# COLLINS INTERNATIONAL LIMITED

**(Registration Number: 48177)**

## ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

## For the year ended 28 February 2011

**Contents**

**Company Information**

| | |
|---|---|
| Investment Manager: | International Property Management Services Limited<br>1st Floor, Exchange House<br>54-58 Athol Street<br>Douglas<br>Isle of Man, IM1 1JD |
| Directors of the Company: | Mr K R Collins<br>Mr L E Hackney<br>Mr R James<br>Mr M P Tolcher<br>Mr S Platt-Ransom |
| Administrator, Secretary and Registrar: | Legis Fund Services Limited<br>P.O. Box 91<br>11 New Street<br>St Peter Port<br>Guernsey, GY1 3EG |
| Listing Sponsor: | Appleby Securities (Bermuda) Ltd<br>Argyle House<br>41a Cedar Avenue<br>Hamilton HM12<br>Bermuda |
| Auditor: | Saffery Champness<br>La Tonnelle House<br>Les Banques<br>St Sampson<br>Guernsey, GY1 3HS |
| Legal Advisers in Guernsey: | Mourant Ozannes<br>1 Le Marchant Street<br>St Peter Port<br>Guernsey, GY1 4HP |
| Legal Advisers in Bermuda: | Appleby<br>Cannon's Court<br>22 Victoria Street<br>Hamilton, HM12<br>Bermuda |

**Investment Manager's Report to the Shareholders of Collins International Limited for the year ended 28 February 2011**

**APEX PROPERTIES LIMITED**

- Apex Properties Ltd (“APL”) is a company registered in the Isle of Man and is a 100% held subsidiary of Collins International Limited ("CIL"). APL was incorporated specifically to hold property investments for CIL.

Global Park

- APL owns a property portfolio, Global Park, in the town centre of Colchester, in the county of Essex.
- Global Park comprises 19 properties, which are a combination of warehouses, shops, offices, car parking and entertainment venues.
- At February 2010, the portfolio was valued at £5m and had earned rentals of £393,782 resulting in a yield of 7.88%. At February 2011, the portfolio was valued at £5m and rentals for the year amounted to £390,979 with a yield of 7.82%.
- During the 2010 financial year, Floramedia handed in a one year break notice. This tenant occupies c.10% of the gross lettable property at Global Park. Their break has been unsuccessful due to the fact that they were in arrears at the time of the break. This shall result in them being in occupation until February 2013. The unit will, however, continue to be marketed.

Apex House

- APL owns Apex House, an office block in London Road, Northfleet, Kent.
- At February 2010, the property was valued at £1.2m and had earned rentals of £102,326 resulting in a yield of 8.53%. At February 2011, the property was valued at £1.2m and rentals for the year amounted to £71,927 with a yield of 5.99%.
- During the current year, there were vacancies on both the first and the third floor. Both floors have been renovated recently and the third floor has been tenanted by SRCL Ltd and Allied Health Care Ltd. The additional rental from these tenants amount to £34,187.
- As at 28 February 2011, only the first floor remained vacant. Both Caxtons Agency and Altus Edwin Hill Chartered Surveyors have been appointed to market the first floor for tenants.

**DIVERSIFIED PROPERTY INVESTMENTS 100 LIMITED**

- Diversified Property Investments 100 Ltd (“DPIL”) is a company registered in the BVI and is a 100% owned subsidiary of CIL. It owns 100% of the shares in Riverside Property Management Ltd (“RPML”), a company registered in the UK owning 100% of the shares in Revival Holdings Ltd (“RHL”), which is also registered in the UK.
- During the current year, this subsidiary group was restructured with the result being that DPIL and RPML were liquidated. CIL now owns the shares directly in RHL, which in turn owns the properties described below.
- RHL owns the freehold title to two properties in West Yorkshire: a property at Queensway, Guiseley, Leeds; and a property at Monkbridge Road, Meanwood, Leeds. Both properties are Care Units for the Elderly on long-term leases with the NHS Trust.
- At February 2010, the properties were valued at £6,424,159 and had earned net rentals of £731,159 resulting in a net yield of 11.38%. At February 2011, the properties were valued at £6,424,159 and net rentals for the year were £770,506 with a net yield of 11.99%.

**Investment Manager's Report to the Shareholders of Collins International Limited for the year ended 28 February 2011 (continued)**

**DU PREEZ LIMITED**

- Du Preez Ltd is a company registered in the Isle of Man and is a 100% held subsidiary of CIL. Du Preez was incorporated specifically to hold CIL's investments into the Delancey DV4 Fund and Zabre Investments Ltd.

Delancey DV4 Fund

- DV4 is a real estate investment venture from Delancey Estates Plc. The fund invests in real estate in the British Isles and mainland Europe.
- As at February 2011, Du Preez Ltd had contributed £1,902,837 to the fund. This equates to 38% of its total commitment. Two further drawdowns were paid subsequent to the year-end.
- Acquisitions and disposals made by the fund during the 2011 financial year:
  - April – acquired Dartford Gateway for £31m;
  - June – acquired Royal Mint Court for £51m;
  - July – disposed N1 Islington at 5.25% yield;
  - September – disposed Bury St. Edmunds at 5.45% yield;
  - December – acquired an interest in the Blade Portfolio;
  - December – acquired Beckenham for £23m;
  - February – acquired West Hallam for £18.65m;
  - February – acquired Oakmayne Plaza for £16.6m.

