FINANCIAL STATEMENTS

Year Ended 31 December 2005

APS Alpha Fund

APS

APS Asset Management Pte Ltd

APS FUNDS - APS ALPHA FUND

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Economic and Market Background

The year 2005 turned out to be a relatively good year despite concerns of rising interest rates, high oil prices and slowing global growth. There is one important fact we wish to highlight – global investors who had increased their exposures to the Asian markets in the last few years would have been handsomely rewarded. Consider this – over the last one, two and five calendar year periods, the S&P 500 returns were 1.6%, 10.4%, and -4.3% respectively; over the same period, the MSCI Asia Pacific index returns were 15.1%, 38.0% and 105.0%, while the MSCI Far East Ex-Japan returns were 17.6%, 43.2% and 84.7%. We believe the above statistics should serve to remind any global investors of the benefits of diversifying their investments into Asia.

While most Asia markets provided good returns for the year, there were significant divergences in performance among the different Asia bourses. The three best performing markets measured in USD terms, and by a large margin, were Korea (+58%), Japan (+44%) and India (+38%). In Korea, a combination of strong domestic liquidity, strong corporate profits and expectations of domestic consumption recovery pushed the index to historical highs. In Japan, investors finally turned bullish, believing that the prolonged bear market has finally come to an end. The other exciting bull market is India, where the Sensex 30 has gone up by a massive 179% over the last three years. This market is supported by strong portfolio inflows (USD 8bn and USD 10.7bn in 2004 and 2005 respectively) and strong GDP growth of 8.1% in fiscal year ending March 2005. Markets that were lackluster in 2005 were Malaysia (+2%), New Zealand (+3%) and Taiwan (+7%). In terms of sector performance, 'old economy' sectors like financials, properties, and resources were huge outperformers. The most significant underperformers were Asia manufacturers, which continued to struggle against stubbornly high raw material prices.

Message from CIO

2005 was a trying year for APS because many of its stocks did not perform. Naturally, clients wondered what had gone wrong with APS, a firm that they have known to outperform its peers every year in the first decade of its history. Some thought it was a result of staff turnover which is not true at all. In its 11-year history, APS has failed to persuade only 2 of its investment staff to stay, the second being one who stayed for only 4 months. I would like to take this opportunity to share with you my thoughts on the many issues that you may be interested in.

Investment Review for the year ended 31 December 2005

I have learnt that when performance is lackluster in this business the pressure to change things, whatever that may have to be, is enormous. If I had a Bloomberg machine in my office I think I could have succumbed to share price pressure alone. To reduce our stress we could have reduced our tracking error. In fact, we could have reduced our bets quite considerably and still retain our image as an active manager because almost every stock in our portfolio is an active bet. However, that was not an option for us because my investment staff had earlier decided that they strongly desired to work for a truly active investment firm like APS. We are unconvinced that we should run portfolios with lower tracking errors as we know through our extensive research that the structural reasons for Asia's inefficiencies remain, in spite of repeated suggestions that Asian markets have become efficient over time. Here, I have to admit that there was pressure from some clients to change the way we manage money. Some felt that we were taking too much risk in a rapidly changing environment. I am sure I would have been sacked as CIO for not changing the investment process or portfolio strategy to address the poor performance if APS had been owned by a financial institution. However, many of our longer term clients still have a credit balance of very substantial alphas with APS and my greatest satisfaction in this difficult period is the support I get from the majority of our clients who urged us to press on with what we know and do best. The absence of an 'institutional ghost' to pester and haunt us also helped. Sometimes, one may have the personal fortitude to withstand periods of under-performance but may lack the organizational sponsorship. In many ways, setting up APS in 1995 to do what I think makes money sense in the investing world is probably the best decision I have made as a professional fund manager because this allows me to do what I think works and makes sense in this business.

