

**INTERNATIONAL PRIVATE CAPITAL SPC LTD**

FINANCIAL STATEMENTS - YEAR ENDED

JUNE 30, 2012

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CORPORATE INFORMATION

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**REGISTERED OFFICE** Geneva Management Group (BVI) Ltd  
Coastal Building  
Wickham's Cay II  
Road Town, Tortola  
British Virgin Islands

**MANAGER** GMG Fund Services Ltd  
19<sup>th</sup> Floor, Newton Tower  
Sir William Newton Street  
Port Louis  
Republic of Mauritius

**PAYING AGENT** GMG Trust Ltd  
19<sup>th</sup> Floor, Newton Tower  
Sir William Newton Street  
Port Louis  
Republic of Mauritius

**COMPANY SECRETARY** Geneva Management Group (BVI) Ltd  
Coastal Building, 2<sup>nd</sup> Floor  
Wickham's Cay II  
Road Town, Tortola  
British Virgin Islands

**AUDITORS** BDO & Co  
10, Frère Felix de Valois Street  
Port Louis  
Republic of Mauritius

**BANKERS** Barclays Bank Guernsey  
6/8 High Street  
St Peter Port  
Guernsey  
GY1 3BE

**DIRECTORS' REPORT - FOR THE YEAR ENDED JUNE 30, 2012**

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The Directors submit their Report and the audited Financial Statements for the year ended June 30, 2012.

**Activities and Status**

International Private Capital SPC Ltd (the "Company") was incorporated in the British Virgin Islands on 6 August 2009 as a BVI Business Company, designated as a segregated portfolio company under the provisions of the Segregated Portfolio Companies Regulations 2005 of the British Virgin Islands (the "Segregated Portfolio Regulations"). The Company is recognised as a professional mutual fund under the Securities and Investment Business Act 2010 as amended (the "Act") since 6 August 2009.

A Segregated Portfolio Company is a unique entity, which has differentiated features to that of a normal company. A Segregated Portfolio Company (or "SPC"), is a legal structure made up of portfolio assets and general account assets. It provides for the legal segregation and protection of assets attributable to each Segregated Portfolio of the SPC. A SPC is required to keep segregated assets, and investments registered in the name of a particular and distinct Segregated Portfolio. Each Segregated Portfolio operates independently so that in the event that one Segregated Portfolio becomes insolvent, only the assets of that Segregated Portfolio can be offered to creditors of that Segregated Portfolio.

General account assets comprise the assets, which are not attributable to any Segregated Portfolio but are held for the benefit of all Segregated Portfolios. It is not anticipated that the Company will hold any general account assets. Investors in the Shares of any Segregated Portfolio should be aware that no other assets, other than the assets of the Segregated Portfolio, will be available to meet the obligations of that Segregated Portfolio.

Shares of the Company are only available to persons who are "Professional Investors" within the meaning of the Act and on the basis that the initial investment in the shares of the Company by all its shareholders must, on the date of purchase, be not less than US\$100,000. As a professional mutual fund, the Company is required to be and is recognised under the Act.

As at 30 June 2012 the Company consisted of four segregated portfolios; Class B, Class C, Class D Segregated Portfolios and Ax Futures Fund (each a "fund").

Class B Segregated Portfolio has a registered loan program, listed on the Bermuda Stock Exchange. Under the program the Company may from time to time issue linked loan notes from specified Segregated Portfolios ("Loan Notes"). As at the reporting date only Segregated Portfolio B is authorized to issue Loan Notes. Loan Notes are only available to qualified investors (as defined by the Bermuda Stock Exchange listing regulations) and for investment amounts not less than US\$100,000. Loan Notes are issued as unsubordinated and unsecured obligations of the specified segregated portfolio and only have recourse against assets of that Segregated Portfolio.

**DIRECTORS' REPORT - FOR THE YEAR ENDED JUNE 30, 2012**

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**Investment Objectives**

The Company has no general investment objective, the investment objective of each Segregated Portfolio is set by the Directors. The activities and investment objectives of each Segregated Portfolio as at the reporting date were as follows:

*Class B Segregated Portfolio*

Class B Segregated Portfolio primarily targets an investment portfolio of globally balanced and diversified investment funds consisting of global equities, global bonds, hedged equity funds and money market investments and real estate assets. The Fund aims to provide long-term capital growth with reduced volatility.

Loan Notes have identical investment objectives to that of the Class B Shares, however carry a lower risk profile due to their priority of payment over Class B Shares.

Under the control of the Manager the portfolio allocations are monitored, managed and reported on.

*Class C&D Segregated Portfolios*

At the end of the reporting period, authorized participating shares remained unissued and no assets and liabilities were attributed to these segregated portfolios.

*Ax Futures Fund Segregated Portfolio*

The objective of Ax Futures Fund Segregated Portfolio is to achieve long-term capital appreciation through trading in various listed and unlisted derivative products and through the investment in a diverse portfolio of listed global equities. Derivative positions may include futures and options traded on regulated markets, contracts for differences ("CFD's") and other over-the-counter ("OTC") commodity contracts including OTC precious metal contracts.

The Fund follows a "dual portfolio" approach consisting of two portfolios, the Equity Portfolio and the Derivatives Portfolio.

The equity portfolio consists of selected equity investments in companies listed on regulated global stock exchanges. The investments are spread across different economic sectors, industries, geographical regions and currencies. The objective of the equity portfolio is to achieve above average market returns and provide a stable investment base. The returns and excess capital achieved by the equity portfolio will be applied to the derivatives portfolio either to increase or decrease the investment exposure of the equity portfolio.

