



General Equity
Building Society
Asset Builder Fund 1
2011 Annual Report



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The Fund and its advisors

FUND MANAGERS	John Peter Kortum Dr. Steven Adrian Hensen
REGISTERED AND BUSINESS OFFICE *	Level 4 17 Albert St Auckland
SECRETARY	Harding & Co Level 2, 492 St Kilda Road Melbourne, Victoria Australia
AUDITOR	Ari & Co (Af 1351) Chartered Accountants 24-4-2 Jalan 4/50 Diamond Square Business Centre Off Jalan Gombak Batu 3 ½ 5 Kuala Lumpur Malaysia
TRUSTEE	General Equity Building Society Level4,17 Albert Street Auckland, New Zealand
BANKER	General Equity Building Society Level4,17 Albert Street Auckland, New Zealand

Directors' Report

PRINCIPAL ACTIVITY

The Fund principally manages assets and provides financial support for trade instrument issuance and venture capital activities. There has been no significant change in the nature of this activity during the financial year.

NET ASSET VALUE	USD'000
ASSET BUILDER FUND 1 as at incorporation	1,370,530
Appreciation during the period	4,111,897
ASSET BUILDER FUND 1 as at 30th June 2011	5,482,427

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial period have been disclosed in the financial statements.

DIVIDEND

No dividend has been paid or declared since the end of the previous financial period. The managers do not recommend the payment of any dividend in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial period :-

(a) the authorised share capital of the Fund was increased from 100,000 ordinary shares of USD1/- each to USD1,000,100/- ordinary shares of USD1/- each by the creation of an additional 1,000,000 ordinary shares of USD1/- each.

(b) the issued and fully paid up share capital of the Fund USD1,000,100 ordinary shares of USD1/- each at par of other than cash and at a net asset value of USD5,482 per share.

The allotted shares shall rank pari passu in all respects with the existing ordinary shares of the Fund.

There was no issue of debentures by the Fund during the current financial year.

FUND MANAGERS

The managers who have held office for the period as follows:-

John Kortum
Steven A. Hensen

UNIT HOLDERS STATISTICS AS THE YEAR 2011

5,000 - below	2	100
Manager Stock	1	<u>1,000,000</u>
		<u>1,000,100</u>

ACTIVATES FOR THE NEXT FINANCIAL PERIOD

Asset Building Fund 1 has created has approved and signed several facilities agreements with traders, and Authorized Representatives worldwide. This has created a facility Booking of USD2,716,500,000 of the Fund for the year 2011-2012.

FUND MANAGERS' BENEFITS

Since the end of the previous financial year, no manager of the Fund has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by managers as shown in the financial statements, if any) by reason of a contract made by the Fund or a related entity with the manager or with a firm of which the manager is a member or with a company in which the manager has a substantial financial interest except as stated herein.

Neither during nor at the end of the financial year was the Fund or any of its related corporations become a party to any arrangement whose object was to enable the managers to acquire benefits by means of the acquisition of shares in or debentures of the Fund or any other body corporate except as stated herein.

Directors' Report

RELATED PARTIES TRANSITIONS

Steven A. Hensen has interest in respect of the ordinary shares owned by a manager and the largest investor of which he is a director and shareholder.

John Kortum has interest in the founding companies of the fund of which he is a director and a shareholder.

OTHER STATUTORY INFORMATION

Before the financial statements of the Fund were complete, the managers took reasonable steps:-

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that there are no known bad debts to be written off and that no allowance for doubtful debts is required; and

(b) to ensure that any current assets which were unlikely to realize their book values in the ordinary course of business had been written down to their expected realizable values.

At the date of this report, the managers are not aware of any circumstances:-

(a) which would necessitate the writing off of bad debts and providing of allowance of doubtful debts in the financial statements or the value attributed to current assets of the Fund misleading; and

(b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Fund misleading or inappropriate.

