

ASIA PACIFIC BASKET LIMITED

Report and Financial Statements

For the year ended 30 September 2014

ASIA PACIFIC BASKET LIMITED

REPORT AND FINANCIAL STATEMENTS CONTENTS

	Page
General Information	3
Report of the Directors	4-5
Independent Auditor's Report	6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11-20

ASIA PACIFIC BASKET LIMITED

REPORT AND FINANCIAL STATEMENTS GENERAL INFORMATION

DIRECTORS:	C Hickling J Lewis D Stephenson
ADMINISTRATOR, SECRETARY AND REGISTRAR:	Praxis Fund Services Limited PO Box 296 Sarnia House Le Truchot St Peter Port Guernsey GY1 4NA
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 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 Glategny Court Glategny Esplanade St Peter Port Guernsey GY1 3LP
COMPANY REGISTRATION NO:	48918

ASIA PACIFIC BASKET LIMITED

REPORT OF THE DIRECTORS

For the year ended 30 September 2014

The Directors present their report and the audited financial statements ("the financial statements") for the year ended 30 September 2014.

Principal Activity

The principal activity of the Company is investment holding.

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

At an Extraordinary General Meeting of the Company held on 29 May 2013, shareholders approved a special resolution to extend the life of the Company for a further period up to 20 December 2017 from the Company's termination date of 4 September 2013. Under the terms of the Company's new prospectus, which replaced the old prospectus with effect from 29 May 2013, 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 20 December 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 (2013: Nil).

Directors

The Directors of the Company during the period 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.

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).

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.

ASIA PACIFIC BASKET LIMITED

REPORT OF THE DIRECTORS (continued)

For the year ended 30 September 2014

Statement of Directors' Responsibilities (continued)

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; 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 International Financial Reporting Standards and with The Companies (Guernsey) Law, 2008 and the Protection of Investors (Bailiwick of Guernsey) Law, 1987.

Auditor

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

By Order of the Board

Chris Hickling

Director

9 March 2015

INDEPENDENT AUDITOR'S REPORT

To the members of Asia Pacific Basket Limited

We have audited the financial statements of Asia Pacific Basket Limited for the year ended 30 September 2014, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the 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 2015

ASIA PACIFIC BASKET LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2014

	Notes	2014 AUD	2013 AUD
REVENUE			
Interest income	5	82,008	10,278
GAIN ON INVESTMENTS			
Investments at fair value through profit and loss	6	1,258,860	(775,939)
Available-for-sale investments - realised	7	-	1,048,884
		1,340,868	283,223
Operating expenses	8	(906,495)	(423,201)
Foreign exchange loss		-	(20,651)
GAIN/(LOSS) FOR THE YEAR		434,373	(160,629)
Gain/(loss) per share			
Basic and diluted gain/(loss) per ordinary share	9	AUD 7.83	AUD (5.76)
OTHER COMPREHENSIVE INCOME			
Unrealised gain on available-for-sale investments	7	4,177,246	160,321
TOTAL COMPREHENSIVE GAIN/(LOSS) FOR THE YEAR		4,611,619	(308)

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

ASIA PACIFIC BASKET LIMITED

STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	Notes	2014 AUD	2013 AUD
NON-CURRENT ASSETS			
Investments at fair value through profit and loss	6	11,814,285	10,555,425
Available-for-sale investments	7	48,042,199	43,864,953
		<u>59,856,484</u>	<u>54,420,378</u>
CURRENT ASSETS			
Trade and other receivables	10	787,311	1,204,860
Fixed deposits		2,050,000	-
Cash and cash equivalents		116,775	2,526,207
		<u>2,954,086</u>	<u>3,731,067</u>
CURRENT LIABILITIES			
Trade and other payables	11	(34,057)	(22,182)
		<u>2,920,029</u>	<u>3,708,886</u>
NET CURRENT ASSETS			
		<u>2,920,029</u>	<u>3,708,886</u>
NON-CURRENT LIABILITIES			
Trade and other payables	11	(37,047)	(1,416)
		<u>62,739,466</u>	<u>58,127,847</u>
CAPITAL AND RESERVES			
Share capital	12	565	565
Share premium	13	57,878,978	57,878,978
Retained earnings		522,356	87,983
Revaluation reserve	14	4,337,567	160,321
		<u>62,739,466</u>	<u>58,127,847</u>
EQUITY SHAREHOLDERS' FUNDS			
		<u>62,739,466</u>	<u>58,127,847</u>
Number of fully paid Ordinary shares of AUD 0.01 each		55,510.64	55,510.64
Net Asset Value per Ordinary Share		AUD 1,130.22	AUD 1,047.15

