SPEYMILL MACAU PROPERTY COMPANY PLC

Consolidated Annual Report

Year ended 31 December 2010

CONTENTS

	Page
Directors and advisers	1
Highlights	3
Chairman's statement	4
Report of the Manager and the Investment Adviser	6
Directors' report	10
Statement of Directors Responisbilities	12
Report of the Independent Auditors	13
Audited Consolidated Financial Statments	
Consolidated income statement	15
Consolidated statement of comprehensive income	16
Consolidated balance sheet	17
Company balance sheet	18
Consolidated statement of changes in equity	19
Company statement of changes in equity	20
Consolidated statement of cash flows	21
Notes to the consolidated financial statements	22

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
Manager	Speymill Property Group Limited 1st Floor, Regent House 16-18 Ridgeway Street Douglas Isle of Man IM1 1EN
Nominated adviser & Broker	Matrix Corporate Capital LLP One Vine Street London W1J OAH
Investment adviser	Speymill Property Group (Far East) Limited 17th Floor, Workstation 43 Lyndhurst Terrace Hong Kong
Property adviser	Avila Capital Limited 30/f Blink Bonham Strand Sheung Wan Hong Kong
English law adviser	Stephenson Harwood One, St Paul's Churchyard London EC4M 8SH

Directors and advisers continued

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 2010**	31 Dec 2009
Net assets (US$'000)	130,714	142,704
Net assets per share (US$)	1.21	1.22
Headline* net assets (US$'000)	134,326	143,828
Headline* net assets per share (US$)	1.25	1.23
Total assets (US$'000)	222,917	328,057
Property assets (US$'000)	159,884	282,104

*Excluding provision for deferred income tax and goodwill.

Income statement	**31 Dec 2010**	31 Dec 2009
Gross rental income (US$'000)	7,962	8,641
Valuation gains/(losses) (US$'000)	-	22,219
(Loss)/profit after tax (US$'000)	(5,152)	15,251
Basic (losses)/earnings per share (US cents per share)	(4.61)	13.05
Diluted (losses)/earnings per share (US cents per share)	(4.61)	13.05

Business highlights

- Property valuation consistent with a year earlier, on a like-for-like basis.
- Headline NAV of US$1.25 per share as of 31 December 2010, up 1.6% from the previous year.
- A return of capital of US 30 cents per share to be paid in April 2011.
- Loss after tax of US$5.15m; loss per share of US$0.05 per share, compared to a gain of US$15.3m (gain per share of US$0.13 per share) for the previous year, due mainly to IFRS required changes in the method of calculating the tax provisions for the AIA Tower following the adoption of the revised investment policy, which is to dispose of the investments in an orderly manner.
- 8,992,671 shares purchased for cancellation at an average price of US$0.75 representing a discount of 40% to 31 December 2010 headline NAV
- AIA Tower, the only property with a covenant on its debt, reporting an LTV of 48%, well within the 70% covenant. This debt was successfully refinanced subsequent to the year end until September 2013 with LTV of 46% comfortably within a revised covenant of 65%.
- Small decrease in rents at AIA Tower in 2010 due to the bankruptcy of a large tenant resulting in a slight net reduction in the overall occupancy rate.
- Riviera development successfully exited realising a small loss of US$0.7 million (after all associated selling expenses) on 2009 fair value. This has successfully removed the liability to the developer of US$92 million from the balance sheet. Net receivables of US$16 million as of 31 December 2010 have been collected in full subsequent to the year end.
- Rafael properties disposed of at book value subsequent to year end leaving AIA tower as the only real estate asset as at 7 April 2011.

Chairman's statement

Your Board has been very active in the period since last writing, making several trips to Macau and Hong Kong in order to meet with all relevant local service providers such as the property managers, attorneys, auditors and property consultants.

One of the more important results of the Board's work was to significantly de-leverage the balance sheet during the year.

Subsequent to the year end, the only financing in place at the time of writing is the US$71.3 million (HK$555 million) mortgage on the AIA Tower. In regard to this debt, during the year and subsequently, your Company was able to utilize excess income from AIA Tower to pay a total of US$5.8 million to the bank in order to lower the total amount of debt financing. The Board then successfully negotiated an extension of the lowered outstanding facility from March 2011 to September 2013. This mortgage was reduced from HK$580 million to its current HK$555 million and the property now has an LTV of 46% against a maximum loan covenant of 65%. We were also able to negotiate no prepayment penalty for this loan in the event of a sale of the property or the SPV holding the loan.

During the past year we were able to exit the entire Riviera investment at a small loss of US$0.7 million as against its valuation in the 2009 annual report after recognising associated selling costs (commissions and discounts) of US$3.9 million (the gross sales price being at a small premium of US$3.2 million to the valuation in the 2009 annual report). The forward funding commitment of US$92 million was settled in full and all of the outstanding proceeds (i.e. the excess of payments received less finance commitments and associated selling costs) of US$28.7 million have now been received in cash, US$15.9 million of this subsequent to the year end.

The property portfolio in the Rafael joint venture was successfully divested during and after December at its full 2009 valuation of US$5.6 million and the associated bank financing of US$1.5 million was all repaid in February 2011. This will free up additional funds as we are able to legally liquidate that SPV.

The policy of providing liquidity to shareholders whilst increasing the NAV for the remaining shareholders has been maintained with the continuation of the share buyback programme. We were able to buy back a total of 8,992,671 shares during the period at an average price of US$0.75 per share, meaning a 40% discount to NAV. The benefits of this program to shareholders are clear.

We undertook a careful review of service providers and contracts in order to identify and implement cost savings given the changes in the portfolio and investing policy. The major result of this review was for the Board to serve a one year termination notice on the manager so that its contract will now expire in June 2011, saving the Company over USD$2.7 million annually. The Board expects to be able to manage the divestment of the AIA Tower itself and during the last trip to Hong Kong and Macau we made arrangements for the local accounts and records and local administrative responsibilities to be maintained following June 2011.

In the accompanying financial report you will see that the Company reported a pre-tax loss of US$2.3 million. This amount needs a bit of explanation. This loss includes US$0.8 million paid to the Directors in accordance with the Directors' incentive plan approved at the Extraordinary General Meeting held on 19 November 2010, and the loss of $0.7 million on the disposal of the Riviera properties. In addition, there is a total taxation charge of US$2.9 million, which includes an increase in the provision for deferred tax of US$2.5 million due to IFRS required changes in the method of calculating the tax provisions for the AIA Tower following the adoption of the revised investment policy, which is to dispose of the investments in an orderly manner.

