<u>23,008,440</u>

ASIA PACIFIC BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2010

6. OPERATING EXPENSES	2010	2009
	AUD	AUD
Distributor fees	211,637	236,610
Investment advisory fees	167,545	185,906
Administration fees	45,871	49,816
Auditor's remuneration	10,121	10,862
Guernsey Financial Services Commission licence fees	4,039	9,279
Listing & sponsorship fees	6,240	12,139
Statutory fees	1,466	2,455
Legal & professional fees	-	8,150
Professional indemnity insurance	1,311	3,085
Sundry expenses	2,702	4,464
	<u>450,932</u>	<u>522,766</u>

7. EARNINGS PER ORDINARY SHARE

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

	2010	2009
	AUD	AUD
Earnings attributable to Ordinary shares:		
Earnings for purpose of basic and diluted earnings per share being loss for the year/period attributable to ordinary shareholders	<u>(2,040,958)</u>	<u>117,895</u>
Number of shares:		
Weighted average number of Ordinary shares for the purpose of basic earnings per share	30,462.65	30,462.65
(Loss)/earnings per share attributable to ordinary shares	<u>AUD (67.00)</u>	<u>AUD 3.87</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.

8. DEBTORS AND PREPAYMENTS	2010	2009
	AUD	AUD
Bank interest receivable	1,369	4,949
Prepaid administration fees	42,063	42,063
Prepaid distributor fees	176,354	189,897
Prepaid investment advisory fees	149,184	149,184
Other prepayments	5,306	-
	<u>374,276</u>	<u>386,093</u>

9. CASH AND CASH EQUIVALENTS	2010	2009
	AUD	AUD
Balances at bank	<u>1,066,386</u>	<u>1,482,665</u>

ASIA PACIFIC BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2010

10. CREDITORS AND ACCRUALS	2010	2009
	AUD	AUD
Audit fee	9,751	10,862
	<u>9,751</u>	<u>10,862</u>
	<u><u>9,751</u></u>	<u><u>10,862</u></u>
11. SHARE CAPITAL	2010	2009
	AUD	AUD
Authorised:		
10 Management shares of AUD1 each	10	10
999,000 Ordinary shares of AUD0.01 per share	9,990	9,990
	<u>10,000</u>	<u>10,000</u>
	<u><u>10,000</u></u>	<u><u>10,000</u></u>
	2010	2009
	AUD	AUD
Issued:		
10 Management shares of AUD 1 each	10	10
30,462.65 Ordinary shares of AUD 0.01 each	305	305
	<u>315</u>	<u>315</u>
	<u><u>315</u></u>	<u><u>315</u></u>
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, 28 August 2013.		
12. SHARE PREMIUM	2010	2009
	AUD	AUD
Balance brought forward	30,414,470	-
Ordinary shares issued	-	30,462,345
Formation costs	-	(47,875)
	<u>30,414,470</u>	<u>30,414,470</u>
Balance carried forward	<u><u>30,414,470</u></u>	<u><u>30,414,470</u></u>
13. REVALUATION RESERVE	2010	2009
	AUD	AUD
Balance brought forward	2,618,948	-
Revaluation of available-for-sale investments in the year/period	2,120,200	2,618,948
	<u>4,739,148</u>	<u>2,618,948</u>
Balance carried forward	<u><u>4,739,148</u></u>	<u><u>2,618,948</u></u>

ASIA PACIFIC BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2010

14. 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 Property Fund Services Limited ('PPFSL'), the administrator of the Company, is deemed a related party as Chris Hickling and Janine Lewis are Directors of the Company and the administrator, whilst David Stephenson is a Director of the Company and an employee of the administrator. During the year PPFSL received AUD 45,871 (2009: AUD 49,816) for their services as administrator. Administration fees of AUD 42,063 were prepaid at the year end (2009: AUD 42,063).

