

**SPEYMILL MACAU PROPERTY COMPANY PLC**

**Consolidated Interim Report**

30 June 2011

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## Directors and advisers

<b>Directors</b>	Howard I. Golden (Non-executive Chairman) Filip Montfort (Non-executive Director) Harald G. Wengust (Non-executive Director) Yarden Mariuma (Non-executive Director)
<b>Registered Office</b>	Millennium House 46 Athol Street Douglas Isle of Man, IM1 1JB
<b>Nominated Adviser &amp; Broker</b>	Matrix Corporate Capital LLP One Vine Street London W1J OAH
<b>English Law Adviser</b>	Lawrence Graham LLP 4 More London Riverside London SE1 2AU
<b>Administrator and Registrar</b>	Galileo Fund Services Limited Millennium House 46 Athol Street Douglas Isle of Man, IM1 1JB
<b>Auditors</b>	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man IM99 1HN
<b>Isle of Man Law Adviser</b>	Appleby 33 Athol Street Douglas Isle of Man IM1 1LB
<b>Hong Kong/Macau Law Adviser</b>	Stephenson Harwood 35 <sup>th</sup> floor, Bank of China Tower 1 Garden Road Central Hong Kong

## Highlights of the period

<b>Balance Sheet</b>	30-Jun-11	31-Dec-10
	(US\$'000)	(US\$'000)
Net assets	96,892	130,714
Net asset per share (US\$)	0.90	1.21
Headline* net assets	100,504	134,326
Headline* net assets per share (US\$)	0.94	1.25
Total assets	182,068	222,917
Property assets	154,242	159,884

\*excluding provision for deferred taxation and goodwill

<b>Income Statement</b>	30-Jun-11	30-Jun-10
	(US\$'000)	(US\$'000)
Rent and related income	3,959	3,936
Valuation gain	-	1,656
Loss after tax	(1,021)	(97)
Basic loss per share (US cents)	(0.95)	(0.08)
Diluted loss per share (US cents)	(0.95)	(0.08)

### Business highlights

- 30 cents per share returned to Shareholders during the period.
- NAV of US\$ 0.90 per share as of June 2011 down 0.83% on 2010 after taking account of the return of 30 cents per share in April 2011.
- Performance in line with the corresponding period for 2010 with costs savings of about US\$1.2 million from the termination of the Manager expected to feed through in the second half.
- With the exception of the AIA tower, all remaining properties were disposed of in the period.
- Bank borrowings reduced by \$4.7 million in the period after disposal of the non AIA properties and the refinancing of the AIA Tower.
- AIA Tower successfully refinanced with an LTV of 46%, well short of the 70% covenant level.
- Investment Manager notice period concluded on 28 June, 2011 resulting in expected cost savings in second half of US\$1.2 million as compared to the current period.
- AIA Tower occupancy levels increasing with retail space being substantially fully let with effect from October 2011 and overall vacancy levels reduced from 21% to 11% in the period from January to October 2011 which is expected to improve operational cash flows.

## Chairman's Statement

Your Board has continued to be active in managing the funds' assets since the time of last writing, with recent efforts being focused in putting in place the necessary arrangements for the management and administration of the AIA Tower following the conclusion of the Speymill Property Group Limited's termination notice period on 28 June, 2011.

As noted in the annual report, the Board has successfully negotiated an extension of the financing on the AIA Tower and fully divested the property portfolio in the Rafael joint venture during the current period.

Attention has now been focused on how to achieve the maximum return to shareholders from the divestment of the AIA Tower and to this end we have been focused on the rental and occupancy levels.

Summarised below is an update on the renting situation at the AIA Tower over the last reporting period and subsequently up to 30 September, 2011.

