

**THE KING & SHAXSON FUND PLC**  
**(Investment Company with Variable Capital)**

**REPORT & AUDITED FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 7 FEBRUARY 2006 (DATE OF INCORPORATION)**  
**TO 31 MARCH 2007**

**Registered Number 415070**

# THE KING & SHAXSON FUND PLC

## TABLE OF CONTENTS

Management and Administration	2
Director's Report	3-4
Statement of Directors' Responsibilities	5
Statement of Custodian's Responsibilities	6
Investment Manager's Report	7
Independent Auditor's Report	8-9
Schedule of Investments	
KS Ethical Green Solutions Fund	10-12
KS Ethical Balanced Income Fund	13-15
KS Prudential Liquidity Fund	16-17
Balance Sheet	18
Profit and Loss Account	19
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	20
Notes forming part of the Financial Statements	23-35
Unaudited Portfolio Movements	
KS Ethical Green Solutions Fund	36
KS Ethical Balanced Income Fund	37
KS Prudential Liquidity Fund	38

# THE KING & SHAXSON FUND PLC

## MANAGEMENT AND ADMINISTRATION

**Registered Office: HSBC House, Harcourt Centre, Harcourt Street, Dublin 2, Ireland**

### **Directors**

Nicholas Wallis  
Lorcan Tiernan\*  
Jim Ruane\*

### **Independent Auditors**

KPMG  
Chartered Accountants  
1 Harbourmaster Place  
International Financial Services Centre  
Dublin 1  
Ireland

### **Investment Manager and Promoter**

King & Shaxson Asset Management Limited  
6<sup>th</sup> Floor  
Candlewick House  
120 Cannon Street  
London EC4N 6AS  
England

### **Custodian**

HSBC Institutional Trust Services (Ireland) Limited  
HSBC House  
Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland

### **Registrar and Transfer Agent**

AIB/BNY Fund Management (Ireland) Limited  
Guild House  
Guild Street  
IFSC  
Dublin 1

### **Legal Advisors**

as to English Law:  
Macfarlanes  
10 Norwich Street  
London EC4A 1BD  
United Kingdom

### **Administrator & Secretary**

HSBC Securities Services (Ireland) Limited  
HSBC House  
Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland

### **Legal Advisors**

as to Irish Law:  
Dillon Eustace  
Grand Canal House  
1 Upper Grand Canal Street  
Dublin 4  
Ireland

### **Sponsoring Broker**

Dillon Eustace  
Grand Canal House  
1 Upper Grand Canal Street  
Dublin 4  
Ireland

All Directors are non-executive

\*Independent Director

# THE KING & SHAXSON FUND PLC

## DIRECTOR'S REPORT

The Directors present to the shareholders their annual report together with the audited financial statements of the King & Shaxson Fund Plc for the period from 7 February 2006 (date of incorporation) to 31 March 2007.

### General Information

The King & Shaxson Fund Plc (the "Company") is an open ended umbrella type investment company with variable capital and limited liability, incorporated in Ireland on 7 February 2006 under the Companies Acts, 1963 to 2006 with registration number 415070. The Company has been authorised by the Financial Regulator as a UCITS pursuant to the UCITS Regulations.

The Company is structured as an umbrella fund consisting of different Funds, each comprising one or more Classes. There exists segregated liability between the Funds and the Company. The Company has established four funds: KS Ethical Green Solutions Fund, KS Ethical Balanced Income Fund, KS Cash Plus Fund and KS Prudential Liquidity Fund. At 31 March 2007, the Company had launched three Funds, KS Ethical Green Solutions Fund and KS Ethical Balanced Income Fund which offer Euro and Sterling Class Shares, and KS Prudential Liquidity Fund which offers Sterling Class shares. The Funds are listed on the Irish Stock Exchange.

<b>Fund</b>	<b>Currency</b>	<b>Launched</b>
KS Ethical Green Solutions Fund – Class B	GBP	15 August 2006
KS Ethical Balanced Income Fund – Class B	GBP	15 August 2006
KS Prudential Liquidity Fund – Class B	GBP	1 August 2006

### Results, Activities and Future Developments

The results for the period are shown in the Profit and Loss Account on page 21.

A detailed review of activities and future developments is contained in the Investment Manager's Reports on page 7. The Directors have directed the affairs of the Company in accordance with the Companies Acts, 1963 to 2006.

### Risk Management Objectives and Policies

Investment in the Company involves a number of risks. Details of these risks are contained in the prospectus. Details of the risks associated with financial instruments are included in Note 8.

### Directors

The Directors of the Company are detailed on page 2. The following were the Directors during the period under review:

Nicholas Wallis  
Lorcan Tiernan  
Jim Ruane

### Directors' and Secretary's Interests

The Directors and Company Secretary who held office at 31 March 2007 had no interest in the shares of the Company at 31 March 2007. Nicholas Wallis, a director of the company, is an employee of the Manager, King & Shaxson Asset Management Limited.

# THE KING & SHAXSON FUND PLC

## DIRECTOR'S REPORT

(continued)

### Segregated Liability of Sub Funds

The Company has been established as an umbrella company with segregated liability between Funds. As a result, neither the Company nor any Director, receiver, examiner, liquidator or other person shall apply nor be obliged to apply, the assets of any one Fund in satisfaction of any liability incurred on behalf or attributable to any other Fund.

### Dividends

The Company does not expect to pay dividends in respect of KS Ethical Green Solutions Fund and KS Prudential Liquidity Fund.

It is intended the KS Ethical Balanced Fund will pursue a distribution policy so that the Fund will be able to obtain certification as a "Distributing Fund" under the United Kingdom Income Corporation Taxes Act, 1988 for the purpose of United Kingdom taxation.

### Post Balance Sheet Event

The following distribution was paid out of the KS Ethical Balanced Fund:

Ex Date	Pay Date	Shares in Issue	Dividend Rate	Dividend Amount
8 May 2007	11 May 2007	3,450,433.98	0.0225	77,635

### Principal Risks and Uncertainties

A detailed review of the principal activities is included in the Investment Manager's Reports on pages 7 to 9. The risks that the Company is exposed to are outlined in the notes to the financial statements on pages 23 to 35.

### Accounting Records

The Directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by appointing HSBC Securities Services (Ireland) Limited to carry out the management and administration of the Company. The administration duties and functions of the manager include the keeping of all relevant records and accounts of the Company.

The books of account of the Company are maintained at HSBC Securities Services (Ireland) Limited, HSBC House, Harcourt Street, Dublin 2, Ireland.

### Independent Auditor

KPMG, Chartered Accountants, were appointed as auditors during the period and have expressed their willingness to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the board of Directors

Jim Ruane

25 July 2007

Nicholas Wallis

25 July 2007

## THE KING & SHAXSON FUND PLC

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Company's Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Company financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The Company's financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements comply with the Companies Act 1963, to 2006 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003. They are also responsible for safeguarding the assets of the Company. In this regard, they have entrusted the assets of the Company to the Custodian for safe-keeping. They have general responsibility for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities.

The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Acts.

On behalf of the board of Directors

Jim Ruane

25 July 2007

Nicholas Wallis

25 July 2007

## **THE KING & SHAXSON FUND PLC**

### **STATEMENT OF CUSTODIAN'S RESPONSIBILITIES**

The Custodian is required under the European Communities (Undertaking for Collective Investment in Transferable Securities) Regulations 2003, (the "UCITS Regulations") to ensure that The King & Shaxson Fund plc (the "Company") is managed in accordance with the UCITS Regulations and the Memorandum and Articles of Association of the Company. In particular the Custodian must ensure that, inter alia, it:

- takes into its custody all the assets of the Company and holds them in trust for the shareholders in accordance with the UCITS Regulations and Memorandum and Articles of Association; and
- inquires into the conduct of the Company and reports thereon to the shareholders in a report which shall contain the matters prescribed by the UCITS Regulations and the Memorandum and Articles of Association. A copy of the Custodian's Report is to be included in the Annual Report to the Shareholders.

### **CUSTODIAN'S REPORT TO SHAREHOLDERS OF THE KING & SHAXSON FUND PLC**

We have enquired into the conduct of The King & Shaxson Fund plc ("the Company") for the period from 7 February 2006 (date of incorporation) to 31 March 2007 in our capacity as Custodian to the Company.

In our opinion, the Company has been managed, in the year, in all material respects:

- (a) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum and Articles of Association and the European Communities (Undertaking for Collective Investment in Transferable Securities) Regulations 2003, (the "UCITS Regulations"); and otherwise
- (b) in accordance with the provisions of the Memorandum and Articles of Association and the UCITS Regulations.