In APS we are cognizant of what we have to do and not do in order to perform. And we are willing to work hard to achieve the goals we have set for the firm. At the same time, we know our limitations. For instance, we know we do not have the talents or the skills to forecast currencies or interest rates so we don't pretend to possess any of them. 2005 was the year that APS's staff worked the hardest in researching companies. Our research trip expenses doubled from that in the previous year. Unfortunately, hard work, although a necessary ingredient in this business, does not always bring success every year. Nonetheless, we have set for ourselves a target of 3 strong years out of every four and so far we are still on target.

Some clients have voted with their feet when they could not be persuaded that APS's investments will work out eventually. When they were redeeming, APS and its staff invested more of our own money in our own funds. I am not sure whether it was a hunch or pure folly that we felt that things would improve soon.

Fortunately, our performance turned around markedly in Q4 although two of our three major bets have yet to work out. Korea, a 2-year old bet, has finally paid off handsomely for us. Our ground research has consistently showed that Korean stocks had been mispriced by investors. We acted on our research rather than be swayed by the advocates of the Korean discount argument. Our manufacturing and small cap stock bets have yet to deliver the alphas but we see no reason why we should not be getting them soon.

I would like to end my message by quoting Martin Leibowitz who wrote in the Sep/Oct 2005 issue of Financial Analyst Journal,

"The great ones share a number of positive characteristics - focus, patience, a clear-cut philosophy, a willingness to go beyond the diversification mantra and accept high concentration risks, an innovation-prone attitude, the organisational sponsorship and personal fortitude to endure significant periods of underperformance, and a disciplined process for pursuing their goals. And in various ways and at various points in time, they have all been willing to stake significant chips on their convictions. They play a disciplined game until the moment they see what looks like a grand opportunity."

That said, we are mindful that APS is a modest investment firm and is therefore not able to do all the things that great investors do but in areas where we are comfortable and capable of doing well we see no reason why we should not emulate them. In other words, we may not have the talent and power to swing exactly like Tiger Woods for 300 yards drives but we can certainly emulate the good habits and get 200 yard drives.

Investment Review for the year ended 31 December 2005

Portfolio Activities

Korea Market

One of our key portfolio additions in the early part of the year is Kia Motors, a subsidiary of the Hyundai Motor Group of companies. Kia Motors shares a similar structural market share gain trend in their export markets like the U.S. and Europe. Furthermore, given the still low capacity utilization rates compared to Hyundai Motor, it should have more room for improvements. The recent alignment of E.S. Chung to Kia as president is also a big catalyst for the group. In the second quarter, we added two Korea banks, namely Kookmin Bank and Hana Financial Group. After nearly 3 consecutive years of credit contraction and huge provision losses, we believed the worst was behind us. Therefore for 2005, we expected to start seeing improved asset quality, lower provision and more normalized earnings. Earnings in subsequent quarters after our investment validated our thesis. We further took the opportunity to sell our stakes in Dongbu Insurance and Hyundai Marine and Fire after very significant share price appreciation in the sector. We also took profit on Daewoo Shipbuilding after record orders in the last two years drove share prices to record levels. We reduced our exposure to DK UIL, our Korea keypad manufacturer, after repeated failure on the part of the company in meeting its revenue and profit guidances.

Taiwan Market

Our key additions to our portfolio in the second quarter are Catcher Technologies and Foxconn Technologies. These two companies are the largest suppliers of magnesium alloy casing in the world with excellent track records, growth and profitability. We expect the two companies to continue to growth at high rates and maintain their high margins due to high barriers of entry for the industry. In the third quarter, we added Hon Hai, an Electronics Manufacturer Services company, arguably the largest and most successful contract manufacturing company in Asia. We believe the company will be the long term beneficiary of the outsourcing trend to Asia, given its cost competitiveness vis-à-vis other Asian manufacturers.

Investment Review for the year ended 31 December 2005

Hong Kong Market

Our key addition is Xinyi Glass, the second largest glass manufacturer in China and the largest exporter of auto glass to the rest of the world. We believe the company is a key beneficiary of the auto components outsourcing trend to China. Currently, only about 8% of the world's production of auto glass has been outsourced to Chinese manufacturers and the ratio is expected to increase substantially in the future. We also added to our position of Chaoda Modern Agriculture. Our recent research convinced us that the company's business model is resilient while valuation is also cheap. We, however, decided to reduce our exposure to Varitronix. The chairman and founders placed out a large portion of shares while four new directors also joined the board. We perceived medium term risk and uncertainty on the future business direction of the company.