### OCCUPANCY LEVELS FROM 1 JUN 2010 TO 1 OCT 2011

	Jun-10	Dec-10	Jun-11	Sep-11	Oct-11 (executed leases)
<b>Office</b>	<b>90%</b>	<b>85%</b>	<b>82%</b>	<b>85%</b>	<b>86%</b>
<b>Retail</b>	<b>47%</b>	<b>57%</b>	<b>71%</b>	<b>99%</b>	<b>99%</b>
<b>TOTAL</b>	<b>81%</b>	<b>79%</b>	<b>80%</b>	<b>88%</b>	<b>89%</b>
<b>Vacancy</b>	<b>19%</b>	<b>21%</b>	<b>20%</b>	<b>12%</b>	<b>11%</b>
<b>Office (sq. ft.)</b>	<b>265,620</b>	<b>250,502</b>	<b>244,257</b>	<b>251,087</b>	<b>256,020</b>
<b>Retail (sq. ft.)</b>	<b>36,224</b>	<b>43,925</b>	<b>54,499</b>	<b>76,119</b>	<b>76,119</b>
<b>TOTAL (sq. ft.)</b>	<b>301,844</b>	<b>294,427</b>	<b>298,756</b>	<b>327,206</b>	<b>332,139</b>
<b>Vacancy (sq. ft.)</b>	<b>71,315</b>	<b>78,732</b>	<b>74,403</b>	<b>45,953</b>	<b>41,020</b>

### RENTAL REVENUE FROM 1 JUN 2010 – 1 OCT 2011 (FACE RENT IN HKD)

	Jun-10	Dec-10	Jun-11	Sep-11	Oct-11 (forecast)
<b>Office</b>	<b>\$3,695,515</b>	<b>\$3,687,475</b>	<b>\$3,662,859</b>	<b>\$3,799,055</b>	<b>\$3,887,704</b>
<b>Retail</b>	<b>\$822,331</b>	<b>\$749,581</b>	<b>\$918,763</b>	<b>\$1,461,140</b>	<b>\$1,477,290</b>
<b>TOTAL</b>	<b>\$4,517,846</b>	<b>\$4,437,056</b>	<b>\$4,581,622</b>	<b>\$5,260,195</b>	<b>\$5,364,994</b>

#### 1. New Lettings Concluded from January to June 2011

A total of 4 new office leases and 2 new retail leases were concluded in the period from January to June 2011. Together these 6 leases rented a total of 18,138 sq. ft. at a mixed rate of HK\$17.54 per sq. ft. adding total monthly revenue to the building of HK \$318,150

#### 2. Renewal Cases Concluded from January to June 2011

There were a total of 11 office renewal cases and 1 retail renewal case concluded from January to June 2011. Together these 12 leases rented a total of 33,856 sq. ft. at a mixed rate of HK\$16.19 per sq. ft. for total monthly revenue to the building of HK \$548,111

#### Subsequent events:

Following the reporting period ending June 30, 2011 the following additional leases and renewals have been negotiated:

#### 1. New Lettings concluded subsequent to June 2011

A total of 7 new office leases and 2 new retail leases have been concluded since 30 June, 2011. Together these 9 leases rented a total of 36,111 sq. ft. at a mixed rate of HK\$21.19 per sq. ft. adding total monthly revenue to the building going forward of HK \$765,214

#### 2. Renewal Cases Concluded subsequent to June 2011

There were a total of 5 office renewal cases concluded since 30 June, 2011. Together these leases rented a total of 27,886 sq. ft. at a face rental of \$16.28 per sq. ft. for monthly revenue of HK \$454,054

Chairman's Statement continued

**Summary:**

In the period to date the overall recurring rent in the building has been increased to HK\$ 16.15 per sq. ft. with effect from 1 October, 2011, this compares to recurring rent of HK\$ 15.07 per sq. ft. as of 31 December, 2010 (this is exclusive of car parking rental and property management fees which currently average of HK\$ 236,000 and HK\$ 1,050,390 per month respectively). Since 1 January, 2011, overall rent in the building has grown by 7.17%. As at the date of writing, a total of 15 new leases covering 54,249 sq. ft., or 14.54% of space, have been secured while an additional 17 leases covering 61,742 sq. ft., or 16.55% of space, were successfully reviewed and renewed. Total space due for renewal or review in the last quarter of 2011 and the year of 2012 is 6,550 sq ft and 166,509 sq ft respectively.