Chairman's statement (continued)

Following the successful divestments from the Joint Venture and Riviera, and since the refinancing of the AIA Tower was successful, the Board has determined that it can begin to return the capital to the shareholders. Accordingly, the Board is declaring a return of capital of 30 US cents per share to be paid in April 2011.

The Board is actively examining how to achieve the maximum return for shareholders on the divestment of the AIA Tower. We are working closely with various entities and remain committed to only executing a sale when the terms are favourable in all aspects and when the maximum price can be achieved.

Sincerely yours,

Howard Golden
7 April 2011

Report of the Manager and the Investment Adviser

BUSINESS OVERVIEW

The Company's NAV per share decreased from US$1.22 per share in 2009 to US$1.21 per share in 2010 mainly due to the change in the manner of calculating the tax provisions. Speymill Macau generated cash flow of US$2.09 million in 2010 (US$6.13 million in 2009). Significant cash movements in the year 2010 were from the sale of the Riviera units and the share buyback programme. Subsequent to the year end, additional proceeds from the sale of the Riviera development totalling US$15.9 million have been received. The Company reported an after tax loss of US$5.2 million, or 4.61 US cents per share for the year ended 31 December 2010 which included US$0.8 million paid to the Directors under the Directors' incentive plan and a deferred tax charge of US$2.5 million due to a change in the method of calculating the tax provisions for the AIA Tower following the adoption of the revised investment policy, which is to dispose of the investments in an orderly manner. This compares to a profit of US$15.3 million (13.05 US cents per share) for the same period in 2009 after taking account of valuation gains on investment property of US$22.2 million. As of the year end, the Company had available cash of US$38.5 million.

At the time of writing, the Company's only remaining property asset is the AIA Tower, a Grade-A commercial and office building in the Macau CBD. The Company has only one covenant, a 65% Loan-to-Value covenant on AIA Tower. As at 31 December 2010, the AIA Tower had an LTV of 48.3%, well within the covenant level.

The Company launched sales of its units at the Riviera development in 2010. As of 18 March 2011, all the proceeds from the sale of the Company's 259 Riviera units were received. The Company achieved a total sales price of HK$973.8 million (US$124.9 million), an average selling price of HK$3,594 psf. The property is now fully divested, as of the time of writing.

The Rafael JV is in the process of being wound up following the successful sale of the JV properties in October 2010 at their last NAV prior to the sale. The sales proceeds of HK$43.9 million (US$5.64 million) were fully received on 23 February 2011.

VALUATION

Investments held as of 6 April 2011

Investment Properties	Sector	Type	Status	Valuation as of 31 Dec 10 (US$m)	Valuation as of 31 Dec 09 (US$m)*	Valuation increase / decrease
AIA Tower	Office / Retail	Grade-A	Operating	154.2	154.2	(0.00)%
Properties divested in the period to 6 April 2011	**Sector**	**Type**	**Status**	**Sales Price (US$m) ****	**Valuation as of 31 Dec 09 (US$m)**	**Valuation increase / decrease**
Riviera	Residential	High-end	Divested	124.9	121.3	2.55%
Houston Court	Commercial/ Residential	Mid-market	Divested	2.8	2.8	0.00%
Pink Palace	Residential	Mid-market	Divested	1.9	1.9	0.00%
Wan Keng	Residential	Mid-market	Divested	0.8	0.8	0.00%
Ribas 5B	Residential	Entry market	Divested	0.2	0.2	0.00%
TOTAL				**284.8**	**281.2**	**1.28%**

* On a consistent exchange rate basis.

** The Sales price is stated before deduction of discounts, commissions paid and marketing expenses which totalled US$3.9 million
In the 12 month period ended 31 December 2010, the Company successfully disposed of the Riviera development at a slight premium to the 2009 valuation (before deduction of selling costs). As of 18 March 2011, all of the proceeds have been received from the Riviera sales and the property is fully divested as of the time of writing. In February 2011, the entire property portfolio of the Rafael Joint-Venture was sold at the 2009 valuation.

The Company has one remaining property asset – the AIA Tower, a Grade-A commercial and office tower located in Macau's CBD and principally tenanted by AIA Group, the largest independent publicly listed pan-Asian life insurance group in the world.

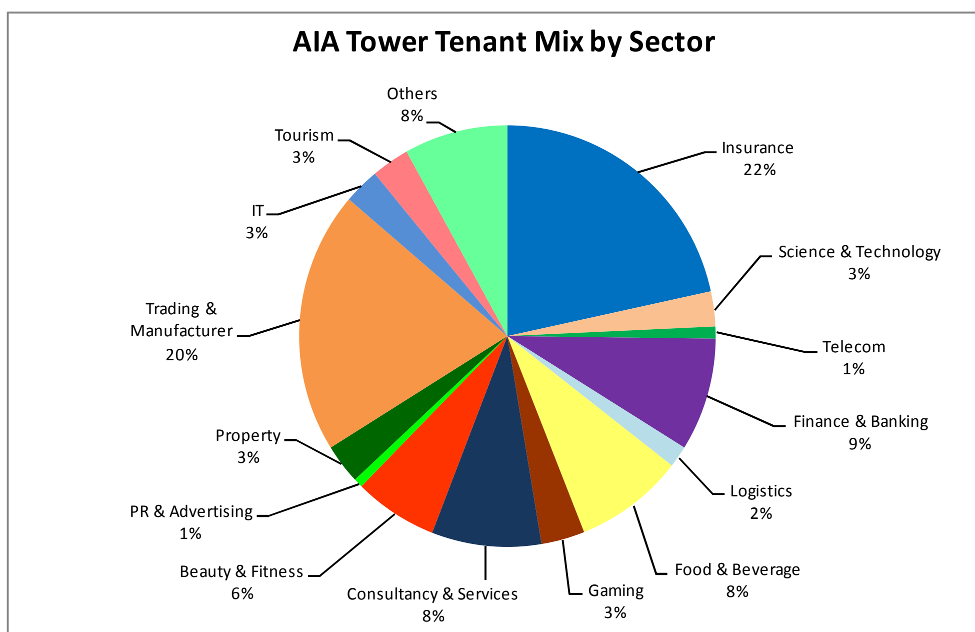
AIA TOWER

The AIA Tower is a 22-storey Grade-A commercial and office tower located in Macau's central business district. The building provides 296,437 sq ft of office space and 76,722 sq ft of retail and commercial space, along with 186 car parking spaces. The AIA Tower was valued by Jones Lang LaSalle at HK$1.2 billion (US$154.2 million) as of period end, unchanged from the previous year. With a contractual monthly rental income of HK$4.6 million, the valuation yield on the building was 4.6%.

