SPEYMILL MACAU PROPERTY COMPANY PLC

Consolidated Annual Report

Year ended 31 December 2011

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Directors and advisers

Directors	Howard I Golden (Non-executive Chairman) Filip Montfort (Non-executive Director) Yarden Mariuma (Non-executive Director) Harald Gerhard Wengust (Non-executive Director)
Registered office	Millennium House 46 Athol Street Douglas Isle of Man, IM1 1JB
Nominated adviser & Broker	Matrix Corporate Capital LLP One Vine Street London W1J OAH
English law adviser	Lawrence Graham LLP 4 More London Riverside London SE1 2AU
Administrator and Registrar	Galileo Fund Services Limited 46 Athol Street Douglas Isle of Man, IM1 1JB
Auditors	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man, IM99 1HN
Isle of Man law adviser	Appleby 33 Athol Street Douglas Isle of Man, IM1 1LB

Highlights of the year

Balance sheet	**31 Dec 2011**	**31 Dec 2010**
Net assets (US$'000)	92,005	130,714
Net assets per share (US$)	0.86	1.21
Distribution to shareholders (US$ per share)	0.30	0
Total assets (US$'000)	93,133	222,917
Property assets** (US$'000)	-	159,884

** The sale of the AIA Tower was contracted on 30 November 2011 under the terms of a sale and purchase agreement. The sale was concluded on 31 January 2012.

Income statement	**31 Dec 2011**	**31 Dec 2010**
Gross rental income (US$'000)	7,876	7,962
Valuation gains/(losses) (US$'000)	3,882	(666)
Impairment of goodwill	(6,451)	-
Loss after tax (US$'000)	(5,933)	(5,152)
Basic and diluted loss per share (US cents per share)	(5.52)	(4.61)

Business highlights

- AIA Tower, the last remaining property asset has been sold effective 31 January 2012.
- Property sold outside existing corporate structure crystallising previously provided tax liabilities of $11,179,000
- As a result of the sale being for the property alone, goodwill of $6,451,000 arising on acquisition has been impaired to Nil
- The Board approved a $0.30 return of capital to shareholders paid on April 28, 2011.

Chairman's statement

The year just past was very satisfying for the board since we were able to complete the sale of almost all of the Company's assets and entered into a Sale and Purchase Agreement for the sale of the last asset, the AIA Tower to American International Assurance Company (Bermuda) Limited, a limited liability company incorporated in Bermuda and its wholly owned subsidiary, Golden Liberty Investment Limited.

Following year end, but not by much (we closed Jan 31, 2012) we completed the sale of the AIA Tower for a price above its valuation in the NAV of HK$1.2 Billion. The gross sale price for the property was HK$1,260,000,000 (US$161.9 million) and as the sale was for the property itself and not SPI Macau Limitada, the subsidiary company which holds the property, this crystallised a tax liability of HK$87 million (US$11.2 million). The crystallisation of this liability resulted in the need to impair to nil the goodwill that arose on the purchase of SPI Macau Limitada (US$6.5 Million).

Following this successful sale, and after discussions with a number of Shareholders it became apparent to the Directors that a majority of Shareholders by value would like to maintain their investment in the Company and would support the continuation of the life of the Company following the adoption of a new investment objective and investing policy. This was a change from the initial view to simply sell the portfolio and liquidate the Company. The board appreciates this show of support and the restructuring of the Company would be undertaken in conjunction with the appointment of an external investment manager, being Terra Partners Asset Management Limited, a company owned by three of the four directors, namely Howard Golden, Fillip Montfort and Yarden Mariuma.

All elements of the proposed Restructuring will be subject to Shareholder approval at an Extraordinary General Meeting which is being called and which should be held shortly after the issuance of this report. Any Shareholders who do not wish to retain their investment in the Company post the Restructuring (if implemented) will, subject to the passing of the appropriate resolution at the Extraordinary General Meeting, be able to exit the Company completely through a Tender Offer to all shareholders. In order to ensure that this restructuring plan is desired by the majority of the shareholders, the board decided that the Tender Offer and Restructuring will be conditional upon, *inter alia,* the Company receiving tenders in respect of no more than 60% of the issued Ordinary Share capital of the Company. If the Company receives tenders in respect of more than 60% of the issued Ordinary Share capital of the Company, neither the Tender Offer nor the Restructuring shall proceed and the Company shall, in due course, put proposals for the winding up of the Company to Shareholders for their approval.

The full details of the tender offer and restructuring are included in the circular to shareholders to be issued on or around 30 April 2012 and copies of this document will be available on the Company's website: www.speymillmacau.com or by contacting the Administrator.

We have enjoyed our tenure as directors and Filip Montfort will continue in this capacity while Harald Wengust, Yarden Mariuma and I will resign to allow other, independent directors to take our place, so this is my last missive to shareholders.

Cordially,

Howard Golden

Howard I. Golden,
Chairman
27 April, 2012

Directors' report

The Directors hereby submit their annual report together with the audited consolidated financial statements of Speymill Macau Property Company plc (the "Company") for the financial year ended 31 December 2011.

The Company

The Company is incorporated in the Isle of Man and has been established to invest in the high quality residential and commercial real estate market in Macau.

Results and dividends

The results and position of the Company at the year-end are set out on pages 9 to 16 of the financial statements.

At the Extraordinary General Meeting held on 19 November 2010, the shareholders approved a revised Investing Policy as follows:

The Company shall cease making new investments and shall, as soon as is considered reasonably practicable by the Directors of the Company in their sole discretion, dispose of all of its investments in an orderly manner and return the net proceeds generated to shareholders.

In accordance with the shareholders resolution, the Directors declared an interim return of capital of 30 cents per share as follows.

Ex Dividend date	13 April, 2011
Record date	15 April, 2011
Payment date	28 April, 2011

Directors

There has been no change to the constitution of the Board during the year. The Directors during the year and up to the date of this annual report were as follows.

