

Zeno Capital Limited

(Registration number 1628131)
Group Annual Financial Statements
for the year ended 31 December 2018

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

HLB CMA South Africa Incorporated
Chartered Accountants (SA)
Registered Auditors

Issued 29 March 2019

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

General Information

Country of incorporation and domicile	Virgin Islands (British)
Nature of business and principal activities	Proprietary investments and property The Company is an investment company, in pursuance of which members of the public are invited or permitted to invest money and hold participatory interests in the Company's portfolio of securities, and in terms of which the investors share the risk and benefit of the investment
Directors	A Vassilopoulos GR Poole CM Vining G Roussos CN Vassilopoulos M Maraschin
Registered office	19 Waterfront Drive Road Town Tortola British Virgin Islands VG1110
Business address	19 Waterfront Drive Road Town Tortola British Virgin Islands VG1110
Postal address	PO Box 3540 Road Town Tortola British Virgin Islands VG1110
Holding company	HBW Group Proprietary Limited incorporated in South Africa
Ultimate holding company	Supaluck Investments Proprietary Limited incorporated in South Africa
Bankers	Investec Private Bank
Auditors	HLB CMA South Africa Incorporated Chartered Accountants (SA) Registered Auditors
Secretary	Totalserve Trust Company Limited
Company registration number	1628131
Preparer	The group annual financial statements were internally compiled by: U Jensen Group Financial Accountant
Issued	29 March 2019

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Contents

	Page
Audit Committee Report	3 - 4
Directors' Responsibilities and Approval	5
Directors' Report	6 - 8
Independent Auditor's Report	9 - 11
Statement of Financial Position	12
Statement of Profit or Loss and Other Comprehensive Income	13
Statement of Changes in Equity	14
Statement of Cash Flows	15
Accounting Policies	16 - 23
Notes to the Group Annual Financial Statements	24 - 37

Preparer

U Jensen
Group Financial Accountant

Published

29 March 2019

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Audit Committee Report

This report is provided by the audit committee appointed in respect of the 2018 financial year of Zeno Capital Limited.

1. Members of the Audit Committee

The members of the audit committee are all independent non-executive directors of the company and include:

Name	Qualification
A Vassilopoulos	
G Roussos	CA(SA)

The committee is satisfied that the members thereof have the required knowledge and experience as set out in the BVI Business Companies Act, 2004.

2. Meetings held by the Audit Committee

The audit committee performs the duties laid upon it by the BVI Business Companies Act, 2004 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 HLB CMA South Africa Incorporated as the independent auditor and George Davias as the designated partner, who is a registered independent auditor, for appointment of the 2018 audit.

The committee satisfied itself through enquiry that the external auditors are independent as defined by the BVI Business Companies Act, 2004 and as per the standards stipulated by the auditing profession.

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

4. Group Annual Financial Statements

Following the review of the group annual 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.

Zeno Capital Limited

(Registration number 1628131)

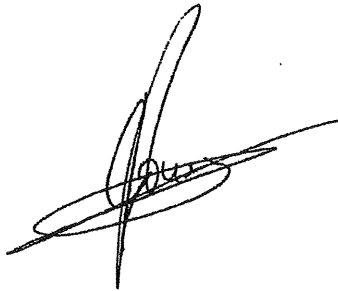
Group Annual Financial Statements for the year ended 31 December 2018

Audit Committee Report

6. Financial reporting framework

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

On behalf of the audit committee



George Roussos
Chairman Audit Committee

Johannesburg

29 March 2019

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Directors' Responsibilities and Approval

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

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

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

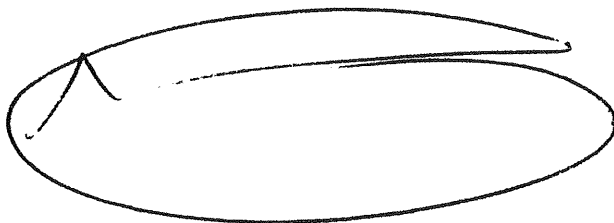
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the group annual financial statements. However, any system of internal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

The directors have reviewed the company's cash flow forecast for the year to 31 December 2019 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

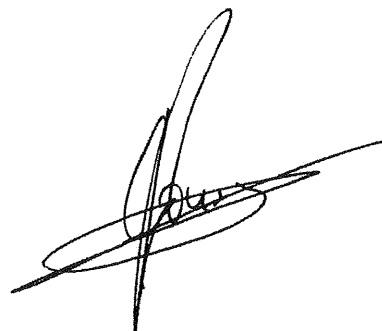
The external auditors are responsible for independently auditing and reporting on the company's group annual financial statements. The group annual financial statements have been examined by the company's external auditors and their report is presented on pages 9 to 11.

