

COLLINS INTERNATIONAL LIMITED

(Registration Number: 48177)

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 February 2010

COLLINS INTERNATIONAL LIMITED

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COLLINS INTERNATIONAL LIMITED

Company Information

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

COLLINS INTERNATIONAL LIMITED

Investment Manager's Report to the Shareholders of Collins International Limited ("CIL") for the year ended 28 February 2010

APEX PROPERTIES LIMITED

- Apex Properties Ltd ("APL") is a company registered in the Isle of Man and is a 100% held subsidiary of 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 parks and entertainment venues.
- At 28 February 2009, the portfolio was valued at £5m and had earned rentals of £393,222 resulting in a yield of 7.86%. At 28 February 2010, the portfolio was valued at £5m and rentals for the year amounted to £393,782 with a yield of 7.88%.
- During the 2010 financial year, Floramedia handed in a one year break notice. This tenant occupies approximately 10% of the gross lettable property at Global Park. Their unit is being marketed with an occupation date of February 2011.
- Subsequent to the 2010 financial year end, Westcom have been asked to vacate as they are in default.

Apex House

- APL owns Apex House, an office block in London Road, Northfleet, Kent.
- At 28 February 2009, the property was valued at £1.2m and had earned rentals of £96,499 resulting in a yield of 8.04%. At 28 February 2010, the property was valued at £1.2m and rentals for the year amounted to £102,326 with a yield of 8.53%.
- Caxtons Agency continues to look for a tenant for the first floor, which was vacant at 28 February 2010.

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.
- RHL owns the freehold title to two properties in West Yorkshire, namely the property at Queensway, Guiseley, Leeds, and the property at Monkbridge Road, Meanwood, Leeds. Both properties being Care Units for the Elderly on long term leases with the NHS Trust.
- At 28 February 2009, the properties were valued at £6,424,159 and had earned rentals of £978,580 resulting in a yield of 15.23%. At 28 February 2010, the properties were valued at £6,424,159 and rentals for the year were £1,353,911 with a yield of 21.08%.
- This subsidiary group is currently being restructured with the result being that two of the companies shall be liquidated and CIL shall own the shares in RHL directly.

COLLINS INTERNATIONAL LIMITED

Investment Manager's Report to the Shareholders of Collins International Limited ("CIL") for the year ended 28 February 2010 (continued)

DU PREEZ LIMITED

- Habana Ltd changed its name to Du Preez Ltd during the 2010 financial year.
- Du Preez Ltd is a company registered in the Isle of Man and is a 100% held subsidiary of CIL. Du Preez Ltd was incorporated specifically to hold CIL's investments in the Delancey DV4 Fund and Zabre Investments Ltd.

Delancey DV4 Fund

- Delancey DV4 Fund 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 28 February 2010, Du Preez Ltd had contributed £1,310,443 to the fund. This equates to 26% of its total commitment.
- Acquisitions made by the fund during the 2010 financial year:
 - St. Anthony's School for £6m
 - Royal Mint Court for £51m
 - 40 Holborn Viaduct for £76.5m
 - Castlepoint shopping park for £47m

Zabre Investments Ltd

- Zabre Investments Ltd ("ZIL") is a company registered in Mauritius and is a 10% held investment of Du Preez Ltd.
- During the 2010 financial year ZIL acquired 76.7% of Desroches Island Lodge Ltd ("DIL") in the Seychelles. ZIL has agreed to acquire a further 22.3% in 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 2010 financial year the hotel was refurbished and construction of the first villa was completed. Construction on the next two villas has commenced and will be completed during the 2011 financial year.
- A loan with The Mauritius Commercial Bank for US\$ 5.8 million for construction on Desroches Island was negotiated during the current year and shall be disbursed in the 2011 financial year.

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 Ltd receiving £750,109 up to 28 February 2010.
- A further payout of £228,227 was received during July 2010. Total anticipated payout from KS&F Liquidator is 83%.

COLLINS INTERNATIONAL LIMITED

Investment Manager's Report to the Shareholders of Collins International Limited ("CIL") for the year ended 28 February 2010 (continued)

SAXONCHART LIMITED

- Saxonchart Ltd ("SXL") is a company registered in the UK and is a 50% held associate of CIL.
- SXL owns 59-60 Grosvenor Street, London, which consists of 24,712 square feet of commercial area let to Barclays Wealth and four apartments comprising 3,893 square feet of residential area.
- At 28 February 2009, the property was valued at £28m. Rental for the 2009 year amounted to £1,071,393 resulting in a yield of 3.8%. At 28 February 2010, the property was valued at £29m with rentals amounting to £1,152,175 resulting in a yield of 4.0%.
- During the 2010 financial year, Barclays handed in notice to vacate on 29 September 2010. The building is currently being marketed for sale and tenancy.