	Date Appointed
Howard I Golden	21 July 2009
Filip Montfort	21 July 2009
Yarden Mariuma	21 July 2009
Harald Gerhard Wengust	7 September 2009

Directors' interests in the shares of the Company

The interests of the Directors in the share capital of the Company as at 31 December 2011 are set out below:

Director	**No. of shares**
Harald Gerhard Wengust	148,000
Howard I Golden**	29,350,000
Yarden Mariuma**	29,350,000
Filip Montfort**	29,350,000

** Messrs. Golden, Mariuma and Montfort are principals of Terra Partners Group, the Investment Manager to Worldwide Opportunities Fund (Cayman) Limited, which held 29,350,000 shares in the Company as of the date of this financial statement.

Director's interests
None of the Directors had any interest during the year in any material contract for the provision of services which was significant to the business of the Company.

Directors' report continued

Independent Auditors

KPMG Audit LLC have expressed their willingness to continue in office in accordance with Section 12 (2) of the Companies Act 1982.

Corporate governance

Although the Company is not obliged by the listing rules to do so, the Board intends, where appropriate for a Company of its size, to comply with the main provisions of the principles of good governance and code of best practice set out in the Combined Code ('the Code').

Responsibilities of the Board

The Board of Directors are responsible for the implementation of the investment policy of the Company. The investment policy, which is to cease making new investments and, as soon as is considered reasonably practicable by the Directors of the Company in their sole discretion, to dispose of all of the Company's investments in an orderly manner and return the net proceeds generated to Shareholders, was set by the shareholders at an extraordinary general meeting held on 19th November, 2010. Following the termination of the Investment Manager the Board became responsible for the Company's day-to-day operations and assiduously worked with the administrator and all the employees of the AIA Tower in Macau to ensure that the Company ran efficiently and properly.

At each of the regular Board meetings held, the financial performance of the Company and its portfolio assets are reviewed. The Board also received regular property asset performance reports from initially the Manager and the Investment Adviser and subsequently the property managers following the termination of the contract of the Manager in June 2011.

In addition the Board members have made regular trips to Macau during the year to make site visits to the properties and meet with the local service providers such as the property managers, local attorneys, auditors and consultants.

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Audit Committee

The Audit Committee is a sub-committee of the Board and makes recommendations to the Board which retains the right of final decision. The Audit Committee has primary responsibility for reviewing the financial statements and the accounting policies, principles and practice underlying them, liaising with the external auditors and reviewing the effectiveness of internal controls. The Audit Committee maintains a risk register to help it identify, evaluate, monitor and control risks.

The terms of reference of the Audit Committee covers the following:

- The composition of the Committee, quorum and who else attends meetings.
- Appointment and duties of the Chairman.
- Duties in relation to external reporting, including reviews of financial statements, shareholder communications and other announcements.
- Duties in relation to the external auditors, including appointment / dismissal, approval of fee, discussion of the audit.
- Duties in relation to internal systems, procedures and controls.

On behalf of the Board

Howard I. Golden
Chairman
27 April 2012

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year, which meet the requirements of Isle of Man company law. In addition, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Financial Reporting Standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and to enable them to ensure that its financial statements comply with the Companies Acts 1931 to 2004. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

On behalf of the Board

Howard I. Golden
Chairman
27 April 2012

Report of the Independent Auditors, KPMG Audit LLC, to the members of Speymill Macau Property Company plc

We have audited the financial statements of Speymill Macau Property Company plc for the year ended 31 December 2011 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group Statement of Cash Flows and the Group and Parent Company Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs).

This report is made solely to the Company's members, as a body, in accordance with Section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the Directors are responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 December 2011 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs; and
- have been properly prepared in accordance with the provisions of Companies Acts 1931 to 2004.

Report of the Independent Auditors, KPMG Audit LLC, to the members of Speymill Macau Property Company plc continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

- proper books of account have not been kept by the Parent Company and proper returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company's balance sheet and income statement are not in agreement with the books of account and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man, IM99 1HN
27 April 2012

Consolidated income statement

	Notes	For the year ended 31 December 2011 US$'000	For the year ended 31 December 2010 US$'000
Rent and related income		**7,876**	7,962
Direct expenses		**(4,191)**	(3,134)
Net rent and related income		**3,685**	4,828
Impairment of goodwill	11	**(6,451)**	-
Gain/(Loss) on disposal of investment property	12	**3,882**	(666)
		(2,569)	(666)
Manager's fees	10.4	**(1,361)**	(2,751)
Audit and professional fees	10.3	**(812)**	(252)
Other expenses	10.1,10.2,20	**(1,581)**	(1,789)
Administrative and other expenses		**(3,754)**	(4,792)
Net operating loss before net financing expense		**(2,638)**	(630)
Finance income		**101**	96
Finance cost		**(1,986)**	(1,762)
Net finance cost	7	**(1,885)**	(1,666)
Loss before tax		**(4,523)**	(2,296)
Taxation	21, 22	**(1,410)**	(2,862)
Loss for the year		**(5,933)**	(5,158)
Attributable to:			
Owners of the Company		**(5,933)**	(5,152)
Non-controlling interest		**-**	(6)
		(5,933)	(5,158)
Basic and diluted loss per share (cents per share) for loss attributable to the owners of the Company during the year	16	**(5.52)**	(4.61)

The accompanying notes on pages 17 to 35 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

	For the year ended 31 December 2011 US$'000	For the year ended 31 December 2010 US$'000
Loss for the year	**(5,933)**	(5,158)
Other comprehensive income		
Currency translation differences	**63**	(119)
Other comprehensive income/(loss) for the year	**63**	(119)
Total comprehensive loss for the year	**(5,870)**	(5,277)
Total comprehensive loss attributable to:		
Owners of the company	**(5,870)**	(5,267)
Non-controlling interest	**-**	(10)
Total comprehensive loss for the year	**(5,870)**	(5,277)

The accompanying notes on pages 17 to 35 form an integral part of these consolidated financial statements.