On behalf of  
HSBC Institutional Trust Services (Ireland) Limited  
HSBC House  
Harcourt Street  
Dublin 2  
Ireland

25 July 2007

## THE KING & SHAXSON FUND PLC

### INVESTMENT MANAGER'S REPORT

#### FOR THE PERIOD ENDED 31 MARCH 2007

##### **KS Ethical Balanced Income and KS Ethical Green Solutions Fund.**

The funds began trading on August 16th 2006 and this report covers the period from inception to the 31<sup>st</sup> March 2007. During this period, on a total return basis, the FTSE all share rose by 12.09%, the MSCI World index rose by 10.85% and the Barclays Sterling Corporate Bond Index rose by 1.55 %. Both fixed income and property investments found things more difficult during the period, with some property investments providing small returns. Over the period the KS Ethical Balanced Income fund provided a total return over 9.89% and the KS Ethical Green Solutions Fund returned 12.32%.

##### **KS Ethical Balanced Income Fund**

This fund has provided a total return of 9.89% since inception, and after the reporting period a dividend of 2.25p per share was declared and paid to investors on the register at the beginning of May 2007 with investors either receiving cash or additional shares in the fund. We expect the next dividend to be declared in October 2007 and paid in November 2007. The total return since the end of August (the first month we could provide complete monthly data from) of 9.5% compares very favourably with IMA cautious managed index, which recorded a total return of 5.4% over the same seven month period.

Over the period we continued to remain more positive to larger UK and European equities, adding many new companies to the fund as it grew. As a proportion of the fund though, equities rarely exceeded more than 50% of the fund, at the end of September equities accounted for about 48% and this level has hardly changed, as it is around our maximum level for one asset class in a balanced fund. Some of the companies we added are Philips Electronics, Nokia and Deutsche Telecom featuring as European investments. We also added Union Pacific Aqua America from the U.S. to the fund and in the UK we added Intertek. We still feel equities offer the best growth and income opportunities in the current environment. However the risks are now higher and we see our asset allocation remaining around this level or even falling slightly (to 40-45%) as we book profits on some investments.

We would encourage our investors to look at a full ethical profile of our investments, which can be accessed on our web-site [www.kingandshaxson.com/ethical](http://www.kingandshaxson.com/ethical).

At inception the fund had little over 20% in fixed income, which was very low for a balanced fund and this represented our more cautious stance to fixed income. In our interim report we noted that we had started to invest more into fixed income as bond prices fell and interest rate expectations increased. We continued to increase the funds exposure to fixed income from about 28.7% in September to about 32% in March. We added two new bonds to the fund and increased investments in other bonds. One of the new bonds was the International Bond for Immunisation, a government backed bond to forward global immunisation. We see the fixed income markets remaining volatile over the next few months until the markets feel confident that interest rates have peaked. It is our view that interest rates have actually risen too far in the UK, but we will look for further investment opportunities in the current weak market and can see our asset allocation in fixed rising further over the next six months.

Likewise with property, we have been very cautious, in September 17% of the fund was invested in property trusts or companies and over the period this has been reduced to just below 15%. We took profit on one holding, Primary Health Properties, as we felt the company was over valued as interest in the new REITs was overheated. Property investments have been one of the worst performers over the period with almost all property investments falling sharply in price.

## **THE KING & SHAXSON FUND PLC**

### **INVESTMENT MANAGER'S REPORT**

**FOR THE PERIOD ENDED 31 MARCH 2007**

#### **KS Ethical Balanced Income Fund (continued)**

In general we remain a little concerned about the volume of money that has been invested in property, but we have increased our overseas exposure to property slightly through a residential property company in Germany and in the UK we have invested in another medical property company.

The key attraction of property is its yield and the key concern is that residential and commercial prices may still look inflated. We expect our stance to remain unchanged over the next few months with a sustainable yield being our main driver for any further investment.

The global economy remains strong and whilst we have concerns about the UK economy, based mainly upon our fears that interest rates are too high, we see the rest of the world continuing to grow at a measured pace. As a result the fund has increased its international investments through either foreign holdings or companies with a global business. With global interest rates looking close to their peak, fixed income has become more attractive and we expect to increase our investments in this asset class. In all the key objective of the fund is to provide an income from a spread of investments across each asset class, we have been pleased that the fund has met this objective and out-performed the cautious managed index by over 1% during the period.

#### **KS Ethical Green Solutions Fund**

This fund returned 12.32% over the period and this compares favourably to the MSCI world index (sterling total return) of 10.85%. Most of the fund's core investment areas saw good growth during the period and we added investments in all the areas as the fund grew. The core areas of the fund remain; public transport; renewable energy and energy storage; education; safety; water; environment and health and care.

In the renewable energy sector we made new investments in the geo-thermal area by adding Polaris Geothermal and Ormat Technologies to the fund. This was to complement our existing investments in wind, solar and waste to energy investments. In energy storage we added ITM Power and Vycom, a US flywheel company that increases the energy efficiency of large port cranes. The sector has performed well and as the need for sustainable energy increases we continue to see good growth opportunities in this sector, despite our caution about some valuations.

We slightly reduced the fund's exposure to recycling and waste, taking profits on some investments, as the sector had performed well and began to look overvalued in some cases. This sector remains a core part of the fund and we also trimmed our public transport exposure for the same reasons, as higher oil prices and valuations led to some profit taking. Against this, we increased the fund's exposure to the medical and care sector, adding Brookdale Senior Living, a US assisted living company, Amplifon, an Italian hearing aid retailer and Essilor International, a French lens manufacturer. The fund also invested in the International Finance Fund for Immunisation bond.

The latest holdings in the fund, with a full ethical profile can be seen on our web-site [www.kingandshaxson.com/am/ehical](http://www.kingandshaxson.com/am/ehical).

We still have a positive outlook for most of the core sectors as the environmental issues continue to be addressed. Water, waste and clean energy remain key issues in many countries, regardless of the economic outlook, as old infrastructure needs replacing in the developed world or as new infrastructure is added in the developing world. Higher expectations in health and education are also a sign of a developing and aging world. Regardless of the short term economic swings, many of these issues need to be addressed and this should continue to drive many of the funds investments forward

**THE KING & SHAXSON FUND PLC**  
**INVESTMENT MANAGER'S REPORT**  
**FOR THE PERIOD ENDED 31 MARCH 2007**

**KS Prudential Liquidity Fund**

The net asset value of the fund as at close of business 30<sup>th</sup> March 2007 was £39,175,415\* against investments of £38 million.

This represents an annualised gross return of 5.0727% since the launch on 1<sup>st</sup> August 2006. The running yield of the funds investments at the 30<sup>th</sup> March 2007 was 5.39363%

I mentioned in the interim report that the fund had started on a very cautious footing due to the rise in interest rates, we have continued with this approach over the last eight months. Inflation, rather than falling, has continued on an upward path, and so have interest rates both here and abroad. Interest rates were raised in January 2007 to 5.25% which was a shock to the market and pressure for further rises have grown steadily during 2007.

Duration has been kept very short which impacts on our performance, but we do avoid incurring losses as interest rates rise. The chance of trading profits in both gilts and longer maturity CDs has been very limited.

Although we have not achieved the targets we had set ourselves, the fund is in a strong position to take advantage of market movements when we feel that interest rates have peaked and some better trading opportunities arise after a bear period.

\* Net Asset Value using mid market prices as per the prospectus.

## THE KING & SHAXSON FUND PLC

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KING & SHAXSON FUND PLC

We have audited the financial statements of King & Shaxson Fund PLC for the period from 7 February 2006 (date of incorporation) to 31 March 2007, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares and the Portfolio of Investments, along with the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, as a body, in accordance with section 193 of the Companies Act 1990. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Directors and Auditor**

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts, 1963 to 2006 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended). We also report to you whether in our opinion proper books of account have been kept by the Company and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purpose of our audit, and whether the Company's financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding Directors' remuneration and Directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. The other information is comprised of the Directors' Report, the Custodian's Report and the Investment Manager's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **Basis of audit opinion**

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

## **THE KING & SHAXSON FUND PLC**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KING & SHAXSON FUND PLC (CONTINUED)**

#### **Basis of audit opinion (continued)**

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

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Company's affairs as at 31 March 2007, and its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2006 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003.

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion, the information given in the Directors' Report is consistent with the financial statements.