During the 12 months to 31 December 2010, a total of 13 new leases (43,322 sq ft) were signed with an additional 12 leases (36,821 sq ft) being renewed. In April 2010, VIVA Macau, a budget airline operator and significant tenant occupying 17,804 sq ft of office space went into administration, which had a negative effect on the occupancy rate of the building. VIVA Macau had 5 months of outstanding arrears in rent and service charges. The amount due had been set off against the 2 months deposit of the tenant. The Company successfully attained the necessary court permission to repossess the space in September 2010 and the space is now being actively marketed to prospective tenants. Separately, a gym operator was secured as a tenant for the entire fourth floor. The gym is now expected to open in late April or early May. As of 31 December 2010, the overall occupancy rate for the building was 78.9%, with occupancy rates of 84.5% and 57.3% in the office and commercial space, respectively.

The overall rent in the building increased to HK$ 14.95 psf as of period end, compared to HK$ 14.68 psf in the previous year. Since acquisition, overall rents in the building have grown by 10.1%. To date, a total of 22 new leases covering 64,418 sq ft, or 17.3% of space, have been secured while an additional 32 leases covering 151,199 sq ft, or 40.52% of space, have been successfully reviewed and renewed. Total space due for renewal or review in 2011 is 79,375 sf.

Tenants at the AIA Tower include AIA, Bank of Communications, Starbucks, Toni & Guy, Circle K, Gucci and Pfizer, amongst other globally recognised names. The principal tenant of the building is AIA, who pay for the naming rights of the building.



As of 31 December 2010, the AIA Tower had an LTV ratio of 48.3%, comfortably within the 70% LTV covenant. On 4 March 2011, the HK$580 million (US$74.5 million) outstanding debt on the AIA Tower was refinanced with Banco Weng Hang. The term of the loan was extended for a period of 30 months, with the loan facility amount being reduced to HK$555 million (US$71.3 million). The LTV covenant has been revised to 65% and interest payable is now 205 basis points above the 3-month HIBOR. Loan amortization takes place through an annual cash flow sweep with a contractual minimum amount of HK$5.0 million to be paid in June 2011 and June 2012. The cash flow sweep allows for up to HK$10.0 million to be retained for capital expenditures on the AIA Tower. The debt is structured non-recourse to the Company.

RIVIERA

The Riviera is a residential development consisting of two towers situated between the Inner Harbour and Sai Van Lake in Macau peninsula. The development has a total of 518 units, of which the Company owned 259 units, . The Riviera sales programme was initiated on 18 March 2010 and as of 18 March 2011, all the Riviera units were sold and proceeds received. The total sales price achieved for all of the units was HK$973.8 million (US$124.9 million), or an average selling price of HK$3,594 psf.

Buyers were offered two payment options: Plan A and Plan B. Plan A buyers were given a discount of 4% on the listed sales price for the unit and were required to complete the sale within a period of 4 weeks. An upfront deposit of 10% of the sales price was required upon signing of the Sales and Purchase Agreement for the unit. Plan B buyers received no discount and were required to complete the sale within a period of 2 weeks after the occupation permit is granted on the building. An upfront deposit of 10% of the sales price was required upon signing of the Sales and Purchase Agreement for the unit, with an additional 10% within 4 weeks of the signing and a further 10% within 12 weeks of the signing.

On 19 November 2010 the Board decided to sell the remaining unsold units back to the developer and therefore a Second Addendum to the Promise Agreement of Purchase and Sale was signed whereby the HK$651.4 million (US$83.7 million) outstanding amount due to the developer at that date was paid down in full, and additional sales proceeds of HK$100.3 million (US$12.9 million) returned to the Company. At the time of signing, there were further proceeds of HK$131.9 million (US$17.0 million) due to the Company from the Plan B units.

As of 18 March 2011, all of the HK$131.9 million (US$17.0 million) due to the Company has been received.

The overall sales price achieved on the Riviera represents a minor uplift of 2.6% on the December 2009 valuation. Costs associated with the sale of the apartments was US$3.9 million, resulting in a net loss of US$0.7 million compared to the 2009 valuation.

RAFAEL JV

The Company owns an 87% stake in Rafael (Macau) Limited, a subsidiary company formed following a joint venture agreement with a Macau based boutique property advisory firm. The enterprise was formed with the aim of acquiring and repositioning existing residential and commercial properties in the older, historical parts of Macau, allowing the Company to gain exposure to the more affordable end of the market.

In June 2010, the Speymill Macau Board decided to wind up the Rafael JV. As of 7 October 2010, a buyer was confirmed and a HK$43.9 million (US$5.64 million) offer was received for all of the JV's properties. This offer was equivalent to the December 2009 valuation.

As of 23 February 2011, the JV properties are fully disposed. The JV Company is in the process of being wound up as of the time of writing and the proceeds will be distributed as per the shareholding of the JV.

OUTLOOK

On 28 June 2010, Speymill Property Group Limited ("SPG"), the Manager, was served a 12-month notice from Speymill Macau Property Company plc ("Speymill Macau") to terminate the investment management agreement dated 26 November 2006 between Speymill Macau and SPG.

On 19 November 2010, the Company shareholders voted to change the investment mandate. Under the new mandate, the Company would cease new investment activity and seek to realise the Company's remaining investments.

As of the time of writing, the Company has one remaining property asset – the AIA Tower.

Denham Eke
For the Manager
Speymill Property Group Limited

Huang Khoo
For the Investment Adviser
Speymill Property Group (Far East) Limited
7 April 2011

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 2010.

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 16 to 22 of the financial statements.

At the Extraordinary General Meeting held on 19 November 2010 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	Estimated 28 April, 2011

Directors

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

	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 2010 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 holds 29,350,000 shares in the Company.

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, other than the Directors' incentive plan approved by the Shareholders on 19 November 2011.

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 is responsible for the determination of the investment policy of the Company and for its overall supervision via the investment policy and objectives that it has set out. The Board is also responsible for the Company's day-to-day operations; however, since the Board members are all non-executive, in order to fulfil these obligations, the Board has delegated operations through arrangements with the Manager, the Investment Adviser and the Administrator.

At each of the regular Board meetings held, the financial performance of the Company and its portfolio assets are reviewed. The Board also receives regular property asset performance reports from the Manager and the Investment Adviser.

In addition the Board 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.