Singapore Market

We reduced our exposure to Venture Corp when it became clear that the company is likely to disappoint with another year of poor earnings growth. This is because the end-demand volume has been weaker than expected due to fierce competitive pressures at the customer level from as the likes of HPQ and Epson. We also reduced our exposure to Hong Leong Finance. The recent property measures and the relaxed regulations for the company to expand its scope of activities have resulted in the share price rising rapidly. As the company is excessively capitalized and lack significant growth prospects, we decided to trim our position.

Outlook & Strategy

While the Asian markets will remain challenging going forward, we believe the portfolio that we have constructed is well positioned to create steady long-term value. The performance of stocks and portfolios ultimately depend on the operating performance of the underlying businesses. As such, fundamental business analysis will remain our key focus and main source of long term portfolio value creation.

APS Asset Management Private Limited
21 March 2006

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 Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed APS Funds - APS Alpha Fund during the year covered by these financial statements, set out on pages 11 to 24, comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the 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
21 March 2006

Statement By The Manager

In the opinion of the directors of APS Asset Management Pte Ltd, the accompanying financial statements set out on pages 11 to 24, comprising the Statement of Total Return, Balance Sheet, Portfolio Statement 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 2005 and the total return for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framewoø3 for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. At the date of this statement, ther har e 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
21 March 2006

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 11 to 24, comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements. These financial statements are the responsibility of the Manager and 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 2005 and the total return then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

KPMG
Certified Public Accountants

Singapore
21 March 2006

Statement of Total Return

Year Ended 31 December 2005

	Note	**2005** $	2004 As restated $
Income			
Dividends		**2,437,412**	2,951,586
Interest		**36,691**	8,465
		2,474,103	2,960,051
Less:			
Expenses			
Performance fees		**266,604**	168,830
GST expense		**13,331**	8,442
Other operating expenses		**2,597**	-
		282,532	177,272
Net income		**2,191,571**	2,782,779
Net gains on value of investments			
Net realised gains on investments		**4,184,679**	836,554
Net change in fair value on investments		**(1,476,028)**	13,395
Net foreign exchange loss		**(332,563)**	(75,206)
Net gains on value of investments		**2,376,088**	774,743
Total return for the year before income tax		**4,567,659**	3,557,522
Less: Taxation	3	**(326,521)**	(456,603)
Total return for the year		**4,241,138**	3,100,919

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

Balance Sheet

As at 31 December 2005

	Note	**2005** **$**	2004 $
Assets			
Portfolio of investments		**58,121,280**	78,725,329
Receivables	4	**158,798**	989,011
Cash and bank balances		**2,847,543**	4,467,780
Total assets		**61,127,621**	84,182,120
Liabilities			
Payables	5	**1,340,831**	221,272
Due to brokers		**147,943**	-
Net assets attributable to unitholders	6	**59,638,847**	83,960,848
Total liabilities		**61,127,621**	84,182,120

