Zeno Capital Limited

(Registration number 162 8131)
Group Annual Financial Statements
for the year ended 31 December 2013

These group annual financial statements were prepared by:
U Jensen
Group Financial Accountant

Certified Master Auditors Incorporated
Chartered Accountants (S.A.)
Registered Auditors

Published 25 March 2014

General Information

Country of incorporation and domicile	Virgin Islands (British)
Nature of business and principal activities	Proprietary investments and property
Directors	A Vassilopoulos C.M. Vining G.R. Poole G Roussos C.A. Akal
Registered office	19 Waterfront Drive Road Town Tortola British Virgin Islands VG1110
Business address	19 Waterfront Drive Road Town Tortola British Virgin Islands VG1110
Postal address	P.O. Box 3540 Road Town Tortola British Virgin Islands VG1110
Holding company	HBW Group (Proprietary) Limited incorporated in South Africa
Ultimate holding company	Supaluck Investments (Proprietary) Limited incorporated in South Africa
Bankers	Investec Private Bank
Auditors	Certified Master Auditors Incorporated Chartered Accountants (S.A.) Registered Auditors
Secretary	Total Serve Trust Company Limited
Company registration number	162 8131
Preparer	The group annual financial statements were internally compiled by: U Jensen Group Financial Accountant
Published	25 March 2014

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The reports and statements set out below comprise the group annual financial statements presented to the shareholders:

The following supplementary information does not form part of the group annual financial statements and is unaudited:

Published

25 March 2014

Audit Committee Report

1. Members of the Audit Committee

The members of the audit committee include:

Name	Qualification
A Vassilopoulos	
G Roussos	CA(SA)
A.J. Chappel	

The committee is satisfied that the members thereof have the required knowledge and experience.

2. Meetings held by the Audit Committee

The audit committee performs the duties as required by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

3. External auditor

The audit committee has nominated Certified Master Auditors Incoporated as the independent auditor and George Davias as the designated partner, who is a registered independent auditor, for appointment of the 2013 audit.

The committee satisfied itself through enquiry that the external auditors are independent as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the BVI Business Companies Act, 2004 that internal governance processes within the firm support and demonstrate the claim to independence.

The audit committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

4. Group Annual Financial Statements

Following their review of the group annual financial statements the audit committee recommended board approval thereof.

5. Accounting practices and internal control

The audit committee has monitored the system of internal financial control established by the company and ensured that the directors have placed considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, an audit committee charter is in place setting out the committee's roles and responsibilities. These include:

- reviewing accounting, auditing and financial reporting matters;
- ensuring an effective control environment is maintained;
- assessing adherence to controls;
- monitoring proposed changes in accounting policies;
- advising the board on the accounting implications of major transactions;
- recommending the appointment of external auditors for approval;
- assessing adherence to controls and systems within the company;
- monitoring and appraising internal operating structures and systems to ensure that these are maintained;
- establishing guidelines for recommending the use of external auditors for non-audit services.

Audit Committee Report

6. Financial reporting framework

The audit committee approves that the reporting framework used to prepare the financial statements, being International Financial Reporting Standards, is appropriate.

On behalf of the audit committee

George Roussos
Chairman Audit Committee

Johannesburg

19 March 2014

Directors' Responsibilities and Approval

The directors are required in terms of the BVI Business Companies Act, 2004 to maintain adequate accounting records and are responsible for the content and integrity of the group annual financial statements and related financial information included in this report. It is their responsibility to ensure that the group annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the group annual financial statements.

The group annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the group annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2014 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's group annual financial statements. The group annual financial statements have been examined by the company's external auditors and their report is presented on page 6.