The group annual financial statements set out on pages 12 to 37, which have been prepared on the going concern basis, were approved by the directors on 29 March 2019 and were signed on their behalf by:

Approval of financial statements



Director
Johannesburg
29 March 2019



Director

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Directors' Report

The directors have pleasure in submitting their report on the group annual financial statements of Zeno Capital Limited for the year ended 31 December 2018.

1. Review of financial results and activities

The group annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the BVI Business Companies Act, 2004. The accounting policies have been applied consistently compared to the prior year.

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

2. Share capital

			2018	2017
Authorised			Number of shares	
Ordinary shares			100 000	50 000
Issued			Number of shares	
	2018	2017	2018	2017
	\$ '000	\$ '000		
Ordinary shares	136 620	81 728	64 455	46 748

During the year the authorised share capital was increased to 100 000 ordinary shares.

The company completed a share issue during the financial year ended 31 December 2018 in terms of which 17 707 additional shares were issued at US\$3 100 per share raising US\$54 891 700 in new capital.

3. Authority to buy back shares

At the meeting of the board of directors held on 29 March 2019 shareholders gave the company a general approval in terms of the BVI Business Companies Act, 2004, by way of special resolution, for the acquisition of its own shares.

4. Dividends

No dividends have been declared for the financial year ended 31 December 2018. (2017: Nil)

5. Insurance and risk management

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

6. Directorate

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

Directors	Nationality	Changes
A Vassilopoulos	South African	
GR Poole	South African	
CM Vining	South African	
G Roussos	South African	
CN Vassilopoulos	South African	Appointed 01 June 2018
M Maraschin	South African	Appointed 01 June 2018

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

7. Holding company

The company's holding company is HBW Group Proprietary Limited which holds 75.20% (2017: 66.11%) of the company's equity. HBW Group Proprietary Limited is incorporated in South Africa.

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Directors' Report

8. Ultimate holding company

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

9. Events after the reporting period

On 6 March 2019, the Company, through its subsidiary Primezone Properties Limited sold all the issued shares in Mayfair Properties Limited and acquired the entire issued share capital in BLSSP (PHC18) Limited.

BLSSP (PHC18) Limited owns the freehold property situated at 2 Trafalgar Way Croydon and has a 69 year fully repairing and insuring lease with J Sainsbury Plc.

The property comprises 91276 square feet of lettable area with passing rent of £2 820 000 pa (two million, eight hundred twenty thousand).

The total acquisition cost was £78 000 000 (seventy-eight million) funded by a combination of equity and debt.

The debt component has been provided to Primezone Properties Limited by the Company's wholly owned subsidiary, Zeno (Ireland) Funds Plc, acting on behalf of its sub-fund Fund 1, through two loans, one profit participating loan and a second fixed rate loan listed on the International Stock Exchange.

The directors also wish to highlight some group milestones that have occurred after the reporting period. One of the company's subsidiaries, Pikes Peak Properties Limited, has appointed a main contractor, Amiri, for the construction of a motor vehicle storage and showroom facility at Buckmore Park, Petersfield, UK. Amiri is well known and has an excellent track record. Construction is due to commence in April 2019. The value of the project is expected to be approximately GBP 8 million.

The company, through its subsidiary Fireblade Automotive Limited, is partnering with Lanzante Limited to produce a limited series of Porsche road cars. The program is progressing well, with the first prototype completed. Customers have placed orders with Lanzante in early 2019, and it is expected that all cars will be sold in the next three years. The value of the project is expected to be approximately GBP 8 million.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report which could have a material effect on these financial statements.

10. Going concern

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

11. Litigation statement

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

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Directors' Report

12. Secretary

The company secretary is Totalserve Trust Company Limited.

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

Business address: 19 Waterfront Drive
Road Town
Tortola
British Virgin Islands
VG1110

13. Statement of disclosure to the company's auditors

With respect to each person who is a director on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the company's auditors are unaware; and
- the person has taken all the steps that he/she ought to have taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

14. Terms of appointment of the auditors

At the AGM, the shareholders will be requested to reappoint HLB CMA South Africa Incorporated as the independent external auditors of the company and to confirm Mr G Davias as the designated lead audit partner for the 2019 financial year.

15. Date of authorisation for issue of financial statements

The group annual financial statements have been authorised for issue by the directors on 29 March 2019.

Independent Auditor's Report

To the shareholders of Zeno Capital Limited

Opinion

We have audited the group annual financial statements of Zeno Capital Limited set out on pages 12 to 37, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the group annual financial statements, including a summary of significant accounting policies.

In our opinion, the group annual financial statements present fairly, in all material respects, the financial position of Zeno Capital Limited as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the BVI Business Companies Act, 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the group annual financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of group annual financial statements in Virgin Islands (British). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Virgin Islands (British). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

We are required in terms of ISA701 to report on key audit matters being those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investment properties comprise the most significant balance in the statement of financial position. The investment properties are shown at fair value through profit and loss. The investment properties are shown at fair values according to a valuation prepared by the directors. The valuation requires significant management judgment and estimation. The investment properties are also valued by independent valuers periodically. The factors that influence the fair values of the properties are, amongst others, the location and the income generated from leases.