At the date of this report, there does not exist:-

(a) any charge on the assets of the Fund which has arisen since the end of the financial year which secures the liabilities of any other person other than as stated herein; or

(b) any contingent liabilities in respect of the Fund which have arisen since the end of the financial year other than as stated herein.

In the opinion of the managers, the results of the operations of the Fund for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature nor have any such item, transaction or event occurred in the interval between

the end of that financial year and the date of this report.

No contingent or other liability of the Fund has become enforceable or is likely to become enforceable within the next twelve months after the end of the financial year which, in the opinion of the managers, will or may affect the ability of the Fund to meet its obligations when they fall due.

At the date of this report, the managers are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

AUDITORS

The auditors, Ari & Co., have expressed their willingness to continue in office.

On behalf of the Board of Managers in accordance with a resolution of the managers,



.....
JOHN KORTUM
FUND MANAGER



.....
STEVEN A. HENSEN
FUND MANAGER
KUALA LUMPUR

REPORT OF THE AUDITORS TO THE MEMBERS OF

GENERAL EQUITY BUILDING SOCIETY ASSET BUILDER FUND NO 1

We have audited the financial statements set out on pages 6 to 13. These financial statements are the responsibility of the Fund's managers.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in New Zealand.

These 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 managers, as well as evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

(a) The financial statements have been properly drawn up in accordance with applicable approved accounting standards in New Zealand and the provisions of the Companies Act, 1965 so as to give a true and fair view of:

i) The matters required by New Zealand GAAP to be dealt with in the financial statements of the Fund; and

ii) The state of affairs of the Fund as at 30th June 2011 and of their results and cash flows for the year then ended; and

(b) The accounting and other records and the registers required by the New Zealand GAAP to be kept by the Fund have been properly kept in accordance with the provisions of the New Zealand GAAP.

(c) Unqualified opinion – our audit was completed on 19th July 2011 and our unqualified opinion is expressed on that date.

ARI & CO. ARIKRISHNAN DASS

Firm No. AF 1351 CA (M) ACMA (London)

Chartered

Accountants

No. 1791/05/13(J)

**ROSHINE MANAGEMENT SERVICES
(LICENSE NO : MIA 3214)**

ARI & CO (AF 1351)

Chartered Accountants

(Member Firm of Malaysia Institute of Accountants)
24-4-2, Jalan 4/50, Diamond Square Business Centre
Off Jalan Gombak, 53000 Kuala Lumpur.

Arikrishnan Dass
CA (M) ACMA (London)
Tel : 03-51227934
Fax : 03-51227924

Company No: 585069-K

Statement of comprehensive income

For the year ended 30 June 2011

in US Dollars

	Note	2011 USD\$ 000	2010 USD\$ 000
Revenue	3 (f)	5,083	3,854
Gross profit		5,083	3,854
Expenditure			
Bank Charges		1,195	300
Lc Fees		1,107	1,455
Management Fees	6 (a)	1,681	1,796
Other operating expenses		1,099	303
		5,083	3,854
Profit Before Taxation	6 (b)	-	-
Income tax (expense)/benefit		-	-
Profit for the year		-	-
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year.		-	-

Statement of financial position

For the year ended 30 June 2011

in US Dollars

	Note	2011 USD\$000	2010 USD\$000
Property & Plant		5,456,977	1,291,453
Current Assets			
Availible securities	8	48,975	46,095
Ammount due from clients		400,000	23,978
Other receivables and deposits		33,125	11,124
Total assets		482,100	81,197
Liabilities			
Amount due to clients		-	236
Ammount due to fund managers		36,775	1,796
Accurals and other payables		419,875	88
Total liabilities		456,650	2,120
Net Current Assets		25,450	79,077
		5,482,427	1,370,530
Equity			
Share capital	10	5,482,427	1,370,530
Total equity		5,482,427	1,370,530