The group annual financial statements set out on pages 7 to 31, which have been prepared on the going concern basis, were approved by the directors on 25 March 2014 and were signed on their behalf by:

Director

Director

Johannesburg

25 March 2014

Independent Auditors' Report

To the Shareholders of Zeno Capital Limited

We have audited the group annual financial statements of Zeno Capital Limited, as set out on pages 10 to 30, which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Group Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these group annual financial statements in accordance with International Financial Reporting Standards, and requirements of the BVI Business Companies Act, 2004, and for such internal control as the directors determine is necessary to enable the preparation of group annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the group annual financial statements present fairly, in all material respects, the financial position of Zeno Capital Limited as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the BVI Business Companies Act, 2004.

Other matter

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 31 does not form part of the group annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Other reports required

As part of our audit of the group annual financial statements for the year ended 31 December 2013, we have read the Directors' Report and the Audit Committee's Report for the purpose of identifying whether there are material inconsistencies between these reports and the audited group annual financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited group annual financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Certified Master Auditors Incorporated
Registered Auditors

25 March 2014

CMA Office Park
No 1 Second Road
Halfway House
Midrand
South Africa

Per: George Davias
Chartered Accountant (S.A.)
Registered Auditor

Directors' Report

The directors have pleasure in submitting their report on the group annual financial statements of Zeno Capital Limited for the year ended 31 December 2013.

1. Review of financial results and activities

The group annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the BVI Business Companies Act, 2004. It was decided by the board of directors to adopt International Financial Reporting Standards. The financial statements were previously prepared under International Financial Reporting Standards for SME's. The change has not had a material effect on the reported results.

Full details of the financial position, results of operations and cash flows of the company are set out in these group annual financial statements.

2. Share capital

	2013	2012
Authorised	Number of shares	
Ordinary shares	50 000	50 000

	2013	2012	2013	2012
Issued	$	$	Number of shares	
Ordinary shares	30 091 126	30 091 126	30 091	30 091

There have been no changes to the authorised or issued share capital during the year under review.

3. Control over unissued shares

The unissued ordinary shares are the subject of a general authority granted to the directors. As this general authority remains valid only until the next AGM, the shareholders will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares under the control of the directors until the next AGM.

4. Dividends

The directors have resolved not to declare a dividend for the financial year ended 31 December 2013.

5. Insurance and risk management

The company follows a policy of reviewing the risks relating to assets and possible liabilities arising from business transactions with its insurers on an annual basis. Wherever possible assets are automatically included. There is also a continuous asset risk control programme, which is carried out in conjunction with the company's insurance brokers. All risks are considered to be adequately covered, except for political risks, in the case of which as much cover as is reasonably available has been arranged.

6. Directorate

The directors in office at the date of this report are as follows:

Directors	**Designation**
A Vassilopoulos	Executive chairman
C.M. Vining	Non-executive
G.R. Poole	Executive
G Roussos	Non-executive
C.A. Akal	Executive

There have been no changes to the Directorate for the year under review.

Directors' Report

7. Investment properties

During the year the following properties were acquired:

- 35 Basinghall Street, London, EC2 and 16 Coleman Street, London, EC2R in April 2013
- 111 - 113 Park Street, Mayfair, London, W1K in November 2013

At 31 December 2013 the company's investment in property amounted to $542 536 500 (2012: $ 82 113 000).

The investment properties have been revalued based on directors valuations as at 31 December 2013.

8. Holding company

The company's holding company is HBW Group (Proprietary) Limited which holds 66,5% (2012: 66,5%) of the company's equity. HBW Group (Proprietary) Limited is incorporated in South Africa.

9. Ultimate holding company

The company's ultimate holding company is Supaluck Investments (Proprietary) Limited which is incorporated in South Africa.

10. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

11. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the group annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

12. Litigation statement

The company becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The company is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

13. Auditors

Certified Master Auditors Incorporated continued in office as auditors for the company for 2013.

At the AGM, the shareholders will be requested to reappoint Certified Master Auditors Incorporated as the independent external auditors of the company and to confirm Mr George Davias as the designated lead audit partner for the 2014 financial year.