The derivatives portfolio comprises of long (buy) and short (sell) positions in futures and options traded on regulated global futures and options exchanges. All contracts entered into by the Fund will be liquidated and/or rolled over before delivery date.

Under the control of the Manager the portfolio allocations are monitored, managed and reported on.

**DIRECTORS' REPORT - FOR THE YEAR ENDED JUNE 30, 2012****Performance & Dividends**

As at 30 June 2012, the net assets value per Share and price per Loan Note, calculated as per the Company's prospectus, was as follows:

*Price as at the Reporting Date:*

Segregated Portfolio	Security	30-Jun-12	30-Jun-11
Class B Segregated Portfolio	Class B Shares	EUR 1,000.0004	EUR 1,000.0004
Class B Segregated Portfolio	Series B1 Notes	EUR 1,134.9301	EUR 1,176.7511
Ax Futures Segregated Portfolio	Class E (Lead Series)	US\$ 1,003.8586	US\$ 1,458.2769
Ax Futures Segregated Portfolio	Class E (Series 09/10)	-	US\$ 1,261.6058
Ax Futures Segregated Portfolio	Class E (Series 11/10)	-	US\$ 1,145.0743
Ax Futures Segregated Portfolio	Class E (Series 02/11)	-	US\$ 951.0216
Ax Futures Segregated Portfolio	Class E (Series 04/11)	-	US\$ 906.5722
Ax Futures Segregated Portfolio	Class E (Series 08/11)	US\$ 818.3396	-
Ax Futures Segregated Portfolio	Class E (Series 09/11)	US\$ 1,088.6752	-
Ax Futures Segregated Portfolio	Class E (Series 01/12)	US\$ 1,091.7947	-

It is not the intention of the Company to pay dividends. All income from each fund is accumulated and reflected in the net asset value of the participating shares outstanding.

**Directors**

The Directors of the Company are listed below. Each is also a director of the Manager, GMG Fund Services Ltd. There are no service contracts proposed or in existence between the Directors and the Company. Except for their role as Directors of the Manager, there were no material contracts in place between a Director and the Company.

The Directors who served during the reporting period were as follows:

- Hendrik Petrus Barnhoorn (appointed since incorporation)
- Dave John Elzas (appointed since incorporation)
- James Reinhardt Irons (appointed since incorporation)

**Auditors**

BDO & CO ("BDO") are currently appointed as independent auditors to the Company. A resolution for re-appointment of BDO as independent auditors of the Company will be proposed at the forthcoming Annual General Meeting.



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## **INTERNATIONAL PRIVATE CAPITAL SPC LTD**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

This report is made solely to the members of International Private Capital SPC Ltd (the "Company"), as a body. 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 auditors' 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.

#### **Report on the Financial Statements**

We have audited the financial statements of INTERNATIONAL PRIVATE CAPITAL SPC LTD on pages 6 to 28 which comprise the statement of financial position at June 30, 2012, and the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable shares and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### *Directors' Responsibility for the Financial Statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.



INTERNATIONAL PRIVATE CAPITAL SPC LTD

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

**Report on the Financial Statements (Continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements on pages 6 to 28 give a true and fair view of the financial position of the Company at June 30, 2012, and of its financial performance and its cash flows for the year ended June 30, 2012 in accordance with International Financial Reporting Standards.

*BDO & CO*  
**BDO & CO**  
*Chartered Accountants*

Port Louis,  
Mauritius.

*2012-2013*

*Azize Rajabalee*  
**Azize Rajabalee, FCCA**  
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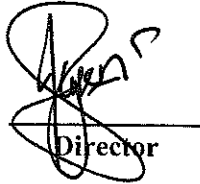


**DIRECTORS' RESPONSIBILITIES FOR THE APPROVAL OF THE FINANCIAL STATEMENTS**

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The financial statements for the year ended 30 June 2012 set out on pages 6 to 28 are the responsibility of the Directors. The Directors are responsible for selecting and adopting sound accounting practices, for maintaining an adequate and effective system of accounting records, for the safeguarding of assets, and for developing and maintaining a system of internal control that, amongst other things, will ensure the preparation of financial statements that achieve fair presentation. After conducting appropriate procedures, the Directors are satisfied that the company will be a going concern for the foreseeable future and have adopted the going concern basis in preparing the financial statements.

The financial statements for the year ended June 30, 2012 were approved by the Directors on 14 OCT 2012 ..... and are signed by:



Director



Director

## STATEMENT OF FINANCIAL POSITION - JUNE 30, 2012

	Notes	2012			2011		
		Class A*	Class B*	Ax Futures*	Class A*	Class B*	Ax Futures*
ASSETS		EUR	EUR	USD	EUR	EUR	USD
<b>Current assets</b>							
Financial assets at fair value							
through profit or loss	4	-	9,821,709	3,891,720	-	10,147,495	4,420,624
Cash and cash equivalents		-	-	368	-	-	13
Other receivables	5	1,000	-	10,938	1,000	-	3,761
<b>Total assets</b>		<b>1,000</b>	<b>9,821,709</b>	<b>3,903,026</b>	<b>1,000</b>	<b>10,147,495</b>	<b>4,424,398</b>
<b>EQUITY AND LIABILITIES</b>							
<b>EQUITY</b>							
Non-participating management shares	9	1,000	-	-	1,000	-	-
<b>Total equity</b>		<b>1,000</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>							
Financial liabilities at fair value							
through profit or loss	6	-	8,798,920	-	-	9,123,151	-
<b>Current liabilities</b>							
Other payables	8	-	23,142	755,741	-	24,697	1,294,952
Total liabilities (excluding net assets attributable to holders of redeemable shares)		-	8,822,062	755,741	-	9,147,848	1,294,952
Net assets attributable to holders of redeemable shares	10	-	999,647	3,147,285	-	999,647	3,129,446
<b>Total equity and liabilities</b>		<b>1,000</b>	<b>9,821,709</b>	<b>3,903,026</b>	<b>1,000</b>	<b>10,147,495</b>	<b>4,424,398</b>

\* Refers to a segregated portfolio of International Private Capital SPC Ltd. Class A shares are designated as non-participating management shares of the Company as a whole.

