

FINANCIAL STATEMENTS

For the year ended 31 December 2004

APS Alpha Fund



APS Asset Management Pte Ltd

APS FUNDS - APS ALPHA FUND

- Manager : APS Asset Management Pte Ltd
3 Anson Road
#24-03 Springleaf Tower
Singapore 079909
- Trustee : Dexia Trust Services Singapore Limited
9 Raffles Place
#42-01 Republic Plaza
Singapore 048619
- Auditors : KPMG
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
- Registrar : Dexia Fund Services Singapore Pte Ltd
9 Raffles Place
#42-01 Republic Plaza
Singapore 048619
- Solicitors to the Managers : Rodyk & Davidson
80 Raffles Place
#33-00 UOB Plaza 1
Singapore 048624
- Solicitors to the Trustee : Stamford Law Corporation
9 Raffles Place
#32-00 Republic Plaza
Singapore 048619

REPORT OF THE TRUSTEE

The Trustee is under a duty to take into custody and hold the assets of APS Funds - APS Alpha Fund in trust for the unitholders. In accordance with the Securities and Futures Act (Cap 289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the “laws and regulations”), the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as the recommendations of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore and the provisions of the Trust Deed.

To the best knowledge of the Trustee, the Managers have, in all material respects, managed APS Funds - APS Alpha Fund during the year covered by these financial statements in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee
Dexia Trust Services Singapore Limited

Marcel Weicker
Managing Director

Singapore
15 March 2005

STATEMENT BY THE MANAGER

In the opinion of the directors of APS Asset Management Pte Ltd, the accompanying financial statements set out on pages 5 to 16, comprising the Statement of Total Return, Balance Sheet, Statement of Movements in Unitholders' Funds, Portfolio Statement, Summary of Financial Highlights and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of APS Funds - APS Alpha Fund as at 31 December 2004, the total return and movements in unitholders' funds for the year then ended and have been properly prepared in accordance with the recommendations of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that APS Funds - APS Alpha Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of directors of APS Asset Management Pte Ltd

Pieter van Putten
Director

Singapore
15 March 2005

AUDITORS' REPORT TO THE UNITHOLDERS OF APS FUNDS - APS ALPHA FUND

(Constituted under a Trust Deed in the Republic of Singapore)

We have audited the financial statements of APS Funds - APS Alpha Fund (the "Fund") set out on pages 5 to 16, comprising the Statement of Total Return, Balance Sheet, Statement of Movements in Unitholders' Funds, Portfolio Statement, Summary of Financial Highlights and Notes to the Financial Statements. These financial statements are the responsibility of APS Asset Management Pte Ltd (the "Manager") and Dexia Trust Services Singapore Limited (the "Trustee") of the Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Manager, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2004, the total return and movements in unitholders' fund for the year then ended in accordance with the recommendations of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the provisions of the Trust Deed.

KPMG

Certified Public Accountants

Singapore

15 March 2005

Statement of Total Return

Year Ended 31 December 2004

| | Note | Year ended 31/12/2004 \$ | Period from 14/5/2003 to 31/12/2003 \$ |
|---|-------------|---|---|
| Investment income | | | |
| Dividends | | 2,525,590 | 231,045 |
| Interest | | 8,465 | 703 |
| | | 2,534,055 | 231,748 |
| Less: | | | |
| Expenses | | | |
| Performance fees | | 48,954 | 1,246,573 |
| GST expense | | 2,448 | 49,863 |
| | | 51,402 | 1,296,436 |
| Net investment income before income tax | | | |
| | | 2,482,653 | (1,064,688) |
| Income tax | 3 | (30,607) | - |
| | | 2,452,046 | (1,064,688) |
| Net gains on value of investments | | | |
| Net realised gains/(losses) on investments sold during the year/period | | 836,554 | (103,263) |
| Net unrealised appreciation on investments for the year/period | | 13,395 | 4,506,226 |
| Net foreign exchange loss | | (75,206) | (377,933) |
| | | 774,743 | 4,025,030 |
| Total return for the year/period | | | |
| | | 3,226,789 | 2,960,342 |

The accompanying notes form an integral part of these financial statements.