Consolidated balance sheet

	Note	31 December 2011 US$'000	31 December 2010 US$'000
Intangible assets	11	**-**	6,451
Investment property	12	**-**	159,884
Plant and equipment		**-**	1,121
Total non-current assets		**-**	167,456
Assets held for sale and associated liabilities	13	**77,189**	-
Trade and other receivables	14	**28**	16,943
Cash and cash equivalents	15	**15,916**	38,518
Total current assets		**93,133**	55,461
Total assets		**93,133**	222,917
Issued share capital	17	**10,783**	10,783
Share premium		**62,356**	62,356
Retained earnings		**16,593**	55,365
Other reserves		**2,217**	2,217
Foreign currency translation reserve		**56**	(7)
Equity attributable to owners of the parent		**92,005**	130,714
Non-controlling interest		**-**	1,217
Total equity		**92,005**	131,931
Deferred income tax	22	**-**	10,063
Total non-current liabilities		**-**	10,063
Interest-bearing loans and borrowings	18	**-**	76,022
Trade and other payables	19	**1,128**	4,901
Total current liabilities		**1,128**	80,923
Total liabilities		**1,128**	90,986
Total equity & liabilities		**93,133**	222,917
Net asset value per share	8	**0.86**	1.21

Approved by the Board of Directors on 27 April 2012

Howard I. Golden	Harald Wengust
Director	Director

The accompanying notes on pages 17 to 35 form an integral part of these consolidated financial statements.

Company balance sheet

	Note	**31 December 2011**	**31 December 2010**
		US$'000	**US$'000**
Trade and other receivables	14	**28**	20
Cash and cash equivalents	15	**12,310**	14,038
Intercompany balances	5	**80,794**	116,798
Total current assets		**93,132**	130,856
Total assets		**93,132**	130,856
Issued share capital	17	**10,783**	10,783
Share premium		**62,356**	62,356
Retained earnings		**16,649**	55,022
Other reserves		**2,217**	2,553
Total equity		**92,005**	130,714
Trade and other payables	19	**1,127**	142
Total current liabilities		**1,127**	142
Total liabilities		**1,127**	142
Total equity & liabilities		**93,132**	130,856
Net asset value per parent company share	8	**0.86**	1.21

The loss made by the Company for the year ended 31 December 2011 was US$5,870,000 (year ended 31 December 2010, loss US$5,267,000).

Approved by the Board of Directors on 27 April 2012

Howard I. Golden	Harald Wengust
Director	Director

The accompanying notes on pages 17 to 35 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Share capital	Share premium	Retained earnings	Capital redemption reserve	Foreign currency translation reserves	Total parent equity	Non-controlling Interest	**Total equity 31 December**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'00 0	US$'000	**US$'000**
Balance at 1 January 2010	11,682	62,356	67,240	1,318	108	142,704	1,227	**143,931**
Loss for the year	-	-	(5,152)	-	-	(5,152)	(6)	**(5,158)**
Other comprehensive income								
Foreign exchange translation differences	-	-	-	-	(115)	(115)	(4)	**(119)**
Total comprehensive loss for the year	-	-	(5,152)	-	(115)	(5,267)	(10)	**(5,277)**
Shares cancelled following market purchases/ transfer to capital redemption reserve	(899)	-	(6,723)	899	-	(6,723)	-	**(6,723)**
Balance at 31 December 2010	10,783	62,356	55,365	2,217	(7)	130,714	1,217	**131,931**

The accompanying notes on pages 17 to 35 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Share capital US$'000	Share premium US$'000	Retained earnings US$'000	Capital redemption reserve US$'000	Foreign currency translation reserves US$'000	Total parent equity US$'000	Non-controlling Interest US$'000	**Total equity 31 December US$'000**
Balance at 1 January 2011	10,783	62,356	55,365	2,217	(7)	130,714	1,217	**131,931**
Loss for the year	-	-	(5,933)	-	-	(5,933)	-	**(5,933)**
Other comprehensive income								
Foreign exchange translation differences	-	-	-	-	63	63	-	**63**
Total comprehensive loss for the year	-	-	(5,933)	-	63	(5,870)	-	**(5,870)**
Shares repurchased to be held in treasury	-	-	(490)	-	-	(490)	-	**(490)**
Non controlling interest settled on disposal of properties	-	-	-	-	-	-	(1,217)	**(1,217)**
Distribution paid	-	-	(32,349)	-	-	(32,349)	-	**(32,349)**
Total contributions by and distributions to owners	-	-	(32,839)	-	-	(32,839)	(1,217)	**(34,056)**
Balance at 31 December 2011	**10,783**	**62,356**	**16,593**	**2,217**	**56**	**92,005**	**-**	92,005

The accompanying notes on pages 17 to 35 form an integral part of these consolidated financial statements.