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
7 April 2011

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
7 April 2011

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 2010 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 13, 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 2010 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
7 April 2011

Consolidated income statement

	Notes	**For the year ended 31 December 2010**	For the year ended 31 December 2009
		US$'000	US$'000
Rent and related income		**7,962**	8,641
Direct expenses		**(3,134)**	(3,457)
Net rent and related income		**4,828**	5,184
Valuation gains on investment property	13	**-**	22,219
Loss on disposal of investment property	13	**(666)**	(3,611)
Manager's fees	11.3	**(2,751)**	(2,599)
Audit and professional fees	11.5	**(252)**	(569)
Other expenses	11.1,11.2,11.4, 22	**(1,789)**	(1,260)
Administrative and other expenses		**(4,792)**	(4,427)
Net operating (loss)/profit before net financing expense		**(630)**	19,364
Finance income		**96**	94
Finance cost		**(1,762)**	(2,506)
Net finance cost	8	**(1,666)**	(2,412)
(Loss)/profit before tax		**(2,296)**	16,952
Taxation	23, 24	**(2,862)**	(1,636)
(Loss)/profit for the year		**(5,158)**	15,316
Attributable to:			
Owners of the Company		**(5,152)**	15,251
Non-controlling interest		**(6)**	65
		(5,158)	15,316
Basic (loss)/earnings per share (cents per share) for loss attributable to the owners of the Company during the year	17	**(4.61)**	13.05
Diluted (loss)/earnings per share (cents per share) for loss attributable to the owners of the Company during the year	17	**(4.61)**	13.05

The accompanying notes on pages 22 to 43 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

	For the year ended 31 December 2010	For the year ended 31 December 2009
	US$'000	US$'000
Loss/(profit) for the year	**(5,158)**	15,316
Other comprehensive income		
Currency translation differences	**(119)**	5
Other comprehensive (loss)/income for the year	**(119)**	5
Total comprehensive (loss)/income for the year	**(5,277)**	15,321
Total comprehensive (loss)/income attributable to:		
Owners of the company	**(5,267)**	15,256
Non-controlling interest	**(10)**	65
Total comprehensive (loss)/income for the year	**(5,277)**	15,321

The accompanying notes on pages 22 to 43 form an integral part of these consolidated financial statements.

Consolidated balance sheet

	Note	**31 December 2010**	31December 2009
		US$'000	US$'000
Intangible assets	12	**6,451**	6,451
Investment property	13	**159,884**	282,104
Plant and equipment	14	**1,121**	1,277
Total non-current assets		**167,456**	289,832
Trade and other receivables	15	**16,943**	1,627
Cash and cash equivalents	16	**38,518**	36,598
Total current assets		**55,461**	38,225
Total assets		**222,917**	328,057
Issued share capital	18	**10,783**	11,682
Share premium		**62,356**	62,356
Retained earnings		**55,029**	66,904
Other reserves	19	**2,553**	1,654
Foreign currency translation reserve		**(7)**	108
Equity attributable to owners of the parent		**130,714**	142,704
Non-controlling interest		**1,217**	1,227
Total equity		**131,931**	143,931
Interest-bearing loans and borrowings	20	**-**	76,249
Deferred income tax	24	**10,063**	7,575
Total non-current liabilities		**10,063**	83,824
Interest-bearing loans and borrowings	20	**76,022**	2,880
Trade and other payables	21	**4,901**	97,422
Total current liabilities		**80,923**	100,302
Total liabilities		**90,986**	184,126
Total equity & liabilities		**222,917**	328,057
Net asset value per share	9	**1.21**	1.22

Approved by the Board of Directors on 7 April 2011

Howard I Golden
Director

Filip Montfort
Director

The accompanying notes on pages 22 to 43 form an integral part of these consolidated financial statements.

Company balance sheet

	Note	**31 December 2010**	31 December 2009
		US$'000	US$'000
Trade and other receivables	15	**20**	45
Cash and cash equivalents	16	**14,038**	12,707
Intercompany balances	6	**116,798**	130,386
Total current assets		**130,856**	143,138
Total assets		**130,856**	143,138
Issued share capital	18	**10,783**	11,682
Share premium		**62,356**	62,356
Retained earnings		**55,022**	67,012
Other reserves	19	**2,553**	1,654
Total equity		**130,714**	142,704
Trade and other payables	21	**142**	434
Total current liabilities		**142**	434
Total liabilities		**142**	434
Total equity & liabilities		**130,856**	143,138
Net asset value per parent company share	9	**1.21**	1.22

The loss made by the Company for the year ended 31 December 2010 was US$5,267,000 (year ended 31 December 2009, profit 15,256,000).

Approved by the Board of Directors on 7 April 2011

Howard I Golden
Director

Filip Montfort
Director

The accompanying notes on pages 22 to 43 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Share capital	Share premium	Retained earnings	Share option reserves	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$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2009	11,682	62,356	51,653	336	1,318	103	127,448	1,162	128,610
Profit for the year	-	-	15,251	-	-	-	15,251	65	15,316
Other comprehensive income									
Foreign exchange translation differences	-	-	-	-	-	5	5	-	5
Total comprehensive income for the year	-	-	15,251	-	-	5	15,256	65	15,321
Balance at 31 December 2009	11,682	62,356	66,904	336	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)**
Transactions with owners:									
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**	**55,029**	**336**	**2,217**	**(7)**	**130,714**	**1,217**	**131,931**

The accompanying notes on pages 22 to 43 form an integral part of these consolidated financial statements.

Company statement of changes in equity

	Share capital	Share premium	Retained earnings	Share option reserves	Capital redemption reserve	Total equity 31 December
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2009	11,682	62,356	51,756	336	1,318	127,448
Profit for the year	-	-	15,256	-	-	15,256
Total comprehensive income for the year	-	-	15,256	-	-	15,256
Balance at 31 December 2009	11,682	62,356	67,012	336	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**	**55,022**	**336**	**2,217**	**130,714**

The accompanying notes on pages 22 to 43 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Note	**For the year ended 31 December 2010**	For the year ended 31December 2009
		US$'000	US$'000
Operating activities			
Group profit/(loss) before tax		**(2,296)**	16,952
Adjustments for:			
Revaluation of investment property	13	**-**	(22,219)
Loss on disposal of investment property	13	**666**	3,611
Depreciation		**710**	515
Interest income	8	**(96)**	(94)
Interest expense	8	**1,735**	2,473
Operating income before changes in working capital		**719**	1,238
Decrease in trade and other receivables		**559**	631
Increase/(decrease) in trade and other payables		**18**	(692)
Cash generated from operations		**1,296**	1,177
Interest received		**96**	94
Interest paid		**(1,735)**	(2,376)
Income tax paid		**(626)**	(521)
Cash flows used in operating activities		**(969)**	(1,626)
Investing activities			
Acquisition of investment property	13	**-**	(1,214)
Sale of investment property		**12,903**	26,085
Purchase of fixed assets		**(554)**	(918)
Cash flows generated from investing activities		**12,349**	23,953
Financing activities			
Cost of Ordinary Shares purchased		**(6,723)**	-
New secured bank loans		**-**	1,985
Repayments of secured bank loans		**(2,564)**	(18,179)
Cash flows used in financing activities		**(9,287)**	(16,194)
Net increase/(decrease) in cash and cash equivalents		**2,093**	6,133
Cash and cash equivalents at beginning of year		**36,598**	30,457
Difference on foreign exchange		**(173)**	8
Cash and cash equivalents at end of year	16	**38,518**	36,598

The accompanying notes on pages 22 to 43 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 2010 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 7 April 2011.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These consolidated financial statements are presented in United States Dollars, which is the Company's presentation currency. The Hong Kong Dollars 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.