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

Portfolio Statement
As at 31 December 2005

By Geography* (Primary) Quoted Equities	Holdings at 31/12/2005	Fair value at 31/12/2005 $	Percentage of total net assets attributable to unitholders at 31/12/2005 %
HONG KONG			
Chaoda Modern Agriculture (Holdings) Ltd	**830,000**	**569,597**	**0.96**
Jiangsu Expressway Co Ltd	**778,000**	**725,786**	**1.22**
Kingboard Chemicals Holdings Ltd	**253,500**	**1,138,942**	**1.91**
Kingmaker Footwear Holdings Ltd	**1,372,000**	**364,851**	**0.61**
Texwinca Holdings Ltd	**1,302,000**	**1,549,685**	**2.60**
Varitronix International Ltd	**318,166**	**378,692**	**0.63**
Weichai Power Co Ltd	**144,000**	**401,463**	**0.67**
Xinyi Glass Holdings Co Ltd	**1,772,000**	**668,830**	**1.12**
Total Hong Kong		**5,797,846**	**9.72**
MALAYSIA			
British American Tobacco Bhd	**55,100**	**969,625**	**1.63**
Kulim Malaysia Bhd	**461,000**	**496,889**	**0.83**
Total Malaysia		**1,466,514**	**2.46**
SINGAPORE			
Del Monte Pacific Ltd	**2,100,000**	**1,333,500**	**2.24**
Guangzhao Industrial Forest Biotechnology Group Ltd	**2,010,000**	**211,050**	**0.35**
HI-P International Ltd	**1,029,000**	**1,708,140**	**2.86**
Hong Leong Finance Ltd	**155,000**	**561,100**	**0.94**
IDT Holdings (Singapore) Ltd	**1,936,000**	**1,994,080**	**3.34**
Kingboard Copper Foil Holdings Ltd	**2,581,000**	**683,965**	**1.15**
Memtech International Ltd	**4,330,000**	**779,400**	**1.31**
Sarin Technologies Ltd	**2,029,000**	**1,602,910**	**2.69**
Tan Chong International Ltd	**3,300,000**	**1,217,256**	**2.04**
Venture Corporation Ltd	**41,000**	**565,800**	**0.95**
Want Want Holdings Ltd	**634,000**	**1,048,913**	**1.76**
Total Singapore		**11,706,114**	**19,63**

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

Portfolio Statement

As at 31 December 2005

By Geography* (Primary)
Quoted Equities

	Holdings at 31/12/2005	Fair value at 31/12/2005 $	Percentage of total net assets attributable to unitholders at 31/12/2005 %
SOUTH KOREA			
Daeduck GDS Co Ltd	84,940	1,455,925	2.44
DK UIL Co Ltd	19,015	562,110	0.94
Hana Financial Group Inc	28,663	2,193,058	3.68
Handsome Co Ltd	33,130	822,999	1.38
Hankuk Electric Glass Co Ltd	20,990	1,171,464	1.96
Hyundai Mobis	4,600	700,861	1.18
KH Vatec Co Ltd	37,119	2,022,454	3.39
Kia Motors Corporation	51,300	2,259,881	3.79
Kookmin Bank	15,830	1,997,664	3.35
Korea Electric Terminal Co Ltd	22,690	727,113	1.22
Phoenix PDE Co Ltd	211,968	1,913,169	3.21
Reigncom Co Ltd	24,631	526,209	0.88
Samsung Electronics Co Ltd	1,540	1,675,609	2.81
Samsung Fine Chemicals Co Ltd	13,070	713,210	1.20
SK Telecom Co Ltd	3,730	1,121,171	1.88
SNU Precision Co Ltd	33,466	2,627,052	4.40
Total South Korea		22,489,949	37.71
TAIWAN			
Basso Industry Corporation Ltd	888,504	3,346,712	5.61
Catcher Technology Co Ltd	107,011	1,435,689	2.41
Depo Auto Parts Industrial Co Ltd	492,963	3,107,203	5.21
Foxconn Technology Co Ltd	127,500	1,055,392	1.77
Global Union Industrial Corporation	900,568	1,299,413	2.17
Grand Hall Enterprise Co Ltd	215,560	432,165	0.72
Hon Hai Precision Industry Co Ltd	234,000	2,132,428	3.58
Johnson Health Tech Co Ltd	13,400	105,492	0.18
Meiloon Industrial Co Ltd	2,388,761	2,116,395	3.55
Pihsiang Machinery Manufacturing Co Ltd	176,831	450,311	0.76
Total Taiwan		15,481,200	25.96
THAILAND			
Hana Microelectronics PCL - Foreign	162,300	173,894	0.29
Singer Thailand PCL - NVDR	4,387,000	720,133	1.21
Total Thailand		894,027	1.50