**KPMG**  
**Chartered Accountants**  
**Registered Auditor**  
**1 Harbourmaster Place**  
**IFSC**  
**Dublin 1**

**25 July 2007**

**THE KING & SHAXSON FUND PLC**

**KS ETHICAL GREEN SOLUTIONS FUND  
SCHEDULE OF INVESTMENTS  
AS AT 31 MARCH 2007  
(expressed in Sterling)**

<b>Holdings</b>	<b>Investment</b>	<b>Fair Value GBP</b>	<b>% of Net Asset Value</b>
<b>Transferable Securities</b>			
<b>Equities</b>			
<b>Basic Materials</b>			
10,250	D1 Oils	18,168	1.19
2,500	Headwaters	27,787	1.81
1,000	Precious Woods Holding	42,683	2.78
		<b>88,638</b>	<b>5.78</b>
<b>Consumer Goods</b>			
4,000	Cranswick	37,600	2.45
4,000	Interface	32,610	2.12
3,000	LKQ	33,406	2.18
10,600	Sunopta Inc	64,259	4.19
		<b>167,875</b>	<b>10.94</b>
<b>Consumer Services</b>			
5,000	Arriva	37,150	2.42
6,000	First Group	39,840	2.60
51,000	MTR	65,020	4.24
1,075	Whole Foods Market	24,560	1.60
		<b>166,570</b>	<b>10.86</b>
<b>Healthcare</b>			
10,000	Curanum	49,205	3.21
220,000	Optiscan Imaging	42,136	2.75
2,000	Stratec Biomedical Systems	33,935	2.21
		<b>125,276</b>	<b>8.17</b>

All transferable securities are admitted to official stock exchange listings.

THE KING & SHAXSON FUND PLC

KS ETHICAL GREEN SOLUTIONS FUND

SCHEDULE OF INVESTMENTS

AS AT 31 MARCH 2007

(expressed in Sterling)

(CONTINUED)

Holdings	Investment	Fair Value GBP	% of Net Asset Value
	<b>Transferable Securities (continued)</b>		
	<b>Equities (continued)</b>		
	<b>Industrial</b>		
4,000	Advanced Vision Technology	33,120	2.16
1,650	Arcadis	53,674	3.50
9,000	Augean	11,700	0.76
7,500	Biffa	25,725	1.68
50,000	Ceramic Fuel	23,500	1.53
20,000	Halma	44,050	2.87
47,000	Hyflux	41,822	2.73
4,000	Insituform Techs	42,399	2.76
4,000	Intertek Group	36,220	2.36
15,000	ITM Power	17,663	1.15
1,930	Pentair	30,622	2.00
6,800	Polyfuel	3,026	0.2
18,485	RPS Group	60,076	3.92
10,000	Shanks Group	26,900	1.75
7,200	Sims Group	69,098	4.50
5,500	Straight	12,485	0.81
1,000	Union Pacific	51,725	3.37
1,083	Vestas Windsystems	30,826	2.01
28,090	Vycon	22,472	1.47
		<b>637,103</b>	<b>41.53</b>
	<b>Technology</b>		
4,450	INIT Innovation in Traffic Systems	23,738	1.55
24,200	RM	45,799	2.98
		<b>69,537</b>	<b>4.53</b>
	<b>Utilites</b>		
5,000	Aqua America	57,129	3.72
31,250	Novera Energy	21,250	1.39
1,500	Ormat Technologies	32,006	2.09
170,000	Polaris Geothermal	29,301	1.91
4,450	Renewable Energy	51,108	3.33
		<b>190,794</b>	<b>12.44</b>

THE KING & SHAXSON FUND PLC

KS ETHICAL GREEN SOLUTIONS FUND  
 SCHEDULE OF INVESTMENTS  
 AS AT 31 MARCH 2007  
 (expressed in Sterling)  
 (CONTINUED)

Holdings	Investment	Fair Value GBP	% of Net Asset Value
	<b>Transferable Securities (continued)</b>		
	<b>Equities (continued)</b>		
	<b>Total Equities</b>	<b>1,445,793</b>	<b>94.25</b>
	<b>Corporate Bonds</b>		
30,000	First Group 6.125% 18/01/2019	30,093	1.96
	<b>Total Corporate Bonds</b>	<b>30,093</b>	<b>1.96</b>
	<b>Government Bond</b>		
50,000	IFFIM 5.000% 14/11/2011	25,612	1.67
	<b>Total Government Bonds</b>	<b>25,612</b>	<b>1.67</b>
	<b>Total Transferable Securities</b>	<b>1,501,498</b>	<b>97.88</b>
	<b>Total financial assets at fair value through profit or loss</b>	<b>1,501,498</b>	<b>97.88</b>
	<b>Other net assets and liabilities</b>	<b>32,513</b>	<b>2.12</b>
	<b>Net assets attributable to holders of redeemable participating shares</b>	<b>1,534,011</b>	<b>100.00</b>

**THE KING & SHAXSON FUND PLC**

**KS ETHICAL BALANCED INCOME FUND  
SCHEDULE OF INVESTMENTS  
AS AT 31 MARCH 2007  
(expressed in Sterling)**

<b>Holdings</b>	<b>Investment</b>	<b>Fair Value GBP</b>	<b>% of Net Asset Value</b>
	<b>Transferable Securities</b>		
	<b>Equities</b>		
	<b>Basic Materials</b>		
5,656	Johnson Matthey	89,082	2.60
24,950	Close High Income Properties	31,437	0.92
1,000	Precious Woods Holding	42,683	1.24
		<b>163,202</b>	<b>4.76</b>
	<b>Consumer Goods</b>		
4,000	Philips Eltn Kon	77,615	2.26
		<b>77,615</b>	<b>2.26</b>
	<b>Consumer Services</b>		
45,750	DSG International	77,775	2.27
14,334	FirstGroup	95,178	2.78
		<b>172,953</b>	<b>5.05</b>
	<b>Financial</b>		
2,000	Deutsche Wohnen	53,820	1.57
5,525	Dexia	83,917	2.45
71,300	Isis Property Trust	106,237	3.10
105,000	MedicX	110,250	3.21
80,800	Standard Life Investments Property	98,980	2.89
7,075	Arriva	52,567	1.53
6,000	Aviva	44,910	1.31
4,000	Eurocommerical Properties	119,449	3.48
52,150	Friends Provident	100,128	2.92
4,065	Northern Rock	46,544	1.36
20,000	Wichford	43,000	1.25
		<b>859,802</b>	<b>25.07</b>
	<b>Industrial</b>		
4,000	Kingspan Group	53,889	1.57
15,164	Biffa Plc	52,013	1.52
34,020	Halma	74,926	2.18
6,000	Intertek Group	54,330	1.58
14,750	Shanks Group	39,678	1.16
1,000	Union Pacific	51,725	1.51
		<b>326,561</b>	<b>9.52</b>

All transferable securities are admitted to official stock exchange listings.

THE KING & SHAXSON FUND PLC

KS ETHICAL BALANCED INCOME FUND  
SCHEDULE OF INVESTMENTS  
AS AT 31 MARCH 2007  
(expressed in Sterling)  
(CONTINUED)

Holdings	Investment	Fair Value GBP	% of Net Asset Value
<b>Transferable Securities (continued)</b>			
<b>Technology</b>			
6,000	Nokia	70,122	2.05
		<b>70,122</b>	<b>2.05</b>
<b>Telecommunications</b>			
5,000	France Telecom	67,054	1.96
8,050	Scottish & Southern Energy	124,051	3.62
5,109	Severn Trent	73,212	2.13
100,000	Vodafone Group	135,400	3.95
		<b>399,717</b>	<b>11.65</b>
<b>Utilities</b>			
7,865	National Grid	62,723	1.83
10,808	United Utilities	81,600	2.38
5,000	Aqua America	57,129	1.66
		<b>201,452</b>	<b>5.87</b>
<b>Total Equities</b>		<b>2,271,424</b>	<b>66.23</b>
<b>Corporate Bonds</b>			
100,000	Anglian Water 5.250% 30/10/2015	96,820	2.82
75,000	Aviva 5.902% VRN Perp	71,551	2.09
115,000	British Telecom 5.750% 07/12/2028	110,573	3.22
87,000	Deutsche Bahn Finance 4.750% 14/03/2018	60,575	1.77
65,000	Deutsche Bahn Finance 4.875% 06/07/2009	44,706	1.30
50,000	Dixons Group 6.125% 15/11/2012	49,680	1.45
50,000	First Group 6.125% 18/01/2019	50,155	1.46
109,000	Kingfisher 5.625% 15/12/2014	103,081	3.01
100,000	Network Rail 4.875% 27/11/2015	96,890	2.82
100,000	Soc Nat Chemins 5.000% 30/12/2010	97,860	2.85
100,000	Yorkshire Water Finance 5.375% 21/02/2023	98,360	2.87
	<b>Total Corporate Bonds</b>	<b>880,251</b>	<b>25.66</b>