The notes on pages 10 to 28 form an integral part of these financial statements.

Auditors' report on pages 4 and 4(a).

## STATEMENT OF COMPREHENSIVE INCOME - YEAR ENDED JUNE 30, 2012

	Notes	Year ended June 30, 2012			Year ended June 30, 2011		
		Class A*	Class B*	Ax Futures*	Class A*	Class B*	Ax Futures*
		EUR	EUR	USD	EUR	EUR	USD
<b>Income</b>							
Net unrealised gain from financial instruments at fair value through profit or loss	7	-	-	-	-	152,209	737,285
Net realised gain from disposal of financial instruments at fair value through profit or loss		-	141,470	-	-	-	33,662
Interest income		-	-	71	-	-	53
Dividend income		-	-	63,628	-	-	51,746
<b>Total net income</b>		-	141,470	63,699	-	152,209	822,746
<b>Expenses</b>							
Net unrealised loss from financial instruments at fair value through profit or loss	7	-	66,922	508,879	-	-	-
Net foreign exchange loss		-	8,017	101,510	-	2,800	7,926
Net realised loss from disposal of financial instruments at fair value through profit or loss		-	-	358,467	-	72,812	-
Management fee	11	-	53,922	18,000	-	62,325	14,630
Investment management fees		-	-	27,304	-	-	7,886
Performance fees		-	-	9,089	-	-	111,442
Advisory fee		-	12,451	-	-	13,961	-
Audit fees provision		-	-	5,000	-	72	5,000
Other operating fees		-	158	73,490	-	239	45,662
<b>Total expenses</b>		-	141,470	1,101,739	-	152,209	192,546
<b>(Decrease)/increase in net assets attributable to holders of redeemable shares</b>			-	(1,038,040)		-	630,200
<b>Increase in net assets attributable to non-participating management shares</b>			-			-	

\* Refers to a segregated portfolio of International Private Capital SPC Ltd. Class A shares are designated as non-participating management shares of the Company as a whole.

The notes on pages 10 to 28 form an integral part of these financial statements.  
Auditors' report on pages 4 and 4(a).

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE  
SHARES FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Note</u>	<u>Class B*</u>	<u>Ax Futures *</u>
		EUR	USD
At July 01, 2010		<u>999,647</u>	<u>-</u>
Increase in net assets attributable to holders of redeemable shares		<u>-</u>	<u>630,200</u>
Contributions and redemptions by holders of redeemable shares:			
Issue of redeemable shares during the period	10	<u>-</u>	<u>2,499,246</u>
<b>Transactions with holder of redeemable shares</b>		<u>-</u>	<u>2,499,246</u>
<b>At June 30, 2011</b>		<u><u>999,647</u></u>	<u><u>3,129,446</u></u>
At July 01, 2011		<u>999,647</u>	<u>3,129,446</u>
Decrease in net assets attributable to holders of redeemable shares		<u>-</u>	<u>(1,038,040)</u>
Contributions and redemptions by holders of redeemable shares:			
Issue of redeemable shares during the period	10	<u>-</u>	<u>1,055,879</u>
<b>Transactions with holder of redeemable shares</b>		<u>-</u>	<u>1,055,879</u>
<b>At June 30, 2012</b>		<u><u>999,647</u></u>	<u><u>3,147,285</u></u>

\* Refers to a segregated portfolio of International Private Capital SPC Ltd. Class A shares are designated as non-participating management shares of the Company as a whole.

The notes on pages 10 to 28 form an integral part of these financial statements.  
Auditors' report on pages 4 and 4(a).

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2012

	Year ended June 30, 2012			Year ended June 30, 2011		
	Class A*	Class B*	Ax Futures*	Class A*	Class B*	Ax Futures*
	EUR	EUR	USD	EUR	EUR	USD
<b>Cash flows from investing activities</b>						
Purchase of investments in financial assets	-	(1,362,132)	(5,018,642)	-	(603,801)	(3,879,970)
Proceeds from sale of investments	-	1,438,235	4,680,200	-	675,292	1,645,057
Interest received	-	-	71	-	-	53
Dividend received	-	-	58,985	-	-	48,653
Operating expenses paid	-	(76,103)	(319,612)	-	(71,491)	(64,106)
<b>Net cash used in investing activities</b>	-	-	(598,998)	-	-	(2,250,313)
<b>Cash flows from financing activities</b>						
Proceeds from issue of redeemable shares	-	-	1,055,879	-	-	1,084,482
Proceeds from issue of debt notes	-	-	-	-	-	-
<b>Net cash generated from financing activities</b>	-	-	1,055,879	-	-	1,084,482
<b>Net increase/(decrease) in cash and cash equivalents</b>	-	-	456,881	-	-	(1,165,831)
Cash and cash equivalents at July 01, 2011	-	-	(1,165,831)	-	-	-
<b>Cash and cash equivalents at June 30, 2012</b>	-	-	(708,950)	-	-	(1,165,831)

Cash and cash equivalents include the following for the purpose of the statement of cash flows:

	Year ended June 30, 2012			Year ended June 30, 2011		
	Class A*	Class B*	Ax Futures	Class A*	Class B*	Ax Futures
	EUR	EUR	USD	EUR	EUR	USD
Cash at bank	-	-	368	-	-	13
Cash due to broker	-	-	(709,318)	-	-	(1,165,844)
	-	-	(708,950)	-	-	(1,165,831)

\* Refers to a segregated portfolio of International Private Capital SPC Ltd. Class A shares are designated as non-participating management shares of the Company as a whole.