Statement of changes in equity

For the year ended 30 June 2011

<i>in US Dollars</i>	Note	Share Capital Units	Accumulated fund USD\$ 000	Total USD\$ 000
Balance at 30.06.2009		881382	-	881,392
Appreciation during the year		118708	370,430	489,138
Balance at 30.06.2010		1,000,090	370,430	1,370,530
Appreciation Share Value	9	-	4,111,897	4,111,897
Balance at 30.06.2011		1,000,090	4,482,327	5,482,427

Statement of cash flows

For the year ended 30 June 2011

<i>in US Dollars</i>	2011 USD\$ 000	2020 USD\$ 000
Cash flows from operating activities		
Increase in property and plant valuation	(416,523)	(693,516)
(Decrease)/Increase in receivables	401,977	347,917
(Decrease)/Increase in payables	(345,470)	(203,708)
Net cash generated from/(used in) operating activities	(360,016)	(549,307)
Cash Flows From Financing Activity		
Proceeds from issuance of fund shares	4,111,897	489,138
Net cash from/(used in) operating activities	4,111,897	489,138
Net (decrease)/increase of fund activities	2,881	(60,169)
Balance brought forward available securities	46,095	106,264
Balance carry forward available securities	48,976	46,095
Available Securities Comprise		
Total asset expired and collected	48,976	46,095

* Cash flows arising from these activities have been reported on a net basis.

The accompanying notes form part of and should be read in conjunction with these financial statements.

Notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

1. GENERAL INFORMATION

The Fund is a private limited liability fund, incorporated and domiciled in New Zealand.

The registered office of the Fund is located at Level 4, 17 Albert Street, Auckland, New Zealand.

The financial statements are presented in United States Dollars (USD).

The financial statements have been approved by the Board of Fund Managers for General Equity Building Society Asset Builder Fund No.1 for issuance.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Fund have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in New Zealand.

3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in previous years and other funds of this nature.

(a) Accounting convention

The financial statements are prepared under the historical cost convention and assets shall be revalued to current market value.

(b) Property, plant and equipment and depreciation

Depreciation and amortization of mineral property interests, mineral and surface rights, mine development costs and mine plant facilities are computed principally by the units of production method based on estimated proved and probable reserves.

Proved and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits. Amortization is first charged on mining ventures from the date on which the mining ventures are considered to have moved.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(c) Cash and cash equivalents

Cash and cash equivalent are comprise of cash in hand and bank balances and specific security instruments.

(d) Other receivables

Other receivables are carried at anticipated realizable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(e) Other payables

Other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.



(f) Revenue

Revenue are recognised returns generated by the writing of Trades Finance Instruments and Guarantees secured by Asset Building Fund No.1

(g) Provision fees

The provision for fees to be derived from the issuance of banking instruments pending management approval. The approval for the instrument issued will be issued with the next three months.

(h) Income tax

Income tax in the financial statements for the financial year comprises current tax expense. All assets of the fund are offshore. All transactions of the fund are offshore. All income for the fund is offshore.

(i) Impairment of assets

At each balance sheet date, the Fund reviews the carrying amounts of its assets, other than receivables, to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. An impairment loss is recognised as an expense in the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset have decreased.

(j) Financial instruments

Financial instruments carried in the balance sheet include cash and bank balances, receivables and payables and certain other

securities. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Fund has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

For every financial instrument the fund receives counter instrument and additional securities from the applicant in the amount of the instrument plus 10%.

The fund is secured to a minimum of 110% of its actual and contingent liabilities.

4. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Fund's financial risk management policy seeks to ensure that adequate financial resources are available for development of the Fund's business whilst managing its interest rate, liquidity and credit risks. The main areas of financial risks faced by the Fund and the policy in respect of the major areas of treasury activity are set out as follows:-



Notes to the financial statements

(b) Liquidity risk

The Fund actively manages its debt maturity profile, operating cash flows and the availability of funds so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Fund maintains sufficient levels of cash balances to meet its working capital requirements. In addition, the Fund strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Fund raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(c) Credit risk

Credit risk is monitored and minimised via strict credit approval procedures and close monitoring of receivables. Credit limits are set and credit history is reviewed to minimise potential losses. The Fund does not have any significant exposure to any individual customer nor does it have any major concentration of credit risk.

