

EURO ASIAN BASKET LIMITED

Report and Financial Statements

For the year ended 30 September 2009

EURO ASIAN BASKET LIMITED

REPORT AND FINANCIAL STATEMENTS CONTENTS

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

EURO ASIAN BASKET LIMITED

REPORT AND FINANCIAL STATEMENTS GENERAL INFORMATION

DIRECTORS:	C Hickling J Lewis D Stephenson
ADMINISTRATOR, SECRETARY AND REGISTRAR:	Praxis Property Fund Services Limited (formerly Investec Administration 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

EURO ASIAN BASKET LIMITED

REPORT OF THE DIRECTORS

For the year ended 30 September 2009

The Directors present their report and the audited financial statements for the year ended 30 September 2009.

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.

There have recently been a number of changes to the regulatory regime for Guernsey funds. A number of provisions which were contained in the Control of Borrowing (Bailiwick of Guernsey) Ordinance, 1959 to 2003 ('COBO') (which governed closed-ended funds) have been consolidated into the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended (the 'POI Law') (which governed open-ended funds and licencees) so that the POI Law now governs both open-ended and closed-ended funds (as well as licencees).

Closed-ended funds are now Category 1 controlled investments under the POI Law. The changes have also codified in the POI Law a number of standard conditions and ongoing notification requirements imposed on the licencees of funds which were listed on the fund's COBO consent, but were not explicitly set out in COBO. It is intended that the changes will simplify Guernsey's investment fund regime by categorising all funds (whether open-ended or closed-ended) as either registered schemes or authorised schemes.

Results and Dividends

The profit and loss account is set out on page 7. The Directors do not propose a dividend for the year (2008: Nil).

Directors

The Directors of the Company during the year are detailed below.

J Lewis (appointed 19 May 2008)

C Hickling (appointed 19 May 2008)

D Stephenson (appointed 4 March 2009)

R Banfield (resigned 31 December 2008)

B Garnham (appointed 31 December 2008, resigned 4 March 2009)

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 a 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.

EURO ASIAN BASKET LIMITED

REPORT OF THE DIRECTORS

For the year ended 30 September 2009

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.

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

12 February 2010

INDEPENDENT AUDITOR'S REPORT

To the members of Euro Asian Basket Limited

We have audited the financial statements on pages 7 to 18. These financial statements have been prepared in accordance with the financial policies set out therein.

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'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 described in the statement of directors' responsibilities on page 4, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with applicable law. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the Company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company as at 30 September 2009 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008.



SAFFERY CHAMPNESS

12 February 2010

EURO ASIAN BASKET LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2009

	Notes	2009 £	2008 £
REVENUE			
Interest income	3	43,739	106,581
GAIN/(LOSS) ON INVESTMENTS			
Investments at fair value through profit and loss	4	(1,003,496)	(5,881,569)
Held-to-maturity investments	5	1,837,311	1,426,727
		<u>877,554</u>	<u>(4,348,261)</u>
OPERATING EXPENSES	7	(435,817)	(480,159)
PROFIT/(LOSS) FOR THE YEAR		<u>441,737</u>	<u>(4,828,420)</u>
Earnings per share			
Basic - ordinary shares	8	<u>13.64</u>	<u>(143.63)</u>

	2009 £	2008 £
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		
For the year ended 30 September 2009		
PROFIT/(LOSS) FOR THE YEAR	441,737	(4,828,420)
GAIN ON INVESTMENTS		
Available-for-sale investments	2,207,872	-
TOTAL RECOGNISED GAINS/(LOSSES) FOR THE YEAR	<u>2,649,609</u>	<u>(4,828,420)</u>

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

EURO ASIAN BASKET LIMITED

BALANCE SHEET

As at 30 September 2009

	Notes	2009		2008	
		£	£	£	£
FIXED ASSETS					
Investments at fair value through profit and loss	4	512,878		1,565,813	
Held-to-maturity investments	5	-		26,735,265	
Available-for-sale investments	6	27,612,419		-	
			28,125,297		28,301,078
CURRENT ASSETS					
Trade and other receivables	9	187,353		214,741	
Cash and cash equivalents	10	1,777,372		1,899,861	
			1,964,725		2,114,602
CREDITORS: amounts falling due within one year					
Trade and other payables	11	424,920		60,730	
			1,539,805		2,053,872
NET CURRENT ASSETS			29,665,102		30,354,950
CAPITAL AND RESERVES					
Share capital	12		311		346
Share premium	13		30,264,510		33,603,932
Revaluation reserve	14		2,207,872		-
Profit and loss account			(2,807,591)		(3,249,328)
EQUITY SHAREHOLDERS' FUNDS			29,665,102		30,354,950
Number of fully paid Ordinary shares of £0.01 each			30,092		33,617
Net Asset Value per Share			£ 985.81		£ 902.96