The financial statements were approved and authorised for issue by the Board on 9 March 2015 and signed on its behalf by:

Chris Hickling
Director

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

ASIA PACIFIC BASKET LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2014

	Management	Ordinary			Total	
	Shareholders	Shareholders			Total	
	Share Capital AUD	Share Capital AUD	Share Premium AUD	Retained Earnings AUD	Revaluation reserve AUD	Total AUD
At 30 September 2012	10	258	25,824,610	(7,239,453)	7,488,065	26,073,490
Year ended 30 September 2013						
Redemptions of shares (see note 12,13)	-	(87)	(9,372,990)	-	-	(9,373,077)
Issue of shares (see notes 12,13)	-	384	41,460,638	-	-	41,461,022
Net loss for the year	-	-	-	(160,629)	-	(160,629)
Launch costs capitalised	-	-	(33,280)	-	-	(33,280)
Recycling of prior year revaluation gains on investments disposed of during the year (see notes 7,14)	-	-	-	7,488,065	(7,488,065)	-
Revaluation of available-for-sale investments (see notes 7,14)	-	-	-	-	160,321	160,321
At 30 September 2013	10	555	57,878,978	87,983	160,321	58,127,847
Year ended 30 September 2014						
Net profit for the year	-	-	-	434,373	-	434,373
Revaluation of available-for-sale investments (see notes 7,14)	-	-	-	-	4,177,246	4,177,246
At 30 September 2014	10	555	57,878,978	522,356	4,337,567	62,739,466

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

ASIA PACIFIC BASKET LIMITED

STATEMENT OF CASH FLOWS

For the year ended 30 September 2014

		2014	Restated*
		AUD	2013
	Notes		AUD
Operating gain/(loss) for the year		434,373	(160,629)
Adjustments for:			
Interest income	5	(82,008)	(10,278)
(Gain)/loss on investments at fair value through profit and loss	6	(1,258,860)	775,939
Gains on available-for-sale investments		-	(1,048,884)
Decrease/(increase) in trade and other receivables		411,655	(868,239)
Increase/(decrease) in trade and other payables*		47,506	(31,680)
Net cash outflow from operating activities		<u>(447,334)</u>	<u>(1,343,771)</u>
Cash flows from investing activities			
Interest income		87,902	244
Transfer to fixed deposits		(2,050,000)	-
Purchase of investments held at fair value through profit and loss	6	-	(12,452,717)
Disposals of investments held at fair value through profit or loss	6	-	1,942,590
Purchase of available-for-sale investments	7	-	(43,704,632)
Disposals of available-for-sale investments	7	-	25,816,937
Net cash inflow/(outflow) from investing activities		<u>(1,962,098)</u>	<u>(28,397,578)</u>
Cash flows from financing activities			
Receipts from issue of shares	12,13	-	41,461,022
Payments for redemptions of shares	12,13	-	(9,373,077)
Capitalised launch costs*		-	(33,280)
Net cash inflow from financing activities		<u>-</u>	<u>32,054,665</u>
(Decrease)/increase in cash and cash equivalents for the year		(2,409,432)	2,313,316
Cash and cash equivalents at the beginning of the year		2,526,207	212,891
Cash and cash equivalents at the end of the year		<u>116,775</u>	<u>2,526,207</u>

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

ASIA PACIFIC BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

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').

Going concern

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

Adoption of new and revised Standards

The following new or amended standards have been applied in these financial statements:

- IFRS 7 (amended), 'Financial Instruments: Disclosures' (effective for periods commencing on or after 1 January 2013);
- IFRS 13, 'Fair Value Measurement' (effective for periods commencing on or after 1 January 2013);

In addition the IASB completed its Annual Improvements 2009-2011 Cycle, which amended a number of existing standards and interpretations effective for accounting periods commencing on or after 1 January 2013.