THE KING & SHAXSON FUND PLC

KS ETHICAL BALANCED INCOME FUND  
 SCHEDULE OF INVESTMENTS  
 AS AT 31 MARCH 2007  
 (expressed in Sterling)  
 (CONTINUED)

<b>Holdings</b>	<b>Investment</b>	<b>Fair Value GBP</b>	<b>% of Net Asset Value</b>
	<b>Transferable Securities (continued)</b>		
	<b>Government Bonds</b>		
125,000	KFW 5.375% 07/12/2011	124,375	3.63
250,000	IFFIM 5.000% 14/11/2011	128,063	3.73
	<b>Total Government Bonds</b>	<b>252,438</b>	<b>7.36</b>
	<b>Total Transferable Securities</b>	<b>3,404,113</b>	<b>99.25</b>
	<b>Total financial assets at fair value through profit or loss</b>	<b>3,404,113</b>	<b>99.25</b>
	<b>Other net assets and liabilities</b>	<b>25,689</b>	<b>0.75</b>
	<b>Net assets attributable to holders of redeemable participating shares</b>	<b>3,429,802</b>	<b>100.00</b>

**THE KING & SHAXSON FUND PLC**

**KS PRUDENTIAL LIQUIDITY FUND  
SCHEDULE OF INVESTMENTS  
AS AT 31 MARCH 2007  
(expressed in Sterling)**

<b>Holdings</b>	<b>Investment</b>	<b>Fair Value GBP</b>	<b>% of Net Asset Value</b>
	<b>Money Market Instruments</b>		
	<b>Certificates Of Deposit</b>		
1,000,000	Alliance & Leicester 5.520% 08/01/2008	997,605	2.55
1,000,000	Allied Irish Bank 5.410% 30/04/2007	1,000,000	2.56
1,500,000	Barclays Bank 5.300% 10/04/2007	1,499,936	3.83
1,500,000	CBA 5.360% 12/04/2007	1,499,980	3.83
1,900,000	Credit Trust 5.470% 29/05/2007	1,899,848	4.85
1,000,000	Danske Bank 5.360% 12/04/2007	999,987	2.56
1,000,000	Deutsche Bank 5.275% 04/04/2007	999,979	2.56
1,000,000	DZ Bank 5.580% 16/08/2007	999,693	2.56
1,000,000	Fortis Bank 5.380% 19/04/2007	999,984	2.56
400,000	Fortis Bank 5.470% 16/04/2007	400,003	1.02
970,000	Helaba 4.670% 05/04/2007	969,850	2.48
1,000,000	HSBC 5.500% 21/05/2007	999,991	2.55
700,000	ING 4.710% 05/04/2007	699,896	1.79
1,000,000	Irish Life & Permanent 5.500% 01/06/2007	999,959	2.55
1,000,000	LBW 5.260% 07/06/2007	999,354	2.55
1,000,000	Lloyds TSB 5.390% 16/04/2007	1,000,000	2.55
1,000,000	National Australia 5.470% 21/05/2007	999,950	2.55
1,000,000	Northern Rock 5.650% 09/08/2007	999,961	2.55
1,500,000	Royal Bank of Scotland 5.430% 23/04/2007	1,499,992	3.83
1,900,000	Societe Generale 5.400% 14/05/2007	1,899,832	4.85
1,000,000	Standard Life 5.260% 06/06/2007	999,366	2.55
1,900,000	UBS 5.340% 10/04/2007	1,899,968	4.85
	<b>Total Certificates of Deposit</b>	<b>25,265,134</b>	<b>64.53</b>
	<b>Total Money Market Instruments</b>	<b>25,265,134</b>	<b>64.53</b>
	<b>Transferable Securities</b>		
	<b>Corporate Bonds</b>		
1,500,000	Australia & New Zealand Bank FRN 21/07/2009	1,501,950	3.84
800,000	Bank of Ireland FRN 20/09/2010	800,160	2.04
1,600,000	Bank of Nova Scotia FRN 21/12/2011	1,599,920	4.09
1,500,000	BBVA Senior Finance FRN 24/02/2010	1,499,775	3.83
800,000	Canadian Imperial Bank FRN 18/07/2008	800,080	2.04
800,000	Clydesdale Bank FRN 29/06/2011	799,800	2.04
800,000	Credit Agricole FRN 02/02/2011	799,880	2.04
600,000	KBC IFIMA FRN 08/11/2011	600,060	1.54
1,500,000	Santander International FRN 18/07/2011	1,500,375	3.83
1,500,000	Westpac Banking FRN 28/09/2009	1,499,625	3.83
	<b>Total Corporate Bonds</b>	<b>11,401,625</b>	<b>29.12</b>

All transferable securities are admitted to official stock exchange listings.

THE KING & SHAXSON FUND PLC

KS PRUDENTIAL LIQUIDITY FUND  
SCHEDULE OF INVESTMENTS  
AS AT 31 MARCH 2007  
(expressed in Sterling)  
(CONTINUED)

Holdings	Investment	Fair Value GBP	% of Net Asset Value			
<b>Transferable Securities (continued)</b>						
<b>Government Bonds</b>						
1,000,000	UK Treasury 5.000% 07/03/2012	991,300	2.53			
100,000	UK Treasury 0.000% 09/07/2007	98,560	0.25			
<b>Total Government Bonds</b>		<b>1,089,860</b>	<b>2.78</b>			
<b>Total Transferable Securities</b>		<b>12,491,485</b>	<b>31.90</b>			
<b>Deposit with Credit Institutions</b>						
1,019,928	Dexia 5.320% 02/04/2007	1,019,928	2.60			
<b>Total deposits with Credit Institutions</b>		<b>1,019,928</b>	<b>2.60</b>			
<b>Financial Derivative Instruments</b>						
<b>Interest Rate Swaps at positive fair value</b>						
Currency	Notional Amount	Fund Pays	Fund Receives	Maturity Date	Fair Value	Fund %
GBP	800,000	GBP-LIBOR-BBA	5.1875%	18/07/2007	14,901	0.04
GBP	1,500,000	GBP-LIBOR-BBA	5.2150%	18/07/2007	30,625	0.08
GBP	1,500,000	GBP-LIBOR-BBA	5.2250%	21/07/2007	32,334	0.08
GBP	800,000	GBP-LIBOR-BBA	5.2000%	03/08/2007	16,909	0.05
GBP	1,500,000	GBP-LIBOR-BBA	5.2500%	24/08/2007	40,007	0.10
GBP	800,000	GBP-LIBOR-BBA	5.3475%	20/09/2007	19,306	0.05
GBP	800,000	GBP-LIBOR-BBA	5.3575%	29/09/2007	20,299	0.05
<b>Interest Rate Swaps at Positive Fair Value</b>					<b>174,381</b>	<b>0.45</b>
<b>Total financial assets at fair value through profit or loss</b>					<b>38,950,928</b>	<b>99.48</b>
<b>Other net assets and liabilities</b>					<b>202,155</b>	<b>0.52</b>
<b>Net assets attributable to holders of redeemable participating shares</b>					<b>39,153,083</b>	<b>100.00</b>

The counterparty for the interest rate swaps is The Royal Bank of Scotland

THE KING & SHAXSON FUND PLC

**BALANCE SHEET**  
**AS AT 31 MARCH 2007**  
 (All amounts expressed in Sterling)

	Notes	KS Ethical Green Solutions Fund 2007 GBP	KS Ethical Balanced Income Fund 2007 GBP	KS Prudential Liquidity Fund 2007 GBP	Total 2007 GBP
<b>ASSETS</b>					
Cash and cash equivalents	2, 12	31,071	52,167	54	83,292
Financial assets at fair value through profit and loss	2	1,501,498	3,404,113	12,491,485	17,397,096
Transferable securities					
- Money market instruments	2	-	-	25,265,134	25,265,134
- Financial derivative instruments	2	-	-	174,381	174,381
Deposits with Credit Institutions		-	-	1,019,928	1,019,928
Due from broker		32,500	-	-	32,500
Due from shareholder		2,744	-	-	2,744
Other receivables		3,699	24,807	291,792	320,298
<b>TOTAL ASSETS</b>		<b>1,571,512</b>	<b>3,481,087</b>	<b>39,242,774</b>	<b>44,295,373</b>
<b>LIABILITIES</b>					
Investment Management fee payable	5	15,629	29,494	54,282	99,405
Administration fee	5	4,024	4,016	13,146	21,186
Audit fee		5,065	4,909	5,391	15,365
Directors fee	5	4,183	4,167	4,458	12,808
Custodian fee	5	954	954	3,962	5,870
Other accrued expenses		7,646	7,745	8,452	23,843
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES)</b>		<b>37,501</b>	<b>51,285</b>	<b>89,691</b>	<b>178,477</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES</b>		<b>1,534,011</b>	<b>3,429,802</b>	<b>39,153,083</b>	<b>44,116,896</b>
Shares in issue		1,371,396	3,124,446	37,992,599	
NAV per share		£1.12	£1.10	£1.03	