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

Portfolio Statement
As at 31 December 2005

By Geography* (Primary) **Quoted Warrants**	**Holdings at 31/12/2005**	**Fair value at 31/12/2005 $**	**Percentage of total net assets attributable to unitholders at 31/12/2005 %**
Kulim Malaysia Bhd - 30.6.2009 Warrants	**1,119,400**	**285,630**	**0.48**
Total Warrants		**285,630**	**0.48**
Portfolio of investments		**58,121,280**	**97.46**
Net other assets		**1,517,567**	**2.54**
Net assets attributable to unitholders		**59,638,847**	**100.00**

By Geography* (Summary) **Quoted Equities and Warrants**	**Percentage of total net assets attributable to unitholders at 31/12/2005 $**	**Percentage of total net assets attributable to unitholders at 31/12/2004 %**
Hong Kong	**9.72**	14.02
Indonesia	**-**	0.97
Malaysia	**2.94**	2.69
Singapore	**19.63**	21.73
South Korea	**37.71**	23.76
Taiwan	25.96	28.29
Thailand	1.50	2.30
Portfolio of investments	**97.46**	93.76
Other net assets	**2.54**	6.24
Net assets attributable to unitholders	**100.00**	100.00

* Geographical classification is based on the country in which the companies/funds are listed.

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

Portfolio Statement

As at 31 December 2005

By Industry (Secondary)	**Fair value at 31/12/2005 $**	**Percentage of total net assets attributable to unitholders at 31/12/2005 %**	**Percentage of total net assets attributable to unitholders at 31/12/2004 %**
Consumer discretionary	**14,363,045**	**24.09**	30.93
Consumer staples	**7,769,608**	**13.03**	15.74
Financials	**4,751,822**	**7.97**	3.29
Industrials	**11,517,113**	**19.31**	17.26
Information technology	**16,891,742**	**28.32**	23.38
Materials	**1,706,779**	**2.86**	-
Telecom Services	**1,121,171**	**1.88**	2.19
Energy	**-**	**-**	0.97
Portfolio of investments	**58,121,280**	**97.46**	93.76
Other net assets	**1,517,567**	**2.54**	6.24
Net assets attributable to unitholders	**59,638,847**	**100.00**	100.00

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

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 Far East (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 quoted investments, and in accordance with Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

With effect from 1 January 2005, the Fund adopted the revised Statement of Recommended Accounting Practice 7 ("revised RAP 7") issued by Institute of Certified Public Accountants of Singapore in May 2005.

The effects of adopting the revised RAP 7 are set out in note 6.

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

Quoted investments are stated at fair value based on the bid prices of the last day of the financial year. The difference between the fair value of the portfolio of investments and the original cost 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 on contract date.

Financial derivatives, included in Portfolio of investments, are entered into for effective portfolio management purposes and are stated at fair value at the balance sheet date. The net resultant profit or loss is included in the Statement of Total Return on contract date.

2.3 Recognition of income

Dividend income is recognised when declared and 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.

2.5 Units

All units issued by the Fund provide the investors with the right to redemption for cash the value proportionate to the investor's share in the Fund's net assets at redemption date. Such instruments give rise to a financial liability for the present value of the redemption amount.

3 Taxation

The taxation charge relates to tax deducted at source and withholding tax suffered on dividend income and interest income.

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

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

4 Receivables

	2005	**2004**
	$	$
Accrued dividends receivable	142,914	40,960
Amount due from the Manager (non-trade)	1,084	2,026
Amounts receivable for creation of units	14,800	-
Amounts receivable from sale of investments	-	946,025
	158,798	989,011

5. Payables

	2005	2004
	$	$
Payable to unit holders for cancellation of units	**1,057,014**	42,348
Accrued performance fees payable to the Manager	**273,798**	174,824
Other accrued expenses	**10,019**	4,100
	1,340,831	221,272