The board is pleased at the progress made in bringing the AIA Tower nearer to full occupancy in the current market, something that reflects the high standard of professional management in the building.

Sincerely yours,

Howard I. Golden

Chairman

## Review report by KPMG Audit LLC to Speymill Macau Property Company plc

### Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2011, which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

### Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in note 2 the annual financial statements are prepared in accordance with IFRS. The condensed set of financial statements included in this half yearly report have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

### Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410: *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with IAS 34 and the AIM Rules.

**KPMG Audit LLC**  
**Chartered Accountants**  
**Heritage Court**  
**41 Athol Street**  
**Douglas**  
**Isle of Man IM99 1HN**

29 September 2011

## Unaudited consolidated income statement

	Note	For the period from 1 January 2011 to 30 June 2011 US\$'000	For the period from 1 January 2010 to 30 June 2010 US\$'000
Rent and related income		3,959	3,936
Direct expenses		(1,623)	(1,347)
<b>Net rent and related income</b>		<b>2,336</b>	<b>2,589</b>
Net gain on investment property	7	-	1,656
Loss on disposal of investment property/assets held for sale		(184)	(1,154)
Manager's fees		(1,361)	(1,366)
Audit and professional fees		(208)	(172)
Other expenses		(569)	(544)
<b>Administrative expenses</b>		<b>(2,138)</b>	<b>(2,082)</b>
<b>Net operating profit before net finance costs</b>		<b>14</b>	<b>1,009</b>
Finance income	4	63	30
Finance costs	4	(883)	(841)
<b>Net finance costs</b>		<b>(820)</b>	<b>(811)</b>
<b>(Loss)/profit before tax</b>		<b>(806)</b>	<b>198</b>
Taxation		(215)	(292)
<b>Loss for the period</b>		<b>(1,021)</b>	<b>(94)</b>
<b>Attributable to:</b>			
Equity holders of the Company		(1,021)	(97)
Non-controlling interest		-	3
		(1,021)	(94)
Basic loss per share (cent per share) for the equity holders of the Company during the period	9	<b>(0.95)</b>	<b>(0.08)</b>
Diluted loss per share (cent per share) for the equity holders of the Company during the period	9	<b>(0.95)</b>	<b>(0.08)</b>

The accompanying notes form an integral part of these interim consolidated financial statements

## Unaudited consolidated statement of comprehensive income

	For the period from 1 January 2011 to 30 June 2011 US\$'000	For the period from 1 January 2010 to 30 June 2010 US\$'000
<b>Loss for the period</b>	<b>(1,021)</b>	<b>(94)</b>
<b>Other comprehensive income/(loss)</b>		
Foreign exchange differences	38	(664)
<b>Total comprehensive loss for the period</b>	<b>(983)</b>	<b>(758)</b>
Total comprehensive loss attributable to:		
- owners of the company	(983)	(761)
- non-controlling interests	-	3

The accompanying notes form an integral part of these interim consolidated financial statements

