



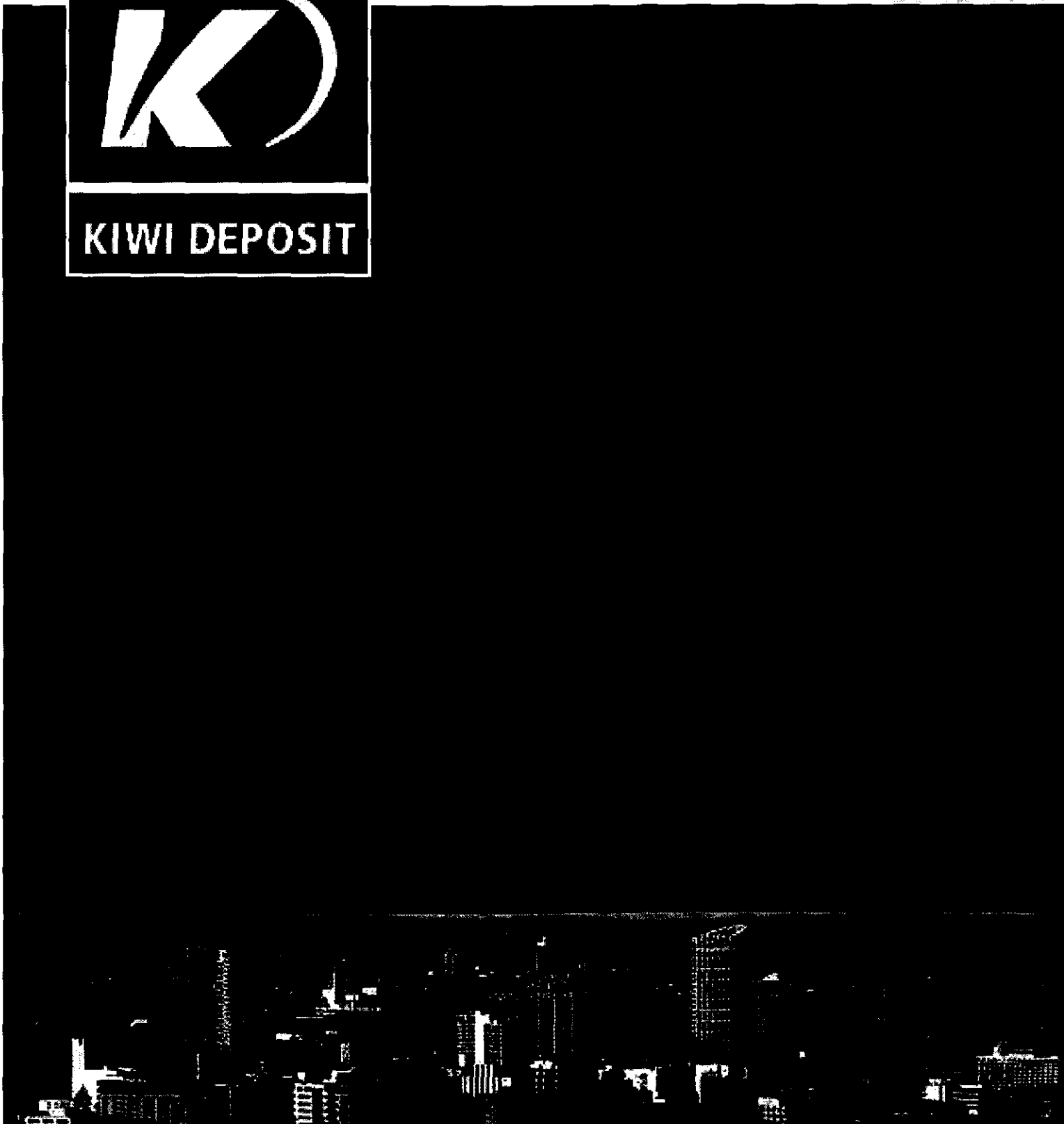
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Annual Report

2010



KIWI DEPOSIT





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Introduction



Kiwi Deposit is poised for very exciting future growth. An enormous amount of work has been put in by a very dedicated team to both service our existing clients according to exacting standards, as well as put in place an expanded service and product offering to attract new clientele

Kiwi Deposit Building Society ("Kiwi Deposit") is a New Zealand non-bank financial institution incorporated on 13 March 2009 under the Building Societies Act 1965, and at balance date, prudentially regulated pursuant to the Reserve Bank of New Zealand Act 1989. Kiwi Deposit currently focuses its service offering to non-retail clients - professional investors and other eligible persons specified by section 3(2)(a) and section 5 of the Securities Act 1978.