6. Net Asset Attributable to Unitholders

	31/12/2005	31/12/2004 As restated
	$	$
At the beginning of the financial year		
- as previously reported	**83,960,848**	88,915,730
- effect of adopting revised Statement of Recommended Accounting Practice 7	**(586,943)**	
- as restated	**83,373,905**	88,915,730
Operations		
Changes in net assets attributable to unitholders resulting from operations	**4,241,138**	3,100,919
Unitholders' contributions/(withdrawals)		
Creation of units	**6,957,484**	12,326,930
Cancellation of units	**(34,933,680)**	(20,382,731)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	**(27,976,196)**	(8,055,801)
Total increase in net assets attributable to unitholders	**(23,735,058)**	(4,954,882)
At the end of the financial year	**59,638,847**	83,960,848
Units in issue (note 7)	**52,884,717**	78,232,717
Net assets attributable to unitholders per unit	**1.13**	1.07

With the adoption of the revised RAP 7, quoted investments have been valued at the current bid price. Previously, such investments were valued at mid price. The change in accounting policy resulted in a decrease of $586,943 to the Net Assets Attributable to Unitholders as at 1 January 2005. Comparatives were not restated.

The effect of adopting the revised RAP 7 on the current year's Total Return was an increase of $276,261.

For the purpose of calculation of the net assets attributable to unitholders per unit for the issuance and redemption of units, quoted investments are stated at the mid price.

7 Units in Issue

	2005	2004
At beginning of the year	**78,232,717**	85,994,190
Units created	**6,720,200**	11,598,531
Units cancelled	**(32,068,200)**	(19,360,004)
At end of the year	**52,884,717**	78,232,717

8 Prior Year Adjustment

During the year, the Fund changed its accounting policy in relation to performance fees. With effect from 1 January 2005, performance fees which crystallises at year end and from redemptions during the year are both expensed in the Statement of Total Return. Previously, performance fees from redemptions during the year were taken directly to Net Assets Attributable to Unitholders as unitholders' withdrawals. The Manager believes that the revised policy would result in greater transparency of performance fees.

(a) Restatement of prior period and opening balances

The following table discloses the adjustments arising from the change in accounting policy that have been made to each of the line items in the Fund's Net Assets Attributable to Unitholders and Statement of Total Return as previously reported for the year ended 31 December 2004.

Description of change	**Increase/ (Decrease) 2004 $**
Net Assets Attributable to Unitholders at 31 December 2004	
Changes in net assets attributable to unitholders resulting from operations	(125,870)
Changes in net assets attributable to unitholders resulting from net creation and cancellation of units	125,870
Statement of Total Return at 31 December 2004	
Performance fees	119,876
GST expense	5,994

(b) Estimated effects of changes in accounting policies on the current period

The following table provides estimates of the extent to which each of the line items in the Net Assets Attributable to Unitholders and Statement of Total Return for the year ended 31 December 2005 is higher or lower than it would have been, had the previous policy still been applied in the year, where it is practicable to make such estimates.

Description of change	Increase/ (Decrease) 2005 $
Net Assets Attributable to Unitholders at 31 December 2005	
Changes in net assets attributable to unitholders resulting from operations	126,540
Changes in net assets attributable to unitholders resulting from net creation and cancellation of units	(126,540)
Statement of Total Return at 31 December 2005	
Performance fees	(120,514)
GST expense	(6,026)

9 Financial Instruments

Risk Management Objectives and Policies

The Fund is a Far East excluding Japan market equity investment fund and as such is exposed to market price risk, interest rate risk, credit risk, liquidity risk, currency risk, economic and political risk arising from the financial instruments it holds. The risk management policies employed by the Fund to manage these risks are discussed below:

Market risk

Market price risk is the risk of loss to the value of a financial instrument resulting from movements in market risk factors such as security prices, interest rates and foreign exchange rates.

The Manager manages its market price risk through constant monitoring to ensure effective portfolio diversification via countries, industries and stocks to limit its exposure. The Manager also takes active steps to prevent unintended large underweight or overweight positions. The Manager also performs regular portfolio reviews to revalidate the weightings of each stock, sector and country.

Liquidity risk

Liquidity risk arises from not being able to fund redemptions or liquidate positions in a timely manner at a reasonable price. Liquidity risk exist when a particular investment is difficult to purchase or sell. These circumstances could prevent the Fund from promptly liquidating unfavourable positions and therefore resulting in losses to the Fund and corresponding decreases in the net assets value per unit. The Manager manage liquidity risk by investing primarily in marketable securities.