Zabre Investments Ltd

- Zabre Investments Ltd ("ZIL") is a company registered in Mauritius and is a 10% held investment of Du Preez.
- During the 2011 financial year, ZIL increased its shareholding in Desroches Island Lodge Ltd ("DIL") in the Seychelles from 76% to 81%. ZIL shall acquire a further 18% in DIL during the next two financial years.
- DIL continues to own the leasehold rights to Desroches Island in the Seychelles. It owns the Desroches Island Lodge Hotel as well as the development rights for 22 luxury villas on the island. During the 2011 financial year, refurbishment of the hotel was completed and construction of the first three villas was completed. The sale of the first villa was concluded during the year and a further sale concluded subsequent to the year-end.
- A loan with The Mauritius Commercial Bank for US$ 5.8 million for construction on Desroches Island was negotiated during the prior year and was drawn down in the current year. Repayment of the loan from the proceeds of the villa sales has commenced.

Kaupthing Singer & Friedlander ("KS&F")

- KS&F went into liquidation in 2008.
- As at that date Du Preez Ltd held a balance of £2m with KS&F.
- Liquidation payouts by the KS&F Liquidator have been received with Du Preez receiving £1,256,280 up to 28 February 2011.
- A further payout of £257,013 was received during April 2011. Total anticipated payout from KS&F Liquidator is 95% (74% received to date).

**Investment Manager's Report to the Shareholders of Collins International Limited for the year ended 28 February 2011 (continued)**

**SAXONCHART LIMITED**

- Saxonchart Ltd (“SXL”) is a company registered in the UK and is a 50% held subsidiary of CIL.
- SXL owns 59-60 Grosvenor Street, London, which consists of 24,712sq.ft. of commercial area let to Barclays Wealth and four apartments comprising 3,893sq.ft. of residential area.
- During the prior year, Barclays handed in notice to vacate on the 29th of September 2010. They vacated the premises during the current year and the building was marketed for sale and tenancy.
- The entire building has been newly renovated subsequent to Barclays’ vacancy.
- Subsequent to the year-end, CIL’s partner has approached CIL to acquire its 50% share of SXL.

**PETROCOM ENERGY LTD**

- CIL invested US$250,000 into Petrocom Energy Ltd (“PEL”) through Investec Bank’s private equity division.
- PEL is a Caymans Island registered company with operations in China. It allows a limited number of invited co-investors to invest alongside Investec into a Chinese Coal Blending Facilities business.
- PEL has ongoing legal disputes with the following parties:
  o Main building contractor. This dispute has curtailed Petrocom’s blending operations as the company cannot commit to large-scale operations;
  o Financial advisor; and
  o Shipping company.
- The company made a loss of US$7m for the year ended 31 December 2008 and a loss of US$20m for the year ended 31 December 2009.
- Due to the ongoing legal disputes, PEL has not been able to blend coal and the auditors have not signed off the 2009 Annual Financial Statements. They are unable to provide an indication of the ability of PEL to operate as a going concern.
- Investec have written the value of the investment down to zero in their accounts.

**International Property Management Services Limited**
**August 2011**

## Report of the Directors for the year ended 28 February 2011

The Directors present their Annual Report and Consolidated Financial Statements for the year ended 28 February 2011.

**Activities**

Collins International Limited is a closed-ended investment fund established under the laws of Guernsey with limited liability on 7 December 2007.

**Results**

The results for the group for the year are shown in the Consolidated Statement of Comprehensive Income on page 9.

**Dividends**

The Directors do not recommend the payment of a dividend (2010: nil).

**Directors**

The Directors of the Company during the year and to the date of this report were as follows:

Mr K R Collins
Mr L E Hackney
Mr R James
Mr M P Tolcher
Mr S Platt-Ransom

**Directors' responsibilities**

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets of the company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report, which complies with the requirements of The Companies (Guernsey) Law, 2008.

The directors are responsible for preparing the Annual Report and the financial statements in accordance with The Companies (Guernsey) Law, 2008. The directors have chosen to prepare financial statements for the group in accordance with International Accounting Standards (IFRSs)

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

**Report of the Directors for the year ended 28 February 2011 (continued)**

**Auditor:**
A resolution for the re-appointment of Saffery Champness as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

**The Directors confirm that:**

- so far as each Director is aware, there is no relevant audit information of which the auditor is unaware;
- each Director has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information; and
- the Consolidated Financial Statements give a true and fair view, have been prepared in accordance with International Accounting Standards and comply with The Companies (Guernsey) Law, 2008.

| | |
|---|---|
| R James | M P Tolcher |
| Director | Director |

Date: 17 August 2011

## Independent Auditor's Report to the Shareholders of Collins International Limited

We have audited the financial statements of Collins International Limited, on pages 9 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards.

This report is made solely to the company's members, as a body in accordance with section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**
As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the United Kingdom Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

**Opinion on financial statements**
In our opinion the financial statements:
- give a true and fair view;
- are in accordance with International Accounting Standards; and
- comply with The Companies (Guernsey) Law, 2008.

**Matters on which we are required to report by exception**
We have nothing to report in respect of the following matters where The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:
- proper accounting records have not been kept by the company;
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

**SAFFERY CHAMPNESS** **DATE 19 August 2011**
**CHARTERED ACCOUNTANTS**
**GUERNSEY**

**Consolidated Statement of Comprehensive Income**
**for the year ended 28 February 2011**

| **Revenue** | **Notes** | **2011** € | **2010** € |
|---|---|---|---|
| Revenue | | 2,160,653 | 2,086,791 |
| Unrealised losses on investments | | (571,452) | (50,461) |
| Movement on impairment of assets | | - | 1,033,042 |
| Other income | 4 | 179,244 | 274,632 |
| Expenses | 5 | (1,389,258) | (2,280,368) |
| Finance costs | | (888,243) | (957,696) |
| Other gains/(losses) | 14 | 182,947 | (1,324,239) |
| Loss from operations | | (326,109) | (1,218,299) |
| Share of loss of associate | 11 | (76,259) | (330,699) |
| Loss before tax | | (402,368) | (1,548,998) |
| Taxation charge | 6 | (143,715) | (100,280) |
| Loss for the year | | (546,083) | (1,649,278) |
| Cumulative translation adjustment reserve | | 65,722 | 1,300,717 |
| **Total comprehensive loss for the year** | | (480,361) | (348,561) |

In arriving at the results for the financial year, all amounts above relate to continuing operations.
There are no recognised gains or losses for the year other than those disclosed above.