## Unaudited consolidated balance sheet

	Note	Unaudited At 30 June 2011 US\$'000	Audited At 31 December 2010 US\$'000
Intangible assets		6,451	6,451
Investment property	7	154,242	159,884
Plant and equipment		997	1,121
<b>Total non-current assets</b>		<b>161,690</b>	<b>167,456</b>
Trade and other receivables	8	1,270	16,943
Cash and cash equivalents		19,108	38,518
<b>Total current assets</b>		<b>20,378</b>	<b>55,461</b>
<b>Total assets</b>		<b>182,068</b>	<b>222,917</b>
Issued share capital	10	10,783	10,783
Share premium		62,356	62,356
Retained earnings		21,169	55,029
Other reserves		2,553	2,553
Foreign currency translation reserve		31	(7)
Equity attributable to owners of the parent		96,892	130,714
Non-controlling interest		-	1,217
<b>Total equity</b>		<b>96,892</b>	<b>131,931</b>
Interest-bearing loans and borrowings	11	70,694	-
Deferred income tax		10,063	10,063
<b>Total non-current liabilities</b>		<b>80,757</b>	<b>10,063</b>
Interest-bearing loans and borrowings	11	643	76,022
Trade and other payables	12	3,776	4,901
<b>Total current liabilities</b>		<b>4,419</b>	<b>80,923</b>
<b>Total liabilities</b>		<b>85,176</b>	<b>90,986</b>
<b>Total equity and liabilities</b>		<b>182,068</b>	<b>222,917</b>
<b>Net Asset Value per share</b>	5	<b>0.90</b>	<b>1.21</b>

Approved by the Board of Directors on 29 September 2011

Howard I. Golden

Harald G. Wengust

Director

Director

The accompanying notes form an integral part of these interim consolidated financial statements

## Unaudited consolidated statement of changes in equity

for the six months ended 30 June 2011

	Share capital	Share premium	Retained earnings	Other reserves	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 1 January 2011</b>	<b>10,783</b>	<b>62,356</b>	<b>55,029</b>	<b>2,553</b>	<b>(7)</b>	<b>130,714</b>	<b>1,217</b>	<b>131,931</b>
<b>Loss for the period</b>	-	-	(1,021)	-	-	(1,021)	-	<b>(1,021)</b>
<b>Other comprehensive income</b>								
<b>Foreign exchange translation differences</b>	-	-	-	-	38	38	-	<b>38</b>
<b>Total comprehensive loss</b>	-	-	(1,021)	-	38	(983)	-	<b>(983)</b>
<b>Contributions by and distributions to owners</b>								
<b>Shares repurchased to be held in treasury</b>	-	-	(490)	-	-	(490)	-	<b>(490)</b>
<b>Non controlling interest settled on disposal of properties</b>	-	-	-	-	-	-	(1,217)	<b>(1,217)</b>
<b>Distribution paid</b>	-	-	(32,349)	-	-	(32,349)	-	<b>(32,349)</b>
<b>Total contributions by and distributions to owners</b>	-	-	(32,839)	-	-	(32,839)	(1,217)	<b>(34,056)</b>
<b>Balance at 30 June 2011</b>	<b>10,783</b>	<b>62,356</b>	<b>21,169</b>	<b>2,553</b>	<b>31</b>	<b>96,892</b>	<b>-</b>	<b>96,892</b>

for the six months ended 30 June 2010

	Share capital	Share premium	Retained earnings	Other reserves	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 1 January 2010</b>	<b>11,682</b>	<b>62,356</b>	<b>66,904</b>	<b>1,654</b>	<b>108</b>	<b>142,704</b>	<b>1,227</b>	<b>143,931</b>
<b>Loss for the period</b>	-	-	(97)	-	-	(97)	3	<b>(94)</b>
<b>Other comprehensive income</b>								
<b>Foreign exchange translation differences</b>	-	-	-	-	(664)	(664)	-	<b>(664)</b>
<b>Total comprehensive loss</b>	-	-	(97)	-	(664)	(761)	3	<b>(758)</b>
<b>Contributions by and distributions to owners</b>								
<b>Shares repurchased to be held in treasury</b>	-	-	(5,648)	-	-	(5,648)	-	<b>(5,648)</b>
<b>Total contributions by and distributions to owners</b>	-	-	(5,648)	-	-	(5,648)	-	<b>(5,648)</b>
<b>Balance at 30 June 2010</b>	<b>11,682</b>	<b>62,356</b>	<b>61,159</b>	<b>1,654</b>	<b>(556)</b>	<b>136,295</b>	<b>1,230</b>	<b>137,525</b>

Other reserves represent the fair value of options granted to the broker on admission to trading on AIM \$336,000 (30 June 2010: \$336,000) and a capital redemption reserve established on cancellation of shares purchased in the market of \$2,217,000 (30 June 2010 \$1,318,000).