Foreign currency risk

The reporting currency of the Fund is Singapore Dollars. Significant portion of the assets of the Fund is denominated in several foreign currencies which include Korean Won, Taiwan Dollars and Hong Kong Dollars. Consequently, the Fund is exposed to the effects of changes in these foreign currencies' exchange rates relative to Singapore Dollars. The Fund is not actively hedging the foreign currency exposure. The Manager considers it unnecessary to pursue active management of foreign currency risks as the objective of the Fund is seek long to medium term capital appreciation.

The table below summarises the Fund's exposure to currency risks.

As at 31 December 2005	**KRW S$**	**TWD S$**	**SGD S$**	**HKD S$**	**OTHERS S$**	**Total S$**
Assets						
Investments	22,489,949	15,481,200	9,804,892	7,699,067	2,646,172	58,121,280
Cash and bank balances	-	1,597,525	889,117	-	360,901	2,847,543
Other assets	102,256	-	15,860	10,319	30,363	158,798
Total assets	22,592,205	17,078,725	10,709,869	7,709,386	3,037,436	61,127,621
Liabilities						
Payables	-	-	881,544	-	459,287	1,340,831
Due to brokers	-	147,943	-	-	-	147,943
Net assets attributable to unitholders	-	-	-	-	59,638,847	59,638,847
Total liabilities	-	147,943	881,544	-	70,098,134	61,127,621
As at 31 December 2004						
Assets						
Investments	19,948,883	23,752,802	17,005,220	11,770,119	6,248,305	78,725,329
Cash and bank balances	367,660	1,956,844	601,285	14,130	1,527,861	4,467,780
Other assets	-	946,026	576	41,337	1,072	989,011
Total assets	20,316,543	26,655,672	17,607,081	11,825,586	7,777,238	84,182,120
Liabilities						
Payables	-	-	157,858	-	63,414	221,272
Net assets attributable to unitholders	-	-	-	83,960,848	83,960,848	
Total liabilities	-	-	157,858	-	84,024,262	84,182,120

Interest rate risk

The Fund's exposure to market risk for changes in interest rates relates primarily to the Fund's cash and bank balances. The Fund does not use derivative financial instruments to hedge its interest rate risk.

Counterparty risk

Counterparty risk is the risk that the contracting parties to the Fund will not be able to fulfill their obligations due to deterioration of the counterparty's financial situation or some other failure by the counterparty. It consists of both pre-settlement and settlement risks.

All new counterparties are subject to stringent review which include a due diligence process with defined criteria, proper approval and ongoing monitoring. The Fund limits its dealing to listed equities with reputable brokers who are regulated thus limited its counterparty risk exposure.

10 Financial Ratios

	31/12/2005	**31/12/2004**
	%	%
Expense ratio - excluding performance fee (note 1)	-	-
Expense ratio - including performance fee (note 1)	0.41	0.21
Turnover ratio (note 2)	54.14	49.77

Note 1 - The expenses used in calculating the "Ratio of expenses to average net assets" include only performance fees and GST expenses, as no management fee is payable and all other expenses are borne by the Manager.

Note 2 - The turnover ratio is calculated based on the lesser of purchase or sales expressed as a percentage over the daily average net asset value.

11 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.

12 Soft Dollar Arrangements

In its management of the Fund, the Manager receives soft dollar commissions from, or enters into soft dollar arrangements in respect of the Fund. The soft dollars received would be restricted to the following kinds of services:

(a) Research and advisory services;

(b) Economic and political analysts;

(c) Portfolio analyses, including valuation and performance measurement;

(d) Market analyses;

(e) Data and quotation services;

(f) Computer hardware and software that are incidental to the provision of above services;

(g) Custodial services in relation to the investments managed for clients; and

(h) Investment related publications.

13 Comparative Figures

Certain comparative figures have been reclassified from the previous year due to prior year adjustment as described in note 8 and to conform with changes in presentation in the current year arising from revised RAP 7.

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