

INTERNATIONAL TITANS BASKET LIMITED

Report and Financial Statements

For the year ended 30 September 2016

INTERNATIONAL TITANS BASKET LIMITED

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INTERNATIONAL TITANS BASKET LIMITED

REPORT AND FINANCIAL STATEMENTS GENERAL INFORMATION

DIRECTORS:	Chris Hickling Janine Lewis David Stephenson
ADMINISTRATOR, SECRETARY, CUSTODIAN AND REGISTRAR:	Praxis Fund Services Limited Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
INVESTMENT ADVISER:	Investec Corporate and Institutional Banking 36 Hans Strijdom Avenue Foreshore Cape Town 8001 South Africa
REGISTERED OFFICE:	Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
AUDITOR:	Saffery Champness PO Box 141 La Tonnelle House Les Banques St Sampson Guernsey GY1 3HS
BANKERS:	Investec Bank (Channel Islands) Limited PO Box 188 Glategny Court Glategny Esplanade St Peter Port Guernsey GY1 3LP
COMPANY REGISTRATION NO:	52616

INTERNATIONAL TITANS BASKET LIMITED

REPORT OF THE DIRECTORS

For the year ended 30 September 2016

The Directors present their report and the audited financial statements for the year ended 30 September 2016.

Principal Activity

The principal activity of the Company is investment holding.

The Company is a Guernsey registered closed-ended investment company and is subject to the Registered Collective Investment Scheme Rules 2015.

Going concern

At an Extraordinary General Meeting of the Company held on 8 April 2016, shareholders approved a special resolution to extend the life of the Company for a further period of 5 years from the Company's previous termination date of 26 September 2016, and authorised the Directors to seek to raise additional capital through a secondary fund raising. This fund raising closed on 7 October 2016 and was successful. Accordingly, under the terms of the Company's new prospectus, which replaced the previous prospectus with effect from 8 April 2016, and in the absence of a special resolution to further extend the life of the Company, the Company will now terminate on 19 October 2021.

As a result of the extension of the life of the Company, and as the Company has sufficient working capital and adequate resources to continue in operations and meet its liabilities as they fall due for the foreseeable future, the Directors have determined that these financial statements should be prepared on a going concern basis.

Results and Dividends

The Statement of Comprehensive Income is set out on page 7. The Directors do not propose a dividend for the year (2015: Nil).

Directors

The Directors of the Company during the period and to date are detailed below.

Chris Hickling

Janine Lewis

David Stephenson

Directors' and Other Interests

Janine Lewis is a director of Praxis Fund Services Limited ('PFSL'), the Company's Administrator, Secretary, Custodian and Registrar. David Stephenson and Chris Hickling are employees of PFSL. Janine Lewis and Chris Hickling are shareholders in Praxis Fund Holdings Limited, the parent company of PFSL.

During the year, no Director has had any beneficial interest in the shares of the Company.

No Director of the Company, or Investec Corporate and Institutional Banking ('ICIB'), the Investment Advisor to the Company, holds any right, either contingent or otherwise, to subscribe for shares in the Company.

Details of fees paid to PFSL and ICIB during the year are contained in notes 4 and 14 to these Financial Statements.

No fees were paid to the Directors by the Company during the year.

Historical Results

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

	Total Assets	Total Liabilities	Total Recognised
	AUD	AUD	Gains/(Losses)
			AUD
Year ended 30 September 2016	89,135,831	264,420	10,982,197
Year ended 30 September 2015	80,089,958	245,516	(3,518,604)
Year ended 30 September 2014 (restated)	88,163,457	227,719	14,200,620
Year ended 30 September 2013	73,938,257	203,139	6,012,569
Year ended 30 September 2012	67,875,466	152,917	9,704,167

INTERNATIONAL TITANS BASKET LIMITED

REPORT OF THE DIRECTORS (continued)

For the year ended 30 September 2016

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.

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, with The Companies (Guernsey) Law, 2008 and with The Protection of Investors (Bailiwick of Guernsey) Law, 1987.