The notes on pages 10 to 28 form an integral part of these financial statements.

Auditors' report on pages 4 and 4(a).

NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2012

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**1. SEGREGATED PORTFOLIOS****(a) *Class B Segregated Portfolio***

The directors resolved to form Class B Segregated Portfolio on August 6, 2009.

Class B Segregated Portfolio is primarily involved in investing in a globally balanced diversified funds of funds consisting of collective investment schemes targeting global equities, global bonds, hedged equity funds and money market investments and real estate assets. The Fund aims to provide long term capital growth with reduced volatility.

**(b) *Class C Segregated Portfolio and Class D Segregated Portfolio***

At the end of the reporting period, authorised participating shares remained unissued and no assets and liabilities were attributable to these segregated portfolios. The Directors have passed a resolution to liquidate both Segregated Portfolios on May 30, 2012.

**(c) *Ax Futures Fund Segregated Portfolio***

The objective of the Fund is to achieve long term capital appreciation through trading in futures and options on regulated markets and through the investment in a diverse portfolio of listed global equities.

The Fund follows a "dual portfolio" approach consisting of two portfolios, the Equity Portfolio and the Derivatives Portfolio.

**Equity portfolio**

The equity portfolio consists of selected equity investments in companies listed on regulated global stock exchanges. The investments are spread across different economic sectors, industries, geographical regions and currencies.

The objective of the equity portfolio is to achieve above average market returns and provide a stable investment base. The returns and excess capital achieved by the equity portfolio will be applied to the derivatives portfolio either to increase or decrease the investment exposure of the equity portfolio.

**Derivatives portfolio**

The derivatives portfolio comprises of long (buy) and short (sell) positions in futures and options traded on regulated global futures and options exchanges. All contracts entered into by the Fund will be liquidated and/or rolled over before delivery date.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies in the preparation of these financial statements are set out below.

### (a) Basis of preparation

The financial statements of International Private Capital SPC Ltd have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared under the historical cost convention except that financial assets and liabilities at fair value through profit or loss (including derivative financial instruments) are measured at fair value.

#### *Standards, Amendments to published Standards and Interpretations effective in the reporting period*

IAS 24, ‘Related Party Disclosures’ (Revised 2009), clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. This revised standard is not expected to have any impact on the Company’s financial statements.

Amendments to IFRIC 14, ‘Prepayments of a Minimum Funding Requirement’ correct an unintended consequence of IFRIC 14, ‘IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction’. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. This amendment is not expected to have any impact on the Company’s financial statements.

Disclosures - Transfers of Financial Assets (Amendments to IFRS 7). These amendments improve the disclosure requirements in relation to transferred financial assets. The amendments are not expected to have any impact on the Company’s financial statements.

Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS1). These amendments replace references to a fixed transition date with ‘the date of transition to IFRSs’ and set out the requirements for how an entity resumes presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The amendments are not expected to have any impact on the Company’s financial statements.

#### **Improvements to IFRSs (issued May 6, 2010)**

IAS 1 (Amendment), ‘Presentation of Financial Statements’, clarifies that an entity may present the analysis of the components of other comprehensive income by item either in the statement of changes in equity or in the notes to the financial statements. This amendment is not expected to have any impact on the Company’s financial statements.

NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2012

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Basis of preparation (cont'd)**

IAS 34 (Amendment), 'Interim Financial Reporting', emphasises the principle in IAS 34 that the disclosure about significant events and transactions in interim periods should update the relevant information presented in the most recent annual financial report. The amendment clarifies how to apply this principle in respect of financial instruments and their fair values. This amendment is not expected to have any impact on the Company's financial statements.

IFRS 1 (Amendment), 'First-time Adoption of International Financial Reporting Standards', clarifies that if a first-time adopter changes its accounting policies or its use of IFRS 1 exemptions after publishing a set of IAS 34 interim financial information, it should explain those changes and include the effects of such changes in its opening reconciliations within the first annual IFRS reporting. The amendment also clarifies that the exemption to use a 'deemed cost' arising from a revaluation triggered by an event that occurred at or before the date of transition to IFRS is extended to revaluations that occur during the period covered by the first IFRS financial statements. The amendment specifies that entities subject to rate regulation are allowed to use previous GAAP carrying amounts of property, plant and equipment or intangible assets as deemed cost on an item-by-item basis. Entities that use this exemption are required to test each item for impairment under IAS 36 at the date of transition. This amendment is not expected to have any impact on the Company's financial statements.

IFRS 7 (Amendment), 'Financial Instruments: Disclosures', encourages qualitative disclosures in the context of the quantitative disclosure required to help users to form an overall picture of the nature and extent of risks arising from financial instruments. The amendment also clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loans. This amendment is unlikely to have an impact on the Company's financial statements.