The most significant area requiring estimation and judgement by the Directors is the valuation of investment property, see note 13. The Company uses independent professionally qualified valuers, Jones Lang LaSalle, to value the property portfolio on a semi-annual basis.

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

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

The following revised Standards have been adopted in the current period and have affected only the presentation and disclosure of the amounts reported in these financial statements.

	Effective for accounting periods beginning on or after
Amendments to IFRS 8, Segment reporting	1 January 2010
Amendments to IAS 1 Presentation of financial statements	1 January 2010
Amendments to IAS 7 Statement of cash flows	1 January 2010
Amendments to IAS 36 Impairment to assets	1 January 2010
Amendments to IAS 39 Financial instruments: Recognition and Measurement	1 January 2010
Amendments to IAS 32 Financial instruments: Presentation – Classification of rights issues	1 January 2010

Standards and interpretations in issue not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2010, and have not been applied in preparing these consolidated financial statements:

New/revised International Accounting Standards / International Financial Reporting Standards (IAS/IFRS)	Effective date (accounting periods commencing after)
IAS 32 Financial Instruments: Presentation – Classification of Rights Issues	1 February 2010
IFRS 1 First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	1 July 2010
IFRS 3 Business Combination	1 July 2010
IAS 27 Consolidated and Separate Financial Statements	1 July 2010
IFRS 1 First-time Adoption of International Financial Reporting	1 January 2011
IFRS 7 Financial Instruments: Disclosures	1 January 2011
IAS 1 Presentation of Financial Statements	1 January 2011
IAS 34 Interim Financial Reporting	1 January 2011
IFRS 7 Disclosures – Transfers of Financial Assets	1 July 2011
IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
IAS 12 Deferred Tax: Recovery of Underlying Assets	1 January 2012
IAS 24 Related Party Disclosures (revised 2009)	1 January 2011
IFRS 9 Financial Instruments	1 January 2013
IFRIC Interpretation	
IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction	1 January 2011
IFRIC 13 Customer Loyalty Programmes	1 January 2011
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

None of these standards or interpretations are expected to have a significant effect on the financial statements.

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 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.

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 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

Gains or losses on disposal are recognised in the period in which they arise and represent the difference between the carrying amount of an investment property at the beginning of the period and its sale price less selling costs.

3.5 Plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and are recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing a part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Plant and machinery	5 years
Office equipment	3 – 5 years
Furniture and fixtures	5 years
Leasehold improvements	3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.6 Goodwill

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

3.7 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.

3.8 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.

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.

3.9 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.

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.

4. Determination of fair values

Fair values have been determined for measurement and disclosure of investment property based on the following method.

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every six months.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

5. 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.

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.

The Hong Kong Monetary Authority operates a linked exchange rate system for the Hong Kong Dollar: US Dollar exchange rate. Therefore, the Group considers foreign exchange risk to be minimal.

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 20 and 25 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in notes 18 and 19). 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.

6 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%
Rafael (Macau) Limitada	Macau	87%
Quim (Macau) Limitada	Macau	100%
Speymill Property I (Macau) Limitada	Macau	100%
Golden Jade Investments 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.

The following dormant subsidiaries were either wound up or allowed to lapse during the year

	Country of incorporation	Percentage of shares held
Benedita Services Limited	British Virgin Islands	100%
Surecom Limited	British Virgin Islands	100%
Trevino Limited	British Virgin Islands	100%
Domingo Overseas Limited	British Virgin Islands	100%
Aspirow Limited	British Virgin Islands	100%
Fabiana Group Limited	British Virgin Islands	100%
Pedro Limited	British Virgin Islands	100%
Ofelio Limited	British Virgin Islands	100%
Mariana Limited	British Virgin Islands	100%
Lauran Limited	British Virgin Islands	100%
Jaime Limited	British Virgin Islands	100%
Gilleston Holdings Limited	British Virgin Islands	100%
Benedita Services (Macau) Limitada	Macau	100%
Teodora Developments (Macau) Limitada	Macau	100%
Natalia Developments (Macau) Limitada	Macau	100%
Domingo Overseas (Macau) Limitada	Macau	100%
Gilberto Group (Macau) Limitada	Macau	100%
Fabiana Group (Macau) Limitada	Macau	100%

7 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.

8 Net finance cost

	31 December 2010	31 December 2009
	US$'000	US$'000
Interest income on bank balances	**96**	94
Finance income	**96**	94
Interest expense on bank loans	**(1,575)**	(2,313)
Bank charges	**(27)**	(33)
Amortised financial charges	**(160)**	(160)
Finance cost	**(1,762)**	(2,506)
Net finance cost	**(1,666)**	(2,412)

9 Net asset value per share

The net asset value per share as at 31 December 2010 is US$1.21 based on 107,828,910 Ordinary Shares in issue as at that date (2009: US$1.22 based on 116,821,581 shares).

10 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 per cent. 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 per cent. 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 Manager held Nil Ordinary Shares in the Company as at 31 December 2010 (2009: 1,055,118 Ordinary Shares). The shares which formed part of the shares bought back by the Company during the year were originally acquired in order to satisfy the terms of the Investment Management Agreement following payment of the performance fee for the year ended 31 December 2007. In addition, key personnel of the Manager and closely related companies held Nil Ordinary Shares in the Company as at 31 December 2010 (2009: 3,078,000 Ordinary Shares).

The Investment Manager, Investment Adviser and Property Adviser are considered to be related parties – see note 11 regarding fees payable to these companies.

11 Charges and fees

11.1 Nominated adviser 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 £30,000 payable quarterly in advance.

The Nominated Adviser received additional fees during 2010 in respect of special projects amounting to US$8,366 (2009: US$113,344). Total advisory fees payable to the Nominated Adviser for the year ended 31 December 2010 amounted to US$63,406 (2009: US$175,518).

11.2 Placing agent and broker fees

In accordance with the terms of the original placing, the Placing Agent was entitled to receive from the Company commission equal to 4% of the aggregate value of funds raised. In addition, the Placing Agent was entitled to receive from the Company commission of between 2.5% and 3.0% of the aggregate value of funds raised.