New, revised and amended standards and interpretations not yet adopted

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

- IAS 27 (amended), "Separate Financial Statements" (various amendments effective for periods commencing on or after 1 January 2014 and 1 January 2016);
- IAS 28 (amended), "Investments in Associates and Joint Ventures" (effective for periods commencing on or after 1 January 2016);
- IAS 32 (amended), "Financial Instruments: Presentation" (effective for periods commencing on or after 1 January 2014);
- IFRS 7 (amended), "Financial Instruments: Disclosures" (effective for periods commencing on or after 1 January 2015);
- IFRS 9, "Financial Instruments - Classification and Measurement" (effective for periods commencing on or after 1 January 2018);
- IFRS 10 (amended), "Consolidated Financial Statements" (various amendments effective for periods commencing on or after 1 January 2014 and 1 January 2016);
- IFRS 11 (amended), "Joint arrangements" (effective for periods commencing on or after 1 January 2016);
- IFRS 12, "Disclosure of Interest in Other Entities" (effective for periods commencing on or after 1 January 2014);
- IFRS 14, "Regulatory Deferral Accounts" (effective for periods commencing on or after 1 January 2016);
- IFRS 15, "Revenue from Contracts with Customers" (effective for periods commencing on or after 1 January 2016).

In addition the IASB has completed its Annual Improvements 2010-2012 Cycle, Annual Improvements 2011-2013 Cycle and September 2014 Annual Improvements projects. These projects will amend a number of existing standards and interpretations effective for accounting periods commencing on or after 1 July 2014 and 1 January 2016.

New, revised and amended standards and interpretations not yet adopted (continued)

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.

ASIA PACIFIC BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Revenue recognition

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

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 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 recognised in the Statement of Comprehensive Income in the period in which they arise.

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 basis 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 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 through profit and loss, as are unrealised gains on investments at fair value through profit and loss. Unrealised gains on available-for-sale investments are recognised in other comprehensive income. All gains or losses are recognised in the period in which they arise. Prior year revaluation gains on available-for-sale investments disposed of during the year are recycled through the Statement of Comprehensive Income in the period in which the investments are disposed of.

Cash and cash equivalents

Cash and cash equivalents comprises cash in hand and short-term cash balances with banks.

Trade and other receivables

Trade receivables are stated at amortised cost less any impairment.

Trade payables

Trade payables are stated at amortised cost less an allowance for non-recovery where there is evidence of impairment.

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 (£1,200 with effect from calendar year 2015).

ASIA PACIFIC BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

2. SEGMENT REPORTING

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

4. SIGNIFICANT AGREEMENTS

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

Administration, Custodian and Secretarial Agreement

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

Investment Advisory Agreement

Under the Investment Advisory Agreement, the Company has agreed to pay or procure to be paid to the advisor, for its services as advisor, a fee of 0.55% per annum of the Company's funds (as reduced by any redemptions of Ordinary Shares prior to the Redemption Date). This fee is payable annually in advance each year until the termination date, the date of compulsory redemption of the ordinary shares. In addition the advisor is entitled to receive interest earned by the Company on the unpaid element of the fees.

Distribution Agreement

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

5. INTEREST INCOME

	2014	2013
	AUD	AUD
Bank interest	<u>82,008</u>	<u>10,278</u>

ASIA PACIFIC BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2014 AUD	2013 AUD
Deutsche Bank AG index basket call option		
Fair value brought forward	-	821,237
Disposals during the year	-	(1,942,590)
Gain/(loss) on disposals during the year	-	1,121,353
Fair value carried forward	-	-
Credit Suisse index basket call option		
Fair value brought forward	10,555,425	-
Purchases during the year	-	12,452,717
Fair value adjustment for the year	1,258,860	(1,897,292)
Fair value carried forward	11,814,285	10,555,425