IFRIC 13 (Amendment), 'Customer Loyalty Programmes' clarifies that the 'fair value' of award credits should take into account the amount of discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale and any expected forfeitures. This amendment is unlikely to have an impact on the Company's financial statements.

***Standards, Amendments to published Standards and Interpretations issued but not yet effective***

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2012 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)  
Amendments to IAS 1 Presentation of Items of Other Comprehensive Income



NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2012

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Basis of preparation (cont'd)**

At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 9 Financial Instruments

IAS 27 Separate Financial Statements

IAS 28 Investments in Associates and Joint Ventures

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value Measurement

IAS 19 Employee Benefits (Revised 2011)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Amendment to IFRS 1 (Government Loans)

Annual Improvements 2009 - 2011 Cycle

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities:  
Transition Guidance

Where relevant, the Company is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRSs requires management to make 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 for the period. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

**(b) Financial instruments****(i) Financial assets**

The Company classifies its financial assets as financial assets at fair value through profit or loss.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2012

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Financial instruments (cont'd)****(i) Financial assets (cont'd)****(a) *Financial assets at fair value through profit or loss (FVTPL):***

Financial assets are classified at FVTPL when the financial assets are either held for trading or are designated at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis; or
- it forms part of a contract containing one or more embedded derivatives.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets carried at fair value through profit or loss are initially recognised at fair value.

The fair values of quoted investments are based on current bid prices.

**(b) *Financial liabilities at fair value through profit or loss***

Financial liabilities are classified at FVTPL when the financial liability is either held for trading or it is designated at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2012

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Financial instruments (cont'd)****(i) Financial assets (cont'd)****(b) *Financial liabilities at fair value through profit or loss (cont'd)***

A financial liability other than a financial liability held for trading may be designated at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis; or
- it forms part of a contract containing one or more embedded derivatives.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the statement of comprehensive income.

The Company derecognises the financial liabilities when, and only when, its obligations are discharged, cancelled or they expire.

**(c) Management shares are classified as equity.****(ii) Redeemable shares**

The Company issues different classes of redeemable shares which are redeemable at the holder's option. Redeemable shares can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value attributable to the share class. For reporting purposes, redeemable shares have been classified as financial liabilities. Each class of share may have different rights attached.

Redeemable shares are issued and redeemed at the holder's option at prices based on the Fund's net asset value per share at the time of issue or redemption. The net asset value per share is calculated by dividing the net assets attributable to the holders of each class of redeemable shares with the total number of outstanding redeemable shares for each respective class. In accordance with the provisions of the Segregated Portfolio's regulations, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per share for subscriptions and redemptions.

**(iii) Other receivables**

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2012

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Financial instruments (cont'd)****(iv) Other payables**

Other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

**(v) Derivative financial instruments**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value.

Derivative instruments are accounted for at fair value through profit or loss. Changes in fair value of these derivative instruments are recognised immediately in the statement of comprehensive income.

**(vi) Cash and cash equivalent**

Cash and cash equivalents include cash held at bank and broker account deposits.

**(c) Foreign Currency**

Transactions in foreign currencies are translated into Euro/USD at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into Euro at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are retranslated into Euro at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income in the "net foreign exchange loss" line, except for those arising on financial instruments at fair value through profit or loss which are recognised in the Statement of Comprehensive Income in the "net gain from financial instruments at fair value through profit or loss" line.

The financial statements are presented in Euro for Class B and in USD for Ax Futures, which most faithfully represents the economic effects of the underlying transactions, events and conditions. Each segregated portfolio may have a different functional and presentation currency.

**(d) Net gain from financial instruments at fair value through profit or loss**

Net gain from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences, but excludes interest and dividend income.

**(e) Fees, commission and other expenses**

Fees, commission and other expenses are recognised in the statement of comprehensive income on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2012

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(f) Dividends to holders of redeemable shares**

Dividends to holders of redeemable shares are recognised in the statement of comprehensive income as finance costs when they are authorised and no longer at the discretion of the Company.

**(g) Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**(h) Taxation**

The Company is domiciled in the British Virgin Islands. Under the current laws of British Virgin Islands, there are no income, estate, corporation, capital gains or other taxes payable by the Company.

**(i) Offsetting**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**(j) Revenue recognition**

- Interest income is recognised on a time proportion basis using the effective interest method.
- Dividend income is recognised when the right to receive payment is established.

**(k) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2012

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**3. FINANCIAL RISK MANAGEMENT**

The Company has exposure to the following risks from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

The Company's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Company is exposed and seeks to minimise potential adverse effects on the Company's financial performance.

This note presents information about the Company's exposure to each of the above risks. The Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

**Risk management framework**

The Company maintains positions in a variety of financial instruments in accordance with the investment management strategy of each Segregated Portfolio.

The principal advisor to each Segregated Portfolio will provide advice on the investments to be made by the Segment or manage the assets of each Segregated Portfolio on a discretionary basis, as described in the Prospectus to each Segregated Portfolio. Advice and/or management is provided on an ongoing basis and is primarily focused on ensuring that the Segregated Portfolio's investment strategy is correctly executed.

Asset purchase and sales are determined by each Segregated Portfolio's Investment Manager, who has been given discretionary authority to manage the distribution of the assets to achieve the Company's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored on a quarterly basis.

**(i) Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the company, resulting in a financial loss to the company. Credit risk is generally higher when a non exchange-traded financial instrument is involved, because the counterparty is not backed by an exchange clearing house.

