

## General Information

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<b>Country of incorporation and domicile</b>	Virgin Islands (British)
<b>Nature of business and principal activities</b>	Proprietary investments
<b>Directors</b>	A Vassilopoulos C.M. Vining G.R. Poole G Roussos C Akal
<b>Registered office</b>	Trust Offices 197 Main Street Road Town Tortola British Virgin Islands
<b>Postal address</b>	P.O. Box 3540 Road Town Tortola British Virgin Islands
<b>Holding company</b>	HBW Group (Proprietary) Limited incorporated in South Africa
<b>Bankers</b>	Bank of Cyprus
<b>Auditors</b>	Certified Master Auditors Incorporated Chartered Accountants (S.A.) Registered Auditor
<b>Secretary</b>	Totalserve Management Limited
<b>Company registration number</b>	162 8131
<b>Preparer</b>	The group financial statements were internally compiled by: Ulrich Jensen Group Financial Accountant
<b>Published</b>	30 March 2012

## Directors' Responsibilities and Approval

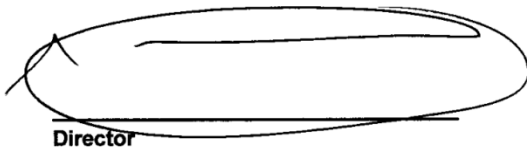
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The directors are required by the BVI Business Companies Act, 2004, to maintain adequate accounting records and are responsible for the content and integrity of the group financial statements and related financial information included in this report. It is their responsibility to ensure that the group 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 the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the group financial statements.

The group financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments 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 set 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.



Director



Director

# Independent Auditors' Report

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## To the members of Zeno Capital Limited

We have audited the group financial statements of Zeno Capital Limited, which comprise the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 7 to 17.

## Directors' Responsibility for the Group Financial Statements

The company's directors are responsible for the preparation and fair presentation of these group financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the group financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the group 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 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 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 financial statements present fairly, in all material respects, the financial position of Zeno Capital Limited as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the BVI Business Companies Act, 2004.



**Certified Master Auditors Incorporated  
Registered Auditor**

**Per: George Davias**

**30 March 2012**

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

## Statement of Financial Position

Figures in US Dollars	Note(s)	2011
<b>Assets</b>		
Non-Current Assets		
Investment property	2	78,225,510
Other financial assets	4	2,079,483
		<b>80,304,993</b>
Current Assets		
Loans to group companies	3	705,365
Trade and other receivables	5	31,685
Cash and cash equivalents	6	3,052,295
		<b>3,789,345</b>
<b>Total Assets</b>		<b>84,094,338</b>
<b>Equity and Liabilities</b>		
Equity		
Share capital	7	30,091,126
Retained income		435,768
		<b>30,526,894</b>
Liabilities		
Non-Current Liabilities		
Other financial liabilities	8	51,117,660
Current Liabilities		
Loans from group companies	3	674,064
Trade and other payables	9	1,775,720
		<b>2,449,784</b>
<b>Total Liabilities</b>		<b>53,567,444</b>
<b>Total Equity and Liabilities</b>		<b>84,094,338</b>

## Statement of Comprehensive Income

Figures in US Dollars	Note(s)	2011
Revenue	10	2,715,954
Operating expenses		(5,747,750)
<b>Operating loss</b>	11	<b>(3,031,796)</b>
Investment revenue	12	12,251
Fair value adjustments	13	5,122,330
Finance costs	14	(1,667,017)
<b>Profit for the year</b>		<b>435,768</b>
Other comprehensive income		-
<b>Total comprehensive income for the year</b>		<b>435,768</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the parent		299,330
Non-controlling interest		144,122
		<b>443,452</b>