Kiwi Deposit is poised for very exciting future growth. An enormous amount of work has been put in by a very dedicated team to both service our existing clients according to exacting standards, as well as put in place an expanded service and product offering to attract new clientele.

Current activities

Banking activities:

Clients continue to enjoy Kiwi Deposit's attractive interest rates on certificates of deposit, typically for terms of more than 3 years. EUR 6,223,812 of deposits were raised in this manner in 2010.

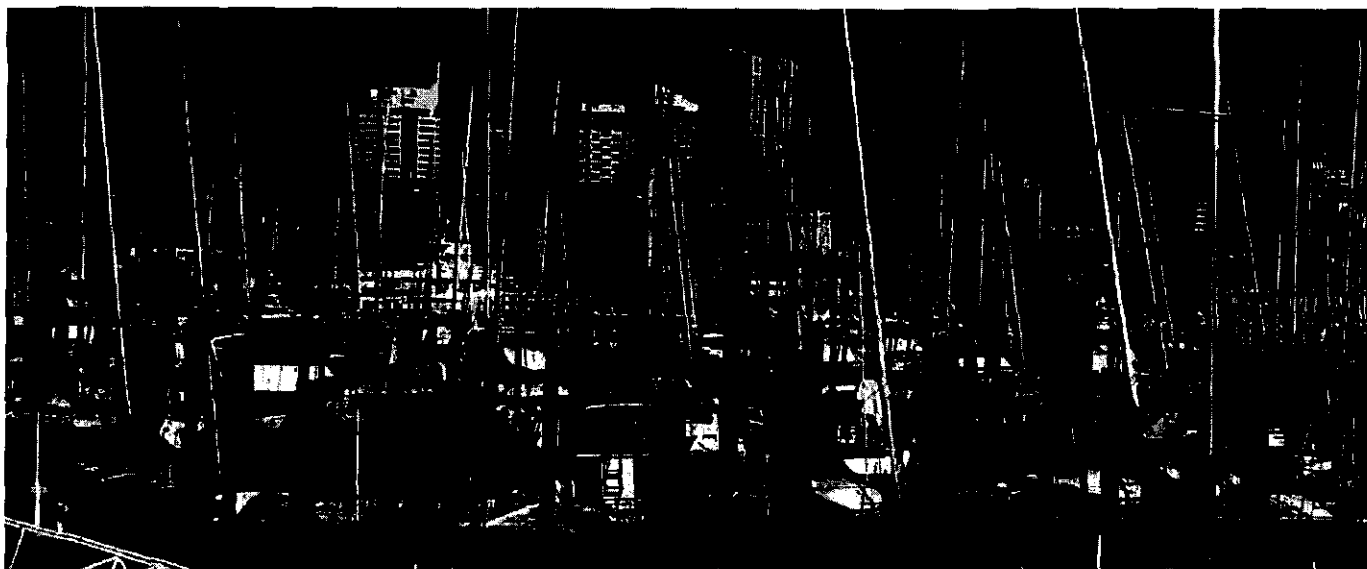
At the time of writing, Kiwi Deposit has just launched an internet banking service, enabling clients to access their account balances and make transfers on the internet.

Kiwi Deposit has also just launched a Mastercard debit card, to be offered to selected clients, with generous card limits.

Transactional activities:-

Funds raised via certificate of deposit have principally funded Kiwi Deposit's transactional activities, including:

- The purchase of a significant participation in Blue Vision A/S, a Danish real estate company listed on the NASDAQ Nordic OMX. Blue Vision A/S has been a stable performer in a turbulent market. The platform is in the process of consolidating its activities and Kiwi Deposit expects significant positive income contribution from Blue Vision A/S in the coming periods.
- Kiwi Deposit's due diligence on a small Danish bank, currently privately owned.



Kiwi Deposit also issued some EUR 13,486,181 of new equity in order to fund real estate acquisitions in the UK and Sweden. The Swedish real estate market is particularly strong, especially in the context of the troubled European market generally. All assets have been actively managed with satisfactory results. Underlying investments related to equity raising can be summarized as follows:

- **Broadford Properties** - 17a Christchurch Road, Bournemouth, England - 1,121.9 sq m - warehouse and leisure space. Adjoins Bournemouth University - EUR 1.6 million investment in 100% of the structure holding the asset through Irish holding company The Bank of Bournemouth Ltd
- **Fastigheten Hans Michelsen** - office block in central Malmo, being renovated into a hotel - EUR 4 million investments in 33% of the Swedish entity holding the asset.
- **Kalmarkronan Fastigheter** - residential, commercial leisure and office space property in Kalmar, Sweden - EUR 6.8 million investment in 87.2% of the structure holding the asset through Swedish holding company Lark Sverige AB.
- **Ely Investments** - Castle Chambers, Union Street, Torquay in the United Kingdom. A former 19th Century hospital converted into apartments which are now held on stock for sale. A total investment from Kiwi Deposit of EUR 700,000.