Our audit procedures included examination of the methodology used by management and recalculation of values where applicable. All of the investment properties are fully let to third parties.

Other investment assets comprise various investment cars that make up a significant balance in the statement of financial position. The investment cars are disclosed at fair value through profit and loss. The fair value of the investment cars requires significant management judgment and estimation.

In determining the fair value of the investment cars, management has taken into account various factors. These include but are not restricted to the vintage, condition, rarity, special features, auction activities and recent sales prices achieved for similar vehicles.

Our audit procedures included enquiries and discussions with management to ensure that the above methodology was appropriate in the circumstances and was fairly applied. Our examination included determining amounts realised upon disposal of similar vehicles by the group and outside parties before and after the end of the reporting period.

There were no matters regarding the valuations that came to our attention that would affect our opinion above.

Independent Auditor's Report

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Audit Committee's Report as required by the BVI Business Companies Act, 2004 of Virgin Islands (British), which we obtained prior to the date of this report. Other information does not include the group annual financial statements and our auditor's report thereon.

Our opinion on the group annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the group annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Group Annual Financial Statements

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

In preparing the group annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Group Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the group annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these group annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the group annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the group annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the group annual financial statements, including the disclosures, and whether the group annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the group annual financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



HLB CMA South Africa Incorporated
G Davias
Director
Chartered Accountants (SA)
Registered Auditors

29 March 2019
Johannesburg
CMA Office Park
No 1 Second Road
Halfway House
Midrand
South Africa

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Statement of Financial Position as at 31 December 2018

Figures in US Dollar thousand	Note(s)	2018	2017
Assets			
Non-Current Assets			
Investment property	3	1 128 130	1 193 656
Loans to associated companies	5	13 536	-
Other financial and investment assets	6	105 974	95 876
		1 247 640	1 289 532
Current Assets			
Trade and other receivables	7	2 079	1 879
Cash and cash equivalents	8	12 947	12 226
		15 026	14 105
Total Assets		1 262 666	1 303 637
Equity and Liabilities			
Equity			
Equity Attributable to Equity Holders of Parent			
Share capital	9	136 620	81 728
Reserves	10	(23 019)	(6 353)
Retained income		261 800	266 106
		375 401	341 481
Non-controlling interest		21 046	18 074
		396 447	359 555
Liabilities			
Non-Current Liabilities			
Loans from group companies	12	5 831	19 861
Borrowings	13	622 063	668 045
Financial liabilities at fair value	14	195 566	197 536
Deposits received	15	813	-
		824 273	885 442
Current Liabilities			
Borrowings	13	19 537	35 521
Trade and other payables	16	22 409	23 119
		41 946	58 640
Total Liabilities		866 219	944 082
Total Equity and Liabilities		1 262 666	1 303 637

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Statement of Profit or Loss and Other Comprehensive Income

Figures in US Dollar thousand	Note(s)	2018	2017
Revenue	17	49 744	26 788
Operating losses	18	(71)	(78)
Operating expenses		(3 755)	(1 696)
Net operating profit	19	45 918	25 014
Investment income	20	3 073	3 660
Finance costs	21	(43 674)	(23 551)
Non-operating (losses) gains	22	(9 582)	235 470
(Loss) profit for the year		(4 265)	240 593
Other comprehensive loss:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		(16 666)	(110 427)
Other comprehensive loss for the year net of taxation		(16 666)	(110 427)
Total comprehensive (loss) income for the year		(20 931)	130 166
(Loss) profit attributable to:			
Owners of the parent		(4 306)	235 250
Non-controlling interest		41	5 343
		(4 265)	240 593
Total comprehensive (loss) income attributable to:			
Owners of the parent		(20 972)	124 823
Non-controlling interest		41	5 343
		(20 931)	130 166

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Statement of Changes in Equity

	Total share capital	Foreign currency translation reserve	Treasury capital	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Balance at 01 January 2017	81 728	112 531	(8 606)	57 416	243 069	12 731	255 800
Profit for the year	-	-	-	235 250	235 250	5 343	240 593
Other comprehensive loss	-	(110 427)	-	-	(110 427)	-	(110 427)
Total comprehensive income for the year	-	(110 427)	-	235 250	124 823	5 343	130 166
Transfer between reserves	-	-	-	(26 560)	(26 560)	-	(26 560)
Sale of treasury shares	-	-	149	-	149	-	149
Total contributions by and distributions to owners of company recognised directly in equity	-	-	149	(26 560)	(26 411)	-	(26 411)
Balance at 01 January 2018	81 728	2 104	(8 457)	266 106	341 481	18 074	359 555
Profit (loss) for the year	-	-	-	(4 306)	(4 306)	41	(4 265)
Other comprehensive loss	-	(16 666)	-	-	(16 666)	-	(16 666)
Total comprehensive Loss for the year	-	(16 666)	-	(4 306)	(20 972)	41	(20 931)
Issue of shares	54 892	-	-	-	54 892	-	54 892
Outside shareholder investment	-	-	-	-	-	2 931	2 931
Total contributions by and distributions to owners of company recognised directly in equity	54 892	-	-	-	54 892	2 931	57 823
Balance at 31 December 2018	136 620	(14 562)	(8 457)	261 800	375 401	21 046	396 447