The financial statements were approved by the Board and authorised for issue by:



Chris Hickling

Director

12 February 2010

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

EURO ASIAN BASKET LIMITED

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

For the year ended 30 September 2009

	Management	Ordinary				Total
	Shareholders	Share	Share	Share	Profit and	Revaluation
	Capital	Capital	Premium	loss account	Reserve	Total
	£	£	£	£	£	£
At 1 October 2007	10	336	33,603,932	1,579,092	-	35,183,370
Net loss for the year	-	-	-	(4,828,420)	-	(4,828,420)
At 30 September 2008	10	336	33,603,932	(3,249,328)	-	30,354,950
Net profit for the year	-	-	-	441,737	-	441,737
Redemptions (see notes 12,13)	-	(35)	(3,339,422)	-	-	(3,339,457)
Revaluation of available for sale investments (see note 14)	-	-	-	-	2,207,872	2,207,872
At 30 September 2009	10	301	30,264,510	(2,807,591)	2,207,872	29,665,102

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

EURO ASIAN BASKET LIMITED

CASH FLOW STATEMENT

For the year ended 30 September 2009

	Notes	2009 £	2008 £
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Operating profit/(loss)		441,737	(4,828,420)
Less:			
Interest income	3	(43,739)	(106,581)
		<u>397,998</u>	<u>(4,935,001)</u>
Adjustments for non-cash items:			
Unrealised loss on investments at fair value through profit and loss	4	1,003,496	5,881,569
Unrealised gain on held-to-maturity investments	5	(1,837,311)	(1,426,727)
Adjustments for working capital movements:			
Increase in trade and receivables		27,388	(5,041)
Increase in trade and payables		364,190	32,805
Net cash outflow from operating activities		<u>(44,239)</u>	<u>(452,395)</u>
CASH FLOW STATEMENT			
Net cash outflow from operating activities		(44,239)	(452,395)
Investing activities			
Bank interest received	3	43,739	106,581
Management of liquid reserves			
Disposals of investments at fair value through profit and loss	4	49,439	-
Disposals of held-to-maturity investments	5	3,168,029	-
		<u>3,217,468</u>	<u>-</u>
Financing activities			
Redemptions of ordinary share capital	12,13	(3,339,457)	-
Decrease in cash for the year		<u>(122,489)</u>	<u>(345,814)</u>
Cash at the beginning of the year		1,899,861	2,245,675
Cash at the end of the year	10	<u>1,777,372</u>	<u>1,899,861</u>

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

EURO ASIAN BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2009

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 Euro Asian Basket Limited, with domicile in Guernsey, have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Going concern

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

Foreign exchange

Foreign currency assets and liabilities are translated into Sterling at the rate of exchange ruling on the balance sheet 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 accounted for on an accruals basis.

Investments

Under FRS 26, investments are measured initially at cost, which is the fair value of whatever was paid to acquire them. Acquisition costs include transaction costs.

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 balance sheet date. Amortised cost is calculated using the effective interest method.

At the year end date the Board determined that the Company's held-to-maturity investments should be reclassified as available-for-sale. Accordingly these investments were accounted for on an amortised cost basis for the period up to the year end date, and on that date were reclassified and revalued on a fair value basis.

Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 (as amended) and is charged an annual exemption fee of £600.

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. This fee is payable annually in advance each year until the termination date, the date of compulsory redemption of the ordinary shares.

EURO ASIAN BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2009

2. SIGNIFICANT AGREEMENTS (continued)

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 0.5% per annum of the Company's funds, payable in advance on the first Business Day of each year, until the Termination Date as defined above. 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 the Company's funds payable in advance on the first Business Day of each year, until the Termination Date.