PETROCOM ENERGY LTD

- CIL invested US\$250,000 directly into Petrocom Energy Ltd ("PEL").
- 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:
 - Main building contractor. This dispute has curtailed PEL's blending operations as the Company cannot commit to large scale operations.
 - Financial advisor.
 - 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 in the first quarter of 2010. PEL management is confident that operations will be restarted in the fourth quarter of 2010.
- The company has raised new capital of US\$4.2m.
- The current Chinese coal market conditions are favourable to PEL.

**International Property Management Services Limited
August 2010**

COLLINS INTERNATIONAL LIMITED

Report of the Directors for the year ended 28 February 2010

The directors present their Annual Report and Consolidated Financial Statements for the year ended 28 February 2010.

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 (2009: 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 preparing financial statements for each financial period which give a true and fair view of the state of affairs of the company and the revenue or deficit of the company for that period and are in accordance with applicable laws. In preparing these statements the directors are required to:

- select suitable accounting standards and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

COLLINS INTERNATIONAL LIMITED

Report of the Directors for the year ended 28 February 2010 (continued)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the company and hence for taking steps for the prevention and detection of fraud and other irregularities.

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; and
- 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.



S Platt-Ransom
Director



M P Tolcher
Director

Date: 26 August 2010

COLLINS INTERNATIONAL LIMITED

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

We have audited the group financial statements of Collins International Limited for the year ended 28 February 2010, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Net Assets attributable to Holders of Ordinary Shares, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement and the related notes.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As described on pages 6 and 7, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and International Accounting Standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with The Companies (Guernsey) Law, 2008. We also report to you if in our opinion the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with International Accounting Standards, of the state of the group's affairs as at 28 February 2010 and of its loss for the year then ended; and
- the group financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008.



SAFFERY CHAMPNESS
CHARTERED ACCOUNTANTS
Guernsey

27 August 2010

COLLINS INTERNATIONAL LIMITED

Consolidated Statement of Comprehensive Income for the year ended 28 February 2010

Revenue	Notes	Year ended 28 Feb 2010 €	7 Dec 2007 to 28 Feb 2009 €
Revenue		2,086,791	2,452,544
Unrealised gains and losses on investments		(50,461)	1,254,791
Movement on impairment of assets		1,033,042	(2,059,625)
Other income	5	274,632	969,269
Expenses	6	(2,280,368)	(2,628,711)
Finance costs		(957,696)	(1,261,152)
Other losses	15	(1,324,239)	(1,046,151)
Loss from operations		<u>(1,218,299)</u>	<u>(2,319,035)</u>
Share of loss of associate	12	(330,699)	(350,186)
Loss before tax		<u>(1,548,998)</u>	<u>(2,669,221)</u>
Taxation charge	7	(100,280)	(205,808)
Loss for the year/ period		<u>(1,649,278)</u>	<u>(2,875,029)</u>
Cumulative translation adjustment reserve		1,300,717	(918,694)
Total comprehensive loss for the year/ period		<u><u>(348,561)</u></u>	<u><u>(3,793,723)</u></u>

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 2010

Net assets at the start of the year/ period		22,480,279	-
Decrease in net assets attributable to holders of Ordinary shares		(348,561)	(3,793,723)
Movement due to issue of shares			
Amounts received on issue of shares	19	-	26,274,002
Net assets at the end of the year/ period		<u>22,131,718</u>	<u>22,480,279</u>

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

COLLINS INTERNATIONAL LIMITED

Consolidated Statement of Financial Position as at 28 February 2010

Assets	Notes	2010 €	2009 €
Non-current assets			
Investment properties	8	6,943,471	6,995,460
Property, plant and equipment	9	8,615,038	8,795,110
Goodwill	10	527,377	531,326
Other financial assets - Investments	11	5,182,812	5,278,224
Other financial assets - Loans and Receivables	11	10,552,729	5,120,730
Investment in associate	12	3,269,602	3,624,858
		35,091,029	30,345,708
Current assets			
Trade and other receivables	13	1,337,612	1,563,590
Cash and bank balances		747,047	5,810,426
		2,084,659	7,374,016
Current liabilities			
Loans and other payables	14	(1,517,920)	(916,014)
Net current assets		566,739	6,458,002
Non-current liabilities			
Deferred tax liability		(33,849)	(45,068)
Loans and other payables	14	(13,492,201)	(14,278,363)
		(13,526,050)	(14,323,431)
Net assets attributable to holders of Ordinary shares		22,131,718	22,480,279
Ordinary shares in issue	19	26,274	26,274
Reported net asset value per share		842.3429	855.6093