Company statement of changes in equity

	Share capital	Share premium	Retained earnings	Capital redemption reserve	**Total equity 31 December**
	US$'000	US$'000	US$'000	US$'000	**US$'000**
Balance at 1 January 2010	11,682	62,356	67,348	1,318	142,704
Loss for the year	-	-	(5,267)	-	(5,267)
Total comprehensive loss for the year	-	-	(5,267)	-	(5,267)
Transactions with owners:					
Shares cancelled following market purchases/ transfer to capital redemption reserve	(899)	-	(6,723)	899	(6,723)
Balance at 31 December 2010	10,783	62,356	55,358	2,217	**130,714**
Loss for the year	-	-	(5,870)	-	**(5,870)**
Total comprehensive loss for the year	-	-	(5,870)	-	**(5,870)**
Shares repurchased to be held in treasury	-	-	(490)	-	**(490)**
Distribution paid	-	-	(32,349)	-	**(32,349)**
Total contributions by and distributions to owners	-	-	(32,839)	-	(32,839)
Balance at 31 December 2011	**10,783**	**62,356**	**16,649**	**2,217**	**92,005**

The accompanying notes on pages 17 to 35 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Note	For the year ended 31 December 2011 US$'000	For the year ended 31 December 2010 US$'000
Operating activities			
Group profit/(loss) before tax		**(4,523)**	(2,296)
Adjustments for:			
Revaluation of investment property	13	**(7,711)**	-
Loss on disposal of investment property		**184**	666
Depreciation		**1,013**	710
Impairment of goodwill	11	**6,451**	-
Interest income	7	**(101)**	(96)
Interest expense	7	**1,986**	1,735
Operating income before changes in working capital		**(2,701)**	719
Decrease in trade and other receivables		**1,040**	559
Liabilities relating to assets held for sale		**10,384**	-
Increase/(decrease) in trade and other payables		**(3,773)**	18
Cash generated from operations		**4,950**	1,296
Interest received	7	**101**	96
Interest paid	7	**(1,986)**	(1,735)
Income tax paid		**33**	(626)
Cash flows used in operating activities		**3,098**	(969)
Investing activities			
Sale of investment property		**21,333**	12,903
Purchase of fixed assets		**-**	(554)
Cash flows generated from investing activities		**21,333**	12,349
Financing activities			
Cost of Ordinary Shares purchased		**(490)**	(6,723)
Dividends paid		**(32,349)**	-
Payment to non-controlling interest		**(1,217)**	-
Repayments of secured bank loans		**(13,040)**	(2,564)
Cash flows used in financing activities		**(47,096)**	(9,287)
Net increase/(decrease) in cash and cash equivalents		**(22,665)**	2,093
Cash and cash equivalents at beginning of year		**38,518**	36,598
Difference on foreign exchange		**63**	(173)
Cash and cash equivalents at end of year	15	**15,916**	38,518

The accompanying notes on pages 17 to 35 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 The Company

Speymill Macau Property Company plc (the "Company") was incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004 on 31 October 2006 as a public company with registered number 118202C.

The annual report of the Company as at and for the year ended 31 December 2011 comprises the Company and its subsidiaries (together referred to as the “Group”).

At the Extraordinary General Meeting held on 19 November 2010 it was resolved that; the Company shall cease making new investments and shall, as soon as is considered reasonably practicable by the Directors of the Company in their sole discretion, dispose of all of its investments in an orderly manner and return the net proceeds generated to Shareholders.

2 Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The consolidated financial statements were authorised for issue by the Board of Directors on 27 April, 2012.

2.2 Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for investment properties and assets held for sale, which are stated at fair value/realisable value.

2.3 Functional and presentation currency

These consolidated financial statements are presented in United States Dollars (US$), which is the Company’s presentation currency. The Hong Kong Dollar (HK$) is the currency of the primary economic environment in which the entity operates (“the functional currency”).

2.4 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Following the agreement to sell the investment property (see note 13) there are no significant areas requiring estimation.

Notes to the consolidated financial statements continued

2 Basis of preparation continued

Adoption of new and revised International Financial Reporting Standards (IFRSs)

Standards affecting amounts reported in the current period (and/or prior periods)

a) *New and amended standards adopted by the Group*

Annual improvements to IFRSs, effective 1 January 2011, were issued by the IASB as part of the IASB's programme of annual improvements resulting in amendments to 7 standards. The improvements have not had a significant effect on the Group or the Company.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2011.

Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group and the Company has updated its disclosure in relation to any transactions between its subsidiaries and its associates.

IFRS 7 (amendment), 'Financial instruments', effective 1 January 2011. Emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendment has not had any impact on the Group or the parent entity's financial statements.

IAS 1, 'Presentation of financial statements', effective 1 January 2011. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. This has not had a significant effect on the Group or the parent entity's financial statements.

IAS 27, 'Consolidated and separate financial statements', applicable to annual periods beginning on or after 1 July 2010. Clarifies that the consequential amendments from IAS 27 made to IAS 21, 'The effect of changes in foreign exchange rates', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', apply prospectively for annual periods beginning on or after 1 July 2010, or earlier when IAS 27 is applied earlier. This has not had any impact on the Group or the parent entity's financial statements.

b) *Standards, amendments and interpretations to existing standards relevant to the Group, that are not yet effective and have not been early adopted by the Group*

IFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess IFRS 9's full impact.

IFRS 10, 'Consolidated financial statements', issued in May 2011. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This standard is applicable for periods beginning on or after 1 January 2013. The Group is yet to assess the full impact of IFRS 10, but the adoption may change the entities that are consolidated as subsidiaries from 1 January 2013.

Notes to the consolidated financial statements continued

2 Basis of preparation continued

Adoption of new and revised International Financial Reporting Standards (IFRSs)

Standards affecting amounts reported in the current period (and/or prior periods)

b) *Standards, amendments and interpretations to existing standards relevant to the Group, that are not yet effective and have not been early adopted by the Group (continued)*

IFRS 12, 'Disclosure of interests in other entities', issued in May 2011. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard will be applicable for periods beginning or after 1 January 2013. The Group, subject to EU endorsement, will adopt this standard from 1 January 2013. It is not expected to have a significant impact on the Group.

IFRS 13, 'Fair value measurement', issued in May 2011. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is applicable for periods beginning on or after 1 January 2013. The Group is yet to assess IFRS 13's full impact.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists where the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Foreign currency

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 expressed in United States Dollars, which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at

Notes to the consolidated financial statements continued

3. Significant accounting policies continued

3.2 Foreign currency continued

the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the subsidiaries are expressed in United States Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

3.3 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises receivables and deposits on the date that they are originated.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: receivables and cash and cash equivalents.