Note(s) 9 10

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Statement of Cash Flows

Figures in US Dollar thousand	Note(s)	2018	2017
Cash flows from operating activities			
Cash generated from operations	24	47 874	44 044
Interest income		1	2 735
Net cash from operating activities		47 875	46 779
Cash flows from investing activities			
Purchase of investment property	3	(596)	(489 577)
Net movement in group loans		(25 857)	25 118
Net movement in other financial and investment assets		(10 950)	(10 109)
Net cash from investing activities		(37 403)	(474 568)
Cash flows from financing activities			
Proceeds on share issue	9	54 892	-
Net movement in buy back of shares	11	-	149
Net movement in borrowings and other financial liabilities		(24 854)	450 105
Net movement in deposits received		813	-
Interest income		3 072	925
Finance costs		(43 674)	(23 551)
Net cash from financing activities		(9 751)	427 628
Total cash movement for the year		721	(161)
Cash at the beginning of the year		12 226	12 387
Total cash at end of the year	8	12 947	12 226

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these group annual financial statements are set out below.

1.1 Basis of preparation

The group annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these group annual financial statements and the BVI Business Companies Act, 2004.

The group annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in US Dollars, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

The consolidated group annual financial statements incorporate the group annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

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

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

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of group annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

1.4 Investment property

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

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

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

Fair value

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

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

If the fair value of investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.

There are no property interests held under operating leases which are recognised as investment property.

1.5 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Accounting Policies

Financial instruments (continued)

- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 29 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Loans receivable at amortised cost

Classification

Loans to associated companies (note 5) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Accounting Policies

Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 7).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Borrowings and loans from related parties

Classification

Loans from group companies (note 12) and borrowings (note 13) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 21.)

Borrowings expose the company to liquidity risk and interest rate risk.

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Accounting Policies

Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 16), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 21).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk.

Financial liabilities at fair value through profit or loss

Classification

Financial liabilities which are held for trading are classified as financial liabilities mandatorily at fair value through profit or loss. Refer to note 14.

When a financial liability is contingent consideration in a business combination, the company classifies it as a financial liability at fair value through profit or loss. Refer to note 14.

The company, does, from time to time, designate certain financial liabilities as at fair value through profit or loss. The reason for the designation is to reduce or significantly eliminate an accounting mismatch which would occur if the instruments were not classified as such; or if the instrument forms part of a group of financial instruments which are managed and evaluated on a fair value basis in accordance with a documented management strategy; or in cases where it forms part of a contract containing an embedded derivative and IFRS 9 permits the entire contract to be measured at fair value through profit or loss. Refer to note 14 for details.

Recognition and measurement

Financial liabilities at fair value through profit or loss are recognised when the company becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in other operating gains (losses) (note 18).

For financial liabilities designated at fair value through profit or loss, the portion of fair value adjustments which are attributable to changes in the company's own credit risk, are recognised in other comprehensive income and accumulated in equity in the reserve for valuation of liabilities, rather than in profit or loss. However, if this treatment would create or enlarge an accounting mismatch in profit or loss, then that portion is also recognised in profit or loss.

Interest paid on financial liabilities at fair value through profit or loss is included in finance costs (note 21).

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Accounting Policies

Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

1.6 Tax

Current tax assets and liabilities

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

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

Tax expenses

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

1.7 Leases

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

Operating leases - lessor

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

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

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

1.8 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the company also:

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

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

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

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

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

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

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Accounting Policies

1.8 Impairment of assets (continued)

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

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

1.9 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.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

1.10 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

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

A constructive obligation to restructure arises only when an entity:

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

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26.

1.11 Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

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.

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Accounting Policies

Revenue from contracts with customers (continued)

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

1.12 Borrowing costs

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

1.13 Translation of foreign currencies

Investments in subsidiaries, joint ventures and associates

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

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

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

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Notes to the Group Annual Financial Statements

Figures in US Dollar thousand

2018

2017

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">IFRS 9 Financial Instruments	01 January 2018	The adoption of this standard has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements
<ul style="list-style-type: none">IFRS 15 Revenue from Contracts with Customers	01 January 2018	The impact of the standard is not material.
<ul style="list-style-type: none">Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	01 January 2018	The impact of the standard is not material.