S Platt-Ransom
Director



M P Tolcher
Director

Date: 26 August 2010

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

COLLINS INTERNATIONAL LIMITED

Consolidated Cash Flow Statement for the year ended 28 February 2010

Cash flows from Operating Activities	Year ended 28 Feb 2010	7 Dec 2007 to 28 Feb 2009
Note	€	€
Loss from operations	(1,218,299)	(2,319,035)
Adjustments		
Depreciation, amortisation and impairment	180,072	208,514
Fair value adjustments on investment	(982,581)	804,834
Currency loss	1,324,239	1,046,151
Investment income	(274,632)	(969,269)
Interest expense	717,858	1,261,152
Decrease/ (increase) in trade receivables	256,666	(1,498,488)
(Decrease)/ increase in trade payables	(267,302)	203,765
	954,320	1,056,660
Taxation paid	(120,634)	(65,545)
Cash outflow from operations	(384,613)	(1,327,921)
Investing activities		
Investment income	274,632	1,693,293
Returns from impaired assets	840,058	-
Interest expense	(717,858)	(1,261,152)
Purchase of investment properties	-	(8,421,235)
Acquisition of investment in associates	-	(4,579,953)
Acquisition of subsidiaries (net of cash acquired) 20	-	(3,066,035)
Purchase of other financial assets	(5,360,155)	(9,822,273)
Cash outflow from investing activities	(4,963,323)	(25,457,355)
Financing activities		
Proceeds of share issues	-	26,274,002
Proceeds from long term borrowings	878,344	9,277,760
Repayments to long term borrowings	(786,162)	-
Cash inflow from investing activities	92,182	35,551,762
Net cash (outflow)/ inflow	(5,255,754)	8,766,487
Effect of foreign exchange rate changes	192,375	(2,232,035)
Net (decrease)/ increase in cash and cash equivalents	(5,063,379)	6,534,452

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

COLLINS INTERNATIONAL LIMITED

Notes to the Financial Statements for the year ended 28 February 2010.

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 a life of 8 years to 28 February 2016.

The Company will consider any property investment provided they achieve 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:-

IFRS 7, 'Financial Instruments - Disclosures' (amendment) - effective 1 January 2009. The IASB published amendments to IFRS 7 in March 2009. The amendment requires enhanced disclosure about fair value measurements and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a three-level fair value measurement hierarchy.

IAS 1 (Revised 2007) Presentation of Financial Statements. The standard replaces IAS 1 Presentation of Financial Statements (revised in 2003) as amended in 2005. The revised IAS 1 Presentation of Financial Statements was issued in September 2007 and is effective for accounting periods beginning on or after 1 January 2009.

The standard introduces the Statement of Comprehensive Income; it presents all items of income and expense recognition in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Company chose to present one single Statement of Comprehensive Income.

IFRS 8, 'Operating Segments' - effective 1 January 2009. This standard replaces IAS 14 and requires operating segments to be identified on the basis of internal reporting used by the "Chief Operating Decision Maker" ("CODM"), which for the Fund is the Board of Directors.

(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: -

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

COLLINS INTERNATIONAL LIMITED

Notes to the Financial Statements for the year ended 28 February 2010 (continued)

2. Accounting Policies (continued)

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

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 new standard is mandatory for annual period beginning on or after 1 January 2010. The Fund is currently assessing the impact of IFRS 9. (Effective date - 1 January 2013)

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

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

IAS 24 – Related Party Disclosures - amendment to simplify related party disclosures (Effective date - 1 January 2011)

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

IFRIC 14 – Interpretation of IAS 19: Employee Benefits (Effective date - 1 January 2011)

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments (Effective date - 1 July 2010)

The Directors anticipate that, with the exception of IFRS 9, 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 balance sheet items 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 profit or loss 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.

COLLINS INTERNATIONAL LIMITED

Notes to the Financial Statements for the year ended 28 February 2010 (continued)

2. Accounting Policies (continued)

(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.

(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
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(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 Comprehensive Statement of Cash Flows 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.