Directors' Report

14. Secretary

The company secretary is Total Serve Trust Company Limited.

Postal address

P.O. Box 3540
Road Town
Tortola
British Virgin Islands
VG1110

Business address

19 Waterfront Drive
Road Town
Tortola
British Virgin Islands
VG1110

15. Date of authorisation for issue of financial statements

The group annual financial statements have been authorised for issue by the directors on 25 March 2014. No authority was given to anyone to amend the group annual financial statements after the date of issue.

Statement of Financial Position as at 31 December 2013

Figures in US Dollar	Note(s)	2013	2012
Assets			
Non-Current Assets			
Investment property	3	542 536 500	82 113 000
Other financial and investment assets	6	2 866 507	3 228 906
		545 403 007	**85 341 906**
Current Assets			
Loans to group companies	5	328 656	761 873
Trade and other receivables	7	566 813	29 118
Cash and cash equivalents	8	12 329 049	1 082 541
		13 224 518	**1 873 532**
Total Assets		**558 627 525**	**87 215 438**
Equity and Liabilities			
Equity			
Equity Attributable to Equity Holders of Parent			
Share capital	9	30 091 126	30 091 126
Reserves		3 544 529	-
Retained income		21 255 053	1 507 853
Equity attributable to equity holders of the parent		54 890 708	31 598 979
Unrealised reserves attributable to note holders		26 086 481	-
Non-controlling interest		2 365 117	704 598
		83 342 306	**32 303 577**
Liabilities			
Non-Current Liabilities			
Loans from group companies	5	7 344 651	-
Other financial liabilities	12	454 619 616	52 032 000
		461 964 267	**52 032 000**
Current Liabilities			
Loans from group companies	5	-	573 772
Other financial liabilities	12	1 027 092	813 000
Trade and other payables	13	12 293 860	1 493 089
		13 320 952	**2 879 861**
Total Liabilities		**475 285 219**	**54 911 861**
Total Equity and Liabilities		**558 627 525**	**87 215 438**

Zeno Capital Limited
(Registration number 162 8131)
Group Annual Financial Statements for the year ended 31 December 2013

Statement of Comprehensive Income

Figures in US Dollar	Note(s)	2013	2012
Revenue	14	16 190 232	3 522 663
Other income	15	65 749	1 144 243
Operating expenses		(3 866 425)	(2 024 268)
Operating profit	16	**12 389 556**	**2 642 638**
Investment revenue	17	162 657	60 977
Fair value adjustments	18	51 529 630	75 904
Finance costs	19	(16 588 298)	(1 686 706)
Profit before taxation		**47 493 545**	**1 092 813**
Taxation	20	-	(3 080)
Profit for the year		**47 493 545**	**1 089 733**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		3 544 529	-
Other comprehensive income for the year net of taxation	22	**3 544 529**	-
Total comprehensive income for the year		**51 038 074**	**1 089 733**
Total comprehensive income attributable to:			
Owners of the parent		23 291 729	1 072 082
Unrealised reserves attributable to note holders		26 086 481	-
Non-controlling interest		1 659 864	17 651
		51 038 074	**1 089 733**
Profit attributable to :			
Owners of the parent		19 747 200	1 072 082
Unrealised reserves attributable to note holders		26 086 481	-
Non-controlling interest		1 659 864	17 651
		47 493 545	**1 089 733**