**Consolidated Statement of Changes in Net Assets Attributable to Holders of Ordinary Shares**
**for the year ended 28 February 2011**

| | **2011** € | **2010** € |
|---|---|---|
| **Net assets at the start of the year** | 22,131,718 | 22,480,279 |
| Decrease in net assets attributable to holders of Ordinary shares | (480,361) | (348,561) |
| **Net assets at the end of the year** | 21,651,357 | 22,131,718 |

The notes on pages 12 to 25 form an integral part of these financial statements.

**Consolidated Statement of Financial Position**
**as at 28 February 2011**

| | | 2011 | 2010 |
|---|---|---|---|
| **Assets** | **Notes** | € | € |
| **Non-current assets** | | | |
| Investment properties | 7 | 7,304,192 | 6,943,471 |
| Property, plant and equipment | 8 | 8,434,965 | 8,615,038 |
| Goodwill | 9 | 554,775 | 527,377 |
| Other financial assets - Investments | 10 | 5,462,485 | 5,182,812 |
| Other financial assets - Loans and Receivables | 10 | 10,649,767 | 10,552,729 |
| Investment in associate | 11 | 3,362,858 | 3,269,602 |
| | | 35,769,042 | 35,091,029 |
| **Current assets** | | | |
| Trade and other receivables | 12 | 921,124 | 1,337,612 |
| Cash and bank balances | | 670,840 | 747,047 |
| | | 1,591,964 | 2,084,659 |
| **Current liabilities** | | | |
| Loans and other payables | 13 | (1,734,648) | (1,517,920) |
| **Net current assets** | | (142,684) | 566,739 |
| **Non-current liabilities** | | | |
| Deferred tax liability | | (25,455) | (33,849) |
| Loans and other payables | 13 | (13,949,546) | (13,492,201) |
| | | (13,975,001) | (13,526,050) |
| **Net assets attributable to holders of Ordinary shares** | | 21,651,357 | 22,131,718 |
| **Ordinary shares in issue** | 18 | 26,274 | 26,274 |
| Reported net asset value per share | | 824.0602 | 842.3429 |

R James
Director

M P Tolcher
Director

Date: 17 August 2011

The notes on pages 12 to 25 form an integral part of these financial statements.

**Consolidated Cash Flow Statement**
**for the year ended 28 February 2011**

| | Note | 2011 € | 2010 € |
|---|---|---|---|
| **Cash flows from Operating Activities** | | | |
| Loss from operations | | (326,109) | (1,218,299) |
| Adjustments | | | |
| Depreciation, amortisation and impairment | | 180,072 | 180,072 |
| Fair value adjustments on investment | | 571,452 | (982,581) |
| Currency (gain)/loss | | (182,947) | 1,324,239 |
| Investment income | | (179,244) | (274,632) |
| Interest expense | | 888,243 | 717,858 |
| (Increase)/decrease in trade receivables | | (115,739) | 256,666 |
| Decrease in trade payables | | (120,699) | (267,302) |
| | | 1,041,138 | 954,320 |
| Taxation paid | | (144,726) | (120,634) |
| Cash inflow/(outflow) from operations | | 570,303 | (384,613) |
| **Investing activities** | | | |
| Investment income | | 179,244 | 274,632 |
| Returns from impaired assets | | 596,319 | 840,058 |
| Interest expense | | (888,243) | (717,858) |
| Movement on loan to Zabre Limited | | 500,482 | (5,356,985) |
| Movements on investments in other financial assets | | (49,293) | (3,170) |
| Movement on oustanding debt to DV4 Limited | | (530,993) | (223,066) |
| Cash outflow from investing activities | | (192,484) | (5,186,389) |
| **Financing activities** | | | |
| Repayments to long-term bank borrowings | | (301,576) | (563,096) |
| Proceeds from short-term bank borrowings | | 8,523 | 257,080 |
| Proceeds from other borrowings | | 259,151 | 621,264 |
| Cash (outflow)/inflow from financing activities | | (33,902) | 315,248 |
| **Net cash inflow/(outflow)** | | 343,917 | (5,255,754) |
| Effect of foreign exchange rate changes | | (420,124) | 192,375 |
| **Net decrease in cash and cash equivalents** | | **(76,207)** | **(5,063,379)** |
| **Cash and cash equivalents at the beginning of the year** | | 747,047 | 5,810,426 |
| **Cash and cash equivalents at the end of the year** | | **670,840** | **747,047** |

The notes on pages 12 to 25 form an integral part of these financial statements.

**Notes to the Financial Statements for the year ended 28 February 2011.**

## 1. General Information

Collins International Limited is a closed-ended investment fund established under the laws of Guernsey with limited liability on 7 December 2007. The Company has an anticipated life of 8 years to 28 February 2016.

The Company will consider any property investment provided it achieves an acceptable return balanced with the risk. In the initial investment stage, the Company will look to investments that have the potential to add value through future rent review or alternate use application. The Company's preferred investment type is commercial property. However, where sound investment opportunities arise in the retail and industrial sectors, these will be considered. The Company will not limit or constrain investments into any particular geographical area (with the exclusion of South Africa and Guernsey).

The Company's Ordinary shares are listed on the Bermuda Stock Exchange.

## 2. Accounting Policies

### (a) Basis of preparation

These financial statements are prepared under the historical cost convention except that investment properties are carried at fair value and in accordance with International Accounting Standards and applicable Guernsey Law. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently during the year unless otherwise stated.