## Statement Of Cash Flows

Figures in US Dollars	Note(s)	2011
<b>Cash flows from operating activities</b>		
Cash used in operations	16	(1,246,309)
Interest income		12,251
Finance costs		(1,667,017)
<b>Net cash from operating activities</b>		<b>(2,901,075)</b>
<b>Cash flows from investing activities</b>		
Purchase of investment property	2	(72,876,226)
Net movement in related company loans		(31,301)
Net movement in financial assets		(2,347,889)
<b>Net cash from investing activities</b>		<b>(75,255,416)</b>
<b>Cash flows from financing activities</b>		
Proceeds on share issue	7	30,091,126
Net movement in other financial liabilities		51,117,660
<b>Net cash from financing activities</b>		<b>81,208,786</b>
<b>Total cash movement for the year</b>		<b>3,052,295</b>
<b>Total cash at end of the year</b>	6	<b>3,052,295</b>

The group financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the BVI Business Companies Act, 2004. The group 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.

### 1.1 Investment property

Investment property is property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business. Investment property is initially recognised at cost.

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of investment property.

After initial recognition, investment property whose fair value can be measured reliably without undue cost or effort shall be measured at fair value at each reporting period with changes in fair value recognised in profit or loss. The company accounts for all other investment property as property, plant and equipment using the cost - depreciation - impairment model. If the fair value cannot be determined without undue cost and effort, the investment property is classified to property, plant and equipment.

## **1.2 Financial instruments**

### **Financial instruments at amortised cost**

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

### **Financial instruments at cost**

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

## **Financial instruments at fair value**

All other financial instruments are measured at fair value through profit and loss.

### **1.3 Impairment of assets**

The company assesses at each reporting period date 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.

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.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

### **1.4 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.

### **1.5 Revenue**

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 services provided in the normal course of business, net of value added tax. Interest is recognised, in profit or loss, using the effective interest rate method.

## **1.6 Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred. Included in borrowing costs are equity instruments and derivative contracts used for hedging purposes (treasury functions) and are measured at cost less impairment. Hedge accounting is not used.

## **1.7 Translation of foreign currencies**

### **Foreign currency transactions**

A foreign currency transaction is recorded, on initial recognition in US Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At the end of each reporting period:

- Foreign currency monetary items are translated using the closing rate;



- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous group financial statements are recognised in profit or loss in the period in which they arise.

Investment property comprises No 169 Union Street, Southwark, Bermuda, SE1. The property is let to the Bermuda and Emergency Planning Authority on a fully repairing and insuring lease until 18 March 2027.

## Notes to the Group Financial Statements

Figures in US Dollars

2011

### 2. Investment property

#### Reconciliation of investment property - 2011

	Opening balance	Additions	Fair value adjustments	Total
Investment property	-	72,876,226	5,349,284	78,225,510

#### Details of property

Investment property comprises 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 until 18 March 2027.

### 3. Loans to (from) group companies

#### Holding company

HBW Group (Proprietary) Limited (674,064)

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

#### Fellow subsidiaries

Stockley Park Limited 705,365

The loan is unsecured, bears interest at a linked rate and has no fixed terms of repayment. This fellow subsidiary owns investment property comprising 5 The Square, Stockley Park Heathrow, which is let to Cisco Systems on a fully repairing and insuring lease until June 2015.

Current assets	705,365
Current liabilities	(674,064)
	<b>31,301</b>

#### 4. Other financial assets

<b>At fair value</b>	
Listed shares and exchange traded options	731,052

The fair values of listed or quoted investments are based on the quoted market price at reporting period date.

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<b>At amortised cost</b>	
Unlisted investment	5
Minority investment in Stockley Park Limited.	
Other financial assets	1,348,426
Investment in Ciclo Trust.	
	<b>1,348,431</b>
<b>Total other financial assets</b>	<b>2,079,483</b>

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<b>Non-current assets</b>	
At fair value	731,052
At amortised cost	1,348,431
	<b>2,079,483</b>

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#### 5. Trade and other receivables

Other receivable	31,685
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#### 6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	3,052,295
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#### 7. Share capital

<b>Authorised</b>	
50,000 Ordinary shares of US\$1,000 each	50,000,000

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<b>Issued</b>	
30,091 Ordinary shares of US\$1,000 each	30,091,126

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#### 8. Other financial liabilities

<b>At amortised cost</b>	
Mortgage bond	51,117,660

Secured loan, bearing interest at a linked rate, repayable in quarterly instalments. The loan is secured by a mortgage over the property mentioned in note 2.