3. INTEREST INCOME

	2009	2008
	£	£
Bank interest receivable	<u>43,739</u>	<u>106,581</u>

4. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2009	2008
	£	£
UBS AG equity option		
Balance brought forward	1,565,813	7,447,382
Disposals	(49,439)	-
Losses on disposals	(114,748)	-
Fair value adjustment for year	(888,748)	(5,881,569)
Fair value carried forward	<u>512,878</u>	<u>1,565,813</u>

5. HELD-TO-MATURITY INVESTMENTS

	2009	2008
	£	£
Bonds issued by Investec plc		
Balance brought forward	26,735,265	25,308,538
Disposals	(3,168,029)	-
Gains on disposals	254,663	-
Amortisation gain for the year	1,582,648	1,426,727
Reclassification to available-for-sale	(25,404,547)	-
Amortised cost carried forward	<u>-</u>	<u>26,735,265</u>

EURO ASIAN BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2009

6. AVAILABLE-FOR-SALE INVESTMENTS

	2009	2008
	£	£
Bonds issued by Investec plc		
Reclassification from held-to-maturity	25,404,547	-
Fair value adjustment for year	2,207,872	-
Fair value carried forward	<u>27,612,419</u>	<u>-</u>

7. OPERATING EXPENSES

	2009	2008
	£	£
Administration fees	18,699	25,068
Auditor's remuneration	4,500	6,000
Distributors' fees	229,329	236,327
Guernsey Financial Services Commission licence fees	3,103	5,202
Investment advisory fees	163,806	168,805
Listing fees	1,647	1,227
Sponsor fees	3,244	1,766
Statutory fees	1,120	1,520
Interest paid	8,059	33,178
Professional indemnity insurance	1,429	-
Sundry expenses	881	1,066
	<u>435,817</u>	<u>480,159</u>

8. EARNINGS PER ORDINARY SHARE

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

Earnings attributable to Ordinary shares:	2009	2008
	£	£
Earnings for purpose of basic earnings per share being profit/(loss) for the year attributable to Ordinary shareholders	<u>441,737</u>	<u>(4,828,420)</u>
Number of shares:		
Weighted average number of Ordinary shares for the purpose of basic earnings per share	<u>32,375</u>	<u>33,617</u>

EURO ASIAN BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2009

9. DEBTORS AND PREPAYMENTS

	2009	2008
	£	£
Bank interest receivable	1,494	8,747
Prepaid administration fees	10,890	29,589
Prepaid distributors' fees	102,065	101,864
Prepaid investment advisory fees	72,904	72,760
Other prepayments	-	1,781
	<u>187,353</u>	<u>214,741</u>

10. CASH AND CASH EQUIVALENTS

	2009	2008
	£	£
Balances at bank	<u>1,777,372</u>	<u>1,899,861</u>

11. CREDITORS AND ACCRUALS

	2009	2008
	£	£
Redemption proceeds payable to investors	356,337	-
Audit fee	6,000	6,000
Interest payable	62,583	54,524
Sundry creditors	-	206
	<u>424,920</u>	<u>60,730</u>

12. SHARE CAPITAL

	2009	2008
	£	£
Authorised:		
10 Management shares of £1 each	10	10
999,000 Ordinary shares of £0.01 per share	9,990	9,990
	<u>10,000</u>	<u>10,000</u>
	2009	2008
	£	£
Issued:		
10 Management shares of £1 each	10	10
30,092 Ordinary shares of £0.01 each (2008: 33,617)	301	336
	<u>311</u>	<u>346</u>

EURO ASIAN BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2009

12. SHARE CAPITAL (continued)

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, five years and six months after the closing date, 10 September 2012.

827 Ordinary shares were redeemed on 9 February 2009 for a consideration of £960.00 per share.

526 Ordinary shares were redeemed on 6 March 2009 for a consideration of £946.71 per share.

427 Ordinary shares were redeemed on 11 May 2009 for a consideration of £945.50 per share.

487 Ordinary shares were redeemed on 12 June 2009 for a consideration of £933.04 per share.

118 Ordinary shares were redeemed on 25 June 2009 for a consideration of £937.30 per share.

429 Ordinary shares were redeemed on 10 August 2009 for a consideration of £933.00 per share.

45 Ordinary shares were redeemed on 4 September 2009 for a consideration of £945.90 per share.

232 Ordinary shares were redeemed on 21 September 2009 for a consideration of £953.30 per share.

434 Ordinary shares were redeemed on 29 September 2009 for a consideration of £955.90 per share.

13. SHARE PREMIUM

	2009 US\$	2008 US\$
Balance brought forward	33,603,932	33,603,932
Ordinary shares redeemed during the year	(3,339,422)	-
Balance carried forward	<u>30,264,510</u>	<u>33,603,932</u>