Statement of Changes in Equity

Figures in US Dollar	Share capital	Foreign currency translation reserve	Unrealised reserve attributable to note holders	Total reserves	Retained income	Total attributable to equity / note holders of the group / company	Non-controlling interest	Total equity
Balance at 01 January 2012	**30 091 126**	**-**	**-**	**-**	**435 771**	**30 526 897**	**-**	**30 526 897**
Profit for the year	-	-	-	-	1 072 082	1 072 082	17 651	1 089 733
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**1 072 082**	**1 072 082**	**17 651**	**1 089 733**
Changes in ownership interest	-	-	-	-	-	-	686 947	686 947
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**686 947**	**686 947**
Balance at 01 January 2013	**30 091 126**	**-**	**-**	**-**	**1 507 853**	**31 598 979**	**704 598**	**32 303 577**
Profit for the year	-	-	-	-	45 833 681	45 833 681	1 659 864	47 493 545
Other comprehensive income	-	3 544 529	-	3 544 529	-	3 544 529	-	3 544 529
Total comprehensive income for the year	**-**	**3 544 529**	**-**	**3 544 529**	**45 833 681**	**49 378 210**	**1 659 864**	**51 038 074**
Transfer between reserves	-	-	26 086 481	26 086 481	(26 086 481)	-	-	-
Changes in ownership interest	-	-	-	-	-	-	655	655
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**26 086 481**	**26 086 481**	**(26 086 481)**	**-**	**655**	**655**
Balance at 31 December 2013	**30 091 126**	**3 544 529**	**26 086 481**	**29 631 010**	**21 255 053**	**80 977 189**	**2 365 117**	**83 342 306**
Note(s)	9	10&22	11					

Statement of Cash Flows

Figures in US Dollar	Note(s)	2013	2012
Cash flows from operating activities			
Cash generated from operations	23	23 680 910	269 992
Interest income		54 047	41 723
Dividends received		108 610	19 254
Finance costs		(16 588 298)	(1 686 706)
Tax received	24	-	(3 080)
Net cash from operating activities		**7 255 269**	**(1 358 817)**
Cash flows from investing activities			
Purchase of investment property	3	(364 710 803)	-
Net movement in related company loans		7 204 096	(156 800)
Net movement in other financial and investment assets		(357 706)	(2 181 477)
Net cash from investing activities		**(357 864 413)**	**(2 338 277)**
Cash flows from financing activities			
Net movement in other financial liabilities		361 855 652	1 727 340
Net cash from financing activities		**361 855 652**	**1 727 340**
Total cash movement for the year		**11 246 508**	**(1 969 754)**
Cash at the beginning of the year		1 082 541	3 052 295
Total cash at end of the year	8	**12 329 049**	**1 082 541**

Accounting Policies

1. Presentation of Group Annual Financial Statements

The group annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the BVI Business Companies Act, 2004. The group annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in US Dollars.

These accounting policies are consistent with the previous period, except for the changes set out in note 27 First-time adoption of International Financial Reporting Standards.

1.1 Consolidation

Basis of consolidation

The consolidated group annual financial statements incorporate the group annual financial statements of the company and all subsidiaries which are controlled by the company.

The company has control of an subsidiary when it has power over the subsidiary; it is exposed to or has rights to variable returns from involvement with the subsidiary; and it has the ability to use its power over the subsidiary to affect the amount of the investor's returns.

The results of subsidiaries are included in the consolidated group annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the group annual financial statements of subsidiaries to bring their accounting policies in line with those of the company.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the group annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the group annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the group annual financial statements. Significant judgements include:

Trade receivables

The company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Available-for-sale financial assets

The company follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

1.3 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

Property interests held under operating leases are accounted for as investment property when the property is subleased. A property interest that meets the definition of investment property are capitalised where no part of the lease is occupied by the company.

1.4 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Financial assets at fair value through profit or loss
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at fair value through profit or loss
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Accounting Policies

1.4 Financial instruments (continued)

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss exclude dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the company's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the company's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in profit or loss, while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Accounting Policies

1.4 Financial instruments (continued)

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Loans to (from) group companies

These include loans to and from holding companies and fellow subsidiaries.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in other income in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Accounting Policies

1.4 Financial instruments (continued)

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified at fair value through profit or loss.

1.5 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

1.7 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Accounting Policies

1.7 Impairment of assets (continued)

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.9 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed by way of a note to the financial statements.