Under the terms of an option agreement dated 13 November 2006 and in consideration of the broker agreeing to act as broker and provide services under the Placing Agreement, the broker was granted an option to acquire 1,600,000 shares at an option price of US$1.00 per share. The option exercise period is a period from the date of the option agreement to the fifth anniversary of admission to trading on AIM.

The option has been independently valued using a Black-Scholes model giving a fair value of US$336,000 which has been charged to Share Premium as a share issue expense.

As broker to the Company, the Broker is entitled to receive an annual fee of £50,000, payable semi-annually in advance.

Broker fees payable for the year ended 31 December 2010 amounted to US$96,040 (year ended 31 December 2009: US$93,289). The increase being attributable to movements in exchange rates.

11.3 Manager's fees

Annual fees

The Manager receives a management fee of 2% per annum of the net asset value of the Company from Admission, payable monthly in arrears.

Management fees payable for the year ended 31 December 2010 amounted to US$2,751,310 (31 December 2009: US$2,598,768). The increase being due to the uplift in market values at 31 December 2009.

40% of the management fee is paid directly to the Property Adviser. The Manager is also responsible for the payment of fees to the Investment Adviser.

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.

Performance fee

The Manager is entitled to a performance fee from the Company of an amount equal to 20% of the excess of the Net Asset Value per Ordinary Share (with dividends and other distributions added back and ignoring any accrued performance fee) as at the end of each performance fee period of the Company over the benchmark multiplied by the time weighted average number of Ordinary Shares in issue during that period. Such performance fee shall accrue on a Net Asset Value per Ordinary Share basis but shall only be paid out of realised profits.

For these purposes, the benchmark shall be equal to the Placing Price increased at a compound rate of 10% per annum or, where a performance fee has been paid, the Net Asset Value per Ordinary Share (ignoring the effect of the relevant performance fee paid) which gave rise to the payment of the most recent performance fee increased at a rate of 10% per annum compound. On payment of the performance fee for the period ended 31 December 2007 the benchmark was reset to the Net Asset Value per Ordinary Share of US$1.41 at the commencement of the new period.

The first performance fee period commenced on the 17 November 2006 (the date on which the Ordinary Shares were admitted to trading on AIM) and terminated on 31 December 2007. Each subsequent performance fee period commenced on 1 January and terminated on 31 December in the same calendar year.

If the Manager is entitled to a performance fee in respect of a performance fee period, the Company shall only be required to settle such liability to the Manager in respect of any performance fee accrued to the extent that, and only when and if, the Company has realised profit(s) from any investment(s) available for such payment. Any such fees shall be paid within 14 days of such realised profits becoming available.

Performance fees accrued for the year ended 31 December 2010 amounted to US$Nil (31 December 2009: US$Nil).

11.4 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 2010 amounted to US$157,757, (31 December 2009: US$151,620), secretarial fees US$13,462 (2009: US$9,534), financial statement preparation fees US$8,473 (2009: US$15,268), and Crest fees US$5,577 (2008: US$8,878).

11.5 Audit and professional fees

Audit fees for the year ended 31 December 2010 amounted to US$133,195, (31 December 2009: US$106,379), with US$58,125 still due at 31 December 2010 (2009: US$31,826).

Professional fees for the year ended 31 December 2010 amounted to US$119,289 (31 December 2009: US$463,063).

12 Intangible assets

The Group's intangible assets as at 31 December 2010 comprise 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, comprise an investment property group, which owns the AIA Tower building in Macau.

	Goodwill US$'000	Total US$'000
Cost		
Balance at 31 December 2009 and 31 December 2010	**8,050**	**8,050**
Amortisation and impairment loss		
Balance at 31 December 2009 and 31 December 2010	**1,599**	**1,599**
Carrying amounts		
31 December 2009	6,451	6,451
31 December 2010	**6,451**	**6,451**

The goodwill is attributable to the property group owning the AIA Tower building and is reviewed for impairment at least annually. The Group assessed the recoverable amount of goodwill at 31 December 2010. As a result of the impairment test, it was determined that no impairment charge arose.

The recoverable amount of the goodwill was reviewed by reference to the property's fair value less costs to sell at 31 December 2010. The fair value of the building was assessed based on reports by external valuers (see note 13).

13 Investment property

Group	Riviera (formerly known as Lorcha)	AIA Tower	Rafael properties	**31 December 2010**	31 December 2009
	US$'000	US$'000	US$'000	**US$'000**	US$'000
At beginning of year	121,704	154,739	5,661	**282,104**	288,455
Additions	-	-	-	**-**	1,214
Disposal	(121,704)	-	-	**(121,704)**	(29,695)
Fair value adjustment	-	-	-	**-**	22,219
Exchange difference	-	(497)	(19)	**(516)**	(89)
Balance at end of year	-	154,242	5,642	**159,884**	282,104

The AIA Tower was revalued at 31 December 2010 by independent professionally qualified valuers, Jones Lang LaSalle ("JLL"), based on current prices in an active market.

The fair values are based on market values, being the estimated amount for which property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after property marketing wherein parties had each acted knowledgeably, prudently and without compulsion.

In the course of preparing the valuation JLL have adopted Direct Comparison Approach and Income Capitalisation Approach.

The Direct Comparison Approach is based on comparing the property to be valued directly with other comparable properties, which have recently been subject to transfer of legal ownership. However, given differences between individual real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved for the property under consideration.

The Income Capitalisation Approach is based on the capitalisation of the fully leased, current passing rental income and potential reversionary income of the property from the date of valuation at appropriate investment yields to arrive at a capital value. The rental value and capitalisation rate adopted are derived from analysis of market transactions and/or JLL's interpretation of investors' requirements or expectations.

Specific assumptions adopted in the valuation of AIA are as follows

- that the design, layout, construction, user and gross floor area of the property are in compliance with the local laws and regulations and have been approved by relevant Government departments.
- that no onerous conditions are contained within the Government land lease for the lot on which AIA is erected.
- that good title is held to the property and there is no outstanding land premium payable for the property (if any).
- that the property is free of encumbrance and can be freely assigned in the market and if any consent to sell or consent to assign is required, such consent is assumed to be available as at the date of valuation.

The Rafael properties have been disposed of subsequent to the year end at their carrying values.

The Riviera properties have all been sold during the year for gross proceeds of US$124.9 million. Costs associated with selling the properties amounted to US$3.9 million resulting in a loss of US$0.7 million as compared to the fair value at 31 December 2009.

14 Plant and Equipment

The Group's Plant and Equipment is all owned by Speymill Property I (Macau) Limitada, a company which was acquired by the Group on 5 September 2008.