14. REVALUATION RESERVE

	2009 £	2008 £
Revaluation of available-for-sale investments in the year (see note 6)	2,207,872	-
Balance carried forward	<u>2,207,872</u>	<u>-</u>

15. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

As at the Balance Sheet date the immediate controlling party was Investec Trust (Guernsey) Limited as trustee of The Euro Asian Basket Limited Charitable Trust, and the ultimate controlling party was Investec plc, a company incorporated in the United Kingdom and listed on the London Stock Exchange. On 10 November 2009 the Company's management shares were transferred to The Basket Trust, a trust administered by Praxis Fiduciaries Limited, which is the immediate controlling party at the date of signing of these financial statements. At that same date 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 PPFSL, whilst David Stephenson is a Director of the Company and an employee of PPFSL. During the year PPFSL received £18,700 (2008: £25,068) for their services as administrator. Administration fees of £10,890 (2008: £29,589) had been prepaid at the year end.

EURO ASIAN BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2009

15. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS (continued)

As at the Balance Sheet date Investec Capital Markets Limited ('ICM'), the investment advisor to the Company, was deemed to be a related party as it was a subsidiary of Investec Limited, a company incorporated in South Africa and listed on the Johannesburg Stock Exchange. During the year ICM received £163,806 (2008: £168,805) for their services as advisor. Advisory fees of £72,904 (2008: £72,760) had been prepaid at the year end. With effect from 10 November 2009 ICM ceased to be a related party.

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 on-going basis.

The Company has no material currency exposures as at either 30 September 2009 or 30 September 2008.

(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 2009, the Company held cash on a call account of £573,198 (2008: £48,744), which earns interest at floating rates, and £1,204,174 (2008: Nil) on a fixed deposit. At the previous year end the Company held £1,851,117 in a direct reserve account, which earned interest at 0.35 points above base rate.

Had these balances existed for the whole of the period, the effect on the Income Statement 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 period of £8,887.

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 2009 or 30 September 2008.

(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 and available-for-sale investments are directly affected by changes in market prices.

Price risk is managed by investing in an call option on a basket of indices, with an international bank, UBS AG. The bank has a long-term credit rating by Standard and Poor's of A+ (2008: AA-).

Price risk is managed by investing in a zero coupon bond, with an international bank, Investec plc. The bank has a long-term Fitch credit rating of BB+ (2008: BBB+).

EURO ASIAN BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2009

16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk (continued)

(c) Price risk (continued)

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

	2009 £	2008 £
European call option with UBS AG	512,878	1,565,813
Investec plc Zero Coupon Bonds	27,612,419	-
	<u>28,125,297</u>	<u>1,565,813</u>

A 3 per cent increase/decrease in the value of the investments at fair value through profit and loss at 30 September 2009 would have increased/decreased the Net Asset Value of the Company by £15,386 (2008: £46,974).

A 3 per cent increase/decrease in the value of the available-for-sale investments at 30 September 2009 would have increased/decreased the Net Asset Value of the Company by £828,373 (2008: investments were classified as held-to-maturity).

(ii) Credit risk

Credit risk arises when a failure by counterparties 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.

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 trade and other receivables consists of prepayments and there is no credit risk associated with these balances.

The available-for-sale investments are held with Investec plc, which has a Fitch long term rating of BB+ (2008: BBB+). The investments at fair value through profit and loss are held with UBS AG, which has a Standard and Poor's long-term rating of A+ (2008: AA-).

(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 of the Company every quarter and will subsequently move monies from the direct reserve to the call account to meet its short-term obligations. At 30 September 2009 the cash on call was £573,198, which is considered by the Board as sufficient funds to meet all the Company's short-term obligations.

EURO ASIAN BASKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2009

16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(iii) Liquidity risk (continued)

The table below analyses the Company's financial liabilities, which will be settled on a net basis, into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 6 months	6-12 months	1 - 5 years
	£	£	£
30 September 2009			
Creditors and accruals	424,920	-	-
Total exposure	<u>424,920</u>	<u>-</u>	<u>-</u>
	Less than 6 months	6-12 months	1 - 5 years
	£	£	£
30 September 2008			
Creditors and accruals	60,730	-	-
Net exposure	<u>60,730</u>	<u>-</u>	<u>-</u>

(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 monitors forecast and actual cash flows and matching the maturity profiles of assets and liabilities. The Company has no external borrowings.