(d) Foreign currency risk

The Company has material foreign currency transactions, assets, liabilities and hence it exposed to significant or material currency risks.

(e) Fair value

(i) Recognised financial instruments

In the opinion of the managers, the carrying amounts of all the financial assets and liabilities of the Fund at the balance sheet date approximated their respective fair values.

(ii) Unrecognised financial instruments

There were no unrecognised financial instruments as at 30th June 2011.

5. PRINCIPAL ACTIVITY

The Fund principally manages asset and provides financial support for trade instruments and venture capital activities. There has been no significant change in the nature of this activity during the financial year.

6. EXPENSES BEFORE TAXATION

Note (a)

The Management fees are a fund available for distribution after the overhead expenses and operating expenses incurred for the period.

Note (b)

The provision for doubtful debt is a provision pending management approval for an instrument issued, where if the trade had been successful the Fund would have participated in profits.

<u>This is arrived at after charging:-</u>	2011 USD '000	2010 USD '000
Auditors' fees and other operating expenses	1,099	303
Management fees	1,681	1,796

7. TAXATION

There is no provision for taxation for the financial period as the Fund is in a tax neutral position. All assets, transaction, settlement fees and services are offshore

8. FUND ACTIVITY

In US Dollars	CREDIT TERM				
	30 days	60 days	90 days	360 days	Total
Less than 500,000	0	2	8	0	10
500,001 to 1,000,000	0	0	3	0	3
1,000,001 to 1,500,000	0	0	1	0	1
2,000,001 to 25,000,000	0	0	3	0	3
	0	2	15	0	17

A total of 16 instruments are issued during the year for with a total Asset employed value of USD 48,975,000/-.

Notes to the financial statements

9. PROPERTY, PLANT AND EQUIPMENT

	Total
	USD '000
Asset Value as at 30.06.2010	1,370,530
Additional value for the period	4,111,897
Asset Value as at 30.06.2011	5,482,427

The fund increased its shareholding and interest to controlling interest. Further development in each of the mines grew the reserves to 9.995 Moz of gold and 7,787,500 ounces of Silver and 15,881,458 tons of granite ore. The frontier value of the three primary assets is USD18,123,724,940. The total Mine Asset Value is USD9,968,048,717. (Price per ounce - Au: 1,500, Ag:35.00) (Quality Granite:180/mt)

10. SHARE CAPITAL

Ordinary shares of USD1.00 each :-	No. of Shares 2011	Amount 2011 USD'000	No. of Shares 2010	Amount 2010 USD'000
Authorised:- Balance as at 30th June at par value per share	1,000,100	1,000	1,000,100	1,000
Issued and fully paid :- Balance as at 30th June	1,000,100	5,482,427	1,000,100	1,370,530



STATEMENT BY MANAGERS

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

In the opinion of the managers, the financial statements set out on pages 6 to 13 are drawn up in accordance with applicable approved accounting standards in New Zealand and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Fund as at 30th June 2011 and of the results and cash flows for the year then ended.

Signed at Kuala Lumpur on

On behalf of the Board in accordance with a resolution of the managers,

.....)
JOHN KORTUM)

.....)
STEVEN A. HENSEN)

) FUND MANAGERS
)
)

STATUTORY DECLARATION

PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

I, JOHN KORTUM, being the manager primarily responsible for the financial management of GENERAL EQUITY BUILDING SOCIETY ASSET BUILDER FUND NO.1, do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements set out on pages 6 to 13 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

.....
JOHN KORTUM



A large, stylized orange bird logo, possibly a kiwi, is positioned in the upper left quadrant of the page. The bird is depicted with curved lines for its body and wings, and a small beak. The entire page has a solid orange background.

Contact Details

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Disclaimer: Information is accurate at the date of printing and is subject to change