Auditor

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

By Order of the Board

Janine Lewis

Director

8 March 2017

INDEPENDENT AUDITOR'S REPORT

To the members of International Titans Basket Limited

We have audited the financial statements of International Titans Basket Limited (the "Company") for the year ended 30 September 2016, 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 pages 4 and 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the United Kingdom Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the 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
8 March 2017

INTERNATIONAL TITANS BASKET LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2016

	Notes	30/09/2016 AUD	30/09/2015 AUD
REVENUE			
Interest income	5	3,922,545	3,872,606
GAIN/(LOSS) ON INVESTMENTS			
Investments at fair value through profit and loss	6	10,037,971	(6,002,881)
Available-for-sale investments - realised gains	7	33,103	135,138
		13,993,619	(1,995,136)
OPERATING EXPENSES	8	(862,113)	(924,429)
PROFIT/(LOSS) FOR THE YEAR		13,131,506	(2,919,565)
OTHER COMPREHENSIVE INCOME			
<i>Items reclassifiable to profit and loss</i>			
Unrealised loss on available-for-sale investments	7	-	(462,504)
Reclassification of prior year revaluation gains	7	(2,149,309)	(136,535)
TOTAL OTHER COMPREHENSIVE INCOME		(2,149,309)	(599,039)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		10,982,197	(3,518,604)
Earnings/(losses) per ordinary share			
Basic and diluted earnings/(losses) per ordinary share	9	231.84	(49.20)

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

INTERNATIONAL TITANS BASKET LIMITED

STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	Notes	2016 AUD	2015 AUD
NON-CURRENT ASSETS			
Investments at fair value through profit and loss	6	-	22,978,196
Available-for-sale investments	7	-	55,759,267
		<u>-</u>	<u>78,737,463</u>
CURRENT ASSETS			
Trade and other receivables	10	32,348,509	404,575
Unpaid share capital	10	10	10
Fixed deposits		-	418,589
Cash and cash equivalents		56,787,312	529,321
		<u>89,135,831</u>	<u>1,352,495</u>
CURRENT LIABILITIES			
Trade and other payables	11	<u>(264,420)</u>	<u>(245,516)</u>
NET CURRENT ASSETS			
		<u>88,871,411</u>	<u>1,106,979</u>
		<u>88,871,411</u>	<u>79,844,442</u>
CAPITAL AND RESERVES			
Share capital	12	573	586
Share premium	13	53,994,649	55,949,864
Retained earnings		34,876,189	21,744,683
Revaluation reserve		-	2,149,309
		<u>88,871,411</u>	<u>79,844,442</u>
EQUITY SHAREHOLDERS' FUNDS			
Number of fully paid ordinary shares		56,283.245	57,589.460
Net Asset Value per ordinary share		<u>1,579.00</u>	<u>1,386.44</u>

The financial statements were approved and authorised for issue by the Board on 8 March 2017 and signed on its behalf by:

Janine Lewis
Director

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

INTERNATIONAL TITANS BASKET LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2016

	Management Shareholders		Ordinary Shareholders			Total
	Share capital AUD	Share capital AUD	Share premium AUD	Retained Earnings AUD	Revaluation reserve AUD	Total AUD
Year ended 30 September 2015						
At 30 September 2014	2	606	60,522,534	24,664,248	2,748,348	87,935,738
Redemption of shares (see notes 12, 13)	-	(30)	(4,572,670)	-	-	(4,572,700)
Issues of shares (see note 12)	8	-	-	-	-	8
Reclassification of prior year revaluation gains on investments disposed of during the year (see note 7)	-	-	-	-	(136,535)	(136,535)
Loss for the year	-	-	-	(2,919,565)	-	(2,919,565)
Revaluation of available-for-sale investments (see note 7)	-	-	-	-	(462,504)	(462,504)
At 30 September 2015	<u>10</u>	<u>576</u>	<u>55,949,864</u>	<u>21,744,683</u>	<u>2,149,309</u>	<u>79,844,442</u>
Year ended 30 September 2016						
Redemption of shares (see notes 12, 13)	-	(13)	(1,955,215)	-	-	(1,955,228)
Reclassification of prior year revaluation gains on investments disposed of during the year (see note 7)	-	-	-	-	(2,149,309)	(2,149,309)
Profit for the year	-	-	-	13,131,506	-	13,131,506
At 30 September 2016	<u>10</u>	<u>563</u>	<u>53,994,649</u>	<u>34,876,189</u>	<u>-</u>	<u>88,871,411</u>