Proposed activities

Asset management

For Kiwi Deposit, short-term preservation and long-term appreciation of our clients' wealth is a major area of focus.

The last decade has been challenging in many respects. First, the Nobel Prize winning financial theory of investment diversification has been proven not to preserve capital. Second, globalization has led to a continuous and arguably excessive news cycle that increases market volatility and, last, investors have become increasingly sophisticated, leveraged and short sighted.

The result is that it is increasingly difficult to act as a prudent asset manager because the focus on building an effective and consistent investment process has been neglected in the pursuit of short term profits.

Kiwi Deposit is proud to admit that we are unflamboyant and conservative. We will not be lured into investments that superficially are cheap, but when analyzed work against our clients' goals. In building investment portfolios, we are extremely process oriented. This of course is the case whether you want to invest in bonds, equities or other asset classes.

Being boring and conservative means that we do not adopt a perpetual trading mentality. We do not strive to make our living from turning over our clients' assets, but from long-lasting relationships where the focus is on owning the right assets and less on timing unpredictable market swings.

We offer bespoke solutions where clients give us full discretion within a pre-defined framework to exercise the strategy we agree upon. It is vital for us that the design of investment strategies is centred on client risk profile and objective. Hence, we do not have internal preferences for strategy, but focus doggedly on the client well-being.

During 2012 Kiwi Deposit will be launching our Global Equity Fund. The fund will be domiciled within the European Union, in



Malta, and will be governed by relevant EU investment directives, an external administrator, external auditors and independent custodians.

The focus of the fund will be long term asset growth focusing on a select number of the strongest companies we can find amongst all those listed globally. In this sense, we unashamedly cast our gaze internationally, so that we don't miss investment opportunities through lack of vision.

Kiwi deposit has commenced planning in order to offer KiwiSaver Scheme products in New Zealand. Initially this will likely take the form of an Australian and New Zealand equities fund. As a locally managed and regulated entity, Kiwi Deposit accepts that it has a responsibility to extend to New Zealand investors the benefit of our global investment knowhow and expertise.

Currency trading:

Between April 2007 and April 2010, daily global forex spot transactions grew by 48% from \$USD 1.0 trillion to \$USD 1.5 trillion (source: Bank of International Settlements). In the context of such extraordinary growth and due to client demand, Kiwi Deposit will soon be launching a web based currency trading platform, offering access to approximately 75 currency crosses, including all major currencies, tradable on a Sunday to Friday basis. This unique service is possible due to Kiwi Deposit having access to the market makers of the 15 largest currency traders in the world. Kiwi Deposit intends to offer this service via a transparent pricing model - a feature currently lacking in the market generally.

The group was exposed to foreign exchange fluctuations during the period, particularly in relation to EUR net investment in subsidiaries vs. underlying assets in SEK and GBP. The net forex gains in the period totaled EUR 1,021,054.

Directors review of previous accounting period

Kiwi Deposit Group achieved a profit before tax of EUR 787,845 for the period 13 March 2009 through to 31 December 2010, which the management finds satisfactory in the current market conditions. The net loss after tax was EUR 887,082. The consolidated group ended with a post tax loss of EUR 220,722 which was not considered satisfactory, however can be attributed largely to heavy costs associated with acquisition and integration of foreign investments into the Group.

The group was exposed to foreign exchange fluctuations during the period, particularly in relation to EUR loans to subsidiaries vs. underlying assets in SEK and GBP. The net forex gains in the period totaled EUR 1,021,054.

All underlying investment properties were revalued under IFRS principles, which lead to fair value adjustments at subsidiary level as well as impairment adjustments to underlying goodwill.

The total assets at 31 December 2010 for the Group was EUR 31,191,865 with Group equity of EUR 13,579,651 providing a solvency ratio of 44%. Consolidated real estate holdings at year-end totaled EUR 19,418,546. Management is working on diversification of the group's asset base and expects to achieve this during the 2012 financial year.

Total deposits of EUR 6,223,812 were taken during the period to 31 December 2010.



Asset management strategy

For Kiwi Deposit, short-term preservation and long-term appreciation of our clients' wealth is a major area of focus.

Our clients' wealth can be translated into their aggregate degrees of financial freedom; the better managed, the higher the degrees of freedom will become.

The last decade has been challenging from many points of view. Firstly, the Nobel Prize winning financial theory of investment diversification has been proven not to preserve capital. Secondly, the Globalization has led to an information overflow that increases market swings significantly and, lastly, investors have become increasingly advanced, leveraged and short sighted.

