OPTIMAL INVESTMENT GROWTH BASKET LIMITED

Report and Financial Statements

For the period from 17 November 2009 to 30 September 2010

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

REPORT AND FINANCIAL STATEMENTS
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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

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

REPORT OF THE DIRECTORS
For the period from 17 November 2009 to 30 September 2010

The Directors present their report and the audited financial statements for the period 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 account is set out on page 7. The Directors do not propose a dividend for the period (2009: £ Nil).

Directors

The Directors of the Company during the period from 17 November 2009 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.

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.

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

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

PROFIT AND LOSS ACCOUNT
For the period from 17 November 2009 to 30 September 2010

	Notes	17 Nov 2009 to 30 Sept 2010 £	1 Oct 2008 to 16 Nov 2009 £
REVENUE			
Interest income	3	**5,884**	2,174
(LOSSES)/GAINS ON INVESTMENTS			
Investments at fair value through profit and loss	4	**(508,536)**	496,257
Held-to-maturity investments	5	**-**	771,706
Available-for-sale investments - realised	6	**84,716**	-
		(417,936)	1,270,137
OPERATING EXPENSES	7	**(320,885)**	(152,930)
(LOSS)/PROFIT FOR THE PERIOD		**(738,821)**	1,117,207
Earnings per share			
Basic and diluted (loss)/earnings per ordinary share	8	**£(43.37)**	£107.07

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the period from 17 November 2009 to 30 September 2010

	Notes	2010 £	2009 £
(LOSS)/PROFIT FOR THE PERIOD		**(738,821)**	1,117,207
GAIN ON INVESTMENTS			
Available-for-sale investments - unrealised	6	**2,178,005**	-
TOTAL RECOGNISED GAINS FOR THE YEAR		**1,439,184**	1,117,207

All items of income and expenditure arise from continuing operations.

There are no recognised gains or losses for the year other than those reported above. All gains and losses derive from continuing operations.

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

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

BALANCE SHEET
as at 30 September 2010

	Notes	**30 September 2010** £	**30 September 2010** £	16 November 2009 £	16 November 2009 £
FIXED ASSETS					
Investment at fair value through profit and loss	4	**4,269,884**		-	
Available-for-sale investments	6	**17,870,333**		-	
			22,140,217		-
CURRENT ASSETS					
Debtors and prepayments	9	**44,882**		3,681,526	
Cash and cash equivalents	10	**1,342,135**		10,500,294	
		1,387,017		14,181,820	
CREDITORS: amounts falling due within one year					
Creditors and accruals	11	**6,000**		5,946,095	
NET CURRENT ASSETS			**1,381,017**		8,235,725
			23,521,234		**8,235,725**
CAPITAL AND RESERVES					
Share capital	12		**173**		71
Share premium	13		**18,364,214**		4,517,991
Profit and loss account			**2,978,842**		3,717,663
Revaluation reserve	14		**2,178,005**		-
EQUITY SHAREHOLDERS' FUNDS			**23,521,234**		**8,235,725**
Number of fully paid shares of no par value			**16,307**		6,080
Net Asset Value per Share			**£ 1,442.40**		£ 1,354.56

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.

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
For the period from 17 November 2009 to 30 September 2010

	Management Shareholders	Ordinary Shareholders				
	Share Capital £	Share Capital £	Share Premium £	Profit and Loss Account £	Revaluation Reserve £	Total £
1 October 2008 to 16 November 2009						
At 1 October 2008	10	104	10,415,702	2,600,456	-	13,016,272
Redemptions of shares (see notes 12, 13)	-	(43)	(5,897,711)	-	-	(5,897,754)
Net profit for the period	-	-	-	1,117,207	-	1,117,207
At 16 November 2009	**10**	**61**	**4,517,991**	**3,717,663**	**-**	**8,235,725**
17 November 2009 to 30 September 2010						
Issue of shares (see notes 12, 13)	**-**	**110**	**14,960,253**	**-**	**-**	**14,960,363**
Redemptions of shares (see notes 12, 13)	**-**	**(8)**	**(1,114,030)**	**-**	**-**	**(1,114,038)**
Net loss for the period	**-**	**-**	**-**	**(738,821)**	**-**	**(738,821)**
Revaluation of available for sale investments (see note 14)	**-**	**-**	**-**	**-**	**2,178,005**	**2,178,005**
At 30 September 2010	**10**	**163**	**18,364,214**	**2,978,842**	**2,178,005**	**23,521,234**