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2019 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">IFRS 17 Insurance Contracts	01 January 2021	Unlikely there will be a material impact
<ul style="list-style-type: none">Plan Amendment, Curtailment or Settlement - Amendments to IAS 19	01 January 2019	Unlikely there will be a material impact
<ul style="list-style-type: none">Long-term Interests in Joint Ventures and Associates - Amendments to IAS 28	01 January 2019	Unlikely there will be a material impact
<ul style="list-style-type: none">Prepayment Features with Negative Compensation - Amendment to IFRS 9	01 January 2019	Unlikely there will be a material impact
<ul style="list-style-type: none">Amendments to IFRS 3 Business Combinations: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	Unlikely there will be a material impact
<ul style="list-style-type: none">Amendments to IFRS 11 Joint Arrangements: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	Unlikely there will be a material impact
<ul style="list-style-type: none">Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	Unlikely there will be a material impact
<ul style="list-style-type: none">Amendments to IAS 23 Borrowing Costs: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	Unlikely there will be a material impact
<ul style="list-style-type: none">IFRS 16 Leases	01 January 2019	Impact is currently being assessed

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Notes to the Group Annual Financial Statements

Figures in US Dollar thousand

2018

2017

3. Investment property

	2018			2017		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	1 128 130	-	1 128 130	1 193 656	-	1 193 656

Reconciliation of investment property - 2018

	Opening balance	Additions	Foreign exchange movements	Total
Investment property	1 193 656	596	(66 122)	1 128 130

Reconciliation of investment property - 2017

	Opening balance	Additions	Foreign exchange movements	Fair value adjustments	Total
Investment property	570 293	489 577	(74 025)	207 811	1 193 656

Investment property held for sale

111 - 113 Park Street, Mayfair, London, W1K	22 216	23 419
---	--------	--------

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Notes to the Group Annual Financial Statements

Figures in US Dollar thousand	2018	2017
3. Investment property (continued)		
Details of property		
35 Basinghall Street, London, EC2 and 16 Coleman Street, London, EC2R		
The property is let to Standard Chartered Bank on a fully repairing and insuring lease expiring on 28 June 2027. The property has been mortgaged as security for the liability noted in note 13.		
- Purchase price: April 2013	346 497	346 497
- Capitalised expenditure	1 238	1 238
- Fair value adjustments	195 234	195 234
- Foreign exchange movements	(109 605)	(83 527)
	433 364	459 442
111 - 113 Park Street, Mayfair, London, W1K		
The property has been redeveloped. The property has been mortgaged as security for the liability noted in note 13.		
- Purchase price: November 2013	18 214	18 214
- Capitalised expenditure and additions	8 859	8 739
- Foreign exchange movements	(4 856)	(3 534)
	22 217	23 419
Dry Goods Distribution Centre, Lanistown, Donabate, County Dublin		
The property is let to Tesco Ireland Limited on a fully repairing and insuring lease expiring in December 2032. The lease has been guaranteed by Tesco PLC. The property has been mortgaged as security for the liability noted in note 13.		
- Purchase price: October 2014	151 323	151 323
- Capitalised expenditure	166	166
- Fair value adjustments	16 153	16 153
- Foreign exchange movements	(7 496)	428
	160 146	168 070
Riverbank House, 95-103 Upper Thames Street, London EC4R 3TJ		
Long Leasehold Interest in land for a term of 155 years from 31 August 2007. The Head Lease contains a no cost option to renew for a further 50 years beyond this date. The property has been developed and is let in its entirety with a 25.5 year lease term from 26 May 2010. The property has been mortgaged as security for the liability noted in note 13.		
- Purchase price: December 2017	485 522	485 522
- Capitalised expenditure	3 083	3 083
- Fair value adjustments	51 915	51 915
- Foreign exchange movements	(30 680)	-
	509 840	540 520
Land at Buckmore Farm, Winchester Road, Petersfield GU32 3BU		
Land held under title deed number SH46251		
- Purchase price: June 2016	1 622	1 622
- Capitalised expenditure	906	429
- Foreign exchange movements	35	154
	2 563	2 205

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Notes to the Group Annual Financial Statements

Figures in US Dollar thousand

2018

2017

3. Investment property (continued)

Details of valuation

The effective date of the revaluations was 31 December 2018. The investment property is disclosed at the directors valuation as at the reporting date. The investment property is independently valued periodically.

The Directors are not aware of any material change in the property valuation since the balance sheet date.