7. AVAILABLE-FOR-SALE INVESTMENTS

	2014 AUD	2013 AUD
Zero Coupon Bonds issued by Investec Bank plc		
Fair value brought forward	43,864,953	24,768,053
Disposals during the year	-	(25,816,937)
Gains on disposals during the year	-	8,536,949
Purchases during the year	-	43,704,632
Recycling of prior year revaluation gains	-	(7,488,065)
Fair value adjustment for the year	4,177,246	160,321
Fair value carried forward	48,042,199	43,864,953

8. OPERATING EXPENSES

	2014 AUD	2013 AUD
Distributor fees	418,288	189,077
Investment advisory fees	329,926	148,641
Administration fees	90,637	53,670
Auditor's remuneration	13,186	14,224
Guernsey Financial Services Commission licence fees	5,738	4,976
Listing & sponsorship fees	6,790	6,023
Statutory fees	1,936	1,698
Professional indemnity insurance	1,691	1,659
Interest payable	35,631	1,416
Sundry expenses	2,672	1,817
	906,495	423,201

ASIA PACIFIC BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

9. GAIN/(LOSS) PER ORDINARY SHARE

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

	2014	2013
	AUD	AUD
Gain/(loss) attributable to ordinary shares:		
Gain/(loss) for purpose of calculation of basic and diluted gain/(loss) per share being gain/(loss) for the year attributable to ordinary shareholders	434,373	(160,629)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic gain/(loss) per share	55,510.64	27,874.51
Gain/(loss) per share attributable to ordinary shares	AUD 7.83	AUD (5.76)

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

10. TRADE AND OTHER RECEIVABLES

	2014	2013
	AUD	AUD
Bank interest receivable	4,303	10,197
Prepaid administration fees	83,817	83,817
Prepaid distributor fees	387,120	365,025
Prepaid investment advisory fees	307,328	307,328
Amounts receivable on share subscriptions	-	432,397
Other prepayments	4,743	6,096
	787,311	1,204,860

11. TRADE AND OTHER PAYABLES

	2014	2013
	AUD	AUD
Current		
Launch costs	-	10,457
Distributor fees	21,105	-
Audit Fee	12,512	11,725
Sponsorship Fee	440	-
	34,057	22,182
Non-current		
Interest payable	37,047	1,416

ASIA PACIFIC BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

12. SHARE CAPITAL	2014 AUD	2013 AUD
Authorised:		
10 management shares of AUD 1 each	10	10
999,000 ordinary shares of AUD 0.01 per share	9,990	9,990
	<u>10,000</u>	<u>10,000</u>
Issued:		
10 management shares of AUD 1 each	10	10
55,510.64 ordinary shares of AUD 0.01 each (2013: 55,510.64 shares of AUD 0.01 each)	555	555
	<u>565</u>	<u>565</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, 20 December 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 15) 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	2014 AUD	2013 AUD
Balance brought forward	57,878,978	25,824,610
Ordinary shares issued during the year	-	41,460,638
Ordinary shares redeemed during the year	-	(9,372,990)
Capitalised launch costs	-	(33,280)
Balance carried forward	<u>57,878,978</u>	<u>57,878,978</u>
14. REVALUATION RESERVE		
	2014 AUD	2013 AUD
Balance brought forward	160,321	7,488,065
Recycling of prior year revaluation gains	-	(7,488,065)
Revaluation of available-for-sale investments in the year	4,177,246	160,321
Balance carried forward	<u>4,337,567</u>	<u>160,321</u>

ASIA PACIFIC BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

15. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

The immediate controlling party at the year end date is Praxis Trust Limited as trustee of The Basket Trust, which owns the Management shares in the Company, and the ultimate controlling party is Praxis Holdings Limited, a company incorporated in Guernsey.

Praxis Fund Services Limited ('PFSL') is deemed to be a related party, as Janine Lewis is a Director of the Company and a director of and shareholder in PFSL; Chris Hickling is a Director of the Company and a shareholder in PFSL; and David Stephenson is a Director of the Company and an employee of PFSL. During the year PFSL received AUD 90,637 (2013: AUD 53,670) for their services as administrator. At the year end date administration fees of AUD 83,817 had been paid to PFSL in advance (2013: AUD 83,817).

16. FINANCIAL INSTRUMENT RISK FACTORS

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

(i) Market risk

(a) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency.