The result has been that it in general has become difficult to act as a prudent asset manager because the focus on building an effective and consistent investment process has been neglected in a chase for short term profits.

Kiwi Deposit is proud to say that the launch of our asset management activities will be a pretty boring and utterly conservative launch. We are not out to make a splash.

The key messages that we want to convey at this point is

- Investment is trusting your money with someone else, just as you do when you make a deposit
- Expected returns are also about trust, whether it receiving an interest or a return on an investment
- We build our asset management activities upon the highest possible level of trust and confidentiality

- Our products will be super-conservative and will strive to avoid other peoples' mistakes

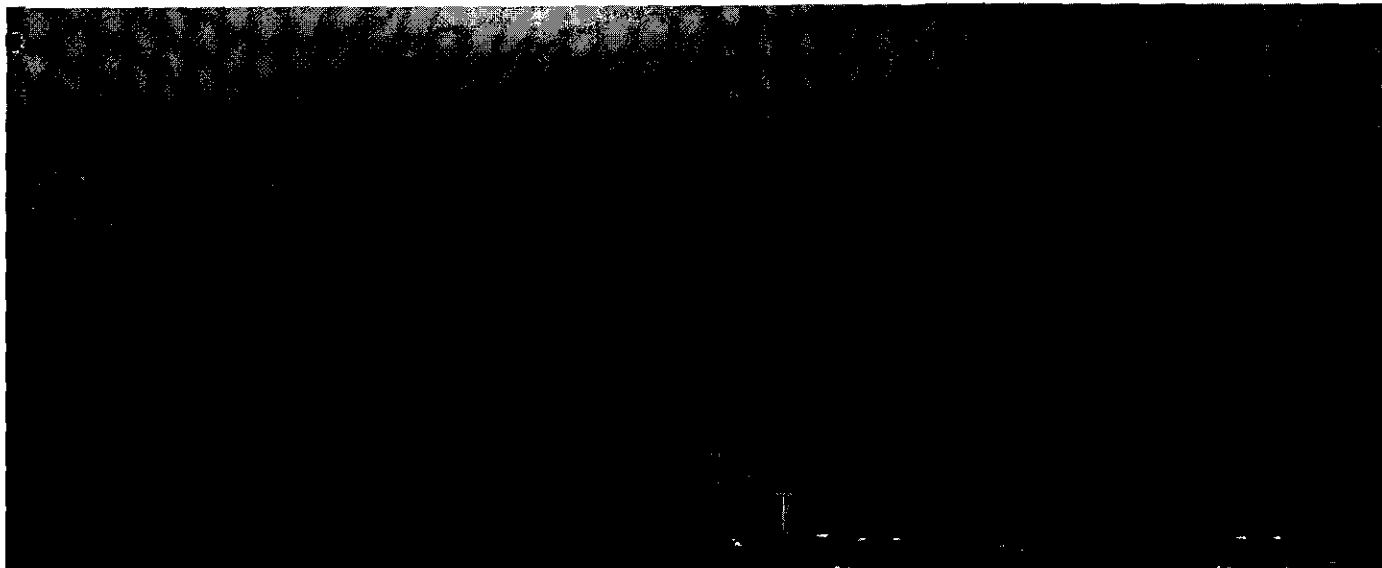
Our first investment product that has an international appeal, an euro denominated global equity fund, will have characteristics that are uncommon in the sense that the investment philosophy that is the foundation of the investment process goes against the current dominating investment theories being taught at international business schools worldwide. The three main points are here:

- Diversification will not make your returns more safe and stable; the less positions, the better
- You cannot rely on any measure of valuation; no trust in cash-flow projections
- Investors shall not construct portfolios based upon benchmarks and indices; big is not always beautiful

Short term investments are not for us. We do not believe we can call tops or bottoms in markets. The difference between us and others is that we admit it. The rationale behind short term investments always digress from an original strategy provided there was one. We always have one and we never digress from it.

In building investment portfolios, we are extremely process oriented. This of course is the case whether our clients want to invest in bonds, equities or other asset classes.

Being boring and conservative means that we are not the ones that try to predict the USD/Yen rate by the end of 2012, the price of gold by the end of the second quarter 2012 or likewise. We do not strive to make our living from trading our clients' assets, but



from long-lasting relationships where the focus is on owning the right assets and less on timing unpredictable market swings.

We offer bespoke solutions where clients give us full discretion within a pre-defined framework to exercise the strategy we agree upon. It is vital for us that our clients risk profile and goals are central concerns when we design investment strategies. Hence, we do not have internal preferences for strategies, but focus solemnly on the clients' well-being.

During 2012 Kiwi Deposit will be launching our own Global Equity Fund. The fund will be domiciled within the European Union, in Malta, and will be guarded by the EU's investment directives, an external administrator, external auditors and independent custodians.