4. Interests in subsidiaries

Name of company	Nature of business	% holding 2018	% holding 2017
Abatewood Limited	Property holding	- %	100.00 %
Axel Finance Company Limited	Asset lending	68.60 %	68.60 %
Basinghall Properties Limited	Property holding	100.00 %	100.00 %
Caro Investment Holdings Limited	Investment holding	68.60 %	68.60 %
City Properties (London) Limited	Property holding	100.00 %	100.00 %
Fireblade Automotive Limited	Investment holding	68.60 %	- %
Kiklo Cars Limited	Investment holding	68.60 %	68.60 %
Kiklo Cars USA LLC	Investment holding	68.60 %	68.60 %
Kreis Kapital UG	Investment holding	- %	68.60 %
Mayfair Properties Limited	Property holding	31.50 %	31.50 %
P43 Limited	Property holding	100.00 %	100.00 %
Pikes Peak Properties Limited	Property holding	68.60 %	68.60 %
Primezone Properties Limited	Investment holding	100.00 %	100.00 %
Project 2 Holdings Limited	Investment holding	34.30 %	34.30 %
Riverbank House Unit Trust	Property holding	100.00 %	100.00 %
Riverbank Unit Co 1 Limited	Investment holding	100.00 %	100.00 %
Riverbank Unit Co 2 Limited	Investment holding	100.00 %	100.00 %
Trimantle Unit Trust	Property holding	100.00 %	100.00 %
Zeno (Ireland) Funds PLC	Property holding	100.00 %	100.00 %

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Notes to the Group Annual Financial Statements

Figures in US Dollar thousand	2018	2017
5. Loans to associated companies		
Associates		
Associated companies	13 536	-
The loans are unsecured, interest free and have no fixed terms of repayment.		
6. Other financial and investment assets		
At fair value through profit or loss - designated		
Other investment assets	98 060	89 737
Investment in investment cars.		
At fair value through profit or loss - held for trading		
Listed shares	3	4
Listed shares in the Bank of Cyprus Public Company Limited. The shares were listed on the ASE in December 2014.		
Held to maturity		
CPI inflation swap	-	847
Zeno (Ireland) Funds PLC, a subsidiary of the Company, has entered into a Consumer Price Index Swap where it receives a fixed increase of 2.51% and pays over the variable increase in underlying rental received from the tenant, which is indexed against CPI as published by the central statistics office in Ireland. The swap matured on 1 April 2018.		
Loans and deposits at amortised cost		
Loan to Lanzante Limited	4 312	1 689
Loan facility for the Porsche Tag Project.		
Deposits paid	3 599	3 599
Deposits paid relating to the acquisition of investment cars.		
	7 911	5 288
Total other financial and investment assets	105 974	95 876
Non-current assets		
Designated as at FV through profit (loss) (FV through income)	98 060	89 737
Held for trading (fair value through income)	3	4
Held to maturity	-	847
Loans and deposits	7 911	5 288
	105 974	95 876

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Notes to the Group Annual Financial Statements

Figures in US Dollar thousand

2018

2017

7. Trade and other receivables

Financial instruments:

Trade receivables	1	-
Deposits	81	213
Other receivable	1 028	296

Non-financial instruments:

Prepayments	969	1 370
-------------	-----	-------

Total trade and other receivables	2 079	1 879
--	--------------	--------------

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	12 947	12 226
---------------	--------	--------

9. Share capital

Authorised

100 000 (2017: 50 000) Ordinary shares of US\$ 1 000 each	100 000	50 000
---	---------	--------

The authorised share capital of the company was increased to 100 000 ordinary shares during the year as per the resolution and Memorandum of the company.

The following ordinary shares were issued during the year:

Reconciliation of number of shares issued:

Reported as at 01 January	46 748	46 748
Issue of shares – ordinary shares at US\$3 100 each	17 707	-
	64 455	46 748

Issued

64 455 (2017: 46 748) Ordinary shares	136 620	81 728
---------------------------------------	---------	--------

10. Foreign currency translation reserve

Translation reserve comprises exchange differences on consolidation of foreign subsidiaries.

Opening balance	2 104	112 531
Current year movement	(16 666)	(110 427)
	(14 562)	2 104

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Notes to the Group Annual Financial Statements

Figures in US Dollar thousand	2018	2017
11. Treasury capital		
2 728 (2017: 2 776) shares at \$3 100 per share	(8 457)	(8 606)
(2017: 48 shares sold at \$3 100 per share)	-	149
2 728 shares (2017: 2 728) shares at \$3 100 per share	(8 457)	(8 457)
12. Loans from group companies		
Holding company		
HBW Group Proprietary Limited	5 831	19 851
The loan is unsecured, interest free and has no fixed terms of repayment.		
Fellow subsidiaries		
Zeno Capital (USA) Incorporated	-	10
The loan is unsecured, interest free and has no fixed terms of repayment.		