Balance Sheet

as at 31 December 2004

| | Note | 2004 \$ | 2003 \$ |
|---------------------------------|-------------|-------------------|-------------------|
| Portfolio of investments | | 78,725,329 | 87,210,748 |
| Current assets | | | |
| Receivables | 4 | 989,011 | 371,397 |
| Cash and bank balances | | 4,467,780 | 3,126,086 |
| | | 5,456,791 | 3,497,483 |
| Less: | | | |
| Current liabilities | | | |
| Payables | 5 | 221,272 | 1,792,501 |
| Net current assets | | 5,235,519 | 1,704,982 |
| Net assets | | 83,960,848 | 88,915,730 |
| Unitholders' funds | | 83,960,848 | 88,915,730 |
| Units in issue | 6 | 78,232,717 | 85,994,190 |
| Net asset value per unit | | 1.07 | 1.03 |

The accompanying notes form an integral part of these financial statements.

Statement of Movements in Unitholders' Funds

Year Ended 31 December 2004

| | Year ended 31/12/2004 \$ | Period from 14/5/2003 to 31/12/2003 \$ |
|--|--------------------------------|---|
| Income from investment operations | | |
| Net investment income after income tax | 2,452,046 | (1,064,688) |
| Net gains on value of investments | 774,743 | 4,025,030 |
| | | |
| Net increase in net assets resulting from operations | 3,226,789 | 2,960,342 |
| | | |
| Unitholders' contributions/(withdrawals) | | |
| Creation of units | 12,326,930 | 87,952,509 |
| Cancellation of units | (20,508,601) | (1,997,121) |
| | | |
| Net (decrease)/increase in net assets resulting from net creation and cancellation of units | (8,181,671) | 85,955,388 |
| | | |
| Total (decrease)/increase in net assets | (4,954,882) | 88,915,730 |
| | | |
| Net assets: | | |
| Beginning of the year/period | 88,915,730 | - |
| | | |
| End of the year/period | 83,960,848 | 88,915,730 |
| | | |

The accompanying notes form an integral part of these financial statements.

Portfolio Statement

as at 31 December 2004

| | Holdings 31/12/2004 (shares/units) | Market Value 31/12/2004 (\$) | Percentage of Net Assets 31/12/2004 (%) |
|---|---|---|--|
| By Geography (Primary) | | | |
| Quoted Equities | | | |
| China | | | |
| Jiangsu Expressway Co | 1,866,000 | 1,341,745 | 1.60 |
| Hong Kong | | | |
| Kingmaker Footwear Holdings Ltd | 2,756,000 | 1,359,706 | 1.62 |
| IDT International Ltd | 3,288,000 | 1,042,333 | 1.24 |
| Varitronix International Ltd | 1,095,544 | 1,690,500 | 2.01 |
| Texwinca Holdings Ltd | 2,968,000 | 4,579,828 | 5.45 |
| Kingboard Chemical Holdings Ltd | 344,000 | 1,188,017 | 1.42 |
| Chaoda Modern Agriculture (Holdings) Ltd | 834,000 | 503,388 | 0.60 |
| | | 10,363,772 | 12.34 |
| Indonesia | | | |
| PT Tambang Batubara Bukit Asam | 3,027,500 | 811,249 | 0.97 |
| Malaysia | | | |
| AirAsia Bhd | 603,000 | 430,000 | 0.51 |
| British American Tobacco (M) Bhd | 93,200 | 1,831,682 | 2.18 |
| | | 2,261,682 | 2.69 |

The accompanying notes form an integral part of these financial statements.