The Company is exposed to currency risk because the Credit Suisse index basket call option is denominated in US dollar whilst the Company's measurement currency is Australian dollar. At 30 September 2014, the foreign currency exposure of the Company represented 18.83% (2013: 18.16%) of Equity Shareholder's Funds. The Company's policy is not to manage the Company's exposure to foreign exchange movements by entering into any foreign exchange hedging transactions. If the US Dollar/Australian Dollar exchange rate at the year end date had been 5% higher/lower, this would have resulted in an increase/decrease in the year end net asset value of AUD 590,714 (2013: AUD 527,772).

The Company had no other material currency exposures as at 30 September 2014 or 30 September 2013.

(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 2014, the Company held cash on fixed deposit accounts of AUD 2,050,000 (2013: Nil), which earns interest at an agreed fixed rate over the term of the deposit, and on a call account of AUD 116,775 (2013: AUD 2,526,207), which earns interest at a floating rate.

Had these balances existed for the whole of the period, the effect on the statement of comprehensive income of a increase/decrease in short term interest rates of 0.5% per annum would have been an increase/decrease in the gain/loss for the year of AUD 10,834 (2013: AUD 12,631).

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 2014 or 30 September 2013

ASIA PACIFIC BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk (continued)

(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, Credit Suisse. The bank has a Fitch long-term credit rating of A (2013: 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- (2013: BBB).

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

	2014 AUD	2013 AUD
Credit Suisse index basket call option	11,814,285	10,555,425
Investec Bank plc zero coupon bond	48,042,199	43,864,953
	<u>59,856,484</u>	<u>54,420,378</u>

A 10 per cent increase/decrease in the value of the investments at fair value through profit and loss at 30 September 2014 would have increased/decreased the Net Asset Value of the Company by AUD 1,181,429 (2013: AUD 1,055,543).

A 3 per cent increase/decrease in the value of the available-for-sale investments at 30 September 2014 would have increased/decreased the Net Asset Value of the Company by AUD 1,441,266 (2013: AUD 1,315,949).

(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, fixed deposits, 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 on the advice of 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 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- (2013: BBB). The investments at fair value through profit and loss are held with Credit Suisse, which has a Fitch long-term rating of A (2013: A).

ASIA PACIFIC BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(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 2014 the cash on call was AUD 116,775 (2013: AUD 2,526,207), which is considered by the Board to be sufficient to meet all the Company's short term obligations.

The following table analyses the Company's financial liabilities, which will be settled on a net basis, into relevant maturity groupings based on the remaining period from the 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 2014			
Trade and other payables	34,057	-	37,047
Net exposure	<u>34,057</u>	<u>-</u>	<u>37,047</u>
	Less than 6 months AUD	6-12 months AUD	1 - 5 years AUD
30 September 2013			
Trade and other payables	11,725	-	1,416
Net exposure	<u>11,725</u>	<u>-</u>	<u>1,416</u>

(iv) Fair value hierarchy

The following table analyses instruments carried at fair value, by level of the fair value hierarchy. 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).

ASIA PACIFIC BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(iv) Fair value hierarchy (continued)

30 September 2014	Level 1 AUD	Level 2 AUD	Level 3 AUD	Total AUD
Investments at fair value through profit and loss	-	11,814,285	-	11,814,285
Available-for-sale investments	-	48,042,199	-	48,042,199
	-	59,856,484	-	59,856,484

30 September 2013	Level 1 AUD	Level 2 AUD	Level 3 AUD	Total AUD
Investments at fair value through profit and loss	-	10,555,425	-	10,555,425
Available-for-sale investments	-	43,864,953	-	43,864,953
	-	54,420,378	-	54,420,378

(v) Capital risk management

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

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

17. POST BALANCE SHEET EVENTS

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

18. PRIOR YEAR RESTATEMENT

The prior year Statement of Cash Flows has been restated in these financial statements in order to correct an error.

In the prior year financial statements, the net cash outflow from operating activities and the net cash inflow from financing activities were incorrectly stated, resulting in the cash and cash equivalents figure in the Statement of Cash Flows being misstated by AUD 76,649.

The error and subsequent restatement has had no impact on any other primary statement in either the current or prior year.