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

INTERNATIONAL TITANS BASKET LIMITED

STATEMENT OF CASH FLOWS

For the year ended 30 September 2016

	Notes	30/09/2016 AUD	30/09/2015 AUD
Cash flows from operating activities			
Profit/(loss) for the year		13,131,506	(2,919,565)
Adjustments for:			
Interest income	5	(3,922,545)	(3,872,606)
(Gain)/loss on investments at fair value through profit and loss	6	(10,037,971)	6,002,881
Gains on available-for-sale investments	7	(33,103)	(135,138)
(Increase)/decrease in trade and other receivables	10	(31,944,540)	703
Increase in trade and other payables	11	18,904	17,797
Net cash outflow from operating activities		(32,787,749)	(905,929)
Cash flows from investing activities			
Interest income	5,10	8,922	52,606
Disposals of investments held at fair value through profit and loss	6	33,016,167	1,654,641
Disposals of available-for-sale investments	7	57,557,290	2,852,473
Transfer from fixed deposits		418,589	1,290,154
Net cash inflow from investing activities		91,000,968	5,849,874
Cash flows from financing activities			
Redemptions of ordinary share capital	12,13	(1,955,228)	(4,572,700)
Net cash outflow from financing activities		(1,955,228)	(4,572,700)
Increase in cash and cash equivalents for the year		56,257,991	371,245
Cash and cash equivalents at the beginning of the year		529,321	158,076
Cash and cash equivalents at the end of the year		56,787,312	529,321

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

INTERNATIONAL TITANS BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

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

With effect from 1 October 2015, the Company has switched from reporting under United Kingdom Generally Accepted Accounting Practice ('UK GAAP') to International Financial Reporting Standards ('IFRS'). These financial statements, including the comparative figures, are in compliance with IFRS; no adjustments have been necessary to convert comparative information previously reported under UK GAAP to IFRS. The transition from UK GAAP to IFRS has not materially affected the Company's reported financial position, financial performance or cash flows.

Going concern

At an Extraordinary General Meeting of the Company held on 8 April 2016, shareholders approved a special resolution to extend the life of the Company for a further period of 5 years from the Company's previous termination date of 26 September 2016, and authorised the Directors to seek to raise additional capital through a secondary fund raising. This fund raising closed on 7 October 2016 and was successful. Accordingly, under the terms of the Company's new prospectus, which replaced the previous prospectus with effect from 8 April 2016, and in the absence of a special resolution to further extend the life of the Company, the Company will now terminate on 19 October 2021.

As a result of the extension of the life of the Company, and as the Company has sufficient working capital and adequate resources to continue in operations and meet its liabilities as they fall due for the foreseeable future, the Directors have determined that these financial statements should be prepared on a going concern basis.

Adoption of new and revised Standards

There were no new standards relevant to the Company which became effective during the year.

New, revised and amended standards and interpretations not yet adopted

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

- IFRS 9, "Financial Instruments - Classification and Measurement" (effective for periods commencing on or after 1 January 2018);
- IFRS 15, "Revenue from Contracts with Customers" (effective for periods commencing on or after 1 January 2018).

In addition, the IASB completed its latest Annual Improvements to IFRS project in September 2014 and its disclosure initiative in December 2014. These projects have amended a number of existing standards and interpretations effective for accounting periods commencing on or after 1 January 2016 and 1 January 2017.

The Directors believe that none of these standards and interpretations will have a material effect on the financial statements of the Company, however IFRS 9 may require additional disclosure in future financial statements.

Foreign exchange

Foreign currency assets and liabilities are translated into Australian Dollars at the rate of exchange ruling on the year end 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.

Revenue recognition

Revenue includes 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. Interest and other revenues are accounted for on an accruals basis.

INTERNATIONAL TITANS BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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.

Investments

The Company's option investments are classified 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 and the Company has transferred substantially all risks and rewards of ownership.

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

- i) 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 in the statement of comprehensive income, as are unrealised gains on investment at fair value through profit and loss. Unrealised gains on available-for-sale investments, after adjustment for interest accruals, are recognised in the statement of 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 reclassified through profit and loss in the period in which the investments are disposed of.

Liquid resources

Liquid resources comprise cash and cash equivalents and fixed deposits. Cash at bank comprises cash in hand and deposit accounts where monies can be withdrawn without penalty and with no more than 1 day's notice. Deposit accounts that do not satisfy the above criteria are classified as fixed deposits.