Portfolio Statement

as at 31 December 2004

| | Holdings 31/12/2004 (shares/units) | Market Value 31/12/2004 (\$) | Percentage of Net Assets 31/12/2004 (%) |
|--|---|---|--|
| By Geography (Primary) | | | |
| Quoted Equities | | | |
| Singapore | | | |
| Del Monte Pacific Ltd | 2,100,000 | 1,438,500 | 1.71 |
| IDT Holdings (Singapore) Ltd | 2,204,000 | 5,686,320 | 6.77 |
| Venture Corporation Ltd | 148,000 | 2,353,200 | 2.80 |
| Want Want Holdings Ltd | 850,000 | 1,241,848 | 1.48 |
| Hong Leong Finance Limited | 247,000 | 741,000 | 0.88 |
| Hi-P International Ltd | 1,865,000 | 3,133,200 | 3.73 |
| Kingboard Copper Foil Holdings Ltd | 6,400,000 | 2,784,000 | 3.32 |
| Memtech International Ltd | 2,200,000 | 869,000 | 1.04 |
| | | <hr/> | |
| | | 18,247,068 | 21.73 |
| | | <hr/> | |
| South Korea | | | |
| Hyundai Motor Co Ltd | 11,550 | 1,010,831 | 1.20 |
| Hankuk Electric Glass Co Ltd | 11,980 | 904,890 | 1.08 |
| Samsung Electronics Co Ltd | 3,560 | 2,528,998 | 3.01 |
| Dongbu Insurance Co Ltd | 101,540 | 1,213,696 | 1.45 |
| Hyundai Marine & Fire Insurance Co Ltd | 132,310 | 809,521 | 0.96 |
| Daewoo Shipbuilding & Marine Engineering Co Ltd | 95,750 | 2,325,215 | 2.77 |
| SK Telecom Co Ltd | 5,920 | 1,839,042 | 2.19 |
| Hyundai Mobis Co Ltd | 17,630 | 1,820,947 | 2.17 |
| Korea Electric Terminal Co | 31,940 | 891,481 | 1.06 |
| Handsome Corporation | 32,150 | 424,336 | 0.51 |
| Daeduck GDS Co Ltd | 62,010 | 919,165 | 1.09 |
| KH Vatec Co Ltd | 31,345 | 1,231,810 | 1.47 |
| You Eal Electronics Co Ltd | 85,451 | 4,028,951 | 4.80 |
| | | <hr/> | |
| | | 19,948,883 | 23.76 |
| | | <hr/> | |

The accompanying notes form an integral part of these financial statements.

Portfolio Statement

as at 31 December 2004

| | Holdings 31/12/2004 (shares/units) | Market Value 31/12/2004 (\$) | Percentage of Net Assets 31/12/2004 (%) |
|---|---|---|--|
| By Geography (Primary) | | | |
| Quoted Equities | | | |
| Taiwan | | | |
| Basso Industry Corporation Ltd | 1,501,200 | 5,413,088 | 6.44 |
| Pihsiang Machinery Manufacturing Co Ltd | 388,120 | 1,259,549 | 1.50 |
| Global Union Industrial Corporation | 946,880 | 1,848,599 | 2.20 |
| Fu Sheng Industrial Co Ltd | 596,200 | 1,455,723 | 1.73 |
| Meiloon Co Ltd | 2,091,080 | 2,779,066 | 3.31 |
| Powercom Co Ltd | 40,085 | 88,169 | 0.11 |
| Depo Auto Parts Industrial Co Ltd | 1,314,526 | 7,109,957 | 8.47 |
| Johnson Health Tech Co Ltd | 67,000 | 224,335 | 0.27 |
| Grand Hall Enterprise Co Ltd | 630,800 | 3,574,315 | 4.26 |
| | | <hr/> | <hr/> |
| | | 23,752,801 | 28.29 |
| Thailand | | | |
| Hana Microelectronics PCL - Foreign | 2,363,500 | 1,933,525 | 2.30 |
| | | <hr/> | <hr/> |
| | | 1,933,525 | 2.30 |
| Quoted Warrants | | | |
| Hong Kong | | | |
| Kingboard Chemical Holdings Ltd 31/12/2006 | 74,600 | 64,604 | 0.08 |
| | | <hr/> | <hr/> |
| Portfolio of investments | | 78,725,329 | 93.76 |
| Net current assets | | 5,235,519 | 6.24 |
| | | <hr/> | <hr/> |
| Net assets | | 83,960,848 | 100.00 |

The accompanying notes form an integral part of these financial statements.

Portfolio Statement

as at 31 December 2004

| | Percentage of Net Assets 31/12/2004 (%) | Percentage of Net Assets 31/12/2003 (%) |
|---|--|--|
| By Geography (Primary) - Summary | | |
| Quoted | | |
| China | 1.60 | 1.90 |
| Hong Kong | 12.42 | 11.04 |
| Indonesia | 0.97 | - |
| Malaysia | 2.69 | 7.78 |
| Singapore | 21.73 | 19.75 |
| South Korea | 23.76 | 19.28 |
| Taiwan | 28.29 | 32.66 |
| Thailand | 2.30 | 5.67 |
| Portfolio of investments | 93.76 | 98.08 |
| Net current assets | 6.24 | 1.92 |
| Net assets | 100.00 | 100.00 |