15. FINANCIAL INSTRUMENT RISK FACTORS

The Company is exposed to market risk, credit risk and liquidity risk from the financial instruments it holds. The risk management policies 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 of its significant transactions are in Australian Dollars. The Company's management monitors the exchange rate fluctuations on an on-going basis.

The Company has no material currency exposures as at 30 September 2010.

(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 2010, the Company held cash on a call account of AUD 1,066,386, which earns interest at floating rates.

Had these balances existed for the whole of the period, the effect on the Income Statement of a increase/decrease in short term interest rates of 0.5% per annum would have been an increase/decrease in post-tax profit for the period of AUD 5,332.

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.

(c) Price risk

Price risk is the risk that the value of the instrument 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 an index basket call option on a basket of indices, with an international bank, Deutsche Bank AG. The bank has a Fitch long-term credit rating of AA- (2009: A+).

Price risk is managed by investing in a zero coupon bond, with an international bank, Investec Bank plc. The bank has a long-term Fitch credit rating of BBB (2009: BB+).

ASIA PACIFIC BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2010

15. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk (continued)

(c) Price risk (continued)

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:

	2010 AUD	2009 AUD
Deutsche Bank AG index basket call option	6,671,320	8,285,292
Investec Bank plc zero coupon bond	25,128,640	23,008,440
	<u>31,799,960</u>	<u>31,293,732</u>

A 3 per cent increase/decrease in the value of the investments at fair value through profit and loss at 30 September 2010 would have increased/decreased the Net Asset Value of the Company by AUD 200,140 (2009: AUD 248,559).

A 3 per cent increase/decrease in the value of the available-for-sale investments at 30 September 2010 would have increased/decreased the Net Asset Value of the Company by AUD 753,859 (2009: AUD

(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 balance sheet date. These financial assets include cash and cash equivalents, trade and other receivables, 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 credit risk of the Company is managed by the Investment Advisor and assets are held with reputable banking institutions with a good credit rating.

The Company has determined to maintain its cash and cash equivalent balances with financial institutions, with a credit rating by Moody's of Prime - 2. The Company monitors the placement of cash balances on an ongoing basis.

The majority of the Company's trade and receivables consist of prepayments and there is no credit risk associated with these balances.

The available-for-sale investments are held with Investec Bank plc, which has a Fitch long term rating of BBB (2009: BB+). The investments at fair value through profit and loss are held with Deutsche Bank AG, which has a Fitch long-term rating of AA- (2009:A+).

(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 every quarter and ensures that sufficient monies are held on call account to meet its short term obligations. At 30 September 2010 the cash on call was AUD 1,066,386, which is considered by the Board to be sufficient to meet all the Company's short term obligations.

ASIA PACIFIC BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2010

15. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(iii) Liquidity risk (continued)

The table below 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 balance sheet 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.

	Less than 6 months AUD	6-12 months AUD	1 - 5 years AUD
30 September 2010			
Trade and other payables	9,751	-	-
Net exposure	<u>9,751</u>	<u>-</u>	<u>-</u>
	Less than 6 months AUD	6-12 months AUD	1 - 5 years AUD
30 September 2009			
Trade and other payables	10,862	-	-
Net exposure	<u>10,862</u>	<u>-</u>	<u>-</u>

(iv) Fair value hierarchy

The table below analyses 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).

As at 30 September 2010	Level 1 AUD	Level 2 AUD	Level 3 AUD	Total AUD
Investments at fair value through profit and loss	-	6,671,320	-	6,671,320
Available-for-sale investments	-	25,128,640	-	25,128,640
	<u>-</u>	<u>31,799,960</u>	<u>-</u>	<u>31,799,960</u>
As at 30 September 2009	Level 1 AUD	Level 2 AUD	Level 3 AUD	Total AUD
Investments at fair value through profit and loss	-	8,285,292	-	8,285,292
Available-for-sale investments	-	23,008,440	-	23,008,440
	<u>-</u>	<u>31,293,732</u>	<u>-</u>	<u>31,293,732</u>

ASIA PACIFIC BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2010

15. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(v) Capital risk management

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.