Trade and other receivables

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

Trade and other payables

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

Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and is charged an annual exemption fee of £1,200 (2015: £1,200).

Reserves

Gains or losses arising on the revaluation of the Company's available-for-sale investments are taken to the revaluation reserve.

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.

INTERNATIONAL TITANS BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

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

4. SIGNIFICANT AGREEMENTS

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

Administration, Custodian and Secretarial Agreement

Under the Administration, Custodian and Secretarial Agreement, the Company has agreed to pay or procure to be paid to the administrator, for its services as administrator, secretary, custodian and registrar, a fee of 0.15% per annum of the Company's funds (as reduced by any redemptions of Ordinary Shares prior to the Redemption Date). In addition the administrator is entitled to receive interest earned by the Company on the unpaid element of the fees. See notes 8, 10, and 11 for details of administration fees and interest paid in the year and balances outstanding at the year end.

Investment Advisory Agreement

Under the Investment Advisory Agreement, the Company has agreed to pay or procure to be paid to the Investment Advisor, for its services as advisor, a fee of 0.6% per annum of the Company's funds (as reduced by any redemptions of Ordinary Shares prior to the Redemption Date). In addition the Investment Advisor is entitled to receive interest earned by the Company on the unpaid element of the fees. See notes 8, 10, and 11 for details of investment advisory fees and interest paid in the year and balances outstanding at the year end. The Investment Advisor, Investec Corporate and Institutional Banking, is a part of the same global group of companies as Investec plc, the issuer of the Company's Zero Coupon Bond.

Distribution Agreement

Under the Distribution Agreement, the Company has agreed to pay or procure to be paid to the Distributors a fee of 0.7% per annum of that portion of the Company's funds that is derived from the subscription amount subscribed for by Subscribers introduced by the Distributor (as reduced by any redemptions of such Ordinary Shares prior to the Redemption Date), or holders of existing issued Ordinary Shares introduced by the Distributor and who elect to remain invested in the Company (as reduced by any redemptions of such Ordinary Shares prior to the Redemption Date). See notes 8, 10, and 11 for details of distribution fees paid in the year and balances outstanding at the year end. Investec Corporate and Institutional Banking, the Company's Investment Advisor, is also a Distributor for the Company.

All fees described above are payable annually in advance on the anniversary of the Trade Date (the date of investment of the Company's funds) each year until the Termination Date (the date of compulsory redemption of the ordinary shares). During the current year the above fees paid covered the period from 18 March 2016 until 26 September 2016 (the termination date). Further to the extension of the life of the Company for a further 5 year period, the payment of the above fees will recommence with effect from the Company's new Trade Date of 19 October 2016.

INTERNATIONAL TITANS BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

5. INTEREST INCOME	2016	2015
	AUD	AUD
Interest on available-for-sale investments	3,914,229	3,842,982
Bank interest	8,316	29,624
	<u>3,922,545</u>	<u>3,872,606</u>
6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS	2016	2015
	AUD	AUD
JP Morgan Index Basket Option		
Balance brought forward	22,978,196	30,635,718
Disposals during the year	(33,016,167)	(1,654,641)
Gains/(losses) on disposals and fair value adjustment for the year	10,037,971	(6,002,881)
Fair value carried forward	<u>-</u>	<u>22,978,196</u>

The Option disposed of during the year was a Call Option referenced to a weighted basket of indices as follows:

- S&P 500 Index 50%
- Dow Jones Global Titans Index 50%

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

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

7. AVAILABLE-FOR-SALE INVESTMENTS

	2016	2015
	AUD	AUD
Investec plc Zero Coupon Bonds		
Balance brought forward	55,759,267	55,232,658
Disposals during the year	(57,557,290)	(2,852,473)
Gains on disposals	33,103	135,138
Reclassification of prior year revaluation gains on disposals during the year	(2,149,309)	(136,535)
Interest for the year	3,914,229	3,842,982
Fair value adjustment for the year	-	(462,504)
Fair value carried forward	<u>-</u>	<u>55,759,267</u>

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

The Zero Coupon Bonds have been classified as a level 2 investment in the fair value hierarchy.