COLLINS INTERNATIONAL LIMITED

Notes to the Financial Statements for the year ended 28 February 2010 (continued)

2. Accounting Policies (continued)

(o) Fair value measurement hierarchy

Effective 1 January 2009, the Company adopted the amendment to IFRS 7 for financial instruments that are measured in the Statement of Financial position at fair value. This requires disclosure of fair value measurements by level of the following 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.

3. Taxation

With effect from 1 January 2008, Guernsey abolished the Exempt Company Regime and the standard rate of income tax for companies moved from 20% to 0%. However, in the prior period the Company was exempt from taxation under the terms of the Income Tax (Exempt Bodies)(Guernsey) Ordinance 1989 and was liable to an annual fee of £600. The Fund has and will continue to apply for Exempt Status under the new regime.

4. 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 6.

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.

5. Other income

	2010	2009
	€	€
Interest receivable	48,502	687,957
Other income	226,130	281,312
	<u>274,632</u>	<u>969,269</u>

COLLINS INTERNATIONAL LIMITED

Notes to the Financial Statements for the year ended 28 February 2010 (continued)

6. Expenses

	2010	2009
	€	€
Administration fees	124,812	848,543
Depreciation	180,072	208,514
Audit fees	45,943	16,925
Bank charges	5,353	2,436
Directors remuneration	11,324	14,313
Formation expenses	-	19,422
Legal & professional expenses	376,663	280,365
Loan interest	-	32,924
Licence fees/ Sponsor fees	8,878	15,329
Management fees	472,932	656,850
Operating expenses	1,045,184	407,231
Sundry expenses	9,207	125,859
	2,280,368	2,628,711

7. Taxation

	2010	2009
	€	€
Taxation charge for the year/ period	100,280	205,808

With effect from 1 January 2008, Guernsey abolished the exempt company regime. Under the terms of The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 the Company has and will continue to apply for Exempt Status and is liable to an annual fee of £600.

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.

	€	€
Accounting loss	(1,548,998)	(2,669,222)
Tax at domestic rate of 0%	-	-
Effect of higher tax rates in UK	100,280	205,808
Tax expense	100,280	205,808

8. Investment Properties

	2010	2009
	€	€
Details of property		
Apex House		
-Fair value at 1 March/ purchase price at 7 December	1,353,960	1,724,640
-Additions since purchase or valuation	-	83,238
-Movement in fair value	(10,062)	(453,918)
	1,343,898	1,353,960

COLLINS INTERNATIONAL LIMITED

Notes to the Financial Statements for the year ended 28 February 2010 (continued)

8. Investment Properties (continued)

	2010	2009
	€	€
Details of property (continued)		
Global House		
-Fair value at 1 March/ 7 December	5,641,500	-
-Purchase price at 5 February 2008	-	6,696,595
-Additions since purchase or valuation	-	315,406
-Movement in fair value	(41,927)	(1,370,501)
	<u>5,599,573</u>	<u>5,641,500</u>
	<u>6,943,471</u>	<u>6,995,460</u>

The valuations were carried out by Alastair West MSc, MCIQB, 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:

Apex House	<u>1,343,898</u>	<u>1,353,960</u>
Global House	<u>5,599,573</u>	<u>5,641,500</u>

9. Property, plant and equipment

	2010	2009
	€	€
	Land and buildings	Land and buildings
Cost		
Cost at 1 March/ acquisition	9,003,624	9,003,624
Depreciation		
At 1 March/acquisition	(208,514)	-
Charge for the year/ period	(180,072)	(208,514)
At 28 February	<u>(388,586)</u>	<u>(208,514)</u>
Net book value		
At 28 February	<u>8,615,038</u>	<u>8,795,110</u>

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 (note 14).

10. Goodwill

During the prior period the Company acquired 100% of the issued share capital of Diversified Property Investments 100 Limited, a company incorporated in the British Virgin Islands (DPIL). DPIL owns 100% of Riverside Property Management Limited, a company incorporated in England, which in turn owns 100% of Revival Holdings Limited, a company also incorporated in England. For a breakdown of the assets acquired and the consideration paid see note 20.

COLLINS INTERNATIONAL LIMITED

Notes to the Financial Statements for the year ended 28 February 2010 (continued)

10. Goodwill (continued)

	2010	2009
	€	€
Carrying amount at 1 March/ 7 December	531,326	-
Recognised on acquisition of a subsidiary, January 2008	-	630,697
Adjustment to goodwill for year end exchange differences	(3,949)	(99,371)
Carrying amount at 28 February	527,377	531,326

An impairment review of the cash-generating units, comprising Diversified Property Investments 100 Limited and its subsidiaries, was carried out at 28 February 2010 and it was considered that goodwill was not impaired.