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

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

CASH FLOW STATEMENT
For the period from 17 November 2009 to 30 September 2010

	Notes	**17 Nov 2009 to 30 Sept 2010 £**	1 Oct 2008 to 16 Nov 2009 £
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Cash flows from operating activities			
(Loss)/profit for the period as per profit and loss account		**(738,821)**	1,117,207
Less:			
Interest income	3	**(5,884)**	(2,174)
Adjustments for non-cash items:			
Losses/(gains) on investments at fair value through profit and loss	4	**508,536**	(496,257)
Gains on held-to-maturity investments	5	**-**	(771,706)
Gains on available-for-sale investments	6	**(84,716)**	-
Working capital adjustments:			
Decrease in debtors and prepayments		**3,636,644**	8,773
Decrease in creditors and accruals		**(5,940,095)**	(774)
Net cash outflow from operating activities		**(2,624,336)**	(144,931)

CASH FLOW STATEMENT

	Notes	**17 Nov 2009 to 30 Sept 2010 £**	1 Oct 2008 to 16 Nov 2009 £
Net cash outflow from operating activities		**(2,624,336)**	(144,931)
Investing			
Interest income		**5,884**	2,174
Management of liquid reserves			
Purchase of investments held at fair value through profit and loss	4	**(4,964,009)**	-
Purchase of available-for-sale investments	6	**(16,478,511)**	-
Proceeds from disposals of investments at fair value through profit and loss	4	**185,589**	-
Proceeds from disposals of available-for-sale investments	6	**870,899**	10,434,000
Net (decrease)/increase in cash and cash equivalents		**(20,386,032)**	10,434,000
Financing			
Receipts from issue of shares		**13,846,325**	-
(Decrease)/increase in cash for the period		**(9,158,159)**	**10,291,243**
Cash and cash equivalents at the beginning of the period		**10,500,294**	209,051
Cash and cash equivalents at end of period	10	**1,342,135**	10,500,294

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

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.

Foreign exchange

Foreign currency assets and liabilities are translated into Sterling at the rate of exchange ruling on the period end date. Foreign currency transactions are translated into Sterling at the rate of exchange ruling on the date of the transaction. Foreign exchange gains and losses are included in the profit and loss statement in the period in which they arise.

Income

Bank interest is credited 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.

Going concern

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

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 £25,000 per annum, payable annually in advance 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 0.6% per annum of the Company's funds, payable in advance on the first Business Day of each year, until the termination date.

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	2009
	£	£
Bank interest receivable	**5,884**	2,174

4. INVESTMENT AT FAIR VALUE THROUGH PROFIT AND LOSS

	2010	2009
	£	£
Deutsche Bank AG index basket call option		
Fair value brought forward	**-**	3,167,319
Acquisitions during the period	**4,964,009**	-
Disposals during the period	**(185,589)**	(3,663,576)
(Losses)/gains on disposals during the period	**(51,241)**	496,257
Fair value adjustment for the period	**(457,295)**	-
Fair value carried forward	**4,269,884**	-

5. HELD-TO-MATURITY INVESTMENT

	2010	2009
	£	£
Bonds issued by Investec plc		
Amortised cost brought forward	**-**	9,662,294
Amortisation gain for the period	**-**	771,706
Proceeds on maturity of investments during the period	**-**	(10,434,000)
Amortised cost carried forward	**-**	-

6. AVAILABLE-FOR-SALE INVESTMENTS

	2010	2009
	£	£
Bonds issued by Investec plc		
Acquisitions during the period	**16,478,511**	-
Disposals during the period	**(870,899)**	-
Gains on disposals during the period	**84,716**	-
Fair value adjustment for the period	**2,178,005**	-
Fair value carried forward	**17,870,333**	**-**

7. OPERATING EXPENSES

	2010	2009
	£	£
Administration fees	**29,369**	19,435
Auditor's remuneration	**6,400**	7,500
Distribution fees	**140,407**	42,245
GFSC Licence fees	**2,552**	2,192
Investment advisory fees	**120,874**	78,170
Listing fees	**1,174**	1,297
Sponsorship fees	**1,735**	2,546
Statutory fees	**1,110**	1,795
Legal & professional fees	**14,524**	-
Interest payable	**-**	(3,919)
Sundry expenses	**2,740**	1,669
	320,885	152,930

8. (LOSS)/EARNINGS PER ORDINARY SHARE

	2010	2009
	£	£
The calculation of basic and diluted earnings per share is based on the following data:		
Earnings attributable to Ordinary shares:		
Earnings for purpose of basic and diluted earnings per share being (loss)/profit for the	**(738,821)**	1,117,207
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings	**17,037**	10,434
(Loss)/earnings per ordinary share	**(43.37)**	107.07

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.