Accounting Policies

1.10 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of value added tax.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. A Retail Price Index (RPI) swap is held against the rental income received under the Standard Chartered Bank lease, expiring in June 2027. The swap receives fixed uplifts of 2.825% of the previous year's gross rent and pays the percentage increase in the RPI index multiplied by the previous year's gross rent collected.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

1.11 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

1.12 Translation of foreign currencies

Investments in subsidiaries, joint ventures and associates

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:
- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Notes to the Group Annual Financial Statements

Figures in US Dollar	2013	2012

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after
• IFRS 10 Consolidated Financial Statements	01 January 2013
• IAS 27 Separate Financial Statements	01 January 2013
• IFRS 13 Fair Value Measurement	01 January 2013
• IAS 1 Presentation of Financial Statements	01 July 2012
• Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	01 January 2013
• IFRS 1 – Annual Improvements for 2009 – 2011 cycle	01 January 2013
• IAS 1 – Annual Improvements for 2009 – 2011 cycle	01 January 2013
• IAS 32 – Annual Improvements for 2009 – 2011 cycle	01 January 2013
• Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance.	01 January 2013

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2014 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 9 Financial Instruments	01 January 2015	Additional disclosure
• Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	01 January 2014	Additional disclosure

3. Investment property

	2013			2012		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	542 536 500	-	542 536 500	82 113 000	-	82 113 000

Reconciliation of investment property - 2013

	Opening balance	Additions	Foreign exchange movements	Fair value adjustments	Total
Investment property	82 113 000	364 710 803	3 169 485	92 543 212	542 536 500

Reconciliation of investment property - 2012

	Opening balance	Foreign exchange movements	Total
Investment property	78 225 510	3 887 490	82 113 000

Notes to the Group Annual Financial Statements

Figures in US Dollar	2013	2012

Pledged as security

The investment properties listed below have been mortgaged as security for the liabilities noted in note 12.

Details of property

No 169 Union Street, Southwark, London, SE1
The property is let to the London Fire and Emergency Planning Authority on a fully repairing and insuring lease expiring on 18 March 2027.

	2013	2012
- Purchase price: April 2011	72 876 226	72 876 226
- Fair value adjustment	12 803 984	5 349 284
- Foreign exchange movements	5 432 790	3 887 490
	91 113 000	**82 113 000**

35 Basinghall Street, London, EC2 and 16 Coleman Street, London, EC2R
The property is let to Standard Chartered Bank on a fully repairing and insuring lease expiring on 28 June 2027

	2013	2012
- Purchase price: April 2013	346 496 774	-
- Fair value adjustment	84 219 226	-
	430 716 000	**-**

111 - 113 Park Street, Mayfair, London, W1K
The property is let to Brooks Macdonald Financial Consulting Limited on a fully repairing and insuring lease expiring 5 June 2015.

	2013	2012
- Purchase price: November 2013	18 214 028	-
- Fair value adjustment	2 493 472	-
	20 707 500	**-**

Details of valuation

The effective date of the valuations was 31 December 2013. The investment properties are disclosed at the directors' valuation as at the reporting date. The investment properties are independently valued every five years.

Amounts recognised in profit and loss for the year

	2013	2012
Rental income from investment property	16 147 029	3 522 663

Notes to the Group Annual Financial Statements

Figures in US Dollar	2013	2012

4. Interests in subsidiaries

The following table lists the entities which are controlled directly by the Group, and the carrying amounts of the investments are disclosed in the company's separate financial statements.