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<b>Non-current liabilities</b>	
At amortised cost	51,117,660

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**9. Trade and other payables**

Amounts received in advance	793,733
VAT	280,603
Other payables	89,960
Other accrued expenses	611,424
	<b>1,775,720</b>

**10. Revenue**

Rental Income	2,715,954
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**11. Operating loss**

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

Loss on sale of other financial assets	(41,452)
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**12. Investment revenue**

Interest revenue	
Other interest	12,251

**13. Fair value adjustments**

Investment property (Fair value model)	5,349,284
Other financial assets	(226,954)
	<b>5,122,330</b>

**14. Finance costs**

Shareholders	7,684
Non-current borrowings	1,659,333
	<b>1,667,017</b>

**15. Auditors' remuneration**

Fees	4,320
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**16. Cash used in operations**

Profit before taxation	435,768
<b>Adjustments for:</b>	
Loss on sale of assets	41,452
Interest received	(12,251)
Finance costs	1,667,017
Fair value adjustments	(5,122,330)
<b>Changes in working capital:</b>	
Trade and other receivables	(31,685)
Trade and other payables	1,775,720
	<b>(1,246,309)</b>

## 17. Related parties

### Relationships

Holding company	HBW Group (Proprietary) Limited
Other interest of the directors	Stockley Park Limited
Members of key management	A Vassilopoulos C Akal

### Related party balances

#### Loan accounts - Owing (to) by related parties

HBW Group (Proprietary) Limited	(666,380)
Stockley Park Limited	705,365

### Related party transactions

#### Interest received from related parties

Stockley Park Limited	(11,632)
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## 18. Directors' remuneration

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

## 19. Comparative figures

No comparative figures have been presented as these are the first group financial statements of the company.

## Detailed Income Statement

Figures in US Dollars	Note(s)	2011
<b>Revenue</b>		
Rental Income		2,715,954
<b>Other income</b>		
Interest received	12	12,251
Fair value adjustments	13	5,349,284
		<b>5,361,535</b>
<b>Operating expenses</b>		
Administration and management fees		37,462
Auditors' remuneration	15	4,320
Bank charges		8,854
Commission paid		24,054
Facility/listing fees		196,966
Insurance		10,506
Loss on disposal of assets		41,452
Loss on exchange differences		50,609
Professional fees		2,978,300
Secretarial fees		3,781
Tenant lease variation costs		2,373,075
Travel - local		18,371
		<b>5,747,750</b>
<b>Operating profit</b>	11	<b>2,329,739</b>
Finance costs	14	(1,667,017)
Fair value adjustments	13	(226,954)
		<b>(1,893,971)</b>
<b>Profit for the year</b>		<b>435,768</b>

### **1. Members of the Audit Committee**

The members of the audit committee include:

<b>Name</b>	<b>Qualification</b>
A Vassilopoulos	
G Roussos	CA(SA)
A.J. Chappel	

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

### **2. Meetings held by the Audit Committee**

The audit committee performs its 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 Incorporated as the independent auditor and George Davias as the designated partner, who is a registered independent auditor, for appointment of the 2011 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 auditors 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 Financial Statements**

Following the review of the group financial statements the audit committee recommend 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

#### **6. Reporting framework**

The audit committee approves that the reporting framework used to prepare the financial statements, being the International Financial Reporting Standards for Small and Medium Sized Entities, is appropriate.

On behalf of the audit committee



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George Roussos  
Chairman Audit Committee