Receivables comprise trade and other receivables. Such assets are recognised initially at cost. Subsequent to initial recognition, receivables are measured at cost less any impairment losses.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(ii) Non-derivative financial liabilities

The Group initially recognises financial liabilities on the date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings and trade and other payables.

Notes to the consolidated financial statements continued

3. Significant accounting policies continued

3.3 Financial instruments continued

Loans and borrowings are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Trade and other payables are stated at their cost.

(iii) Share capital

Ordinary Shares

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary Shares and share options are recognised as a deduction from equity, net of any tax effects.

3.4 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets and is measured at cost less accumulated impairment losses.

3.5 Revenue recognition

Rental income and expenses

Rental income from the investment properties leased out under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Related direct costs are accounted for on an accrual basis. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Finance income and expenses

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss.

Finance costs comprise interest expense on borrowings. Interest expense is recognised as it accrues in profit or loss.

Foreign currency gains and losses are reported on a net basis.

3.6 Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes to the consolidated financial statements continued

3. Significant accounting policies continued

3.6 Impairment continued

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.10 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its Ordinary Shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of Ordinary Shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of Ordinary Shares outstanding, adjusted for own shares held, for the effects of all dilutive potential Ordinary Shares.

3.11 Dividends

Dividends are recognised as a liability in the period in which they are declared and approved.

Notes to the consolidated financial statements continued

3. Significant accounting policies continued

3.12 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating result of the single operating segment is reviewed regularly by the Group's Board of Directors to make decisions about resources to be allocated and assess its performance.

3.13 Assets classified as held for sale

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

4. Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- foreign exchange risk
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group aims to develop a disciplined and constructive control environment.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's financial assets.

Notes to the consolidated financial statements continued

4. Financial risk management continued

Cash and cash equivalents
The Group limits its exposure to credit risk by investing only with counterparties that have high credit ratings. Management actively monitors credit ratings and does not expect any counterparty to fail to meet its obligations.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the current economic circumstances. Management has established a credit policy under which each new tenant is analysed individually for creditworthiness before the Group's standard payment terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risks arise from open positions in (a) foreign currencies and (b) interest-bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

The Group sets limits on the exposure to currency and interest rate risk that may be accepted, which are monitored on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk, primarily with respect to the US Dollar and HK Dollar. Foreign exchange risk arises in respect of those recognised monetary financial assets and liabilities, income and expense that are not in the functional currency of the Group.

Notes to the consolidated financial statements continued

4. Financial risk management continued

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, service providers, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness. The Group has developed standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- ethical and business standards.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The capital structure of the Group consists of net debt (borrowings as detailed in notes 13 and 18 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in note 17). The Board reviews the capital structure of the Group on a semi-annual basis.

The Board of Directors monitors the net asset value per share, which the Group defines as the total shareholders' equity divided by the total number of shares in issue. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

5 The subsidiaries

At the end of the year, the Company owned a controlling interest in the following subsidiaries:

	Country of incorporation	Percentage of shares held
Armando Global Limited (intermediate holding company)	British Virgin Islands	100%
Carlos Associates Limited	British Virgin Islands	100%
Rafael Limited	British Virgin Islands	100%
Quim Limited	British Virgin Islands	100%
Toninho (Macau) Limitada	Macau	100%
Speymill Property I (Macau) Limitada	Macau	100%
Turbo Ventures Ltd	Cayman Islands	100%

Inter-company loans from the Company to subsidiaries are interest free, unsecured and repayable on demand.

Notes to the consolidated financial statements continued

6 Segment reporting

The Group has one segment focusing on disposing of all of the Companies investments and returning the proceeds to shareholders. No additional disclosure is included in relation to segment reporting as the Group's activities are limited to one business and geographic segment.

7 Net finance cost

	31 December 2011	31 December 2010
	US$'000	US$'000
Interest income on bank balances	**101**	96
Finance income	**101**	96
Interest expense on bank loans	**(1,980)**	(1,575)
Bank charges	**(6)**	(27)
Amortised financial charges	**-**	(160)
Finance cost	**(1,986)**	(1,762)
Net finance cost	**(1,885)**	(1,666)

8 Net asset value per share

The net asset value per share as at 31 December 2011 is US$0.86 based on 107,160,910 Ordinary Shares in issue as at that date (2010: US$1.21 based on 107,828,910 shares).

9 Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the party making financial or operational decisions.

No director had any interest during the year in any material contract for the provision of services which was significant to the business of the Group, except for the Directors Incentive plan as noted below.

At the Extraordinary General Meeting held on 19 November 2010, Shareholders approved The Directors' Incentive Plan (payments under which are to be divided between the Directors as they determine). The Plan comprised two parts:

- an immediate payment of $817,770 (representing 0.6% of the announced NAV as at 30 June 2010) to reflect the substantial amount of time, over and above that which would normally be expected of Non-Executive Directors, that the Board has been required to devote to the affairs of the Company; and

- 0.6% of any future Distributions made by the Company during its life, payable at the time of the Distribution. "Distribution" is defined widely to include share buy backs, all forms of return of capital and distributions in specie.

Payments under the Plan are in addition to the existing Non-Executive Directors fees payable to the Directors and represent separate remuneration for management and advisory services performed outside the ordinary duties of the Directors.

The Managers' contract terminated on 28 June 2011, notice having been served on 28 June 2010. Consequently, the Investment Manager, Investment Adviser and property Adviser are not considered to be related parties as at 31 December 2011 and subsequently.

Notes to the consolidated financial statements continued

10 Charges and fees

10.1 Nominated adviser and broker fees

As nominated adviser to the Company for the purposes of the AIM rules, the Nominated Adviser is entitled to receive an annual fee of £60,000 payable quarterly in advance.