On behalf of the board of Directors

Jim Ruane

Nicholas Wallis

25 July 2007

The accompanying notes form an integral part of the financial statements

**THE KING & SHAXSON FUND PLC**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD FROM 7 FEBRUARY 2006 (DATE OF INCORPORATION) TO 31 MARCH 2007**  
**(All amounts expressed in Sterling)**

	Note	KS Ethical Green Solutions Fund 2007 GBP	KS Ethical Balanced Income Fund 2007 GBP	KS Prudential Liquidity Fund 2007 GBP	Total 2007 GBP
<b>INCOME</b>					
Interest		3,221	36,125	817,701	857,047
Dividend income		8,855	51,361	-	60,216
Other income		-	20,327	483,320	503,647
Gains/losses on financial assets at fair value through profit or loss	4	179,530	204,472	130,542	514,544
<b>TOTAL INVESTMENT INCOME</b>		<b>191,606</b>	<b>312,285</b>	<b>1,431,563</b>	<b>1,935,454</b>
<b>EXPENSES</b>					
Investment management fee	5	(15,629)	(29,494)	(54,282)	(99,405)
Administration fee	5	(13,052)	(13,044)	(13,146)	(39,242)
Audit fee		(5,065)	(4,909)	(5,391)	(15,365)
Directors fees		(4,183)	(4,167)	(4,458)	(12,808)
Custodian fee	5	(3,732)	(3,732)	(3,962)	(11,426)
Other expenses		(7,527)	(7,950)	(8,312)	(23,789)
<b>OPERATING EXPENSES BEFORE FINANCE COSTS</b>		<b>(49,188)</b>	<b>(63,296)</b>	<b>(89,551)</b>	<b>(202,035)</b>
<b>FINANCE COSTS</b>					
Interest expense		(717)	(23,160)	(188,929)	(212,806)
Withholding tax		(380)	(5,245)	-	(5,625)
<b>TOTAL FINANCE COSTS</b>		<b>(1,097)</b>	<b>(28,405)</b>	<b>(188,929)</b>	<b>(218,431)</b>
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES FROM OPERATIONS</b>		<b>141,321</b>	<b>220,584</b>	<b>1,153,083</b>	<b>1,514,988</b>

The Company has no recognised gains or losses in the financial period other than those dealt with in the profit and loss account and all results are from continuing operations.

On behalf of the board of Directors

Jim Ruane

Nicholas Wallis

25 July 2007

The accompanying notes form an integral part of the financial statements

THE KING & SHAXSON FUND PLC

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES  
FOR THE PERIOD FROM 7 FEBRUARY 2006 (DATE OF INCORPORATION) TO 31 MARCH 2007

(All amounts expressed in Sterling)

	KS Ethical Green Solutions Fund 2007 GBP	KS Ethical Balanced Income Fund 2007 GBP	KS Prudential Liquidity Fund 2007 GBP	Total 2007 GBP
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES AT BEGINNING OF THE PERIOD</b>	-	-	-	-
Proceeds on the issuance of redeemable shares during the period	1,410,790	3,293,618	38,000,000	42,704,408
Payments on redemption of redeemable shares during the period	(18,100)	(84,400)	-	(102,500)
<b>NET INCREASE FROM SHARE TRANSACTIONS</b>	<u>1,392,690</u>	<u>3,209,218</u>	<u>38,000,000</u>	<u>42,601,908</u>
Change in net assets attributable to holders of redeemable participating shares from operations	141,321	220,584	1,153,083	1,514,988
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES AT END OF THE PERIOD</b>	<u><b>1,534,011</b></u>	<u><b>3,429,802</b></u>	<u><b>39,153,083</b></u>	<u><b>44,116,896</b></u>

On behalf of the board of Directors

Jim Ruane

Nicholas Wallis

25 July 2007

The accompanying notes form an integral part of the financial statements

# THE KING & SHAXSON FUND PLC

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2007

### 1. General Information

The King & Shaxson Fund Plc (the “Company”) is an open ended umbrella type investment company with variable capital and limited liability, incorporated in Ireland on 7 February 2006 under the Companies Acts, 1963 to 2006 with registration number 415070. The Company has been authorised by the Financial Regulator as a UCITS (Undertaking for Collective Investments in Transferable Securities) pursuant to the UCITS Regulations.

The Company is structured as an umbrella fund consisting of different Funds, each comprising one or more Classes. There exists segregated liability between the Funds and the Company. The Company has established four funds: KS Ethical Green Solutions Fund, KS Ethical Balanced Income Fund, KS Cash Plus Fund and KS Prudential Liquidity Fund.

At 31 March 2007, the Company had launched three Funds,

<b>Fund</b>	<b>Currency</b>	<b>Launched</b>
KS Ethical Green Solutions Fund – Class B	GBP	15 August 2006
KS Ethical Balanced Income Fund – Class B	GBP	15 August 2006
KS Prudential Liquidity Fund – Class B	GBP	1 August 2006

The investment objective of KS Ethical Green Solutions Fund is to provide investors with long term capital growth by investing in a wide range of different assets types and investments, which focus on companies that are of direct social or environmental benefit.

The investment objective of KS Ethical Balanced Income Fund is to provide investors with an income by investing in a diversified portfolio.

The investment objective of KS Prudential Liquidity Fund is to generate a target return in excess of three month LIBID gross, while maintaining a low level of risk and a high degree of liquidity to allow investors easy access to their funds.

### 2. Significant accounting policies

#### (a) Basis of preparation

The financial statements are prepared in accordance with Generally Accepted Accounting Practice in Ireland and in accordance with the Companies Acts, 1963 to 2006 and all regulations to be construed as one with those Acts and the European Communities (Undertaking for Collective Investments in Transferable Securities) Regulations, 2003. They are prepared on a fair value basis for financial assets and financial liabilities designated at fair value through profit or loss and in accordance with the fair value regulations. All other assets and liabilities are stated at amortised cost or redemption amount (redeemable shares).

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Company has availed of the exemption available to open-ended investment funds under FRS 1 not to prepare a cash flow statement.

## THE KING & SHAXSON FUND PLC

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2007 (CONTINUED)

#### 2. Significant accounting policies (continued)

##### (b) Foreign currency translation

The functional currency of the Company is Sterling (“GBP”) as the Directors have determined that this reflects the Company’s primary economic environment. The presentation currency of the Company is also GBP. Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to GBP at the foreign currency closing exchange rate ruling at the balance sheet date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the Profit and Loss Account.

Non monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to GBP at the foreign currency exchange rates ruling at the dates that the values were determined. Foreign currency exchange differences relating to investments at fair value through profit or loss are included in gains and losses on investments. All other foreign currency exchange differences relating to monetary items, including cash are presented in the Profit and Loss Account.

##### (c) Financial instruments

###### (i) Classification

In accordance with FRS25 and FRS26 the Company has designated its equity and bond investments into the financial assets at fair value through profit or loss category. Deposits are classified as loans and receivables.

Financial assets that are classified as loans and receivables include balances due from brokers, deposits and accounts receivable.

Financial liabilities that are not at fair value through profit or loss include balances due to brokers, accounts payable and financial liabilities arising on redeemable shares.

###### (ii) Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the profit and loss account.

Financial assets classified as loans and receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate. Financial liabilities arising from the redeemable shares issued by the Company are carried at the redemption amount representing the investors’ right to a residual interest in the Company’s assets.

## THE KING & SHAXSON FUND PLC

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2007 (CONTINUED)

#### 2. Significant accounting policies (continued)

##### (c) Financial instruments (continued)

##### (iii) Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

If a quoted market price is not available on a recognised stock exchange or from a broker / dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the balance sheet date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the balance sheet date. Fair values for unquoted equity investments are estimated, if possible, using applicable price earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Commercial paper is valued at an amortised basis with reference to the maturity date of the instruments. Deposits with credit institutions are valued at par.