### (b) Adoption of new and revised Standards

In the current year, the group has adopted the following revised standards:-

IAS 1: Presentation of Financial Statements - amendments resulting from April 2009 annual improvement to IFRS (effective for accounting periods beginning on or after 1 January 2010)

IAS 7: Statement of Cash Flows - classification of expenditures on unrecognised assets (effective for accounting periods beginning on or after 1 January 2010)

IAS 17: Leases - amendments resulting from April 2009 annual improvement to IFRS effective for accounting periods beginning on or after 1 January 2010)

IAS 36: Impairment of Assets - amendments resulting from April 2009 annual improvement to IFRS (effective for accounting periods beginning on or after 1 January 2010)

IAS 39: Financial Instruments: Recognition and Measurement amendments resulting from April 2009 annual improvement to IFRS (effective for accounting periods beginning on or after 1 January 2010)

IFRS 2: Share-based Payment - amendment relating to group cash-settled share-based payment transactions (effective for accounting periods beginning on or after 1 January 2010)

IFRS 5: Non-current assets Held for Sale and Discontinued Operations - amendments resulting from April 2009 annual improvement to IFRS (effective for accounting periods beginning on or after 1 January 2010)

IFRS 8: Operating Segments - disclosure of information regarding Profit and Loss, Assets and Liabilities - segment asset and liabilities need only be reported when those assets and liabilities are included in measures used by the chief operating decision maker (effective for accounting periods beginning on or after 1 January 2010)

The adoption of the new standards has not led to any changes in the Company's accounting policies.

### (c) Standards and Interpretations in issue and not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective: -

IAS 1: Presentation of Financial Statements - clarification of statement of changes in equity (effective for accounting periods beginning on or after 1 January 2011)

IAS 18: Revenue - amended to refer to IFRS 9 as well as IAS 39 in excluding proceeds on disposal of financial instruments from the scope of the standard, and in relation to interest revenue (applicable for accounting periods beginning on or after 1 January 2013)

**Notes to the Financial Statements for the year ended 28 February 2011 (continued)**

## 2. Accounting Policies (continued)

### (c) Standards and Interpretations in issue and not yet effective (continued)

IAS 21: The Effects of Changes in Foreign Exchange Rates - consequential amendments from changes to IAS 27 (clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation) (applicable for accounting periods beginning on or after 1 July 2010)

IAS 24: Related Party Disclosures - amendment to simplify related party disclosures (applicable for accounting periods beginning on or after 1 January 2011)

IAS 27: Consolidated and Separate Financial Statements - transition for amendments arising as a result of this IAS (applicable for accounting periods beginning on or after 1 July 2010)

IAS 28: Investments in Associates - consequential amendments from changes to IAS 27 (clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation) (applicable for accounting periods beginning on or after 1 July 2010)

IAS 38: Intangible Assets – clarify that the fair value of an intangible asset acquired in a business combination will reflect market participants' expectations at the acquisition date about the probability that the expected future economic benefits embodied in the asset will flow to the entity (applicable for accounting periods beginning on or after 1 January 2013)

IFRS 3: Business Combinations - transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS; measurement of non-controlling interests; un-replaced and voluntarily repalces share-based payments (applicable for accounting periods beginning on or after 1 July 2010)

IFRS 7: Financial Instruments: Disclosures - clarifying the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments (applicable for accounting periods beginning on or after 1 January 2011)

IFRS 9: Financial Instruments, Classification and Measurement. In November 2009, the Board issued the first part of IFRS 9 relating to the classification and measurement of financial assets. IFRS 9 will ultimately replace IAS 39. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortised cost or fair value. The Fund is currently assessing the impact of IFRS 9 (applicable for accounting periods beginning on or after 1 January 2013)

IFRS 10: Consolidated Financial Statements - to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The Fund is currently assessing the impact of IFRS 10 (applicable for accounting periods on or after 1 January 2013)

IFRS 11: Joint Arrangements - where a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement. The Fund is currently assessing the impact of IFRS 11(applicable for accounting periods on or after 1 January 2013)

IFRS 12: Disclosure of Interests in other Entities - requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. The Fund is currently assessing the impact of IFRS 12 (applicable for accounting periods on or after 1 January 2013)

IFRS 13: Fair Value Measurement - applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2; leasing transactions within the scope of IAS 17; measurements that have some similarities to fair value, but are not fair value, such as net realisable value or value in use (applicable for accounting periods on or after 1 January 2013)

IAS 12: Income Taxes - rebuttable presumption introduced that an investment property will be recovered in its entirety through sale (applicable for accounting periods beginning on or after 1 January 2012)

**Notes to the Financial Statements for the year ended 28 February 2011 (continued)**

2. **Accounting Policies (continued)**

**(c) Standards and Interpretations in issue and not yet effective (continued)**

IFRIC 14: Interpretation of IAS 19: Employee Benefits (applicable for accounting periods beginning on or after 1 January 2011)

IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for accounting periods beginning on or after 1 July 2010)

The Directors anticipate that, with the exception of IFRS 9, 10 ,11 and 12, the adoption of these Standards and Interpretations in future periods will not have a material impact on the financial statements of the Company.

**(d) Foreign exchange**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are translated into Euros (€), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities for consolidation, all items in the Consolidated Statement of Financial Position are retranslated at the rates prevailing at the balance sheet date. Amounts shown in the Consolidated Statement of Comprehensive Income have been retranslated using average exchange rates calculated for each entity. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**(e) Investment property**

Investment property, which is property held for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in the Consolidated Statement of Comprehensive Income in the period in which they arise.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Consolidated Statement of Comprehensive Income during the financial period in which they are incurred.

**(f) Investments**

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.