Name of company	Nature of business	% holding 2013	% holding 2012
Basinghall Properties Limited	Property holding	100.00 %	100.00 %
Ciclo Trust	Investment holding	100.00 %	100.00 %
City Properties (London) Limited	Property holding	100.00 %	100.00 %
Kiklo Capital Limited	Investment holding	100.00 %	100.00 %
Kreis Kapital UG	Investment holding	100.00 %	100.00 %
Mayfair Properties Limited	Property holding	31.50 %	- %
Primezone Properties Limited	Investment holding	100.00 %	100.00 %
Trimantle Unit Trust	Property holding	100.00 %	- %
Union Holdings (UK) Limited	Property holding	98.00 %	98.00 %

5. Loans to (from) group companies

Holding company

HBW Group (Proprietary) Limited	(7 344 651)	(573 772)

The loan is unsecured, bears interest at a linked rate and has no fixed terms of repayment. The loan is not expected be repaid in the next twelve months.

Fellow subsidiaries

Stockley Park Limited	328 656	761 873

The loan is unsecured, bears interest at a linked rate and has no fixed terms of repayment.

Current assets	328 656	761 873
Non-current liabilities	(7 344 651)	-
Current liabilities	-	(573 772)
	(7 015 995)	**188 101**

6. Other financial and investment assets

At fair value through profit or loss

Unlisted shares Minority investment in Stockley Park Limited	5	5
Other investment assets Investment in investment cars.	2 824 071	2 394 071
	2 824 076	**2 394 076**

Notes to the Group Annual Financial Statements

Figures in US Dollar	2013	2012
6. Other financial and investment assets (continued)		
At fair value through profit or loss - held for trading		
Listed shares	-	834 830
Unlisted investment Unlisted shares in the Bank of Cyprus Public Company Limited.	42 431	-
	42 431	**834 830**
Total other financial assets	**2 866 507**	**3 228 906**
Non-current assets		
Designated as at fair value through profit or loss (fair value through income)	2 824 076	2 394 076
Held for trading (fair value through income)	42 431	834 830
	2 866 507	**3 228 906**

Fair value information

Financial assets at fair value through profit or loss are recognised at fair value, which is therefore equal to their carrying amounts.

The following classes of financial assets at fair value through profit or loss are measured to fair value using quoted market prices.

- Listed shares
- Investment cars

The company has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

7. Trade and other receivables

	2013	2012
Prepayments	213 375	22 234
Other receivables	353 438	6 884
	566 813	**29 118**

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	2013	2012
Bank balances	12 291 031	1 082 541
Short-term deposits	38 018	-
	12 329 049	**1 082 541**

9. Share capital

	2013	2012
Authorised		
50 000 Ordinary shares of US$1 000 each	50 000 000	50 000 000

19 909 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

	2013	2012
Issued		
30 091 Ordinary shares of US$1 000 each	30 091 126	30 091 126

Notes to the Group Annual Financial Statements

Figures in US Dollar	2013	2012

10. Foreign currency translation reserve

Translation reserve comprises exchange differences on consolidation of foreign subsidiaries.

Foreign currency translation reserve	3 544 529	-

11. Unrealised reserve attributable to note holders

The unrealised reserve relates to the expected profit participation of the Perpetual Participating Bonds detailed below in note 12.