***Management of credit risk***

Credit risk is managed by the manager together with the appointed sub-investment manager/advisor. All transactions in listed securities are settled/paid for upon delivery using appropriate brokers. The risk of default is considered minimal, as delivery of the securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

At the end of the reporting date, the credit risk is considered minimal.

## NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2012

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

## (ii) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the company.

*Management of liquidity risk*

The company's policy and the Investment Manager's approach to managing liquidity risk is to have sufficient liquidity to meet its liabilities, including estimated redemptions of shares, as and when due, without incurring undue losses or reducing the potentials returns of the investment portfolio.

Class B Segregated Portfolio

The Funds prospectus limits the redemption of Class B shares to only after the redemption of the Series B1 linked loan notes ("loan notes").

Loan notes are only repayable at the expiration of the investment term being a period greater than 1 year but less than 5 years. The Funds' financial assets include open-ended investment funds, which are exposed to the risk of side pockets or redemption restrictions being imposed. As a result, the Company may not be able to liquidate quickly some of its investments in these instruments in order to meet its liquidity requirements.

Ax Futures Fund Segregated Portfolio

The Fund is exposed to the daily settlement of margin calls. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily liquidated.

**Maturity analysis for financial liabilities**

<b>Non-derivative liabilities</b>	<b>Carrying</b>	<b>Less than</b>	<b>1 to</b>
<b>2012</b>	<b>Amount</b>	<b>1 year</b>	<b>5 years</b>
<b>Ax Futures Fund Segregated Portfolio</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
- Cash held with broker	709,318	709,318	-
- Other payables	46,423	46,423	-
- Redeemable shares	3,147,285	3,147,285	-
	<b>3,903,026</b>	<b>3,903,026</b>	<b>-</b>
<b>Class B Segregated Portfolio</b>	<b>Carrying</b>	<b>Less than</b>	<b>1 to</b>
	<b>Amount</b>	<b>1 year</b>	<b>5 years</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
- Linked loans notes	8,798,920	-	8,798,920
- Other payables	23,142	23,142	-
- Redeemable shares	999,647	-	999,647
	<b>9,821,709</b>	<b>23,142</b>	<b>9,798,567</b>

## NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2012

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

## (ii) Liquidity risk (cont'd)

2011	Carrying Amount	Less than 1 year	1 to 5 years
<b>Ax Futures Fund Segregated Portfolio</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
- Cash held with broker	1,165,844	1,165,844	-
- Other payables	129,108	129,108	-
- Redeemable shares	3,129,446	3,129,446	-
	<b>4,424,398</b>	<b>4,424,398</b>	<b>-</b>
<b>Class B Segregated Portfolio</b>	<b>Carrying Amount</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
- Linked loans notes	9,123,151	-	9,123,151
- Other payables	24,697	24,697	-
- Redeemable shares	999,647	-	999,647
	<b>10,147,495</b>	<b>24,697</b>	<b>10,122,798</b>

## (iii) Market risk

Market risk is the risk that changes in the market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standard) will affect the Company's income or the value of its holdings of financial instruments. The objective of the market risk management is to manage and control market risk exposures with acceptable parameters while optimizing the return on risk.

*Management of market risk*

The Company's investments are exposed to market price fluctuations which are monitored by the Investment Advisor in pursuance of the investment objectives and policies applicable to each segregated portfolio.

*Price risk*

The Company is exposed to equity securities price risk and derivative price risk. This arises from investments held by the Fund for which prices in the future are uncertain.

The Fund's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits



## NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2012

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

## (iii) Market risk (cont'd)

*Price risk (cont'd)*

At June 30, 2012, if market prices moved by +/- 20% with all the other variables remaining constant (being the Directors' assessment of a reasonably possible change), the change in total return and net assets attributable to holders of redeemable preference shares for the period would have been as follows:

	2012		2011	
	Class B (EUR)	AX Futures (USD)	Class B (EUR)	AX Futures (USD)
Notional value of futures portfolio	-	(1,151,665)	-	(2,358,179)
Investment portfolio	9,821,709	3,891,720	10,147,495	4,420,624
Total market exposure	9,821,709	2,740,055	10,147,495	2,062,445
+20%	1,964,342	548,011	2,029,499	412,489
-20%	(1,964,342)	(548,011)	(2,029,499)	(412,489)

*Interest rate risk*

The price of securities tends to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of a position to move in directions that were not initially anticipated.

Interest receivable on bank deposits and payable on bank overdraft positions will be affected by fluctuations in interest rates.

At June 30, 2012, if interest rates moved by +/- 1% with all the other variables remaining constant (being the Directors' assessment of a reasonably possible change), the change in total return and net assets attributable to holders of redeemable preference shares for the period would have been as follows:

	2012		2011	
	Class B (EUR)	AX Futures (USD)	Class B (EUR)	AX Futures (USD)
Interest bearing cash and cash equivalents	-	(709,318)	-	(1,165,844)
+1% change in interest rates	-	(7,093)	-	(11,658)
-1% change in interest rates	-	7,093	-	11,658

*Foreign currency risk*

A segregated portfolio may invest in assets that are denominated in currencies that are different from its base currency.

## NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2012

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

## (iii) Market risk (cont'd)

## Exposure to foreign currency risk

The following table sets out the exposure of each segregated portfolio to foreign currency risk as at the period end. Interest receivable or expense payable in currencies other than the base currency on or near the date of the transaction.