The accompanying notes form an integral part of these consolidated financial statements

## Unaudited consolidated statement of cash flows

	For the period from 1 January 2011 to 30 June 2011 US\$'000	For the period from 1 January 2010 to 30 June 2010 US\$'000
<b>Operating activities</b>		
(Loss)/profit before tax	(806)	198
Adjustments for:		
Net gain on investment property	-	(1,656)
Net loss on disposal of assets held for sale	184	1,154
Depreciation	124	361
Finance income	(63)	(30)
Finance costs	883	841
<b>Operating profit before changes in working capital</b>	<b>322</b>	<b>868</b>
(Increase)/decrease in trade and other receivables	(202)	563
Decrease in trade and other payables	(1,125)	(310)
	<b>(1,005)</b>	<b>1,121</b>
Taxation paid	(215)	(625)
Net finance costs paid	(883)	(841)
Interest received	63	30
<b>Cash flows used in operating activities</b>	<b>(2,040)</b>	<b>(315)</b>
<b>Investing activities</b>		
Acquisition of investment property	-	(88,787)
Sale of investment property	21,333	88,055
Purchase of fixed assets	-	(157)
<b>Cash flows generated from/(used in) investing activities</b>	<b>21,333</b>	<b>(889)</b>
<b>Financing activities</b>		
Purchase of shares	(490)	(5,648)
Repayment of interest bearing loans	(4,685)	(2,718)
Dividends paid	(32,349)	-
Payment to non-controlling interest	(1,217)	-
<b>Cash flows used in financing activities</b>	<b>(38,741)</b>	<b>(8,366)</b>
Net decrease in cash and cash equivalents	<b>(19,448)</b>	<b>(9,570)</b>
Adjustment for foreign exchange	38	(425)
Cash and cash equivalents at beginning of period	38,518	36,598
<b>Cash and cash equivalents at end of period</b>	<b>19,108</b>	<b>26,603</b>

The accompanying notes form an integral part of these consolidated interim 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 interim consolidated financial statements of Speymill Macau Property Company plc as at and for the six months ended 30 June 2011 comprise the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements of the Group as at and for the year ended 31 December 2010 are available upon request from the Company's registered office at Millennium House, 46 Athol Street, Douglas, Isle of Man, IM1 1JB or at [www.speymillmacau.com](http://www.speymillmacau.com).

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. Statement of compliance and significant accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2010.

These condensed consolidated interim financial statements were approved by the Board of Directors on 29 September 2011.

The Group has one segment investing in the property market in Macau, which, as stated in note 1 above shall be disposed off as soon as it is considered reasonably practicable by the Directors. No additional disclosure is included in relation to segment reporting as the Group's activities are limited to one business and geographic segment.

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2010.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2010.

### 3. Use of estimates and judgements

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

In preparing these interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2010.

During the six months ended 30 June 2011 management reassessed its estimates in respect of the valuation of investment property (see note 7).

## Notes to the consolidated financial statements continued

### 4 Finance income and costs

	Period ended 30 June 2011 US\$'000	Period ended 30 June 2010 US\$'000
Bank interest income	63	30
<b>Finance income</b>	<b>63</b>	<b>30</b>
Interest expense	(880)	(835)
Bank charges	(3)	(6)
<b>Finance costs</b>	<b>(883)</b>	<b>(841)</b>
<b>Net finance costs</b>	<b>(820)</b>	<b>(811)</b>

### 5 Net asset value per share

The net asset value per share as at 30 June 2011 is US\$0.90 based on 107,160,910 ordinary shares in issue as at that date (excluding 668,000 shares held in treasury) (31 December 2010: US\$1.21 based on 107,828,910 ordinary shares).