Profit participation reserve	26 086 481	-

12. Other financial liabilities

At fair value through profit or loss		
Interest rate swaps	40 946 056	-
An amortising interest rate swap with a notional value of US$25 677 300 held for the Union Holdings (UK) Limited senior debt with a swap rate of 1.58%, maturing in November 2016. The market value of the swap as at 31 December 2013 was negative US$196 832. The interest rate swap is unsecured.		
Two amortising interest rate swaps with a notional value of US$341 259 600 held for the Basinghall senior debt with a swap rate of 4.45%, maturing in June 2027. The market value of the swap as at 31 December 2013 was negative US$40 741 758. The swap is cross-collateralised with the Bank's security interest in the Trimantle Unit Trust and the mortgage over the property.		
A non-amortising interest rate swap with a notional value of US$12 176 010 held for the Park Street senior debt with a swap rate of 0.79%, maturing in June 2015. The market value as at 31 December 2013 was negative US$7 466. The interest rate swap is unsecured.		
Held at amortised cost		
Mortgage bond Secured loan bearing interest at a linked rate. Only interest is repayable in quarterly instalments for the term of the loan, with the capital amount being repayable by 3 July 2018.	308 127 600	-
Mortgage bond Secured loan bearing interest at a linked rate. A portion of the loan, $53 011 200 is repayable in quarterly instalments totalling $3 934 425 until 30 September 2016. On the remaining balance, interest only is repayable in quarterly instalments. The balance of facility is repayable on 30 September 2016.	65 187 210	52 845 000
Perpetual Participating Bonds $40 700 000 2% Fixed rate subordinate perpetual participating bonds, bearing interest at a rate of 2% per annum plus a 60% profit participation in selected subsidiaries in the net income after tax and before dividends to common equity holders of investments or business operations where proceeds have been deployed as risk or working capital. The expected profit participation is disclosed above in note 11.	41 385 842	-
	414 700 652	**52 845 000**
	455 646 708	**52 845 000**

Notes to the Group Annual Financial Statements

Figures in US Dollar	2013	2012

12. Other financial liabilities (continued)

Non-current liabilities		
Fair value through profit or loss	40 946 056	-
At amortised cost	413 673 560	52 032 000
	454 619 616	**52 032 000**
Current liabilities		
At amortised cost	1 027 092	813 000
	455 646 708	**52 845 000**

13. Trade and other payables

Amounts received in advance	5 303 959	855 413
VAT	2 214 034	167 192
Other payables	541 867	104 081
Other accrued expenses	4 234 000	366 403
	12 293 860	**1 493 089**

14. Revenue

Rental Income	16 147 029	3 522 663
Recoveries	43 203	-
	16 190 232	**3 522 663**

15. Other income

Profit and loss on exchange differences	65 749	1 144 243

16. Operating profit

Operating profit for the year is stated after accounting for the following:

Operating lease charges		
Premises		
• Contractual amounts	6 198	-
Loss on sale of other financial and investment assets	(652 579)	(1 107 958)

17. Investment revenue

Dividend revenue		
Listed financial assets	-	19 254
Unlisted financial assets	108 610	-
	108 610	**19 254**
Interest revenue		
Shareholder loans	53 782	41 723
Bank	265	-
	54 047	**41 723**
	162 657	**60 977**

Notes to the Group Annual Financial Statements

Figures in US Dollar	2013	2012

18. Fair value adjustments

Investment property (Fair value model)	92 543 212	-
Other financial assets	(67 526)	75 904
Other financial liabilities	(40 946 056)	-
	51 529 630	**75 904**

19. Finance costs

2% Perpetual Participating Bonds	685 842	-
Shareholder loans	114 924	-
Non-current borrowings	15 787 532	1 686 706
	16 588 298	**1 686 706**

20. Taxation

No provision has been made for 2013 tax as the company has no taxable income.

21. Auditors' remuneration

Fees	5 867	6 027

22. Other comprehensive income

Components of other comprehensive income - 2013

	Gross	Tax	Net
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	3 544 529	-	3 544 529

23. Cash generated from operations

Profit before taxation	47 493 545	1 092 813
Adjustments for:		
Loss on sale of financial assets	652 579	1 107 958
Dividends received	(108 610)	(19 254)
Interest received	(54 047)	(41 723)
Finance costs	16 588 298	1 686 706
Fair value adjustments	(51 529 630)	(75 904)
Unrealized foreign exchange movement on conversion	375 699	(3 887 490)
Other non-cash items	-	686 946
Changes in working capital:		
Trade and other receivables	(537 695)	2 567
Trade and other payables	10 800 771	(282 627)
	23 680 910	**269 992**

24. Tax paid

Current tax for the year recognised in profit or loss	-	(3 080)

Notes to the Group Annual Financial Statements

Figures in US Dollar	2013	2012

25. Commitments

There were no capital commitments at year end.