##### (iv) Impairment

Financial assets that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the profit and loss account as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the profit and loss account.

##### (v) Recognition and Derecognition

The Fund recognises financial assets and financial liabilities when all significant rights and access to the benefits from the assets and the exposure to the risks inherent in those benefits are transferred to the fund. The fund derecognises financial assets and financial liabilities when all such benefits and risks are transferred from the fund

##### (vi) Offsetting Financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously.

##### (vii) Specific instruments

##### *Cash and Cash Equivalents*

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

## THE KING & SHAXSON FUND PLC

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2007 (CONTINUED)

#### 2. Significant accounting policies (continued)

##### (vii) Specific instruments (continued)

###### *Interest Rate Swaps*

Interest rate swaps are agreements between the Company and the prime broker where one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps are valued by the Fund's prime broker at their fair value at closing date based upon the value of each series of interest payments and principal at closing date. Realised and unrealised gains and losses on interest rate swaps are recognised in the Income Statement

##### (d) Interest income

All interest income and expense is recognised in the profit and loss account as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date.

Interest income includes the amortisation of any discount or premium and any other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Interest income on debt instruments at fair value through profit or loss is accrued using the original effective interest rate and classified to the Interest income line item within the profit and loss account. Interest income is recognised on a gross basis, including withholding tax, if any.

##### (e) Dividend income

Dividend income relating to exchange-traded equity investments is recognised in the profit and loss account on the ex-dividend date.

In some cases, the Company may receive or choose to receive dividends in the form of additional shares rather than cash. In such cases the Company recognises the dividend income for the amount of the cash dividend alternative with the corresponding debit treated as an additional investment.

##### (f) Expenses

All expenses, including management fees and custodian fees, are recognised in the profit and loss account on an accrual basis. Included in other operating expenses are legal and advisory fees.

##### (g) Gains and Losses on Investments

Realised gains and losses on sales of investments are calculated on a first in first out basis. Unrealised gains and losses on investments arising during the period are taken to the profit and loss account, in accordance with EU Fair Value Regulations.

##### (h) Taxation

Dividend and interest income received by the Company may be subject to withholding tax imposed in the country of origin. Investment income is recorded gross of such taxes.

##### (i) Redeemable Shares

All redeemable shares issued by the Fund provide the investors with the right to require redemption for cash at the value proportionate to the investor's share in the Fund's net assets at the redemption date. In accordance with FRS 25 such instruments give rise to a financial liability for the present value of the redemption amount. In accordance with the issue prospectus the Fund is contractually obliged to redeem shares at mid-market prices. Due to the fact that in accordance with FRS 26 the best measure of fair value of a financial asset is usually the current bid price, the redeemable shares need to be adjusted to bid-market prices to balance the balance sheet.

## THE KING & SHAXSON FUND PLC

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2007 (CONTINUED)

#### 2. Significant accounting policies (continued)

##### (j) Share Capital

Non participating shares are not redeemable, do not participate in the net income or dividends of the Company and are classified as equity, as per the Company's articles of association.

##### (k) Due from broker

Amounts from broker represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered by the end of the period.

##### (l) Cashflow statement

The Company has availed of the exemption available to open-ended investment funds under FRS 1 not to prepare a cash flow statement.

#### 3. Taxation

The Company is an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997. Therefore, the Company will not be liable to tax in respect of its income and gains, other than on the occurrence of a chargeable event. Generally a chargeable event arises on any distribution, redemption, repurchase, cancellation, transfer of shares or on the ending of a "Relevant Period". A "Relevant Period" being an eight year period beginning with the acquisition of the shares by the shareholder and each subsequent period of eight years beginning immediately after the preceding Relevant Period.

A Chargeable event does not include:

- (i) any transaction in relation to shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland; or
- (ii) an exchange of units representing one Sub-fund for another Sub-fund of the Company; or
- (iii) an exchange of shares arising on a qualifying amalgamation or reconstruction of the Company with another company; or
- (iv) certain exchanges of Shares between spouses and former spouses.

A chargeable event will not occur in respect of shareholders who are neither resident nor ordinarily resident in Ireland and who have provided the Company with a relevant declaration to that effect.

In the absence of an appropriate signed declaration, the Company will be liable to Irish tax on the occurrence of a chargeable event.

There were no chargeable events during the period under review.

Capital gains; dividends and interest received may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Company or its shareholders.

**THE KING & SHAXSON FUND PLC**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2007  
(CONTINUED)**

**4. Net Gains/Losses on Financial Assets at Fair Value through Profit or Loss**

	<b>KS Ethical Green Solution Fund 2007 GBP</b>	<b>KS Ethical Balanced Income Fund 2007 GBP</b>	<b>KS Prudential Liquidity Fund 2007 GBP</b>	<b>Total 2007 GBP</b>
<b>Realised gain/(loss)</b>				
Net realised gain on investments	51,237	57,221	(32,484)	75,974
Net realised loss on currency transactions	361	2,843	-	3,204
<b>Net realised gain</b>	<b>51,598</b>	<b>60,064</b>	<b>(32,484)</b>	<b>79,178</b>
<b>Unrealised gain</b>				
Net unrealised gain on investments	127,768	144,415	163,167	435,350
Net unrealised gain/(loss) on currency transactions	164	(7)	(141)	16
<b>Net unrealised gain</b>	<b>127,932</b>	<b>144,408</b>	<b>163,026</b>	<b>435,366</b>
<b>Net Gains on Financial Assets at Fair Value through Profit or Loss</b>	<b>179,530</b>	<b>204,472</b>	<b>130,542</b>	<b>514,544</b>

**5. Related Parties**

**Investment Manager**

The Company's investment activity is managed by King & Shaxson Asset Management Limited ("the Investment Manager"). The Investment Manager is entitled to receive an annual fee of 1.50 % of the Net Asset Value for Class B shares for the KS Ethical Green Solutions Fund. The Investment Manager is entitled to receive an annual fee of 1.50 % of the Net Asset Value for Class B shares for the KS Ethical Balanced Income Fund. The Investment Manager is entitled to receive an annual fee of 0.20% of the Net Asset Value of the Institutional Shares for the KS Prudential Liquidity Fund. The management fees for the period amounted to £99,405 of which £99,405 was payable at 31 March 2007.

**Administrator**

The Manager has engaged HSBC Securities Services (Ireland) Limited ("the Administrator") on behalf of the Company to act as the administrator. The Company shall pay to the Administrator out of the assets of the Company an annual fee, accrued at each valuation point and payable monthly in arrears at a rate which shall not exceed 8 basis points per annum of the Net Asset Value of the KS Ethical Green Solutions Fund and KS Ethical Balanced Income Fund and 4 basis points per annum of the Net Asset Value of the KS Prudential Liquidity Fund. The administrator is also entitled to be repaid out of the assets of the Company all of its reasonable out of pocket expenses. The administrator fees for the period amounted to £39,242 of which £21,186 was payable at 31 March 2007.

**THE KING & SHAXSON FUND PLC**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2007  
(CONTINUED)**

**5. Related Parties (continued)**

**Custodian**

The Company has appointed HSBC Institutional Trust Services (Ireland) Limited (“the Custodian”) to act as Custodian of the Company. The Custodian is entitled to receive out of the assets of the Company an annual fee, accrued at each valuation point and payable monthly in arrears, which shall not exceed 2 basis points per annum of the KS Ethical Green Solutions Fund and KS Ethical Balanced Income Fund and 1 basis point per annum of the Net Asset Value of the KS Prudential Liquidity Fund. The Custodian shall be entitled to be repaid all of its disbursements out of the assets of the relevant Fund. The custodian fees for the period amounted to £11,426 of which £5,870 was payable at 31 March 2007.

**Directors' Fees**

The Articles of Association authorise the Directors to charge a fee for their services at a rate determined by the Directors up to a maximum fee per Director of €20,000 per annum. All Directors will be entitled to reimbursement by the Company of expenses properly incurred in connection with the business of the Company or the discharge of their duties. The director’s fees for the period amounted to £12,808 of which £12,808 was payable at 31 March 2007.

Nicholas Wallis, a director of the company, is an employee of the Manager, King & Shaxson Asset Management Limited.