INTERNATIONAL TITANS BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

8. OPERATING EXPENSES	2016	2015
	AUD	AUD
Auditor's remuneration	17,699	15,592
Administration fees	97,910	96,079
Distribution fees	387,775	416,645
GFSC licence fees	6,708	6,210
Investment advisory fees	335,952	361,154
Interest payable	(136)	12,862
Listing fees	3,455	3,142
Statutory fees	3,510	3,068
Sponsorship fees	4,919	4,343
Professional indemnity insurance	1,413	1,323
Currency revaluation	208	128
Legal and professional fees	803	-
Sundry	1,897	3,883
	862,113	924,429

9. EARNINGS/(LOSS) PER ORDINARY SHARE

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

	2016	2015
	AUD	AUD
Earnings/(loss) attributable to ordinary shares:		
Earnings/(loss) for purpose of basic and diluted earnings per share being profit for the year attributable to ordinary shareholders	13,131,506	(2,919,565)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	56,640.922	59,336.454
Earnings/(loss) per ordinary share	231.84	(49.20)

A weighted average number of shares has been calculated to enable users to gain a fairer understanding of the earnings/(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	2016	2015
	AUD	AUD
Accrued bank interest	-	606
Prepaid administration fees	-	41,775
Prepaid distributor fees	-	191,224
Prepaid investment advisory fees	-	167,102
Other prepayments	4,057	3,868
Unpaid share capital	10	10
Unsettled investment proceeds	32,344,452	-
	32,348,519	404,585

INTERNATIONAL TITANS BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

11. TRADE AND OTHER PAYABLES	2016	2015
	AUD	AUD
Current		
Interest payable	227,878	228,014
Distributor fees	8,418	2,881
Audit fee	15,061	14,621
Sponsorship fees	63	-
Other payables	13,000	-
	<u>264,420</u>	<u>245,516</u>

12. SHARE CAPITAL	2016	2015
	AUD	AUD
Authorised:		
10 Management shares of AUD 1.00 each	10	10
999,000 Ordinary shares of AUD 0.01 each	9,990	9,990
	<u>10,000</u>	<u>10,000</u>
Issued:		
10 unpaid Management shares of AUD 1.00 each	10	10
56,283.245 (2015: 57,589.460) fully paid Ordinary shares of AUD 0.01 each	563	576
	<u>573</u>	<u>586</u>

During the year a total of 1,306.215 Ordinary shares were redeemed at an average redemption of AUD 1,496.87.

Subsequent to the year end, on the redemption date of 3 October 2016, a further 30,829.049 Ordinary shares were redeemed at a price of AUD 1,579.01. On 7 October 2016, 73,201.139 additional Ordinary shares were issued at a price of AUD 1,579.01, in accordance with a resolution approved by Shareholders on 8 April 2016 to extend the life of the Company for a further period of 5 years.

Ordinary shares are entitled to 1 vote each at a general meeting of the Company. 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 14) 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	2016	2015
	AUD	AUD
Balance brought forward	55,949,864	60,522,534
Ordinary shares redeemed	(1,955,215)	(4,572,670)
Balance carried forward	<u>53,994,649</u>	<u>55,949,864</u>

INTERNATIONAL TITANS BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

14. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

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

PFSL is deemed to be a related party, as Janine Lewis is a director of PFSL and a shareholder in Praxis Fund Holdings Limited ('PFHL'), the immediate controlling party of PFSL; Chris Hickling is an employee of PFSL and a shareholder in PFHL; and David Stephenson is an employee of PFSL. During the year PFSL received AUD 97,910 (2015: AUD 96,079) for their services as administrator. At the year end date no administration fees had been paid to PFSL in advance (2015: AUD 41,775) and interest on outstanding fees of AUD 45,719 was payable to PFSL (2015: AUD 45,757).

The Investment Advisor, Investec Corporate and Institutional Banking, a division of Investec Bank Limited, is deemed to be a related party. During the year Investec Corporate and Institutional Banking received AUD 335,952 (2015: AUD 361,154) for their services as investment advisor. At the year end date no advisory fees (2015: AUD 167,102) had been paid to Investec Corporate and Institutional Banking in advance and interest on outstanding fees of AUD 182,159 (2015: AUD 182,257) was payable to Investec Corporate and Institutional Banking.

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

The Company has no material currency exposures at either 30 September 2016 or 30 September 2015.