**(g) Associates**

Associates are entities in which the Company has significant influence, but not control, over the financial and operating policies. Investments in associates are accounted for using the equity method of accounting. The Company recognises its share of the associates' earnings for the year. The result of associate entities acquired and disposed of during the year are included from the effective dates of acquisition to the effective dates of disposal. The Company's interest in associates is carried in the Consolidated Statement of Financial Position at an amount that reflects its share of the net assets of the associate.

**(h) Deposit interest**

Deposit interest is accrued on a daily basis and recognised using the effective interest method.

**(i) Revenue**

Revenue represents income due from the normal activities of the business, being investment in properties, to the extent that the company obtains a right to consideration in exchange for its performance of those activities.

**Notes to the Financial Statements for the year ended 28 February 2011 (continued)**

**2. Accounting Policies (continued)**

**(j) Property, plant and equipment**

Property, plant and equipment is stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over the expected useful lives on the following bases:

| | |
|---|---|
| Long term leasehold property | 2% straight line |

**(k) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

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

**(l) Cash and cash equivalents**

Cash at bank and call deposits are carried at cost. For the purposes of the Consolidated Cash Flow Statement cash and cash equivalents consist of cash and deposits at bank.

**(m) Financial and other assets**

Loans, and other receivables that have fixed or determinable payments that are not quoted in an active market, are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**(n) Financial and other liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

**(o) Fair value measurement hierarchy**

Financial instruments held at fair value follow the fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into one of the three levels.

**(p) Going concern**

These consolidated financial statements have been prepared on a going concern basis as the Directors are satisfied that there are sufficient funds available to enable the company to meet its liabilities as they fall due.

**Notes to the Financial Statements for the year ended 28 February 2011 (continued)**

## 3. Fees

The Management fee is equal to 2% per annum of the Company's Funds payable quarterly in advance. The Manager is also entitled to an acquisition fee of 0.5% of the gross acquisition cost of each relevant property or property rights acquired, to be paid by the Company on the successful completion of any property investment. The fees for the current year are disclosed in Note 5.

The Administrator is entitled to a fixed annual fee of £30,000 together with a transaction fee of £100 per subscription, and an additional £2,500 per board meeting.

The Directors have waived their fees, with the exception of Mr Platt-Ransom and Mr Tolcher, who are paid £5,000 per annum each.

## 4. Other income

| | 2011 | 2010 |
|---|---|---|
| | € | € |
| Bank interest receivable | 6,232 | 48,502 |
| Other income | 173,012 | 226,130 |
| | 179,244 | 274,632 |

## 5. Expenses

| | 2011 | 2010 |
|---|---|---|
| | € | € |
| Administration fees | 69,524 | 124,812 |
| Depreciation | 180,072 | 180,072 |
| Audit fees | 52,918 | 45,943 |
| Bank charges | 7,322 | 5,353 |
| Directors' fees | 12,931 | 11,324 |
| Legal & professional expenses | 24,332 | 376,663 |
| Licence fees/ Sponsor fees | 10,044 | 8,878 |
| Management fees | 78,822 | 472,932 |
| Operating expenses | 937,901 | 1,045,184 |
| Sundry expenses | 15,392 | 9,207 |
| | 1,389,258 | 2,280,368 |

## 6. Taxation

| | 2011 | 2010 |
|---|---|---|
| | € | € |
| Taxation charge for the year | 143,715 | 100,280 |

The Company is taxable in Guernsey at the company standard rate of 0%.
Although no domestic taxation had arisen for the Company itself, tax has arisen in the underlying entities due to higher taxation rates applicable in the United Kingdom.

**Notes to the Financial Statements for the year ended 28 February 2011 (continued)**

## 6. Taxation (continued)

| | 2011 € | 2010 € |
|---|---|---|
| Accounting loss before tax | (402,368) | (1,548,998) |
| Tax at domestic rate of 0% | - | - |
| Effect of higher tax rates in UK | 143,715 | 100,280 |
| Tax expense | 143,715 | 100,280 |

## 7. Investment Properties

| | 2011 € | 2010 € |
|---|---|---|
| **Details of property** | | |
| **Apex House** | | |
| -Fair value at 1 March (£1.2m; 2010 - £1.2m) | 1,343,898 | 1,353,960 |
| -Movement in fair value (£nil; 2010 - £nil) | 69,817 | (10,062) |
| Fair value at 28 February (£1.2m; 2010 - £1.2m) | 1,413,715 | 1,343,898 |
| **Global Park** | | |
| -Fair value at 1 March (£5m; 2010 - £5m) | 5,599,573 | 5,641,500 |
| -Movement in fair value (£nil; 2010 - £nil) | 290,904 | (41,927) |
| Fair value at 28 February (£5m; 2010 - £5m) | 5,890,477 | 5,599,573 |
| **Total fair value of properties** | 7,304,192 | 6,943,471 |

Formal "Red Book" valuations were carried out in May 2009. For the purpose of these financial statements "desk top" valuations were carried out by Alastair West MSc, MCIOB, MRICS. The fair value of the properties has been established with regard to, and is supported by, market evidence for similar properties.

**Pledged as security**
Carrying value of assets pledged as security:

| | 2011 € | 2010 € |
|---|---|---|
| Apex House | 1,413,715 | 1,343,898 |
| Global Park | 5,890,477 | 5,599,573 |

## 8. Property, plant and equipment

| | 2011 € Land and buildings | 2010 € Land and buildings |
|---|---|---|
| **Cost** | 9,003,624 | 9,003,624 |
| **Depreciation** | | |
| At 1 March | (388,586) | (208,514) |
| Charge for the year | (180,073) | (180,072) |
| At 28 February | (568,659) | (388,586) |
| **Net book value** | | |
| At 28 February | 8,434,965 | 8,615,038 |

The two properties held by Revival Holdings Limited in the North of England are given as security against the Royal Bank of Scotland loan advanced to Riverside Properties Management Limited, but now passed to Revival Holdings Limited (note 13).