The focus of the fund will be long term asset growth with a base in the 30 strongest companies we can find amongst all listed companies in the world. Why go for less? Well, if you only invest in European equities, you may miss opportunities in the US or in Asia, and vice versa.

Global environment

Kiwi Deposit's ability to adapt

The Global environment is undergoing large changes. Changes that impact our lives in many different ways depending on where we live and what we do.

Climate changes for one. Natural disasters another, as we saw in Christchurch just this year. And the financial markets not to be forgotten.

As a financial institution we must be able to adapt to a changing environment almost even before it changes. This may sound wrong, but it carries a strong sense of logic with it.

“

**You live the life forwards
- but you analyze it backwards”**

If we adapt to changes after they happen, we adapt too late and will be running behind the curve. Of course we cannot predict the future. Hence, we cannot adapt to changes before they happen. But what we can do is be prepared and willing to change rapidly.

We do that by having a stringent control over our operational risks and resources, and we do not plan too much. Because too much planning leads to executing plans while the environment changes. 2010 and 2011 have proven to be difficult years for our Globe in many respects. Global growth slows, consumption is at stand stills in most areas and unemployment rises. Financial institutions, mainly in Europe and in the US, are under severe pressure to find short-term funding and secure enough equity to remain operative in an environment where regulators press for increased solvency coverage.

In short, the financial system is suffering from Over Consumption. It will go away, but it will take time.

Kiwi Deposit is a new organization in many respects. We are glad that senior Management have been around and have experienced crisis before. That induces a certain degree of cautiousness with respect to strategic ambition versus common commercial sense. We bank on the latter than the first.

Board of Directors and Senior Management

Board of Directors



Scott Macaw, LLM
Chairman

Scott is a mergers and acquisitions specialist with extensive experience in private banking, structuring and advisory services for cross border transactions. Scott is based in Europe, but previously lived and worked in Asia.

He has a strong network of high net worth individuals and families spanning the globe.



Lachlan Williams, BCom LLB TEP
Managing Director

Lachlan is a trust and banking lawyer by background and is Kiwi Deposit's founder.

He is a Barrister & Solicitor of the High Court of New Zealand and a full member of the New Zealand branch of the Society of Trust and Estate Practitioners (STEP).



Mathieu Pouletty, LLM
Director

Mathieu has a legal background from Paris University. After 10 years experience in France including working with Deloitte & Touche and KPMG, Mathieu moved to Copenhagen, where he advises international clients on financial structuring and private banking activities.

Mathieu is a member of the International Bar Association.

Senior Management



Peter Andersen
Chief Investment Officer

Peter brings a long career in trading, research and asset management to Kiwi Deposit. Being a Danish citizen, he holds a degree in Finance from the Copenhagen Business School and is a banker by education.

He is a member of the C-suite (manager level) of PRMIA, the Professional Risk Managers International Association.



Kiwi Deposit Building Society

Directors statement

In accordance with the requirements of the Building Societies Act 1965, the Directors present the Annual Report for the Society, including the attached Financial Statements and Auditors Report thereon.

The Directors are responsible for the preparation of financial statements, in accordance with generally accepted accounting practice in New Zealand, that give a true and fair view of the matters to which they relate, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors consider that the financial statements have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgements and estimates and that all the relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Society and facilitate compliance of the financial statements with the Building Societies Act 1965.


The Directors of the Society authorise the financial statements set out on pages 12 to 36 for issue.

For and on behalf of the Board



Lachlan Williams, Director

Date: 22 December 2011



Scott Macaw, Director

Date: 22 December 2011



Mathieu Pouletty, Director

Date: 22 December 2011

Independent Auditors Report

To the members of the Kiwi Deposit Building Society

Report on the Financial Statements

We have audited the financial statements of the Society on pages 12 to 36, which comprise the Statement of Financial Position as at 31 December 2010, and the Statement of Comprehensive Income, the Statement of Changes in Equity, and the Statement of Cashflows, for the period then ended, and the notes to the financial statements that includes a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of financial statements, in accordance with generally accepted accounting practice in New Zealand, that give a true and fair view of the matters to which they relate, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, as this is relevant to the Society's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm has also provided other services to the Society, principally general accounting assistance. These matters have not impaired our independence as auditors of the Society. The firm has no other relationship with, or interest in, the Society.

Opinion

In our opinion, the financial statements on pages 12 to 36:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the Society as at 31 December 2010 and its financial performance and cash flows for the period ended on that date.

Matter of Emphasis – Going Concern

Without qualifying our opinion, we draw attention to Note 23(v) which discloses that cashflow commitments to financial liabilities exceed cashflows available from financial assets. The Directors are confident that the group will continue as a going concern having considered the factors explained in Note 23(v). The validity of the going concern assumption on which these financial statements are prepared depends upon successful outcomes as regards these factors.