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Notes to the Group Annual Financial Statements

Figures in US Dollar thousand	2018	2017
13. Borrowings		
Held at amortised cost		
Secured		
Mortgage bond 35 Basinghall Street, London HSH Nordbank secured loan (Initially GBP 206 000 000, balance outstanding as at 31 December 2018 GBP 169 741 474). The interest margin is 2.00% above 3 month Libor and the maturity date is 30 June 2023. There is a partial cash sweep from the net operating income of the property to repay capital under the facility. The loan is secured by the property described in note 2.	216 352	245 881
Mortgage bond Dry Goods Distribution Centre, Lanistown Secured loan (Initially EUR 94 392 674, balance outstanding as at 31 December 2018 EUR 83 016 493) bearing interest at a fixed rate. Interest is paid quarterly in arrears. The loan is repaid in quarterly repayments for the first five years with the balance outstanding at maturity being repayable in full on the sale of property, refinancing or other sources. During the year, the facility was refinanced with the Bank of Ireland and the facility has been extended to March 2023 on an interest only basis as well as a reduction in the all in rate to 3.01%.	94 963	99 881
Mortgage bond Riverbank House, 95-103 Upper Thames Street, London HSH Nordbank made a loan available to RHUT totalling GBP 253 200 000 (Balance outstanding as at 31 December 2018 GBP 250 017 142). The interest margin is 2.5% above 3 month Libor and the maturity date is June 2024. There is a partial cash sweep from the net operating income of the property to repay capital under the facility. The facility is secured by the Long Leasehold Interest and the units in the unit trust.	318 672	343 056
Mortgage bond 111 - 113 Park Street London Secured loan (Initially GBP 10 500 000, balance outstanding as at 31 December 2018 GBP 8 662 500) bearing interest at a linked rate. Interest is paid quarterly in arrears. The loan is repayable within 24 months of the initial draw down which occurred in December 2016. Subsequent to year end the loan has been settled in full.	11 041	14 189
Profit sharing option Amount received from Oxygen Asset Management Limited in terms of a profit sharing option agreement, which provides that Oxygen will be entitled to a 6.5% share of the profits upon disposal of the Dry Goods Distribution Centre referred to in note 3. Should this disposal not occur before 14 October 2021, Oxygen will have the option to exercise its right to a share of the profits as determined at the date upon which the option is exercised.	572	559
	641 600	703 566
Split between non-current and current portions		
Non-current liabilities	622 063	668 045
Current liabilities	19 537	35 521
	641 600	703 566

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Notes to the Group Annual Financial Statements

Figures in US Dollar thousand	2018	2017
14. Financial liabilities at fair value		
At fair value through profit (loss)		
Interest rate swaps	195 566	197 536
Two amortising interest rate swaps with a notional value of US\$ 256 854 850 held for the Basinghall senior debt with a swap rate of 4.45% maturing in June 2027. The market value of the swap as at 31 December 2018 was negative US\$ 79 419 520 (2017: negative US\$ 67 036 057). The swap is cross collateralised with the facilitating Bank's security interest in the Trimantle Unit Trust and the mortgage over the property.		
Zeno (Ireland) Funds PLC, a subsidiary of the Company, had entered into an interest rate swap with a notional value of US\$ 97 987 138 as at 31 December 2017 and a rate of 1.93% maturing in September 2019. The market value of the swap as at 31 December 2017 was negative US\$ 3 601 655. The swap was terminated in June 2018 and the loan was converted to a fixed rate loan.		
The Unit Trust is counterparty to an amortising fixed-for floating interest rate swap with a current notional amount of US\$ 319 935 228, a current fixed rate of 3.5% and a floating rate of 3 months Libor. The swap is secured by the Long Leasehold Interest and the units in Riverbank House Unit Trust. The market value of the swap as at 31 December 2018 was negative US\$ 116 146 962 (2017: negative US\$ 126 898 451).		
	195 566	197 536
15. Deposits received		
Held at amortised cost		
Deposits received	813	-
16. Trade and other payables		
Financial instruments:		
Trade payables	907	4 464
Other payables	179	516
Accrued audit fees	32	36
Accrued interest	7 626	3 727
Deposits received	-	862
Non-financial instruments:		
Amounts received in advance	11 837	11 608
VAT	1 828	1 906
	22 409	23 119
17. Revenue		
Revenue from contracts with customers		
Rental income	49 227	26 626
Recoveries	517	162
	49 744	26 788

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Notes to the Group Annual Financial Statements