**6. Share Capital**

The authorised capital of the Company is €300,000 divided into 300,000 Non-Participating Shares of One Euro (€1) each and 500,000,000,000 Shares of no par value each. Non-participating shares do not entitle the shareholders thereof to any dividend and on winding up entitle the holders to receive the amount paid up but do not entitle them to the Assets of the Company. These shares are dealt with by way of this note only.

**KS Ethical Green Solutions Fund**

	<b>Number Class B Shares 2007</b>
Issued and fully paid:	1,388,037
Subscriptions during the period	(16,641)
Redemptions during the period	<u>1,371,396</u>
At 31 March 2007	<u>1,371,396</u>

**KS Ethical Balanced Income Fund**

	<b>Number Class B Shares 2007</b>
Class B shares issued and fully paid:	3,201,791
Subscriptions during the period	(77,345)
Redemptions during the period	<u>3,124,446</u>
At 31 March 2007	<u>3,124,446</u>

**KS Prudential Liquidity Fund**

	<b>Number Institutional Shares 2007</b>
Issued and fully paid:	37,992,599
Subscriptions during the period	-
Redemptions during the period	<u>37,992,599</u>
At 31 March 2007	<u>37,992,599</u>

## THE KING & SHAXSON FUND PLC

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2007 (CONTINUED)

#### 7. Net asset value

The Net Asset Value per Share as per the Financial Statements at 31 March 2007 is:

##### **KS Ethical Green Solutions Fund**

Net Asset Value	£1,534,011
Number of shares outstanding	1,371,396
NAV per share	£1.12

##### **KS Ethical Balanced Income Fund**

Net Asset Value	£3,429,802
Number of shares outstanding	3,124,446
NAV per share	£1.10

##### **KS Prudential Liquidity Fund**

Net Asset Value	£39,153,083
Number of shares outstanding	37,992,599
NAV per share	£1.03

#### 8. Financial Instrument Risk

The Company's investment activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests.

The risks associated with these instruments and the risk management techniques employed by the Company are discussed below.

##### *Market risk*

Market risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss that Sub-Funds might suffer through holding market positions in the face of adverse price movements.

The relevant Investment Manager periodically reviews the asset allocation of the portfolios of the Sub-Funds in order to minimise the risk associated with particular industry sectors whilst continuing to follow the investment objective. The portfolio of assets selected for each Sub-Fund seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

**THE KING & SHAXSON FUND PLC**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2007  
(CONTINUED)**

**8. Financial Instrument Risk (continued)**

*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. The Company's Investment Manager has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis.

At 31 March 2007, the following financial assets were exposed to credit risk: investments in debt instruments, balances due from brokers, derivative financial assets and other receivables. Total carrying amount of financial assets exposed to credit risk amounted to GBP 40,494,864.

Funds will also be exposed to a credit risk in relation to the counterparties with whom they transact or place margin or collateral in respect of transactions in financial derivative instruments and may bear the risk of counterparty default. The table below lists for each relevant Fund, as at balance sheet date, the highest percentage of the value of financial derivative assets held with any individual counterparty.

	<b>Counterparty</b>	<b>% value of financial derivate assets held with counterparty</b>
KS Prudential Liquidity Fund	Royal Bank of Scotland	100%

Credit risk arising on transactions with brokers relate to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved

*Currency risk*

Investments may be acquired in a wide range of currencies, some of which may be affected by currency movements.

The Company may enter into certain currency related transactions in order to hedge the currency exposure of the Company where the Company invests in assets denominated in currencies other than Base Currency

At 31 March 2007 the Company was exposed to Currency risk because it had assets and liabilities denominated in currencies other than the Sterling. The Company's currency exposure of net assets at 31 March 2007 was as follows:

	<b>KS Ethical Green Solution Fund 2007</b>	<b>KS Ethical Balanced Income Fund 2007</b>	<b>KS Prudential Liquidity Fund 2007</b>	<b>Total 2007</b>
Australian Dollar	113,013	-	-	113,013
Canadian Dollar	30,958	-	-	30,958
Danish Krone	30,826	-	-	30,826
Euro	212,244	582,629	(18,062)	776,811
Hong Kong Dollar	65,021	-	-	65,021
Norwegian Krone	51,108	-	-	51,108
Singapore Dollar	41,822	-	-	41,822
Swiss Franc	42,979	42,979	-	85,958
United States Dollar	422,422	237,312	-	659,734
	<b>1,010,393</b>	<b>862,920</b>	<b>(18,062)</b>	<b>1,855,251</b>

**THE KING & SHAXSON FUND PLC**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2007  
(CONTINUED)**

**8. Financial Instrument Risk (continued)**

The majority of the assets of the equity Funds are equity shares which neither pay interest nor have a maturity date. The majority of the assets of the bond Funds are bonds. For details, see the Schedules of Investments for each Fund.

**KS Ethical Green Solutions Fund**

	<b>Total</b>	<b>Floating Rate Financial Assets</b>	<b>Fixed Rate Financial Assets</b>	<b>Financial assets on which no interest is paid</b>
	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>
Australian dollar	113,013	-	-	113,013
British pound	523,618	27,851	30,093	465,674
Canadian dollar	30,958	1,658	-	29,300
Danish krone	30,826	-	-	30,826
Euro	212,244	1,178	-	211,066
Hong kong dollar	65,021	-	-	65,021
Norwegian Krone	51,108	-	-	51,108
Singapore dollar	41,822	-	-	41,822
Swiss Franc	42,979	296	-	42,683
US dollar	422,422	88	25,616	396,718
	<b>1,534,011</b>	<b>31,071</b>	<b>55,709</b>	<b>1,447,231</b>

	<b>Weighted Average Interest Rate</b>	<b>Weighted Average period for which rate is fixed</b>
	<b>%</b>	<b>Years</b>
British pound	6.12	11.81
US dollar	5.00	4.63

**KS Ethical Balanced Income Fund**

	<b>Total</b>	<b>Floating Rate Financial Assets</b>	<b>Fixed Rate Financial Assets</b>	<b>Financial assets on which no interest is paid</b>
	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>
Swiss franc	42,979	296	-	42,683
Euro	621,060	2,849	105,281	512,930
British pound	2,528,449	120,176	827,794	1,580,479
US dollar	237,314	397	128,063	108,854
	<b>3,429,802</b>	<b>123,718</b>	<b>1,061,138</b>	<b>2,244,946</b>

	<b>Weighted Average Interest Rate</b>	<b>Weighted Average period for which rate is fixed</b>
	<b>%</b>	<b>Years</b>
Swiss franc	-	-
Euro	4.80	7.27
British pound	5.43	9.97
US dollar	5.00	4.63

**THE KING & SHAXSON FUND PLC**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2007  
(CONTINUED)**

**8. Financial Instrument Risk (continued)**

**KS Prudential Liquidity Fund**

	<b>Total</b>	<b>Floating Rate Financial Assets</b>	<b>Fixed Rate Financial Assets</b>	<b>Financial assets on which no interest is paid GBP</b>
	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>
Euro	(18,062)	54	-	(18,116)
British pound	39,171,145	11,401,625	27,450,743	318,777
	<b>39,153,083</b>	<b>11,401,679</b>	<b>27,450,743</b>	<b>300,661</b>

	<b>Weighted Average Interest Rate</b>	<b>Weighted Average period for which rate is fixed Years</b>
	<b>%</b>	<b>Years</b>
British pound	5.15	0.30

*(e) Price risk*

Price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Company's financial instruments are carried at fair value with fair value changes recognised in the profit and loss account, all changes in market conditions will directly affect the net asset value of the Fund.

Price risk is mitigated by the Fund's Investment Manager by constructing a diversified portfolio of instruments traded on various markets. In addition, price risk may be hedged using derivative financial instruments such as options or futures.

*(f) Liquidity risk*

Not all securities or instruments invested in by the Company will be listed or rated and consequently liquidity may be low. The accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The Company may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.

## THE KING & SHAXSON FUND PLC

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2007 (CONTINUED)

#### 9. Distributions

The Company does not expect to pay dividends in respect of KS Ethical Green Solutions Fund and KS Prudential Liquidity Fund.

It is intended the KS Ethical Balanced Fund will pursue a distribution policy so that the Fund will be able to obtain certification as a “Distributing Fund” under the United Kingdom Income Corporation Taxes Act, 1988 for the purpose of United Kingdom taxation. The Director’s current intention is to distribute in respect of each accounting period substantially the whole of the net income (including interest and dividends) of the Fund. In addition, the Directors may distribute such part of any realised and unrealised capital gains less realised and unrealised capital losses attributable to the Fund as, in their opinion, is appropriate to maintain a satisfactory level of distribution for the Fund. Otherwise all income and gains of the Fund will be accumulated within the Fund.