If the Society was unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised at amounts which are less than the amounts at which they are currently recorded in the Statement of Financial Position. In addition, the Society may have to provide for further liabilities that might arise.

Report on Other Legal and Regulatory Requirements

In accordance with the Building Societies Act 1965, we report that:

- We have obtained all the information and explanations that we have required.
- The financial statements are properly prepared in accordance with the requirements of this Act and the relevant regulations made thereunder.

PKF Ross Melville Audit

PKF Ross Melville Audit

Auckland, 22 December 2011

Kiwi Deposit Building Society

Statement of financial position

As at 31 December 2010

Amounts in EUR	Note	Group 2010	Parent 2010
Current assets			
Cash at Bank		360,859	5,686
Trade and other receivables		762,934	215,550
Related party receivables	17	1,131	1,131
Total current assets		1,124,924	222,367
Non current assets			
Property stock - apartments	6	1,296,438	-
Investment properties	7	18,122,108	-
Loans to related parties	17	479,293	479,293
Investments in associates	8	5,922,566	4,148,549
Loan to associate	9	3,839,997	-
Investments in subsidiaries	10	-	3,066,778
Loans to subsidiaries	11	-	12,005,085
Intangible asset – goodwill	12	406,539	-
Total non current assets		30,066,941	19,699,705
Total assets		31,191,865	19,922,072
Current liabilities			
Trade and other payables		802,478	423,772
Bank overdrafts		84,743	50,255
Bank borrowings	14	326,769	-
Related party payables	17	49,934	49,934
Unearned income		482,501	81,503
Total current liabilities		1,746,425	605,464
Non current liabilities			
Bank borrowings	14	7,309,025	-
Related party borrowings	17	126,604	-
Other borrowings	15	116,119	-
Deposits	16	6,537,388	6,537,388
Deferred tax	18	1,776,653	180,121
Total non current liabilities		15,865,789	6,717,509
Total liabilities		17,612,214	7,322,973
Equity			
Shareholders equity	19	12,912,379	12,599,099
Minority interest		667,272	-
Total equity		13,579,651	12,599,099
Total liabilities and equity		31,191,865	19,922,072

The accompanying notes form part of, and should be read in conjunction with these financial statements.

Kiwi Deposit Building Society

Statement of comprehensive income

For the period ending 31 December 2010

Amounts in EUR	Note	Group 2010	Parent 2010
Income			
Operating income - property rental		2,545,523	-
Operating income - services		175,509	175,509
Gain on sale of property stock	21	122,033	-
Interest income - subsidiaries	20	-	770,268
Interest income - associates	20	270,354	104,234
Interest income - bank		3,063	1,615
Total income		3,116,482	1,051,626
Expenses			
Employee costs		35,708	35,708
Interest expense - bank		295,965	286
Interest expense - deposits	20	313,576	313,576
Legal and consultancy costs		1,069,965	471,726
Other operating expenses		1,851,277	126,911
Total expenses		3,566,491	948,207
Net (loss) / profit before other gains / (losses)		(450,009)	103,419
Other gains / (losses)			
Fair value adjustment to investment property	7	2,749,713	-
Impairment provision to intangible asset - goodwill	12	(2,290,312)	-
Impairment provision to investments in subsidiaries	10	-	(829,083)
Impairment provision to loan to subsidiary	11	-	(817,957)
Profit from sale of shares in associate		57,051	-
Share of profit / (loss) of associates	8	(299,652)	-
Impairment provision to investment in associates	8	-	(196,223)
Foreign exchange gain		1,021,054	1,032,883
Total other gains / (losses)		1,237,854	(810,380)
Net profit / (loss) before income tax		787,845	(706,961)
Income tax expense	18	1,216,823	180,121
Net (loss) after income tax		(428,978)	(887,082)
Other comprehensive income			
Movement in foreign currency translation reserve		208,256	-
Total comprehensive (loss) for the period		(220,722)	(887,082)
Attributable to Shareholders:			
Net (loss) after income tax		(703,143)	(887,082)
Movement in foreign currency translation reserve		129,341	-
Comprehensive (loss) for the period attributable to Shareholders		(573,802)	(887,082)
Attributable to Minority interest:			
Net (loss) after income tax		274,165	-
Movement in foreign currency translation reserve		78,915	-
Comprehensive (loss) for the period attributable to Minority Interest		353,080	-
Total comprehensive (loss) for the period		(220,722)	(887,082)

The accompanying notes form part of, and should be read in conjunction with these financial statements.