| | Market Value 31/12/2004 (\$) | Percentage of Net Assets 31/12/2004 (%) | Percentage of Net Assets 31/12/2003 (%) |
|--|---------------------------------------|--|--|
| By Industry (Secondary) - Summary | | | |
| Consumer discretionary | 25,973,865 | 30.93 | 25.07 |
| Consumer staples | 13,217,397 | 15.74 | 22.17 |
| Financials | 2,764,217 | 3.29 | 9.62 |
| Industrials | 14,491,898 | 17.26 | 14.88 |
| Information technology | 19,627,661 | 23.38 | 25.23 |
| Materials | - | - | 0.39 |
| Telecom services | 1,839,042 | 2.19 | 0.72 |
| Energy | 811,249 | 0.97 | - |
| Portfolio of investments | 78,725,329 | 93.76 | 98.08 |
| Net current assets | 5,235,519 | 6.24 | 1.92 |
| Net assets | 83,960,848 | 100.00 | 100.00 |

The accompanying notes form an integral part of these financial statements.

Summary of Financial Highlights

Year Ended 31 December 2004

| | Year ended 31/12/2004 \$ | Period from 14/5/2003 to 31/12/2003 \$ |
|---|--------------------------------|---|
| <u>Per Unit Data</u> | | |
| Net asset value at beginning of year/period | 1.03 | 1.00 |
| Income from investment operations | | |
| Net investment income after income tax | 0.03 | (0.01) |
| Net gain on value of investments | 0.01 | 0.04 |
| Total return from investment operations | 0.04 | 0.03 |
| Less distribution | - | - |
| Net asset value at end of year/period | 1.07 | 1.03 |
| Total return | 0.04 | 0.03 |

Supplemental Data and Ratios

| | | |
|---|------------|------------|
| | \$ | \$ |
| Net assets at end of year/period | 83,960,848 | 88,915,730 |
| Ratio of expenses to weighted average net assets (Note A) | 0.00 % | 0.06 % |
| Ratio of net investment income to weighted average net assets | 2.84 % | (1.28) % |
| Portfolio turnover rate (Note B) | 49.66 % | 7.40 % |

Note A

The expenses used in calculating the "Ratio of expenses to weighted average net assets" do not include brokerage and other transaction costs, performance fee, foreign exchange gain or loss, and tax deducted at source or arising out of income received.

Note B

Portfolio turnover rate is calculated by using the lower of purchases or sales of investments during the year over the average monthly Net Asset Valuation of the fund.

The accompanying notes form an integral part of these financial statements.

Summary of Financial Highlights

Year Ended 31 December 2004

| | Market Value 31/12/2004 \$ | Market Value 31/12/2003 \$ |
|---|-------------------------------------|-------------------------------------|
| <u>10 Largest Holdings at Balance Sheet Date</u> | | |
| <u>Equity investments</u> | | |
| Depo Auto Parts Industrial Co Ltd | 7,109,957 | - |
| IDT Holdings (Singapore) Ltd | 5,686,320 | 4,067,140 |
| Basso Industry Corporation Ltd | 5,413,088 | 5,522,432 |
| Texwinca Holdings Ltd | 4,579,828 | - |
| You Eal Electronics Ltd | 4,028,951 | - |
| Grand Hall Enterprise Co Ltd | 3,574,315 | - |
| Hi-P International Ltd | 3,133,200 | - |
| Kingboard Copper Foil Holdings Ltd | 2,784,000 | - |
| Meiloon Co Ltd | 2,779,066 | 5,705,865 |
| Samsung Electronics Co Ltd | 2,528,998 | - |
| Global Union Industrial Corporation | - | 6,117,572 |
| Hana Microelectronics PCL – Foreign | - | 4,129,987 |
| Unisem (M) Bhd | - | 4,115,357 |
| Venture Corporation Ltd | - | 3,960,000 |
| Feng Tay Enterprise Co Ltd | - | 3,839,350 |
| Pihsiang Machinery Manufacturing Co Ltd | - | 3,626,709 |
| Daewoo Shipbuilding & Marine Engineering Co Ltd | - | 3,226,321 |

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

Year Ended 31 December 2004

1 General

APS Funds is an open-ended umbrella fund constituted pursuant to the Trust Deed dated 14 May 2003, as amended by Amending and Restating Deeds dated 18 July 2003, 29 June 2004 and 2 August 2004. The Deed of Trust and Amending and Restating Deeds are governed by the laws of the Republic of Singapore.