11. Other financial assets

	2010	2009
	€	€
<i>Investments</i>		
Unlisted shares - Zabre Investments Limited	1	1
Unlisted shares - DV4 Limited (1)	5,087,261	5,175,823
Connaught Place PCC Limited - Beta Cell (Petrocom Energy Limited) (2)	95,550	102,400
	5,182,812	5,278,224

(1) The company is committed to a total investment of £5,000,000.

(2) The Directors have taken the decision to fair value the investment at 50% of its original cost.

Loans and receivables

Loan to Zabre Investments Limited (a)	10,471,831	5,034,890
Other loans (b)	80,898	85,840
	10,552,729	5,120,730

(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.

12. Investment in associate

	2010	2009
	€	€
<i>Saxonchart Limited:</i>		
Investment at cost	4,579,953	4,579,953
Share of retained loss	(350,186)	-
Share of loss for the current year/ period	(330,699)	(350,186)
Exchange difference	(629,466)	(604,909)
	3,269,602	3,624,858
<i>Financial information:</i>		
Assets	28,212,121	28,701,782
Liabilities	(29,512,319)	(29,350,166)
Revenue	1,311,671	1,569,449
Loss for the year/ period	(661,398)	(700,372)

COLLINS INTERNATIONAL LIMITED

Notes to the Financial Statements for the year ended 28 February 2010 (continued)

13. Trade and other receivables

	2010	2009
	€	€
Kaupthing Singer & Friedlander (1)	1,068,386	1,037,699
Trade and other receivables	208,947	120,787
Prepayments	60,279	168,399
Accrued income	-	236,705
	1,337,612	1,563,590

- (1) During 2009, 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. Up to the date of issuing these financial statements, there have been receipts of 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, impaired the initial investment by 17%.

14. Loans and other payables

	2010	2009
	€	€
<u>Current loans and other payables</u>		
Audit fee	55,380	45,330
Directors fee	1,867	1,874
Tax liability	86,059	95,195
Trade & other creditors	236,896	514,241
Owed to Arnewood Limited	245,790	241,026
Owed to International Property Management Limited	634,848	18,348
Short-term bank loan	257,080	-
	1,517,920	916,014
<u>Non-current loans</u>		
Other financial liabilities (a)	1,007,574	1,020,610
Other financial liabilities (b)	3,653,783	3,683,727
Other financial liabilities (c)	5,730,873	6,250,989
DV4 Limited (d)	3,099,971	3,323,037
	13,492,201	14,278,363

a Leeds Building Society - Apex House

The loan is secured over the investment property detailed in Note 8, bears interest at 1.3% per annum above LIBOR for a minimum period of five years and is repayable in full in the fifth anniversary date of drawdown of the initial advance.

b Leeds Building Society - Global Business Park

The loan is secured over the investment property detailed in Note 8, bears interest at 1.3% per annum above LIBOR for a minimum period of five years and is repayable in full in 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 investment properties detailed in Note 9. 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%.

COLLINS INTERNATIONAL LIMITED

Notes to the Financial Statements for the year ended 28 February 2010 (continued)

15. Other losses

	2010	2009
	€	€
Currency losses	1,324,239	1,046,151

16. 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) Loans and other receivables; and
- (iii) Loans and other payables.

17. 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	-	-	8,452,414	8,452,414
Financial liabilities at fair value through Consolidated Statement of Comprehensive Income	-	-	-	-

18. Financial risk management objectives

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

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

The fund 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 fund 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.

COLLINS INTERNATIONAL LIMITED

Notes to the Financial Statements for the year ended 28 February 2010 (continued)

18. Financial risk management objectives (continued)

(a) Interest rate risk (continued)

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

	2010	2009
	€	€
A 50 bps increase in interest rates would produce an increase in net assets of	(33,468)	(28,660)
A 50 bps decrease in interest rates would produce a decrease in net assets of	33,468	28,660

(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 mth	1-3 mths	3mths to 1 year	1 to 5 years	Total
			2010		
Audit fee			55,380		55,380
Directors' fee	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
	<u>87,926</u>	<u>236,896</u>	<u>1,193,098</u>	<u>13,526,050</u>	<u>15,043,970</u>
			2009		
Audit fee			45,330		45,330
Directors' fee	1,874				1,874
Tax liability	95,195			45,068	140,263
Short term loan			241,026		241,026
Other payables		532,589			532,589
Non-current loans				14,278,363	14,278,363
	<u>97,069</u>	<u>532,589</u>	<u>286,356</u>	<u>14,323,431</u>	<u>15,239,445</u>

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.