The Nominated Adviser received additional fees during 2011 in respect of special projects amounting to US$Nil (2010: US$8,366). Total advisory fees payable to the Nominated Adviser and broker for the year ended 31 December 2011 amounted to US$119,588 (2010: US$159,446).

10.2 Administrator and Registrar fees

The Administrator is entitled to receive a fee of 10 basis points per annum of the net assets of the Company between £0 and £100m and 7.5 basis points of the net asset value of the Company in excess of £100m, subject to a minimum monthly fee of £4,000, and a maximum monthly fee of £11,250 payable quarterly in arrears.

The Administrator assists in the preparation of the financial statements of the Company for which it receives a fee of £1,750 per set and provides general secretarial services to the Company for which it receives a minimum annual fee of £5,000.

Administration fees payable for the year ended 31 December 2011 amounted to US$125,244, (31 December 2010: US$157,757), secretarial fees US$16,303 (2010: US$13,462), financial statement preparation fees US$4,312 (2010: US$8,473), and Crest fees US$7,923 (2010: US$5,577).

10.3 Audit and professional fees

Audit fees for the year ended 31 December 2011 amounted to US$54,439, (31 December 2010: US$133,195), with US$24,720 still due at 31 December 2011 (2010: US$58,125).

Professional fees for the year ended 31 December 2011 amounted to US$757,428 (31 December 2010: US$119,289).

10.4 Manager’s fees

Annual fees

On 28 June 2010, the Manager, was served a 12-month notice from the Company to terminate the investment management agreement dated 26 November 2006 which notice expired on 28 June 2011.

The Manager was entitled to receive a management fee of 2% per annum of the net asset value of the Company payable monthly in arrears.

Management fees payable for the year ended 31 December 2011 amounted to US$1,360,819 (31 December 2009: US$2,751,310). The decrease being due to the termination of the investment management agreement.

11 Intangible assets

The Group’s intangible assets as at 31 December 2010 comprised goodwill arising from the acquisition of 100% of the ordinary share capital of Turbo Ventures Ltd, which with its wholly owned subsidiary, Speymill Property I (Macau) Limitada, comprised an investment property group, which owned the AIA Tower building in Macau. Following an agreement to dispose of the property the balance of the goodwill has been impaired to $Nil.

Notes to the consolidated financial statements continued

12 Investment property

Group	AIA Tower	Rafael properties	**31 December 2011**	31 December 2010
	US$'000	US$'000	**US$'000**	US$'000
At beginning of year	154,242	5,642	**159,884**	282,104
Additions	-	-	**-**	-
Disposal	-	(5,642)	**(5,642)**	(121,704)
Transfer to assets held for resale	(154,242)	-	**(154,242)**	-
Exchange difference	-	-	**-**	(516)
Balance at end of year	-	-	**-**	159,884

13 Assets held for sale and associated liabilities

	31 December 2011
	US$'000
AIA Tower transferred from investment property	**154,242**
Fair value adjustment	**7,711**
Fixed assets	**108**
Net current liabilities	**(6,737)**
Bank Loans repayable (note 18)	**(62,982)**
Provision for taxation payable (note 22)	**(11,506)**
Provision for amounts payable on Disposal	**(3,647)**
Net realisable value	**77,189**

The AIA Tower is stated at realisable value which is the price it was sold for in January 2012, net of related assets and liabilities including the costs to sell the property.

Provision for taxation payable represents the estimated amount payable on the sale of the AIA Tower. The computation for this will be submitted in June 2012 and any adjustment arising from the final assessment will be made in the next financial period.

14 Trade and other receivables

	Group 31 December 2011	**Company 31 December 2011**	Group 31 December 2010	Company 31 December 2010
	US$'000	**US$'000**	US$'000	US$'000
Prepayments and other receivables	**28**	**28**	1,068	20
Receivable on disposal of investment property	**-**	**-**	15,875	-
Total	**28**	**28**	16,943	20

Notes to the consolidated financial statements continued

15 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits held with banks. All cash and bank balances are available for operational use in the Group.

16 Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted-average number of Ordinary Shares in issue during the year.

	31 December 2011	31 December 2010
Loss attributable to owners of the Company (US$'000)	**(5,933)**	(5,152)
Weighted average number of Ordinary Shares in issue (thousands) (excluding shares held in treasury)	**107,439**	111,637
Basic and diluted loss per share (cents per share)	**(5.52)**	(4.61)

17 Share capital

Ordinary Shares of US$0.10 each	Number	US$'000
In issue at 31 December 2010 and 31 December 2011	107,828,910	10,783

The authorised share capital of the Company is US$40,000,000, divided into 400,000,000 Ordinary Shares of US$0.10 each.

668,000 Ordinary shares were purchased during the year to be held in treasury and were held in treasury at 31 December 2011 (2010: 8,764,791). No further shares were purchased during the year for cancellation (2010: 227,880).

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's assets.

18 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings.

	31 December 2011	31 December 2010
	US$'000	US$'000
Current liabilities		
Secured bank loans	**-**	76,022

The Group has a term loan facility of HKD 490,000,000 (initially HKD 600,000,000) with Banco Weng Hang SA which is secured by way of a first legal mortgage against the AIA Tower property in Macau. The loan is repayable on the conclusion of the sale of the property and was repaid in January 2012 and has been classified with assets held for sale and associated liabilities at 31 December 2011. The loan bears 1.85% interest per annum over the 3 month Hong Kong Inter Bank Offered Rate (HIBOR).

Notes to the consolidated financial statements continued

19 Trade and other payables

	Group 31 December 2011 US$'000	**Company 31 December 2011 US$'000**	Group 31 December 2010 US$'000	Company 31 December 2010 US$'000
Current liabilities				
Property taxes payable	**-**	**-**	389	-
Sundry creditors and accruals	**1,128**	**1,127**	4,512	142
Total	**1,128**	**1,127**	4,901	142

Property taxes have been classified with assets held for sale and associated liabilities following the contract for sale of the AIA Tower. The sale completed on 31 January, 2012.