Kiwi Deposit Building Society

Statement of changes in equity

For the period ending 31 December 2010

Amounts in EUR	Share capital	Foreign Currency Translation Reserve	Retained earnings	Total	Minority interest	Total Equity
Group						
Opening balance	-	-	-	-	-	-
Transactions with shareholders						
Shares issued	13,486,181	-	-	13,486,181	-	13,486,181
Minority interest added on acquisition of subsidiary	-	-	-	-	314,191	314,191
Dividends paid	-	-	-	-	-	-
Total transactions with shareholders	13,486,181	-	-	13,486,181	314,191	13,800,372
Total comprehensive (loss) / income for the period	-	129,341	(703,143)	(573,802)	353,081	(220,721)
At 31 December 2010 (Note 19)	13,486,181	129,341	(703,143)	12,912,379	667,272	13,579,651
Parent						
Opening balance	-	-	-	-	-	-
Transactions with shareholders						
Shares issued	13,486,181	-	-	13,486,181	-	13,486,181
Dividends paid	-	-	-	-	-	-
Total transactions with shareholders	13,486,181	-	-	13,486,181	-	13,486,181
Total comprehensive (loss) / income for the period	-	-	887,082	887,082	-	887,082
At 31 December 2010 (Note 19)	13,486,181	-	887,082	12,599,099	-	12,599,099

The accompanying notes form part of, and should be read in conjunction with these financial statements.

Kiwi Deposit Building Society

Statement of Cashflows

For the period ending 31 December 2010

Amounts in EUR	Note	Group 2010	Parent 2010
Operating activities			
Cash was provided from / (applied to):			
Receipts from Customers		41,462	41,462
Rent Received		2,841,897	-
Interest received		2,970	1,522
Payments to Suppliers		(2,878,262)	(181,754)
Payments to Employees		(17,972)	(17,972)
Interest paid		(295,965)	(286)
Income tax paid		(12,501)	-
Net cash inflows/(outflows) from operating activities		(318,371)	(157,028)
Investing activities			
Cash was provided from / (applied to):			
Sale of property stock		224,160	-
Sale of shares in associate		282,725	-
Purchase of investment properties		(18,917)	-
Purchase of subsidiaries	13	(8,624,183)	(9,215,062)
Purchase of associates		(6,103,222)	(4,000,000)
Loans to subsidiaries		-	(5,952,075)
Loans to associates		(3,673,877)	-
Loans to Related parties (net)		(303,793)	(430,397)
Net cash inflows/(outflows) from investing activities		(18,217,107)	(19,597,534)
Financing activities			
Cash was provided from / (applied to):			
Issue of Shares		13,486,181	13,486,181
Bank Borrowings		(916,353)	50,255
Other Borrowings		116,119	-
Deposits		6,223,812	6,223,812
Net cash inflows/(outflows) from financing activities		18,909,759	19,760,248
Net increase/(decrease) in cash at bank		374,281	5,686
Foreign exchange movement		(13,422)	-
Cash at bank at the beginning of the period		-	-
Cash at bank at the end of the period		360,859	5,686

The accompanying notes form part of, and should be read in conjunction with these financial statements.

Kiwi Deposit Building Society

Statement of Cashflows

For the period ending 31 December 2010

Amounts in EUR	Note	Group 2010	Parent 2010
Reconciliation with operating surplus			
Net (loss) after income tax		(428,978)	(887,082)
<i>Add/(deduct) Non Cash Items</i>			
Interest income - subsidiaries		-	(770,268)
Interest income - associates		(270,354)	(104,234)
Interest income - related party		(93)	(93)
Interest expense - deposits		313,576	313,576
Fair value adjustment to investment property		(2,749,713)	-
Impairment provision to intangible asset - goodwill		2,290,312	-
Impairment provision to investments in subsidiaries		-	829,083
Impairment provision to loan to subsidiary		-	817,957
Impairment provision to investment in associates		-	196,223
Foreign exchange gain		(1,022,036)	(1,022,036)
Deferred tax expense		1,204,322	180,121
Share of profit / (loss) of associates		299,652	-
<i>Add/(deduct) Investing activities</i>			
Profit from sale of shares in associate		(57,051)	-
Gain on sale of property stock		(122,033)	-
<i>Add/(deduct) movements in balance sheet items</i>			
(Increase) in trade and other receivables		(320,177)	(215,550)
Increase in trade and other payables		61,698	423,772
Increase in unearned income		482,501	81,503
Net cash inflows/(outflows) from operating activities		(318,371)	(157,028)

The accompanying notes form part of, and should be read in conjunction with these financial statements.

Kiwi Deposit Building Society

Notes to the financial statements

For the period ending 31 December 2010

NOTE 1 – REPORTING ENTITY

The financial statements presented here are for Kiwi Deposit Building Society ("Kiwi Deposit" or "the parent entity") and its subsidiaries. They were authorised for issue by the Board of Directors on 22 December 2011.