**Notes to the Financial Statements for the year ended 28 February 2011 (continued)**

## 9. Goodwill

The goodwill arose on the acquisition of Diversified Property Limited and its subsidiaries, Riverside Properties Management Limited and Revival Holdings Limited, during 2009. In February 2011, the two former companies were dissolved. At the year-end, the Company holds the entire issued share capital of Revival Holdings Limited and the goodwill now relates to this.

| | 2011<br>€ | 2010<br>€ |
|---|---|---|
| Carrying amount at 1 March | 527,377 | 531,326 |
| Adjustment to goodwill for year end exchange differences | 27,398 | (3,949) |
| Carrying amount at 28 February | 554,775 | 527,377 |

An impairment review of the cash-generating unit, Revival Limited, was carried out at 28 February 2011 and it was considered that goodwill was not impaired.

## 10. Other financial assets

| | 2011<br>€ | 2010<br>€ |
|---|---|---|
| ***Investments*** | | |
| Unlisted shares - Zabre Investments Limited | 1 | 1 |
| Unlisted shares - DV4 Limited (1) | 5,462,484 | 5,087,261 |
| Connaught Place PCC Limited - Beta Cell (Petrocom Energy Limited) (2) | - | 95,550 |
| | 5,462,485 | 5,182,812 |

(1) The Company is committed to a total investment of £5,000,000. The remaining amount payable has been fair valued using a discount rate of LIBOR plus 4%.
(2) The Directors have taken the decision to fair value the investment at nil (2010: 50% of its cost).

| | 2011 | 2010 |
|---|---|---|
| ***Loans and receivables*** | | |
| Loan to Zabre Investments Limited (a) | 10,507,512 | 10,464,358 |
| Other loans (b) | 142,255 | 88,371 |
| | 10,649,767 | 10,552,729 |

(a) The loan to Zabre Investments Limited is unsecured, bears no interest and has no fixed terms of repayment.
(b) The other loans are unsecured, bear interest at 5% per annum and have no fixed terms of repayment.

## 11. Investment in associate

| | 2011<br>€ | 2010<br>€ |
|---|---|---|
| Saxonchart Limited: | | |
| Investment at cost | 4,579,953 | 4,579,953 |
| Share of retained loss | (680,885) | (350,186) |
| Share of loss for the current year | (76,259) | (330,699) |
| Exchange difference | (459,951) | (629,466) |
| | 3,362,858 | 3,269,602 |

**Notes to the Financial Statements for the year ended 28 February 2011 (continued)**

## 11. Investment in associate (continued)

| | 2011<br>€ | 2010<br>€ |
|---|---|---|
| Financial information: | | |
| Assets | 31,204,931 | 28,212,121 |
| Liabilities | (32,725,884) | (29,512,319) |
| Revenue | 810,641 | 1,311,671 |
| Loss for the year | (152,518) | (661,398) |

## 12. Trade and other receivables

| | 2011<br>€ | 2010<br>€ |
|---|---|---|
| Kaupthing Singer & Friedlander (1) | 527,571 | 1,068,386 |
| Trade and other receivables | 364,047 | 208,947 |
| Prepayments | 29,506 | 60,279 |
| | 921,124 | 1,337,612 |

(1) During the 2009 financial period, Kaupthing Singer & Friedlander was placed in liquidation. The fair value has been established with reference to the recent report issued by the liquidators, Pricewaterhouse Coopers, Isle of Man. During the year, there have been receipts of 24.6% (2010: 36.5%) of the initial debt due of £2,056,101. The Directors, have, however, on the strength of the approximate recoveries detailed in the latest liquidators report, made no further impairment, having impaired the initial investment by 17% in the 2010 financial statements.

## 13. Loans and other payables

| **Current loans and other payables** | 2011<br>€ | 2010<br>€ |
|---|---|---|
| Audit fee | 23,562 | 55,380 |
| Directors' fees | 1,964 | 1,867 |
| Tax liability | 84,287 | 86,059 |
| Trade & other creditors | 160,338 | 236,896 |
| Owed to Arnewood Limited | 265,023 | 245,790 |
| Owed to International Property Management Limited | 714,112 | 634,848 |
| Owed to Cheshire Properties Limited | 206,404 | - |
| Short-term bank loan | 278,958 | 257,080 |
| | 1,734,648 | 1,517,920 |
| **Non-current loans** | | |
| Other financial liabilities (a) | 1,060,274 | 1,007,574 |
| Other financial liabilities (b) | 3,829,150 | 3,653,783 |
| Other financial liabilities (c) | 5,741,119 | 5,730,873 |
| DV4 Limited (d) | 3,319,003 | 3,099,971 |
| | 13,949,546 | 13,492,201 |

**(a)** Leeds Building Society - Apex House
The loan is secured over the investment property detailed in Note 7, bears interest at 1.3% per annum above LIBOR for a minimum period of five years and is repayable in full on the fifth anniversary date of drawdown of the initial advance.

**Notes to the Financial Statements for the year ended 28 February 2011 (continued)**

## 13. Loans and other payables (continued)

**(b)** Leeds Building Society - Global Park
The loan is secured over the investment property detailed in Note 7, bears interest at 1.3% per annum above LIBOR for a minimum period of five years and is repayable in full on the fifth anniversary date of drawdown of the initial advance.

**(c)** Royal Bank of Scotland - secured by the two properties held by Revival Holdings
The loan is secured by the properties detailed in Note 8. The loan is being repaid in monthly instalments over the period until May 2015. An interest swap hedge was taken out to manage the risk on increasing interest rates to cover the loan.

**(d)** The above amount is payable over the remaining drawdown period of the subscription agreement, which expires on 7 March 2013. The above debt has been fair valued using a discount rate of LIBOR plus 4%.