20 Directors' remuneration

The maximum amount of remuneration payable to the Directors permitted under the Articles of Association is £200,000 per annum (2010: £200,000).

Howard Golden, Filip Montfort and Yarden Mariuma are each entitled to receive an annual fee of GBP25,000. Harald Gerhard Wengust is entitled to receive an annual fee of GBP 20,000.

The Directors are entitled to receive reimbursement of any expenses in relation to their appointment. Total fees and expenses payable to the Directors for the year ended 31 December 2011 amounted to fees of US$165,806 and expenses of US$20,526 (year ended 31 December 2010: fees of US$151,972 and expenses of US$57,005).

In addition to the directors' fees a payment of US$195,770 was paid to the directors under the terms of the Directors' incentive plan approved at the Extraordinary General Meeting held on 19 November 2010 (note 9) in respect of the dividend paid on 28 April 2011 and purchase of shares to be held in treasury. The payments made under the incentive plan to the individual directors were US$53,590 to each of Howard I Golden, Filip Montfort, Yarden Mariuma and US$35,000 to Harald Gerhard Wengust.

Under the terms of the Directors incentive plan approved at the Extraordinary General Meeting held on 19 November 2010 the Directors are entitled to a payment of 0.6% of amounts distributed to shareholders. As the disposal of all the companies assets had effectively been completed at 31 December 2011 and the directors would be entitled to a payment of approximately US$549,000 on payment of these funds to shareholders this has been provided in full in these accounts.

Notes to the consolidated financial statements continued

21 Taxation

	2011 US$'000	2010 US$'000
Current tax charge	**294**	347
Deferred tax charge	**1,116**	2,515
Total	**1,410**	2,862

Isle of Man taxation

The Company is resident in the Isle of Man for tax purposes and pays income tax at 0%. The Company pays a corporate charge of £250 to the Isle of Man Government for each tax year.

Macau taxation

The SPVs are liable to Macau Complimentary Tax at 12% in respect of their operating profits, excluding rental income which is subject to property tax. Property tax is chargeable at the higher of 10% (2010: 10%) of any rent received or 10% of the official rateable rentable value.

22 Deferred taxation

Deferred income tax is based on temporary differences between the revalued amounts of investment property in the books of the Company's Macau subsidiaries and their respective tax bases. The deferred tax provision for the Macau subsidiaries is based on the taxable profits rate of 12%. Following the agreement to dispose of the AIA tower this liability will crystallise at the point of sale and has been transferred to assets held for sale and associated liabilities.

Group

	31 December 2011 US$'000	31 December 2010 US$'000
At beginning of year	**10,063**	7,575
Acquired in business combination	**-**	-
Recognised in profit or loss	**-**	2,515
Transferred to assets held for sale and associated liabilities	**(10,363)**	
Exchange difference	**-**	(27)
At end of year	**-**	10,063

Notes to the consolidated financial statements continued

23 Financial instruments

The Group's activities expose it to a variety of financial risks: market price risk, foreign exchange risk, credit risk, liquidity risk and cash flow interest rate risk.

All financial instruments are considered to be stated at amounts which approximate their fair value.

Market price risk

The Group's strategy on the management of market price risk is driven by the Group's investment objective. The Group was established to invest primarily in the high quality commercial residential real estate market of Macau. The main objective of the Group was to provide shareholders with an attractive overall return to be achieved primarily through long-term capital growth. The Group's market price risk is monitored by the Investment Adviser on a day to day basis and by the Directors at Board meetings.

The Group is exposed to property price and property rental risk although the groups one remaining property asset was sold on 31 January 2012. The Group is not exposed to the market risk with respect to financial instruments as it does not hold any equity securities.

Foreign exchange risk

The Group's operations are conducted in jurisdictions which generate revenue, expenses, assets and liabilities in currencies other than the Hong Kong Dollar (the Functional Currency). As a result, the Group is subject to the effects of exchange rate fluctuations with respect to these currencies. The currency giving rise to this risk is primarily the US Dollar. The Hong Kong Monetary Authority operates a linked exchange rate system for the Hong Kong Dollar : US Dollar exchange rate and as a result the Group considers currency risk to be minimal.

The following table sets out the Group's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities:

31 December 2011	**Monetary Assets US$'000**	**Monetary Liabilities US$'000**	**Net Exposure US$'000**
Hong Kong Dollar	**3,634**	**-**	**3,634**
US Dollar	**12,310**	**(1,078)**	**11,232**
	15,944	**(1,078)**	**14,866**
31 December 2010			
Hong Kong Dollar	41,853	(80,841)	(38,988)
US Dollar	13,608	(82)	13,526
	55,461	(80,923)	(25,462)

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. This relates also to financial assets carried at amortised cost, as they have a short term maturity.

Notes to the consolidated financial statements continued

23 Financial instruments continued

Credit risk continued

At the reporting date, the Group's financial assets exposed to credit risk amounted to the following:

	31 December 2011	31 December 2010
	US$'000	US$'000
Trade and other receivables	**28**	16,943
Cash at bank	**15,916**	38,518
	15,944	55,461

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The Group manages its credit risk by monitoring the creditworthiness of counterparties regularly. Cash transactions and balances are limited to high-credit-quality financial institutions. Trade and other receivables relate mostly to rental and related income and this is monitored by the active management of the properties. The Investment Manager and the Board of Directors do not expect any losses from non-performance by these counterparties.