9. DEBTORS AND PREPAYMENTS

	2010	2009
	£	£
Bank interest receivable	301	73
Prepaid administration fees	3,288	-
Prepaid distributor fees	21,260	-
Prepaid investment advisory fees	18,303	-
Other prepayments	1,730	2,841
Legal & other fees prepaid re rollover of fund	-	15,036
Outstanding settlement of ING Belgium equity option sale proceeds	-	3,663,576
	44,882	3,681,526

10. CASH AND CASH EQUIVALENTS

	2010	2009
	£	£
Balances at bank	1,342,135	10,500,294

11. CREDITORS AND ACCRUALS

	2010	2009
	£	£
Redemption proceeds payable to investors	-	5,897,754
Audit fees	6,000	7,000
Interest payable	-	36,841
Administration fees	-	4,500
	6,000	5,946,095

12. SHARE CAPITAL

	2010	2009
	£	£
Authorised:		
10 Management shares of £1 each	10	10
999,000 Ordinary shares of £0.01 per share	9,990	9,990
	10,000	10,000

	2010	2009
	£	£
Issued and fully paid:		
10 Management shares of £1 each (2009: 10 shares)	10	10
16,307.443 Ordinary shares of £0.01 each (2009: 6,080 shares)	163	61
	173	71

12. SHARE CAPITAL (continued)

Management shares are entitled to 10,000 votes each at a general meeting of the Company.

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, 17 November 2014, five years after the closing date.

11,044.443 Ordinary shares were issued on 17 November 2009 for a consideration of £1,354.55 per share.

817 Ordinary shares were redeemed on 27 August 2010 for a consideration of £1,363.57 per share.

13. SHARE PREMIUM

	2010	2009
	£	£
Balance brought forward	**4,517,991**	10,415,702
Ordinary shares issued	**14,960,253**	-
Ordinary shares redeemed	**(1,114,030)**	(5,897,711)
Balance carried forward	**18,364,214**	4,517,991

14. REVALUATION RESERVE

	2010	2009
	£	£
Revaluation of available-for-sale investments in the period (see note 6)	**2,178,005**	-
Balance carried forward	**2,178,005**	**-**

15. ULTIMATE CONTROLLING PARTY & RELATED PARTY TRANSACTIONS

The company's immediate controlling party is Praxis Fiduciaries Limited, as trustees of The Basket Trust, 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 period PPFSL received £29,370 (2009: £19,435) for their services as administrator. Administration fees of £3,288 (2009: £4,500 outstanding) were prepaid at the period end.

16. 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 transactions are in Sterling. The Company's management monitors exchange rate fluctuations on an ongoing basis.

The Company has no material currency exposures as at 30 September 2010 or 16 November 2009.

16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(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 2010, the Company had cash on a call account of £1,349,154 (2009: £10,500,294). This cash earns interest at floating rates.

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 has no other interest rate exposures as at either 30 September 2010 or 16 November 2009.

(c) Price risk

Price risk is the risk that the value of a financial 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+).

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	2009
	£	£
Deutsche Bank AG index basket call option	**4,269,884**	-
Investec Bank plc zero coupon bond	**17,870,333**	-
	22,140,217	-

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 £128,097 (2009: £Nil).

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 £536,110 (2009: £Nil).

(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, 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 credit risk of the Company is managed by the investment advisor and assets are held with reputable banking institutions with a good credit rating.

16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(ii) Credit risk (continued)

The Company has determined to maintain its cash and cash equivalent balances with financial institutions which have a Moody's credit rating of at least Prime - 2. The Company monitors the placement of cash balances 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 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 £1,349,154, which is considered by the Board to be sufficient to meet all the Company's short term obligations.

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 period 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.

	Less than 6 months	**6-12 months**	**1-5 years**
30 September 2010	**£**	**£**	**£**
Creditors and accruals	**6,000**	-	-
Net exposure	**6,000**	-	-

	Less than 6 months	6-12 months	1-5 years
16 November 2009	£	£	£
Creditors and accruals	5,946,095	**-**	**-**
Total exposure	5,946,095	**-**	**-**

(iv) 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 monitor forecast and actual cash flows and match the maturity profiles of assets and liabilities. The Company has no external borrowings.

16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(v) 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).

30 September 2010	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Investments at fair value through profit and loss	**-**	**4,269,884**	**-**	**4,269,884**
Available-for-sale investments	**-**	**17,870,333**	**-**	**17,870,333**
	-	**22,140,217**	**-**	**22,140,217**

16 November 2009	Level 1	Level 2	Level 3	Total
	£	£	£	£
Investments at fair value through profit and loss	-	-	-	-
Available-for-sale investments	-	-	-	-
	-	-	-	-