## 14. Other gains/ (losses)

| | 2011 | 2010 |
|---|---|---|
| | € | € |
| Currency gains/(losses) | 182,947 | (1,324,239) |

## 15. Financial instruments

The Company's main financial instruments are comprised of:

**(i)** Cash and cash equivalents that arise directly from the Company's operations;

**(ii)** Investments

**(iii)** Loans and other receivables; and

**(iv)** Loans and other payables.

## 16. Fair value analysis

The following table shows an analysis of the fair values of financial instruments recognised in the Statement of Financial Position by level of their fair value hierarchy (see Note 2 (o), fair value measurement hierarchy).

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | € | € | € | € |
| Financial assets at fair value through Consolidated Statement of Comprehensive Income | - | - | 5,462,485 | 5,462,485 |
| Financial liabilities at fair value through Consolidated Statement of Comprehensive Income | - | - | - | - |

The Directors have taken the decision that the Cost of the Level 3 Investments equates to their Fair Value, except for the Investment in Connaught Place PCC Limited which the Directors have taken the decision to value at nil.

In 2011 there were no movements in or out of Level 3 other than those due to revaluations (see note 10, Other Financial Assets - Investments).

**Notes to the Financial Statements for the year ended 28 February 2011 (continued)**

## 17. Financial risk management objectives

The main risks arising from the Company's financial instruments are liquidity risk, interest rate risk, currency risk and market price risk. The Board has agreed policies for managing these risks and meet regularly to review them. They are summarised below.

The Manager produces a cash flow forecast which is completed on a monthly basis. This cash flow is prepared in order to manage financial and liquidity risks.

### (a) Interest rate risk

The Company faces interest rate risk from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowing at fixed rates exposes the Company to fair value interest rate risk.

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.

The Company is exposed to interest rate risk associated with the effects of fluctuations in the prevailing levels of market interest rates on cash balances. All of these cash balances receive interest at a floating rate. This interest rate risk is not considered to be significant.

The table below shows the Company's sensitivity to a 5% increase or decrease in interest rates.

| | **2011** | **2010** |
|---|---:|---:|
| | **€** | **€** |
| A 50 bps increase in interest rates would produce an increase in net assets of | (44,101) | (33,468) |
| A 50 bps decrease in interest rates would produce a decrease in net assets of | 44,101 | 33,468 |

### (b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in realising assets or raising funds to meet its financial commitments. The Company's main financial commitments are its ongoing annual operating expenses and the bank loans within the structure.

| | **Less than 1 month** | **1-3 months** | **3 months to 1 year** | **1 to 5 years** | **Total** |
|---|---:|---:|---:|---:|---:|
| | **€** | **€** | **€** | **€** | **€** |
| **2011** | | | | | |
| Audit fee | - | - | 23,562 | - | 23,562 |
| Directors' fees | 1,964 | - | - | - | 1,964 |
| Tax liability | 84,287 | - | - | (25,455) | 58,832 |
| Short term loan | - | - | 1,185,539 | - | 1,185,539 |
| Other payables | - | 160,338 | - | - | 160,338 |
| Non-current loans | - | - | - | 13,949,546 | 13,949,546 |
| | 86,251 | 160,338 | 1,209,101 | 13,924,091 | 15,379,781 |

**Notes to the Financial Statements for the year ended 28 February 2011 (continued)**

## 17. Financial risk management objectives (continued)

### (b) Liquidity risk (continued)

| | Less than 1 month | 1-3 months | 3 months to 1 year | 1 to 5 years | Total |
|---|---|---|---|---|---|
| | € | € | € | € | € |
| **2010** | | | | | |
| Audit fee | - | - | 55,380 | - | 55,380 |
| Directors' fees | 1,867 | - | - | - | 1,867 |
| Tax liability | 86,059 | - | - | 33,849 | 119,908 |
| Short term loan | - | - | 1,137,718 | - | 1,137,718 |
| Other payables | - | 236,896 | - | - | 236,896 |
| Non-current loans | - | - | - | 13,492,201 | 13,492,201 |
| | 87,926 | 236,896 | 1,193,098 | 13,526,050 | 15,043,970 |

The Investment Manager manages liquidity on a regular basis. The Company's overall exposure to liquidity risk is monitored by the board of Directors on a quarterly basis.

### (c) Foreign currency risk

Foreign currency risk is the risk that the value of the financial instruments will fluctuate because of changes in foreign currency rates. Some of the Fund's investments and dividend receipts from its affiliates, may be in currencies other than Euro and exchange rate movements between those currencies and the Euro will affect the NAV of the Company. Should the Company enter into a currency hedging contract to mitigate this risk and subsequently sell the property or the investment in an affiliate prior to maturity of the hedging contract, the Company could suffer a loss on closing out the hedging contract.

The table below shows the Company's sensitivity to a 5% increase or decrease in Euro's (reporting currency) against Sterling (base currency of majority of assets).

| | 2011 | 2010 |
|---|---|---|
| | € | € |
| A 5% increase in foreign currency rates would produce an increase in net assets of | 890,220 | 912,381 |
| A 5% decrease in foreign currency rates would produce a decrease in net assets of | (890,220) | (912,381) |

### (d) Market price risk

Market price risk results mainly from the uncertainty about future prices of investment properties held. It represents the potential loss the Fund may suffer through its holding market positions in the face of price movements and changes in exchange rates. All investment properties present a risk of loss of capital. The Investment Manager moderates this risk through a careful selection of investment properties and other financial instruments. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. At the year-end, a 5% movement in fair value of the assets would result in a sensitivity of €806,477 (2010: €772,394).

### (e) Capital management

The investment objective of the Company is to achieve long-term capital growth and spread risk through investment in a range of commercial properties primarily in the European Union.