Liquidity risk

The Group manages its liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group's liquidity position is monitored by the Manager and the Board of Directors. Residual undiscounted contractual maturities of financial liabilities at the reporting dates were:

Financial liabilities	**Less than 1 month US$'000**	**1-3 months US$'000**	**3 months to 1 year US$'000**	**1-5 years US$'000**	**No stated maturity US$'000**
2011					
Trade and other payables	**67**	**-**	**1,011**	**-**	**-**
Bank loan	**-**	**-**	**-**	**-**	**-**
	67	**-**	**1,011**	**-**	**-**
2010					
Trade and other payables	4,901	-	-	-	-
Bank loan	-	76,022	-	-	-
	4,901	76,022	-	-	10,063

Interest rate risk

Cash held by the Group is invested at short-term market interest rates. The Group has one interest-bearing loan, with interest at variable rates (which was repaid on 31 January 2012). As a result, the Company is not exposed to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates. However, it is exposed to interest rate cash flow risk.

Notes to the consolidated financial statements continued

23 Financial instruments continued

The table below summarises the Group's exposure to interest rate risks at 31 December 2011. It includes the Groups' financial assets and liabilities at the earlier of contractual re-pricing or maturity date, measured by the carrying values of assets and liabilities:

	Less than 1 month	**1-3 months**	**Non-interest bearing**	**Total**
31 December 2011	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Financial assets				
Trade and other receivables	**-**	**-**	**28**	**28**
Cash	**15,916**	**-**	**-**	**15,916**
Total financial assets	**15,916**	**-**	**28**	**15,944**
Financial liabilities				
Trade and other payables	**-**	**-**	**1,078**	**1,078**
Bank loan				
Total financial liabilities	**-**	**-**	**1,078**	**1,078**
Total interest rate sensitivity gap	**15,916**	**-**	**-**	**-**
31 December 2010	US$'000	US$'000	US$'000	US$'000
Financial assets				
Trade and other receivables	-	-	16,943	16,943
Cash	38,518	-	-	38,518
Total financial assets	38,518	-	16,943	55,461
Financial liabilities				
Trade and other payables	-	-	(4,901)	(4,901)
Deferred income tax	-	-	(10,063)	(10,063)
Bank loan	-	(76,022)	-	(76,022)
Total financial liabilities				
	-	(76,022)	(14,964)	(90,986)
Total interest rate sensitivity gap	38,518	(76,022)		

Fair Values

All financial assets and liabilities at 31 December 2011 and 31 December 2010 are considered to be stated at their fair values.

Notes to the consolidated financial statements continued

24 Post balance sheet events

The Sale of the AIA Tower was concluded on 31 January 2012 for a price of HK$1,260,000,000 (US$161,953,000) and the secured bank loan of HK$490,000,000 (US$62,982,000) was repaid at this time. All expected costs and liabilities associated with the sale have been provided in these accounts.

The Directors have proposed that a tender offer be made to shareholders, pursuant to which the Company will purchase up to 100% of its Ordinary Shares at the tender price. The Ordinary Shares purchased by the Company under the Tender Offer will be held in treasury (to the extent permissible under Isle of Man law) or cancelled at the discretion of the Directors. The Tender Offer, if implemented, will be open to Shareholders on the Register at 5.30 p.m. on the date indicated in the Circular announcing the EGM to be held which will be sent to Shareholders after the issuance of this Report. Under the Tender Offer, if implemented, Shareholders will be entitled to sell any amount up to 100% of their shareholdings. They may tender to sell less than this number. If a Shareholder tenders all or part of his or her Shareholding, such tender will, subject to the terms and conditions of the Tender Offer, be satisfied in full. The Tender Offer will be conditional upon, *inter alia,* the Company receiving tenders in respect of no more than 60%.of the issued Ordinary Share capital of the Company. If the Company receives tenders in respect of more than 60% of the issued Ordinary Share capital of the Company, the Tender Offer will not proceed and the Company shall, in due course, put proposals for the winding up of the Company to Shareholders for their approval.

If the tender offer is successful, for those Shareholders that elect not to tender all of their shareholdings, the Company will adopt a new investment objective and investing policy in conjunction with the appointment of an external investment manager, being Terra Partners Asset Management Limited, a company owned by three of the four directors, namely Howard Golden, Fillip Montfort and Yarden Mariuma.

25 Contingent liabilities and Capital commitments

The Group had no outstanding capital commitments at 31 December 2011.

Under the terms of the Directors incentive plan approved at the Extraordinary General Meeting held on 19 November 2010 the Directors are entitled to a payment of 0.6% of amounts distributed to shareholders. If all of the Company's investments were to be disposed of at their fair values as at 31 December 2011, and the net proceeds returned to shareholders then the directors would be entitled to a payment of approximately US$598,000 and this amount has been provided for in full in the financial statements.

As a result of a dispute with Jones Lang Lasalle (JLL) over its claim for a commission on the sale of the AIA Tower, a claim the Directors believe is unjustified, JLL filed suit in Hong Kong. Since an attempt to settle has failed and the Directors believe this dispute may come to trial, they have reserved the full amount of the claim plus legal fees for defending the lawsuit in the total amount of HK$3,539,000. No reserve has been made in the event of losing the lawsuit and the Company is required to pay the legal fees of the Plaintiff. Further, one of the tenants of the building, Viva Airlines, went bankrupt and has appealed the lower court's award of its security deposit in the amount of HK$285,000 to the landlord based on a claim that the company was already bankrupt when the forfeiture was declared and that the money has to be returned to the bankrupt estate and the Landlord should then be a general creditor of the bankruptcy estate. While the directors have been advised that that this claim should fail, full provision, including legal costs of HK$50,000 has been made for the possibility of the appeals court granting this application since there is little, if any, likelihood of any creditor of the bankrupt estate receiving payment of its claims.

After extensive negotiations, the Company was able to limit the contractual representations and warranties given to the purchaser of the AIA Tower to HK$10 million and a requirement that any claim must be commenced within 9 months of the closing date of the transaction. It is not anticipated that any material claims will arise as a result of these warranties and therefore no provision has been made in these financial statements for this potential claim.