### 6 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 period 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.

Payments under the plan in the period to 30 June 2011 amounted to \$195,770 (period to 30 June 2010: \$nil)

The Managers' contract terminated on 28 June 2011, notice having been served on 28 June 2010. Consequently the Investment Manager, Investment Adviser and property Adviser are not considered to be related parties as at 30 June 2011 and subsequently.

## Notes to the consolidated financial statements continued

### 7 Investment property at valuation

Group	AIA	Rafael	Period ended 30 June 2011 Total US\$'000	Year ended
	Tower US\$'000	Properties US\$'000		31 December 2010 US\$'000
Balance at beginning of period	154,242	5,642	<b>159,884</b>	282,104
Additions	-	-	-	-
Disposal	-	(5,642)	<b>(5,642)</b>	(121,704)
Revaluation gain/(loss) in period	-	-	-	-
Exchange difference	-	-	-	(516)
<b>Balance at end of period</b>	<b>154,242</b>	<b>-</b>	<b>154,242</b>	<b>159,884</b>

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 valuation carried out as at 31 December 2010 is considered by the Directors to be a reasonable estimate of the fair value of the property as at 30 June 2011.

## Notes to the consolidated financial statements continued

### 8 Trade and other receivables

	30 June 2011 US\$'000	31 December 2010 US\$'000
Prepayments and other receivables	1,270	1,068
Amounts receivable on disposal of investment property	-	15,875
	<b>1,270</b>	<b>16,943</b>

### 9 Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss for the period attributable to equity holders of the Company by the weighted-average number of ordinary shares in issue during the period.

	Period ended 30 June 2011	Period ended 30 June 2010
Loss attributable to equity holders of the Company (US\$'000)	(1,021)	(97)
Weighted average number of ordinary shares in issue (thousands) (excluding 668,000 shares purchased and placed in treasury)(period ending 30 June 2010: excluding 7,609,673 shares purchased and placed in treasury)	107,721	115,233
<b>Basic loss per share (cent per share)</b>	<b>(0.95)</b>	<b>(0.08)</b>
<b>Fully diluted loss per share (cent per share)</b>	<b>(0.95)</b>	<b>(0.08)</b>

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

## Notes to the consolidated financial statements continued

### 10 Share capital

	30 June 2011 US\$'000	31 December 2010 US\$'000
<b>Authorised:</b>		
400,000,000 Ordinary shares of US\$0.10 each	40,000,000	40,000,000
<b>Allotted, Called-up and Fully-Paid:</b>		
107,160,910 (31 December 2010: 107,828,910) Ordinary shares of US\$0.10 each in issue, with full voting rights	10,716	10,783
668,000 (31 December 2010: nil) Ordinary shares of US\$0.10 each held in treasury	67	-
	10,783	10,783

During the period to 30 June 2011 the Company repurchased 668,000 (30 June 2010: 7,609,673) Ordinary shares, to be held in treasury, at a cost of US\$491,085 (30 June 2010: US\$5,647,647). The Ordinary shares held in treasury have no voting rights and are not entitled to dividends.

### 11 Interest-bearing loans and borrowings

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

	30 June 2011 US\$'000	31 December 2010 US\$'000
<b>Non-Current Liabilities</b>		
Secured bank loan	70,694	-
<b>Current Liabilities</b>		
Secured bank loan	643	76,022
	71,337	76,022

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 5 September, 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 (US\$643,000) to be paid in July of 2011 and 2012 respectively. 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.

## Notes to the consolidated financial statements continued

### 12 Trade and other payables

	30 June 2011 US\$'000	31 December 2010 US\$'000
Property taxes payable	595	389
Other accruals	3,181	4,512
Total	3,776	4,901

### 13 Capital commitments

The Company has no outstanding capital commitments at 30 June 2011.

### 14 Post Balance Sheet Events

There have been no material events since the balance sheet date that require disclosure in the interim financial statements.