GROUP	Office equipment US$'000	Furniture and fixtures US$'000	Plant & machinery US$'000	Leasehold improvements US$'000	Total US$'000
Year ended 31 December 2009					
Cost					
At 1 January 2009	24	2	64	1,275	1,365
Additions	91	-	-	827	918
Effect of movements in exchange rates	-	-	-	(3)	(3)
At 31 December 2009	115	2	64	2,099	2,280
Accumulated depreciation					
At 1 January 2009	12	1	29	446	488
Charge for year	5	-	13	497	515
Effect of movements in exchange rates	-	-	-	-	-
At 31 December 2009	17	1	42	943	1,003
Net book value at 31 December 2009	98	1	22	1,156	1,277
Year ended 31 December 2010					
Cost					
At 1 January 2010	115	2	64	2,099	2,280
Additions	16	-	1	537	554
Effect of movements in exchange rates	-	-	-	-	-
At 31 December 2010	131	2	65	2,636	2,834
Accumulated depreciation					
At 1 January 2010	17	1	42	943	1,003
Charge for year	38	1	14	657	710
Effect of movements in exchange rates	-	-	-	-	-
At 31 December 2010	55	2	56	1,600	1,713
Net book value at 31 December 2010	**76**	**-**	**9**	**1,036**	**1,121**

15 Trade and other receivables

	Group 31 December 2010 US$'000	**Company 31 December 2010 US$'000**	Group 31 December 2009 US$'000	Company 31 December 2009 US$'000
Prepayments and other receivables	**1,068**	**20**	1,627	45
Receivable on disposal of investment property	**15,875**	**-**	-	-
Total	**16,943**	**20**	1,627	45

16 Cash and cash equivalents

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

17 Basic and diluted (loss)/earnings per share

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

	31 December 2010	31 December 2009
(Loss)/gain attributable to owners of the Company (US$'000)	**(5,152)**	15,251
Weighted average number of Ordinary Shares in issue (thousands)	**111,637**	116,822
Basic (loss)/earnings per share (cents per share)	**(4.61)**	13.05
Diluted (loss)/earnings per share (cents per share)	**(4.61)**	13.05

There is no difference between the basic and diluted loss per share for the current and preceding year as the exercise of options would be anti-dilutive.

18 Share capital

Ordinary Shares of US$0.10 each	Number	US$'000
In issue at 31 December 2009	116,821,581	11,682
Repurchased and cancelled during the year	(8,992,671)	(899)
In issue at 31 December 2010	**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.

8,764,791 Ordinary shares were purchased during the year to be held in treasury. These shares were cancelled on 15 November 2010. In addition a further 227,880 shares were purchased during the year for cancellation.

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.

19 Other reserves

Group and Company

	Capital redemption reserve US'000	Share option reserve US$'000	Total US$'000
Balance at 31 December 2009	1,318	336	1,654
Transfer from distributable reserves on cancellation of shares	899	-	899
Balance at 31 December 2010	**2,217**	**336**	**2,553**

The capital redemption reserve was established on cancellation of shares purchased in the open market.

The share option reserve represents the fair value of options granted to the broker on admission to trading on AIM.

20 Interest-bearing loans and borrowings

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

	31 December 2010	31 December 2009
	US$'000	US$'000
Non-current liabilities		
Secured bank loans	**-**	76,249
Current liabilities		
Secured bank loans	**76,022**	2,880

The Group has a term loan facility of HKD 580,000,000 (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. Under the terms of the financing agreement, following the audit of the annual accounts, any surplus cash is swept up to the lender. The loan is repayable at final maturity in March 2011. The loan bears 1.85% interest per annum over the 3 month Hong Kong Inter Bank Offered Rate (HIBOR).

On 4 March 2011, the Group refinanced its existing loan facility for the AIA Tower with Banco Weng Hang SA. Pursuant to the terms of the Supplemental Loan Agreement, the Group paid the Bank HK$ 25 million toward the outstanding principal due on the loan, in addition to the previous repayment of HK$ 20 million, thereby reducing the outstanding loan amount on the AIA Tower to HK$ 555 million. The Supplemental Loan Agreement extended the term of the loan on AIA Tower for a period of thirty months, until September 5, 2013. The key terms of the refinanced loan are: Loan facility amount of HK$ 555 million, secured solely by the AIA Tower and the shares of the Speymill Property I (Macau) Limitada ("SPI") owned by the Company. The loan is non-recourse to the Company. Interest on the loan is 2.05% above the 3 month HIBOR. Loan amortization takes place through an annual cash flow sweep with a contractual minimum amount of HK$ 5 million to be paid in June of 2011 and 2012. This minimum amount will be credited to the final sweep at year end. The cash flow sweep allows for SPI to retain up to HK$ 10 million by for capital expenditures on the AIA Tower. SPI paid an arrangement fee of HK$2,775,000 to refinance the loan. There is no prepayment penalty if the loan is paid in full upon the sale of the building, however if the building is refinanced through another financial institution prior to maturity, a 0.5% prepayment penalty will be incurred.

The Group has a term loan facility of HKD 5,110,000 (initially HKD 7,200,000) with Citic Ka Wah Bank Limited in Macau which is secured by way of a first legal mortgage against the Houston Court property in Macau. The loan is repayable by instalments with a final payment of HKD 3,994,000 payable in October 2011. The loan bears 2.6% interest per annum over the 3 month Hong Kong Inter Bank Offered Rate (HIBOR). The loan was repaid on 24 February 2011 following the disposal of the Houston Court property.

The Group has a term loan facility of HKD 3,378,000 (initially HKD 4,500,000) with Banco Weng Hang S.A in Macau which is secured by way of a first legal mortgage against the Pink Palace property in Macau. The loan is repayable by instalments with a final payment of HKD 1,440,000 payable in September 2013. The loan bears 2.5% interest per annum over the 1 month Hong Kong Inter Bank Offered Rate (HIBOR). The loan was repaid on 18 February 2011 following the disposal of the Pink Palace.

The Group has a term loan facility of HKD 2,966,000 (initially HKD 3,700,000) with China Construction Bank in Macau which is secured by way of a first legal mortgage against the Wan Keng property in Macau. The loan will be repaid by instalments with the final instalment payable in September 2022. The loan bears 0.7% interest per annum over the 1 month Hong Kong Inter Bank Offered Rate (HIBOR). The loan obligation was acquired by the purchaser of the Wang Keng property who acquired all of the assets and liabilities of Golden Jade Investments Limitada for consideration equal to their net asset value.