Ax Futures Fund	CAD	EUR	GBP	Other currencies
<u>2012</u>	(USD)	(USD)	(USD)	(USD)
Equity investments	197,849	92,064	694,148	-
Derivative financial instruments	-	(348,555)	-	(416,605)
Cash due to broker	143,167	(151,574)	57,911	2,362,341
	<u>341,016</u>	<u>(408,065)</u>	<u>752,059</u>	<u>1,945,736</u>
<u>2011</u>				
Equity investments	232,763	151,067	1,013,927	-
Derivative financial instruments	-	-	1,420	-
Cash due to broker	(478,310)	60,358	(194,690)	1,118,696
	<u>(245,547)</u>	<u>211,425</u>	<u>820,657</u>	<u>1,118,696</u>
<b>Class B Segregated Portfolio</b>			<b>USD</b>	<b>GBP</b>
<u>2012</u>			(EUR)	(EUR)
Investment Funds			<u>5,740,158</u>	-
<u>2011</u>			(EUR)	(EUR)
Investment Funds			<u>4,566,346</u>	<u>592,404</u>

IFRS 7 considers the foreign currency exposure relating to non-monetary assets and liabilities to be a component of market price risk and not currency risk.

## Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**3. FINANCIAL RISK MANAGEMENT (CONT'D)****(iii) Market risk (cont'd)****Capital risk management**

The Company is not subject to any externally imposed capital requirements. The redeemable shares issued by the Company provide an investor with the right to require redemption for cash at a value proportionate to the investor's share in the Company's net assets at each redemption date. Certain class of shares may be subject to an initial lock-in period during which no redemptions may be made. The redeemable shares are classified as liabilities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the investment activities of the Company.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- Monitor the level of subscriptions and redemptions and adjust the amount of distributions the Company pays to redeemable shareholders.
- Redeem and issue new shares in accordance with the constitutional documents of the Company.

The Investment Manager monitor capital on the basis of the value of net assets attributable to redeemable shareholders.

## NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2012

## 4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The carrying amounts of the financial assets are classified as follows:

## (a) Class B Segregated Portfolio

	2012	2011
	Designated at fair value through profit or loss	Designated at fair value through profit or loss
	EUR	EUR
At July 1,	10,147,495	9,988,999
Additions	1,362,132	603,801
Disposal	(1,296,765)	(748,104)
(Decrease)/increase in fair value (note 7)	(391,153)	302,799
<b>At June 30,</b>	<b>9,821,709</b>	<b>10,147,495</b>
Denominated in the following currencies:		
US Dollar	5,740,158	4,566,346
UK Pound	-	592,404
Euro	4,081,551	4,988,745
	<b>9,821,709</b>	<b>10,147,495</b>
Analysed as:		
Level 1	<b>9,821,709</b>	<b>10,147,495</b>

Changes in fair value of financial assets at fair value through profit or loss are recorded in the statement of comprehensive income.

## (b) Ax Futures Fund Segregated Portfolio

	2012		
	Held-for trading	Designated at fair value through profit or loss	Total
	USD	USD	USD
At July 1, 2011	53,757	4,366,867	4,420,624
Additions	677,503	5,038,112	5,715,615
Securities sold short	-	(696,973)	(696,973)
Disposal	(72,982)	(5,043,310)	(5,116,292)
Cash settlement	77,625	-	77,625
Increase/(decrease) in fair value	47,492	(556,371)	(508,879)
	<b>783,395</b>	<b>3,108,325</b>	<b>3,891,720</b>

## NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2012

## 4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

## (b) Ax Futures Fund Segregated Portfolio (cont'd)

	2012		
	Held-for trading	Designated at fair value through profit or loss	Total
	USD	USD	USD
Denominated in the following currencies:			
US Dollar	783,395	2,124,264	2,907,659
UK Pound		694,148	694,148
Euro	-	92,064	92,064
CAD	-	197,849	197,849
	<u>783,395</u>	<u>3,108,325</u>	<u>3,891,720</u>
Analysed as:			
Level 1	<u>783,395</u>	<u>3,108,325</u>	<u>3,891,720</u>
	2011		
	Held-for trading	Designated at fair value through profit or loss	Total
	USD	USD	USD
At July 1, 2010	-	-	-
Transfer of securities	-	1,414,764	1,414,764
Additions	64,733	4,177,494	4,242,227
Securities sold short	-	(362,257)	(362,257)
Disposal	(15,943)	(1,226,838)	(1,242,781)
Cash settlement	(368,614)	-	(368,614)
Increase in fair value	373,581	363,704	737,285
At June 30, 2011	<u>53,757</u>	<u>4,366,867</u>	<u>4,420,624</u>
Denominated in the following currencies:			
US Dollar	52,337	2,969,110	3,021,447
UK Pound	1,420	1,013,927	1,015,347
Euro	-	151,067	151,067
CAD	-	232,763	232,763
	<u>53,757</u>	<u>4,366,867</u>	<u>4,420,624</u>
Analysed as:			
Level 1	<u>53,757</u>	<u>4,366,867</u>	<u>4,420,624</u>

Financial assets held-for-trading include trading derivatives (options and futures) and financial assets designated at fair value through profit or loss include equity securities.

## NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2012

## 4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Options

The Company purchases or sells put and call options through listed exchanges. Options purchased by the Company provide the Company with the opportunity to purchase (call options) or the obligation to deliver (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option.

Futures

A futures contract is an agreement between two parties to buy or sell a security, index or currency at a specific price or rate at a future date. The daily changes in contract value are recorded as unrealised gains or losses and the Company recognises a realised gain or loss when the contract is closed. Unrealised gains and losses on futures contracts are recognised in the Statement of Comprehensive Income. All futures contracts are cash settled on a daily basis.