The capital structure of the Company consists of borrowings, which includes the loans disclosed in note 13, cash and cash equivalents and proceeds from the issue of Ordinary shares.

**Notes to the Financial Statements for the year ended 28 February 2011 (continued)**

## 17. Financial risk management objectives (continued)

**(e) Capital management (continued)**

The Company's gearing policy as stated in the prospectus, is that its gearing will be totally dependent on the structure of the property transaction in question and consideration will be given to cash flow requirements of the individual property transaction as well as the cash flow requirements of the Company. The maximum level of gearing will be 85% of the Gross Market value of the assets of the Company.

| | 2011 | 2010 |
|---|---|---|
| | € | € |
| Total borrowings | 15,135,085 | 14,629,919 |
| Less cash and equivalents | (670,840) | (747,047) |
| Net Debt | 14,464,245 | 13,882,872 |
| | | |
| Total equity | 21,651,357 | 22,131,718 |
| Gearing ratio | 66.8% | 62.7% |

## 18. Analysis of Shares

| | 2011 & 2010 | |
|---|---|---|
| | No. of shares | € |
| **Authorised** | | |
| Management shares of €1 each | 10 | 10 |
| Ordinary shares of €0.01 each | 50,000 | 500 |
| | 50,010 | 510 |

**Issued**

| | No. of shares | Share capital | Share premium |
|---|---|---|---|
| | | € | € |
| **2011** | | | |
| **Management shares of €1 each** | | | |
| Balance at 1 March | 2 | 2 | - |
| Issued | - | - | - |
| Redeemed | - | - | - |
| Balance at 28 February | 2 | 2 | - |
| **Ordinary shares of €0.01 each** | | | |
| Balance at 1 March | 26,274 | 263 | 26,273,737 |
| Issued | - | - | - |
| Redeemed | - | - | - |
| Balance at 28 February | 26,274 | 263 | 26,273,737 |

**Notes to the Financial Statements for the year ended 28 February 2011 (continued)**

## 18. Analysis of Shares (continued)

| | No. of shares | Share capital | Share premium |
|---|---|---|---|
| | | € | € |
| **2010** | | | |
| **Management shares of €1 each** | | | |
| Balance at 1 March | 2 | 2 | - |
| Issued | - | - | - |
| Redeemed | - | - | - |
| Balance at 28 February | 2 | 2 | - |
| **Ordinary shares of €0.01 each** | | | |
| Balance at 1 March | 26,274 | 263 | 26,273,737 |
| Issued | - | - | - |
| Redeemed | - | - | - |
| Balance at 28 February | 26,274 | 263 | 26,273,737 |

Management shares are not redeemable, do not carry any right to dividends and in a winding up rank only for a return of the amount of paid up capital after return of capital on Ordinary shares.

The Company is closed-ended and therefore shareholders have no right to redeem the shares or request that the Company repurchase them prior to the redemption date. If the Company is wound up, after the payment of all creditors, the shareholders will be entitled to the fair market value of the Ordinary shares.

Dividends may be paid on the shares at a level recommended by the Directors and provided that they are covered by funds that may be lawfully distributed as dividends.

## 19. Acquisition of subsidiaries

There were no further acquisitions of subsidiaries during the year or the prior year.

## 20. Financial instruments by category

| | 2011 | 2010 |
|---|---|---|
| | € | € |
| **Financial assets** | | |
| **Non-current** | | |
| Investments designated at fair value through profit and loss | 16,129,535 | 15,395,885 |
| Receivables designated at amortised cost | 10,649,767 | 10,552,729 |
| **Current** | | |
| Loans & receivables (including cash & cash equivalents) designated at amortised cost | 1,591,964 | 2,084,659 |
| **Financial liabilities** | | |
| **Current** | | |
| Accruals & payables designated at amortised cost (including loans & payables) | (1,734,648) | (1,517,920) |
| **Non-current** | | |
| Accruals & payables designated at amortised cost (including loans & payables) | (13,975,001) | (13,526,050) |
| | 12,661,617 | 12,989,303 |

Property plant and equipment and goodwill have been omitted from this as these are not considered to be financial instruments.

**Notes to the Financial Statements for the year ended 28 February 2011 (continued)**

## 21. Interest in shares

The Company is currently wholly owned by Investec Securities Limited.

## 22. Related party transactions

The related party transactions with the Investment Manager and the Administrator are detailed in Notes 3 and 5.

Stuart Platt-Ransom and Martin Tolcher each receive a Director's fee of £5,000 per annum, prorated as necessary (see note 5 for amounts received during the year and note 13 for amounts due at the year-end).

## 23. Operating Segments

The group operates in one main segment: that of property investment. Whilst some of this is achieved through loans, it is considered to be operating in one market segment, which can be split Geographically as below:

| | **Seychelles** | | **United Kingdom and mainland Europe** | |
|---|---|---|---|---|
| | **2011** | **2010** | **2011** | **2010** |
| | **€** | **€** | **€** | **€** |
| Apex House | - | - | 1,413,715 | 1,343,898 |
| Global Park | - | - | 5,890,477 | 5,599,573 |
| DV4 Limited | - | - | 5,462,484 | 5,087,261 |
| Revival Holdings Limited (property, plant and equipment) | - | - | 8,434,965 | 8,615,038 |
| Saxonchart Limited | - | - | 3,362,858 | 3,269,602 |
| Zabre Limited | 10,507,513 | 10,464,359 | - | - |
| | 10,507,513 | 10,464,359 | 24,564,499 | 23,915,372 |

It has one other subsidiary segment: that of investment in coal-blending facilities:

| | **China** | |
|---|---|---|
| | **2011** | **2010** |
| | **€** | **€** |
| Connaught Place PCC Limited - Petrocom Energy Limited | - | 95,550 |