(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 on its cash at bank and fixed deposits. At 30 September 2016, the Company held cash on call account of AUD 56,787,312 (2015: AUD 529,321), which earns interest at floating rates. The company did not hold any fixed deposits as at 30 September 2016 (2015: AUD 418,589).

Had these balances existed for the whole of the year, the effect on the Statement of Comprehensive Income of an increase/decrease in short term interest rates of 0.5% per annum would have been an increase/decrease in post-tax profit for the year of AUD 283,937 (2015: AUD 4,740). The sensitivity rate of 0.5% is regarded as reasonable in relation to the current Australian base rate of 1.5% as interest rates on Australian Dollar bank accounts are not currently volatile.

During the year the available-for-sale investments were exposed to fair value interest rate risk. However, these investments were disposed of on 26 September 2016, and there is therefore no interest rate risk in relation to these investments at the year end.

The Company has no other material interest rate exposures at 30 September 2016.

INTERNATIONAL TITANS BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

15. 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.

However, these investments were disposed of on 26 September 2016, and there is therefore no price risk in relation to these investments at the year end.

(ii) Credit risk

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

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

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

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

The available-for-sale investments were held with Investec plc, which has a Fitch long-term rating of BBB (2015: BBB) at the balance sheet date. The investments at fair value through profit and loss were held with JP Morgan, which has a Fitch long-term rating of A+ (2015: AA) at the balance sheet date. However, these investments were disposed of on 26 September 2016, and there is therefore no credit risk in relation to these investments at the year end. The cash and cash equivalents are held with Investec Bank (Channel Islands) Limited, which has a Fitch long term rating of BBB (2015: BBB).

(iii) Liquidity risk

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

The Board reviews the cash resources of the Company on an ongoing basis to ensure that sufficient monies are held on call account to meet the Company's short-term obligations. At 30 September 2016 the cash on call to be applied to short term obligations was AUD 56,787,312 (2015: AUD 529,321), which is considered by the Board to be sufficient to meet all the Company's short-term obligations.

INTERNATIONAL TITANS BASKET LIMITED

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For the year ended 30 September 2016

15. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(iii) Liquidity risk (continued)

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 to 12 months AUD	1 to 5 years AUD
30 September 2016			
Trade and other payables	264,420	-	-
Net exposure	<u>264,420</u>	<u>-</u>	<u>-</u>
	Less than 6 months AUD	6 to 12 months AUD	1 to 5 years AUD
30 September 2015			
Trade and other payables	17,502	228,614	-
Net exposure	<u>17,502</u>	<u>228,614</u>	<u>-</u>

(iv) Fair value hierarchy

The table below 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).

As at 30 September 2016	Level 1 AUD	Level 2 AUD	Level 3 AUD	Total AUD
Investments at fair value through profit and loss	-	-	-	-
Available-for-sale investments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at 30 September 2015	Level 1 AUD	Level 2 AUD	Level 3 AUD	Total AUD
Investments at fair value through profit and loss	-	22,978,196	-	22,978,196
Available-for-sale investments	-	55,759,267	-	55,759,267
	<u>-</u>	<u>78,737,463</u>	<u>-</u>	<u>78,737,463</u>

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

INTERNATIONAL TITANS BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

16. CAPITAL RISK MANAGEMENT

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

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

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

17 POST BALANCE SHEET EVENTS

In accordance with a resolution approved by Shareholders on 8 April 2016 to authorise the Directors to extend the life of the Company for a further period of 5 years, the Company sought to raise additional capital through a secondary fund raising, an exercise which was successfully achieved subsequent to the year end. Accordingly, on the redemption date of 3 October 2016, 30,829.049 Ordinary shares were redeemed, and on 7 October 2016, 73,201.139 additional Ordinary shares were issued, all at a price of AUD 1,579.01.

On 17 October 2016 the Company acquired an index option held with UBS AG linked to the MSCI World Index for consideration of US\$18,915,780. On 19 October 2016 the Company acquired a holding of 98,655.514 Investec Bank Limited Subordinated Callable Notes ('the Callable Notes') for a consideration of US\$90,747,991.

Under the terms of the Company's new prospectus, which replaced the previous prospectus with effect from 8 April 2016, should the Callable Notes not be called, and in the absence of a further special resolution to extend the life of the Company, the Company will terminate on 19 October 2021 and its shares be redeemed.

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