Only units in APS Alpha Fund (a sub-fund of APS) are currently being offered. The principal objective of APS Alpha Fund is to achieve capital appreciation in the medium to long term through investment in listed equities on the recognised stock exchanges of Asia (excluding Japan). APS Alpha Fund is included under the Central Provident Fund Investment Scheme.

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements, expressed in Singapore Dollars, are prepared on the historical cost basis, as modified by the revaluation of marketable investments, and in accordance with Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

For the purposes of preparation of these financial statements, the basis used for calculating the ratio of expenses and portfolio turnover rate are in accordance with the guidelines issued by the Investment Management Association of Singapore and the Code on Collective Investment Schemes (under the Securities and Futures Act (Cap 289)) respectively.

2.2 Basis of valuation of investments

Marketable investments are stated at market value based on the closing prices as of the last day of the financial period. The difference between the market value of the portfolio of investments and the original cost (which includes brokerage and other transaction costs) is taken directly to the Statement of Total Return. Realised gains and losses on disposal of investments are computed on the basis of the difference between weighted average cost and selling price and are taken directly to the Statement of Total Return.

Notes to the Financial Statements

Year Ended 31 December 2004

2.3 Recognition of income

Dividend income is recognised when declared. For foreign dividend income, it is stated net of tax credits and for local dividend income, it is stated gross of tax credits. Interest income is recognised on the accrual basis.

2.4 Foreign currency translation

All monetary assets and liabilities in currencies other than Singapore dollars are translated at exchange rates ruling at the end of the accounting year and transactions in currencies other than Singapore dollars during the year are translated at rates of exchange ruling on transaction dates. Translation differences are dealt with through the Statement of Total Return.

3 Income tax

The taxation charge for the year relates to the tax deducted at source on local dividend income.

The Fund is a designated unit trust under the Singapore Income Tax Act (Chapter 134). As a result, the following income will not be taxed at the Fund level:

- gains or profits derived from Singapore or elsewhere from the disposal of securities; and
- interest (other than interest for which Singapore tax has been withheld).

4 Receivables

| | 2004 | 2003 |
|---|---------|---------|
| | \$ | \$ |
| Amounts receivable from sale of investments | 946,025 | - |
| Accrued dividends receivable | 40,960 | 102,297 |
| Amount due from the Manager (non-trade) | 2,026 | 26,323 |
| Amounts receivable for creation of units | - | 242,777 |
| | 989,011 | 371,397 |
| | 989,011 | 371,397 |

Notes to the Financial Statements

Year Ended 31 December 2004

5 Payables

| | 2004 | 2003 |
|---|----------------|------------------|
| | \$ | \$ |
| Payable to unit holders for cancellation of units | 42,348 | 334,902 |
| Accrued performance fees payable to the Manager | 174,824 | 1,261,514 |
| Other accrued expenses | 4,100 | 196,085 |
| | <u>221,272</u> | <u>1,792,501</u> |

Accrued performance fees payable to the Manager include \$125,870 (2003: \$14,941) relating to performance fees payable on redemption of units during the year.

6 Units in Issue

| | Year ended 31/12/2004 | Period from 14/5/2003 to 31/12/2003 |
|---------------------------------|--------------------------|---|
| At beginning of the year/period | 85,994,190 | - |
| Units created | 11,598,531 | 88,138,206 |
| Units cancelled | (19,360,004) | (2,144,016) |
| At end of the year/period | <u>78,232,717</u> | <u>85,994,190</u> |

7 Distribution

The Managers did not propose any distribution to unitholders for the year ended 31 December 2004. No distribution was paid for the year ended 31 December 2004.

8 Significant Related Party Transactions

In the normal course of the business of the Fund, a performance fee is payable to the Manager, as stated in note 5 to the financial statements, in accordance with terms of the Trust Deed dated 14 May 2003, and Amending and Restating Deeds dated 18 July 2003, 29 June 2004 and 2 August 2004.



APS Asset Management Pte Ltd

3 Anson Road, #24-03 Springleaf Tower, Singapore 079909.
Tel: (65) 6333 8600 Fax: (65) 6333 8900 E-mail: info@aps.com.sg
www.apsalphafund.com