26. Contingencies

There were no contingent assets or liabilities at year end.

27. First-time adoption of International Financial Reporting Standards

The company has applied IFRS 1, First-time adoption of International Financial Reporting Standards, to provide a starting point for the reporting under International Reporting and Accounting Standards. In principle these standards have been applied retrospectively but the 2012 comparatives contained in these group annual financial statements do not materially differ from those published in the group annual financial statements published for the year ended 31 December 2012.

28. Related parties

Relationships	
Ultimate holding company	Supaluck Investments (Proprietary) Limited
Holding company	HBW Group (Proprietary) Limited
Subsidiaries	Refer to note 4
Minority shareholder	Bernard Fagri
Other interest of the directors	Stockley Park Limited
	CE Capital (Proprietary) Limited
Members of key management	A Vassilopoulos
	C Vassilopoulos
	M Maraschin

Related party balances

	2013	2012
Loan accounts - Owing (to) by related parties		
HBW Group (Proprietary) Limited	(7 344 651)	(573 772)
Stockley Park Limited	328 656	761 873

Related party transactions

	2013	2012
Interest paid to (received from) related parties		
HBW Group (Proprietary) Limited	358 877	16 032
Stockley Park Limited	(52 152)	(74 409)
CE Capital (Proprietary) Limited	440 183	-
Bernard Fagri	1 706	-
Dividends received from related parties		
Stockley Park Limited	(108 610)	-

29. Directors' emoluments

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

Notes to the Group Annual Financial Statements

30. Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 5 & 12 cash and cash equivalents disclosed in note 8, and equity as disclosed in the statement of financial position.

Consistent with industry standards, the company monitors capital on the basis of the debt: equity ratio.

This ration is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position). Total equity is represented in the statement of financial position.

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by fund managers under policies approved by the directors. The fund managers identify, evaluate and hedge financial risks in close co-operation with the company's operating units. The directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the fund managers maintain flexibility in funding by maintaining availability under committed credit lines.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

The company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the company to fair value interest rate risk. During 2013 and 2012, the company's borrowings at variable rate were denominated in the US Dollar and the UK pound.

The company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Based on the various scenarios, the company manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the company raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the company borrowed at fixed rates directly. Under the interest rate swaps, the company agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

Notes to the Group Annual Financial Statements

Figures in US Dollar	2013	2012

30. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The company does not hedge foreign exchange fluctuations.

Exchange rates used for conversion of foreign items were:

GBP	1.6566	1.6260

Detailed Income Statement

Figures in US Dollar	Note(s)	2013	2012
Revenue			
Rental Income		16 147 029	3 522 663
Recoveries		43 203	-
	14	**16 190 232**	**3 522 663**
Other income			
Dividends received	17	108 610	19 254
Interest received	17	54 047	41 723
Profit and loss on exchange differences		65 749	1 144 243
Fair value adjustments	18	92 543 212	75 904
		92 771 618	**1 281 124**
Operating expenses			
Administration and management fees		167 743	86 383
Auditors remuneration	21	5 867	6 027
Bank charges		16 576	11 858
Commission paid		49 081	20 473
Import costs		25 000	-
Insurance		52 873	3 828
Lease rentals on operating lease		6 198	-
Listing fees		92 620	244 489
Loss on sale of assets and liabilities		652 579	1 107 958
Professional fees		2 542 059	518 671
Repairs and maintenance		11 456	12 572
RPI swap costs		236 413	-
Secretarial fees		7 960	12 009
		3 866 425	**2 024 268**
Operating profit	16	**105 095 425**	**2 779 519**
Finance costs	19	(16 588 298)	(1 686 706)
Fair value adjustments	18	(41 013 582)	-
		(57 601 880)	**(1 686 706)**
Profit before taxation		**47 493 545**	**1 092 813**
Taxation	20	-	(3 080)
Profit for the year		**47 493 545**	**1 089 733**