## 5. OTHER RECEIVABLES

	2012			2011		
	Class A	Class B	Ax Futures	Class A	Class B	Ax Futures
	EUR	EUR	USD	EUR	EUR	USD
Prepayments	-	-	3,202	-	-	668
Other receivables	1,000	-	7,736	1,000	-	3,093
	<u>1,000</u>	<u>-</u>	<u>10,938</u>	<u>1,000</u>	<u>-</u>	<u>3,761</u>

The carrying amounts of other receivables approximate their fair values.

## 6. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012	2011
	Class B	Class B
	EUR	EUR
At July 1,	9,123,151	8,972,561
(Decrease)/increase in fair value (note 7)	(324,231)	150,590
At June 30,	<u>8,798,920</u>	<u>9,123,151</u>

The Company designates all debt and equity securities at fair value through profit or loss upon initial recognition as it manages these securities on a fair value basis.

The Company has issued linked loan notes ("Notes") under a debt issuance program from Class B Segregated Portfolio. Series B1 notes ranks above all other financial instruments issued by Class B Segregated Portfolio and are linked to the performance of a specific group of reference assets. The notes are due 2014 and carry no coupon rate. Notes are redeemable for cash at the expiry of the term of issue or at the discretion of the directors.

## NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2012

## 7. NET UNREALISED GAIN/(LOSS) FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012		2011	
	Class B	Ax Futures	Class B	Ax Futures
	EUR	USD	EUR	USD
(Decrease)/increase in fair value of financial assets at fair value through profit or loss (note 4)				
- Designated at fair value through profit or loss	(391,153)	(556,371)	302,799	363,704
- Held-for-trading	-	47,492	-	373,581
(Decrease)/increase in fair value of financial liabilities at fair value through profit or loss (note 6)	324,231	-	(150,590)	-
	<u>(66,922)</u>	<u>(508,879)</u>	<u>152,209</u>	<u>737,285</u>

## 8. OTHER PAYABLES

	2012		2011	
	Class B	Ax Futures	Class B	Ax Futures
	EUR	USD	EUR	USD
Cash due to broker	-	709,318	-	1,165,844
Accruals	23,142	46,423	24,697	129,108
	<u>23,142</u>	<u>755,741</u>	<u>24,697</u>	<u>1,294,952</u>

The carrying amounts of other payables approximate their fair values.

## 9. NON-PARTICIPATING MANAGEMENT SHARES

	2012		2011	
	Class A		Class A	
	No of shares	EUR	No of shares	EUR
At July 1, and June 30,	1,000	1,000	1,000	1,000
Issued during the period	-	-	-	-
<b>At June 30,</b>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

**Class A Shares**

Class A shares are designated as management shares and confer no right to participate in the profits of the Company or any Segregated Portfolio.

## 10. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

	2012		2011	
	Class B	Ax Futures	Class B	Ax Futures
	EUR	USD	EUR	USD
At July 1,	999,647	3,129,446	999,647	-
Issue of redeemable shares during the period	-	1,055,879	-	2,499,246
(Decrease)/increase in net assets attributable to holders of redeemable shares	-	(1,038,040)	-	630,200
<b>At June 30,</b>	<u>999,647</u>	<u>3,147,285</u>	<u>999,647</u>	<u>3,129,446</u>

## NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2012

**10. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES (CONT'D)****General**

The holders of the redeemable shares are entitled to receive all dividends declared and paid in respect to each of that class of shares and the Segregated Portfolio to which they refer. Upon winding up, the holders are entitled to a return of capital based on the net asset value per share of their respective share classes.

Notwithstanding the redeemable shareholders' rights to redemptions as above, the Company has the right, as set out in the prospectus to each Segregated Portfolio, to impose a redemption gate limit, specific to each Segregated Portfolio in any redemption period in order to manage the redemption levels and the orderly liquidation of the assets of the Segregated Portfolio under such circumstances.

**Class B Shares**

The authorised share capital available for issue under the terms of the Prospectus and the Supplement amount to 1,000 Class B non-voting participating shares. Class B shares participate in the residual interest of Class B Segregated Portfolio assets. Class B Shareholders rank sub-ordinate to investors of Loan Notes and are redeemable only after expiry and repayment of the Loan Notes. Thereafter Class B Shares are redeemable on a quarterly basis for cash.

**Ax Futures Fund Class E shares**

The authorised share capital available for issue under the terms of the Prospectus and the Supplement amount to 10,000 Class E non-voting participating shares. Participation shares issued during the Initial Offer Period have been designated as the "Lead Series". Participation shares issued subsequent to the Lead Series are issued in separate series. Subsequent Series Shares are consolidated into Lead Series Shares on the Fund's annual reporting date (30 June).

All holders of Shares, whether Lead Series or Subsequent Series Shares, are entitled to receive and participate in any distribution.

**11. RELATED PARTIES AND OTHER KEY CONTRACTS**

Related parties where control existed during the period are as follows:

Directors: Elzas Dave John  
Barnhoorn Hendrik Petrus  
Irons James Reinhardt

All directors of the Company are also directors of the Manager, GMG Fund Services Ltd.

Manager: GMG Fund Services Ltd

The following payments were made to related parties during the course of the financial year:

	2012		2011	
	Ax Futures	Class B	Ax Futures	Class B
	USD	EUR	USD	EUR
GMG Fund Services Ltd	18,000	53,922	14,630	62,325