21 Trade and other payables

	Group 31 December 2010 US$'000	**Company 31 December 2010 US$'000**	Group 31 December 2009 US$'000	Company 31 December 2009 US$'000
Current liabilities				
Payable on acquisition of investment property	**-**	**-**	92,260	-
Property taxes payable	**389**	**-**	668	-
Sundry creditors and accruals	**4,512**	**142**	4,494	434
Total	**4,901**	**142**	97,422	434

The amount payable on acquisition of investment properties was paid during the year on the sale of the relevant properties (Riviera).

22 Directors' remuneration

The maximum amount of remuneration payable to the Directors permitted under the Articles of Association is £200,000 per annum (2009: £200,000).

Howard I Golden, Filip Montfort, 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 2010 amounted to fees of US$151,972 and expenses of US$57,005 (year ended 31 December 2009: fees of US$166,629 and expenses of US$149,344).

In addition to the directors' fees a payment of US$817,771 was paid to the directors under the terms of the Directors' incentive plan approved at the Extraordinary General Meeting held on 19 November 2010. The payments made under the incentive plan to the individual directors were US$223,933 to each of Howard I Golden, Filip Montfort, Yarden Mariuma and US$145,972 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. If all of the Company's investments were to be disposed of at their fair values as at 31 December 2010, and the net proceeds returned to shareholders then the directors would be entitled to a payment of approximately US$784,000.

23 Taxation

	2010 US$'000	2009 US$'000
Current tax charge	**347**	516
Deferred tax charge	**2,515**	1,120
Total	**2,862**	1,636

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% (2009: 16%) of any rent received or 10% of the official rateable rentable value.

24 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%.

Group

	31 December 2010 US$'000	31 December 2009 US$'000
At beginning of year	**7,575**	6,451
Acquired in business combination	**-**	-
Recognised in profit or loss	**2,515**	1,120
Exchange difference	**(27)**	4
At end of year	**10,063**	7,575

25 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 has been established to invest primarily in the high quality commercial residential real estate market of Macau. The main objective of the Group is 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. 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 Group's policy is not to enter into any currency hedging transactions. At the reporting date the Group had the following exposure:

Currency	**31 December 2010 % of Net Assets**	31 December 2009 % of Net Assets
Hong Kong Dollar	**89.81**	100.00
US Dollar	**10.19**	0.00

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 2010	**Monetary Assets US$'000**	**Monetary Liabilities US$'000**	**Net Exposure US$'000**
Hong Kong Dollar	**41,853**	**(80,841)**	**(38,988)**
US Dollar	**13,608**	**(82)**	**13,526**
	55,461	**(80,923)**	**(25,462)**
31 December 2009			
Hong Kong Dollar	38,213	(176,117)	(137,904)
US Dollar	12	(434)	(422)
	38,225	(176,551)	(138,326)

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.

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

	31 December 2010 US$'000	31 December 2009 US$'000
Trade and other receivables	**16,943**	1,627
Cash at bank	**38,518**	36,598
	55,461	38,225

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**
2010					
Trade and other payables	**4,901**	**-**	**-**	**-**	**-**
Deferred income tax	**-**	**-**	**-**	**-**	**10,063**
Bank loan	**-**	**76,022**	**-**	**-**	**-**
	4,901	**76,022**	**-**	**-**	**10,063**
2009					
Trade and other payables	5,162	-	92,260	-	-
Deferred income tax	-	-	-	-	7,575
Bank loan	-	2,656	224	76,249	-
	5,162	2,656	92,484	76,249	7,575

Interest rate risk

Cash held by the Group is invested at short-term market interest rates. The Group has four interest-bearing loans, with interest at variable rates. 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.

The table below summarises the Group's exposure to interest rate risks at 31 December 2010. 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**	**3 months to 1 year**	**1-5 years**	**Non-interest bearing**	**Total**
31 December 2010	**US$'000**	**US$'000**	**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)**	**-**	**-**		
31 December 2009	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Financial assets						
Trade and other receivables	-	-	-	-	1,627	1,627
Cash	-	-	-	-	36,598	36,598
Total financial assets	-	-	-	-	38,225	38,225
Financial liabilities						
Trade and other payables	-	-	-	-	(97,422)	(97,422)
Deferred income tax	-	-	-	-	(7,575)	(7,575)
Bank loan	-	(2,656)	(224)	(76,249)	-	(79,129)
Total financial liabilities	-	(2,656)	(224)	(76,249)	(104,997)	(184,126)
Total interest rate sensitivity gap	-	(2,656)	(224)	(76,249)		

At 31 December 2010, should the interest rates have increased/decreased by 100 basis points with all other variables remaining constant, the increase/decrease in interest (paid)/received for the year would amount to approximately (US$760,000)/ US$385,000 (2009:(US$872,000)/US$335,000).

Fair Values

All financial assets and liabilities at 31 December 2010 and 31 December 2009 are considered to be stated at their fair values.

26 Post balance sheet events

Refinancing of AIA Tower

On 4 March 2011, the Group refinanced its existing loan facility for the AIA Tower with Banco Weng Hang SA. Pursuant to the terms of the Supplemental Loan Agreement, the Group paid the Bank HK$ 25 million toward the outstanding principal due on the loan, in addition to the previous repayment of HK$ 20 million, thereby reducing the outstanding loan amount on the AIA Tower to HK$ 555 million. The Supplemental Loan Agreement extended the term of the loan on AIA Tower for a period of thirty months, until September 5, 2013. The key terms of the refinanced loan are: Loan facility amount of HK$ 555 million, secured solely by the AIA Tower and the shares of SPI owned by the Company. The loan is non-recourse to the Company. Interest on the loan is 2.05% above the 3 month HIBOR. Loan amortization takes place through an annual cash flow sweep with a contractual minimum amount of HK$ 5 million to be paid in June of 2011 and 2012. This minimum amount will be credited to the final sweep at year end. The cash flow sweep allows for SPI to retain up to HK$ 10 million by for capital expenditures on the AIA Tower. SPI paid an arrangement fee of HK$2,775,000 to refinance the loan. There is no prepayment penalty if the loan is paid in full upon the sale of the building, however if the building is refinanced through another financial institution prior to maturity, a 0.5% prepayment penalty will be incurred.

Disposal of Rafael properties

On 23 February 2011 all the Rafael properties were disposed of at their carrying values and the related loans repaid.

Receivable on disposal of investment property

The balance receivable on disposal of the Riviera properties (US$15,875,000) at 31 December 2010 has been received in full subsequent to the year end.

27 Contingent liabilities and Capital commitments

The Group had no outstanding capital commitments at 31 December 2010.

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 2010, and the net proceeds returned to shareholders then the directors would be entitled to a payment of approximately US$784,000.