The following distribution was paid out of the KS Ethical Balanced Fund:

<b>Ex Date</b>	<b>Pay Date</b>	<b>Shares in Issue</b>	<b>Dividend Rate</b>	<b>Dividend Amount</b>
8 May 2007	11 May 2007	3,450,433.98	£0.0225	£77,635

#### 10. Reconciliation of Net Asset Value

The published net asset value per share differs from that presented in these financial statements. The difference is between the Prospectus policy adopted for valuation (at “mid prices”) and the valuation method (at “bid prices”) required by the Financial Reporting Standards.

A reconciliation of the net asset value is as follows:

<b>Fund</b>	<b>As per valuation in accordance with prospectus GBP</b>	<b>Adjustment for bid pricing GBP</b>	<b>Bid valuation as per FRS 26 GBP</b>
KS Ethical Green Solutions	1,543,111	9,100	1,534,011
KS Ethical Balanced Income	3,436,339	6,537	3,429,802
KS Prudential Liquidity	39,175,415	22,332	39,153,083

#### 11. Fair value information

Many of the Fund’s financial instruments are carried at fair value on the balance sheet. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including amounts due from / to brokers, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

The carrying amounts of all the Fund’s financial assets and financial liabilities at the balance sheet date approximated their fair values.

**THE KING & SHAXSON FUND PLC**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2007  
(CONTINUED)**

**12. Bank balances**

All cash amounts are deposited with HSBC Bank plc.

**13. Post balance sheet events**

The following distribution was paid out of the KS Ethical Balanced Fund:

<b>Ex Date</b>	<b>Pay Date</b>	<b>Shares in Issue</b>	<b>Dividend Rate</b>	<b>Dividend Amount</b>
8 May 2007	11 May 2007	3,450,433.98	0.0225	77,635

The Prudential Liquidity Fund has been notified of significant redemptions which will occur subsequent to the year end. The Directors are currently considering the future of this fund. One option under consideration is the possible closure of the Fund. The Directors believe that it remains appropriate at this time to prepare the financial statements of this Fund on a going concern basis.

**14. Authorisation of the Financial Statements**

The Financial Statements were authorised for issue by the Directors on 25 July 2007.

**THE KING & SHAXSON FUND PLC**

**KS ETHICAL GREEN SOLUTIONS FUND  
UNAUDITED PORTFOLIO MOVEMENTS**

**20 LARGEST PURCHASES AND SALES (AMALGAMATED BY SECURITY) DURING THE PERIOD  
(expressed in Sterling)**

	<b>Number of Shares</b>	<b>Cost/Proceeds GBP</b>
<b>Largest Purchases</b>		
RPS Group	38,485	85,966
Tomra	22,000	75,511
MTR	51,000	68,554
Aqua America	5,000	57,835
Sims Group	7,200	52,247
Insituform Techs	4,000	52,229
Arriva	8,000	51,975
Union Pacific	1,000	48,570
SunOpta	10,600	48,515
Polaris Geothermal	85,000	46,472
Optiscan Imaging	220,000	45,492
Curanum	10,000	45,119
RM	24,200	41,624
Arcadis	1,650	41,456
Biffa	15,000	39,578
Canadian Pacific Rail	1,500	38,300
Precious Woods Holdings	1,000	38,155
Halma	20,000	37,236
Shanks Group	20,000	37,141
LKQ	3,000	35,851
<b>Largest Sales</b>		
Tomra	22,000	79,395
Canadian Pacific Rail	1,500	44,652
National Express	4,000	44,584
RPS Group	20,000	44,324
Agcert International	25,300	39,097
Muehlhan	8,000	38,106
Plambeck Neue Energien	15,000	32,569
Biffa	7,500	24,934
Ocean Power Technologies	27,400	23,789
Shanks Group	10,000	23,199
Arriva	3,000	20,932

**THE KING & SHAXSON FUND PLC**

**KS ETHICAL BALANCED INCOME FUND  
PORTFOLIO MOVEMENTS**

**20 LARGEST PURCHASES AND SALES (AMALGAMATED BY SECURITY) DURING THE PERIOD  
(expressed in Sterling)**

	<b>Number of Shares</b>	<b>Cost/Proceeds GBP</b>
<b>Largest Purchases</b>		
Nokia	14,500	158,644
KFW 5.375% 07/12/2011	125,000	132,311
IFFIM 5.000% 14/11/2011	250,000	131,530
Eurocommerical Properties	5,500	130,939
Vodafone Group	100,000	124,363
MedicX	105,000	106,414
Yorkshire Water Finance 5.375% 21/02/2023	100,000	104,443
Network Rail 4.875% 27/11/2015	100,000	103,629
Soc Natl Chemins 5.000% 30/12/2010	100,000	103,313
Severn Trent	7,664	101,203
Scottish & Southern Energy	8,050	100,303
Northern Rock	8,065	90,026
Isis Property Trust	56,300	86,702
F&C Asset Management	50,000	85,250
DSG International	40,750	80,430
Philips	4,000	74,580
United Utilities	10,808	73,711
Aviva	75,000	73,677
Standard Life Investments Property	55,000	72,754
Johnson Matthey	5,656	70,757
<b>Largest Sales</b>		
F&C Asset Management	52,500	96,641
Nokia	8,500	96,448
Primary Health	12,680	58,152
National Express	4,635	51,554
Deutsche Telekom	5,000	45,696
Northern Rock	4,000	45,432
DSG International	20,000	39,979
Eurocommerical Properties	1,500	39,027
Kingfisher	15,000	38,734
Dexia	2,000	28,615
Biffa	7,500	24,934
Shanks Group	10,000	23,199
Arriva	3,000	20,932

**THE KING & SHAXSON FUND PLC**

**KS ETHICAL PRUDENTIAL LIQUIDITY FUND  
PORTFOLIO MOVEMENTS**

**20 LARGEST PURCHASES AND SALES (AMALGAMATED BY SECURITY) DURING THE PERIOD  
(expressed in Sterling)**

	<b>Number of Shares</b>	<b>Cost/Proceeds GBP</b>
<b>Largest Purchases</b>		
UK Treasury Bill 0.000% 07/08/2006	15,000,000	14,989,208
UK Treasury Bill 0.000% 14/08/2006	10,000,000	9,984,424
UK Treasury Bill 0.000% 11/09/2006	5,500,000	5,480,203
UK Treasury 5.750% 07/12/2009	2,000,000	2,067,247
UK Treasury Bill 0.000% 13/11/2006	2,000,000	1,998,675
UK Treasury Bill 0.000% 09/10/2006	2,000,000	1,992,739
UK Treasury Bill 0.000% 11/12/2006	2,000,000	1,992,314
UK Treasury Bill 0.000% 08/01/2007	2,000,000	1,992,236
UBS 4.810% CD 09/10/2006	1,900,000	1,906,239
CBA 5.160% CD 16/02/2007	1,900,000	1,900,000
Credit Indust Com 5.470% CD 29/05/2007	1,900,000	1,900,000
Societe Generale 4.930% CD 11/12/2006	1,900,000	1,900,000
Societe Generale 5.190% CD 12/03/2007	1,900,000	1,900,000
Societe Generale 5.400% CD 14/05/2007	1,900,000	1,900,000
UBS 4.815% CD 09/11/2006	1,900,000	1,900,000
UBS 4.830% CD 02/10/2006	1,900,000	1,900,000
UBS 5.140% CD 09/01/2007	1,900,000	1,900,000
UBS 5.225% CD 09/03/2007	1,900,000	1,900,000
UBS 5.340% CD 09/04/2007	1,900,000	1,900,000
EIB 7.625% 07/12/2006	1,783,000	1,896,394
<b>Largest Sales</b>		
UK Treasury 5.750% 07/12/2009	2,000,000	2,045,695
HSBC Bank Plc FRN 23/03/2007	1,100,000	1,100,513
Barclays Bank 4.900% CD 16/11/2006	1,000,000	1,005,376
Barclays Bank 5.180% CD 15/01/2007	1,000,000	1,003,711
DZ Bank 5.535% CD 25/04/2007	1,000,000	1,003,459
Helaba 4.890% CD 02/11/2006	1,000,000	1,000,571
Bank of Ireland 4.840% CD 13/11/2006	1,000,000	1,000,138
Unicredito Italiano FRN 03/08/2009	800,000	810,757
DNB Nor Bank Asa FRN 09/02/2009	800,000	804,196
Alliance & Leicester FRN 30/11/2009	800,000	803,390