COLLINS INTERNATIONAL LIMITED

Notes to the Financial Statements for the year ended 28 February 2010 (continued)

18. Financial risk management objectives (continued)

(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).

	2010	2009
	€	€
A 5% increase in foreign currency rates would produce an increase in net assets of	912,381	1,414,422
A 5% decrease in foreign currency rates would produce a decrease in net assets of	(912,381)	(1,414,422)

(d) Market 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 €772,394 (2009: €1,053,440).

(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 loan disclosed in note 14, cash and cash equivalents and proceeds from the issue of participating redeemable preference shares.

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.

	2010	2009
	€	€
Total borrowings	14,629,919	14,537,737
Less cash and equivalents	(747,047)	(5,810,426)
Net Debt	13,882,872	8,727,311
Total equity	22,131,718	22,480,279
Gearing ratio	62.7%	38.8%

COLLINS INTERNATIONAL LIMITED

Notes to the Financial Statements for the year ended 28 February 2010 (continued)

19. Analysis of Shares (continued)

		2009 & 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			
		2010	
	No. of shares	Share capital €	Share premium €
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
		2009	
Management shares of €1 each			
Issued	2	2	-
Redeemed	-	-	-
Balance at 28 February	2	2	-
Ordinary shares of €0.01 each			
Issued	26,274	263	26,273,737
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.

COLLINS INTERNATIONAL LIMITED

Notes to the Financial Statements for the year ended 28 February 2010 (continued)

20. Acquisition of subsidiaries

There were no further acquisitions of subsidiaries during the year. In the prior period, the following were acquired:

	2009 €
Assets acquired:	
Property plant and equipment	10,446,688
Investment	267
Trade and other debtors	65,102
Cash and bank balances	496,910
Creditors	(357,680)
Loans payable	(7,719,039)
	2,932,247
Goodwill (note 10)	630,697
Total Consideration	3,562,944
Satisfied by cash	3,562,944
Net cash outflow arising on acquisition:	
Cash consideration	3,562,944
Bank balances and cash acquired	(496,909)
	3,066,035

It would be impractical to disclose the revenue and profit/loss that would have been due to/from the Company had the investment been held for the entire period due to the cost of obtaining the information outweighing the benefit.

21.

Financial Instruments by category:	2010	2009
	€	€
Financial assets		
Non-current		
Investments designated at fair value through profit and loss	15,395,885	15,898,542
Receivables designated at amortised cost	10,552,729	5,120,730
Current		
Loans and receivables (including cash and cash equivalents) designated at amortised cost	2,084,659	7,374,016
Financial liabilities		
Current		
Accruals and payables designated at amortised cost (including loans and payables)	(1,517,920)	(916,014)
Non-current		
Accruals and payables designated at amortised cost (including loans and payables)	(13,526,050)	(14,323,431)
	12,989,303	13,153,842

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

COLLINS INTERNATIONAL LIMITED

Notes to the Financial Statements for the year ended 28 February 2010 (continued)

22. Interest in shares

The Company is currently wholly owned by Investec Securities Limited.

23. Related party transactions

The related party transactions with the Investment Manager and the Administrator are detailed in Notes 4 and 6.

Stuart Platt-Ransom and Martin Tolcher each receive a Directors' fee of £5,000 per annum, prorated as necessary (see note 6 for amounts received during the year and note 14 for amounts due at the year-end).

24. Operating Segments

The group operates in one segment: that of property investment. Whilst some of this is achieved through loans, it is considered to be operating in one market segment so no breakdown of segmental reporting is shown.

2010	United Kingdom
Apex House	1,343,898
Global House	5,599,573
DV4 Limited	5,087,261
Revival Holdings Limited (Property, Plant and machinery)	8,615,038
Connaught Place PCC Limited	95,550
Saxonchart Limited	3,269,602
	<u>24,010,922</u>
	<u><u>24,010,922</u></u>
2009	United Kingdom
Apex House	1,353,960
Global House	5,641,500
DV4 Limited	5,175,823
Revival Holdings Limited (Property, Plant and machinery)	8,795,110
Connaught Place PCC Limited	102,400
Saxonchart Limited	3,624,858
	<u>24,693,651</u>
	<u><u>24,693,651</u></u>