Figures in US Dollar thousand	2018	2017
18. Other operating gains (losses)		
Gains (losses) on disposals, scrappings and settlements		
Other financial and investment assets	(45)	(45)
Foreign exchange gains (losses)		
Net foreign exchange loss	(26)	(33)
Total other operating gains (losses)	(71)	(78)
19. Net operating profit (loss)		
Net operating profit for the year is stated after charging (crediting) the following, amongst others:		
Auditor's remuneration - external		
Audit fees	43	24
Leases		
Operating lease charges		
Premises	1 201	34
20. Investment income		
Interest income		
Investments in financial assets:		
Bank and other cash	1	-
Debt instruments at fair value through profit or loss	3 072	925
Other financial assets	-	2 735
Total interest income	3 073	3 660
21. Finance costs		
Non-current borrowings	20 030	9 286
Financial liabilities at fair value through profit (loss)	23 644	14 265
Total finance costs	43 674	23 551
22. Non-operating gains (losses)		
Gains (losses) on disposals, scrappings or settlements		
Write off of investments in subsidiaries classified as held to maturity	(1 292)	-
Fair value gains (losses)		
Investment property	-	207 811
Loans from group companies	2 195	7 187
Investment assets designated as at fair value through profit or loss	-	15 900
Financial liabilities designated as at fair value through profit or loss	(10 485)	4 572
Total non-operating gains (losses)	(9 582)	235 470

23. Taxation

No provision has been made for 2018 tax as the group has no taxable income.

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Notes to the Group Annual Financial Statements

Figures in US Dollar thousand	2018	2017
24. Cash generated from operations		
(Loss) profit before taxation	(4 265)	240 593
Adjustments for:		
Losses on disposals, scrapings and settlements of assets and liabilities	1 337	35
Losses on foreign exchange	26	33
Interest income	(3 073)	(3 660)
Finance costs	43 674	23 551
Fair value losses (gains)	8 290	(235 460)
Non-cash movement in outside shareholder interest	2 931	-
Other non-cash items	(137)	-
Changes in working capital:		
Trade and other receivables	(200)	5 818
Trade and other payables	(709)	13 134
	47 874	44 044

25. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Investment property	7 589	6 481
• Investment cars	8 691	10 871

This committed expenditure relates to investment properties and investment cars and will be financed by existing cash resources and debt.

26. Contingencies

Zeno Capital Limited has guaranteed all interest, costs and expenses under the loan facility from Investec Bank (Channel Islands) Limited for the company Mayfair Properties Limited. This has subsequently been released with the settlement of the loan in 2019.

27. Related parties

Relationships	
Ultimate holding company	Supaluck Investments Proprietary Limited
Holding company	HBW Group Proprietary Limited
Associated companies	Grant Avenue Properties LLC Zeno Capital USA Incorporated

Related party balances

Loan accounts - Owing (to) by related parties

HBW Group Proprietary Limited	(5 831)	(19 851)
Zeno Capital (USA) Incorporated	-	(10)
Associated companies	13 536	-

Related party transactions

Management fees paid to (received from) related parties

HBW Group Proprietary Limited	-	500
-------------------------------	---	-----

28. Directors' emoluments

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

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Notes to the Group Annual Financial Statements

Figures in US Dollar thousand

2018

2017

29. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2018

	Note(s)	Amortised cost	Total	Fair value
Loans to associated companies	5	13 536	13 536	13 536
Trade and other receivables	7	1 110	1 110	1 110
Cash and cash equivalents	8	12 947	12 947	12 947
		27 593	27 593	27 593

2017

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	7	509	509	509
Cash and cash equivalents	8	12 226	12 226	12 226
		12 735	12 735	12 735

Categories of financial liabilities

2018

	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Borrowings	13	-	641 600	641 600	641 600
Other financial liabilities at fair value	14	195 566	-	195 566	195 566
Trade and other payables	16	-	8 744	8 744	8 744
Loans from group companies	12	-	5 831	5 831	5 831
Deposits received		-	813	813	813
		195 566	656 988	852 554	852 554

2017

	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Borrowings	13	-	703 566	703 566	703 566
Other financial liabilities at fair value	14	197 536	-	197 536	197 536
Trade and other payables	16	-	9 605	9 605	9 605
Loans from group companies	12	-	19 861	19 861	19 861
		197 536	733 032	930 568	930 568

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Notes to the Group Annual Financial Statements

Figures in US Dollar thousand

2018

2017

29. Financial instruments and risk management (continued)

Capital risk management

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

The capital structure of the company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 12 & 13 cash and cash equivalents disclosed in note 8, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the company monitors capital on the basis of the debt: equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and noncurrent borrowings as shown in the statement of financial position) less cash and cash equivalents. Total equity is represented in the statement of financial position.

There are no externally imposed capital requirements.

Financial risk management

Overview

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

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by the fund managers under policies approved by the directors.

Company treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

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

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

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

Foreign currency risk

The group is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the group deals primarily are US Dollars, UK Pounds and Euros.

Zeno Capital Limited

(Registration number 1628131)

Group Annual Financial Statements for the year ended 31 December 2018

Notes to the Group Annual Financial Statements

Figures in US Dollar thousand

2018

2017

29. Financial instruments and risk management (continued)

Exchange rates

The following closing exchange rates were applied at reporting date:

US Dollar per unit of foreign currency:

UK Pound	1.275	1.351
Euro	1.144	1.201