Kiwi Deposit was incorporated on 13 March 2009 pursuant to the Building Societies Act 1965, and was certified by the Registrar of Building Societies to commence business on 8 May 2009.

Kiwi Deposit is subject to the Building Societies Act 1965 and the Building Societies Regulations 1989, and is a registered financial services provider.

Kiwi Deposit is not an "issuer" or a "reporting entity" within the meaning of the Financial Reporting Act 1993.

As at balance date, as a building society Kiwi Deposit did fall within the definition of a "non-bank deposit taker" pursuant to section 5D of the Reserve Bank of New Zealand Act 1989. Accordingly, it was subject to various prudential requirements, including those relating to governance, credit ratings (albeit Kiwi Deposit was eligible for class exemption relief), capital ratios, liquidity ratios, and related party transactions. In relation to the last three requirements, Kiwi Deposit formally applied to the Reserve Bank of New Zealand for exemptions, and while at balance date these remained undetermined, the Reserve Bank waived the consequences of any non-compliance.

NOTE 2 – PRINCIPAL ACTIVITIES

The principal activities of Kiwi Deposit, as parent entity, are capital issuance and deposit taking, investment in subsidiaries and associates, and the provision of trustee and custodian services. These activities are conducted in New Zealand.

The principal activities of subsidiaries and associates are property investment and development. These activities are conducted in England, Ireland, Denmark and Sweden.

NOTE 3 – BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(a) Statement of Compliance

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and under New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

(b) New Accounting Standards

The following standard has been issued but is not yet effective:

NZ IFRS 9: Financial instruments – This standard will eventually replace NZ IAS 39: Financial instruments – recognition and measurement and is expected to be adopted by Kiwi Deposit in the year ending 31 December 2013 when it becomes effective. The standard is not expected to materially affect the financial statements.

Any other new or proposed accounting standards and amendments not disclosed are not expected to have a material impact on the financial statements when they are initially applied.

(c) Reporting Period

The financial statements are for the period from 8 May 2009 to 31 December 2010, being the first reporting period for Kiwi Deposit. Hence, there are no comparative figures applicable.

(d) Functional and Presentation Currency

The functional and presentation currency of Kiwi Deposit is Euro ("EUR"). All amounts contained in the financial statements are presented in Euros, unless otherwise stated.

(e) Going Concern

Kiwi Deposit commenced business in May 2009 and is dependent on successful trading, achieving its plans and forecasts, and the continued support of capital and deposit investors.

The financial statements have been prepared on a going concern basis, which contemplates continuity of Kiwi Deposit's normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of that business.

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Notes to the financial statements

For the period ending 31 December 2010

(f) Accounting Estimates

The preparation of the financial statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable. Actual results may differ from these estimates.

The areas where estimates and judgements made by management have the most significant effect on amounts recognized in the financial statements are as follows:

- The measurement of investment properties at their fair value (refer Note 7).
- The accounting for goodwill, in terms of either its impairment or retention (refer Note 12).
- The recognition of items to be included within the provision for deferred taxation liability (refer Note 18).

(g) Measurement Base

The financial statements have been prepared on the historical cost basis, except that investment properties are measured at their fair value.

NOTE 4 – SPECIFIC ACCOUNTING POLICIES

The specific accounting policies that materially affect the measurement of items recognised in these financial statements are described below. These policies have been consistently applied during the period covered by these financial statements.

(a) Consolidation

The group financial statements are prepared by combining the financial statements of all of the entities that comprise the consolidated entity, being Kiwi Deposit (the parent entity), subsidiaries, and equity accounted associates ("the Group").

(b) Investments in Subsidiaries

Subsidiaries are those entities over which Kiwi Deposit has the power to govern the financial and operating policies so as to obtain benefits from their activities. Where subsidiaries have been acquired during the period, their operating results have been included from the date control is transferred to Kiwi Deposit. Subsidiaries are accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognizing at acquisition date, separately from goodwill, the identifiable assets acquiree, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

On consolidation, all significant inter-company transactions and balances have been eliminated.

The accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the parent entity.

The subsidiaries of Kiwi Deposit are as follows:

- Kiwi Deposit Holdings A/S, a wholly owned Danish company with company registration number 32442587. Kiwi Deposit Holdings A/S in turn owns a 35.76% interest in another Danish company, Blue Vision A/S, which is accounted for as an associate of the Kiwi Deposit Group.
- The Bank of Bournemouth Limited, a wholly owned Irish company with company registration number 4803176. The Bank of Bournemouth Limited in turn owns 100% of another Irish company, Broadford Properties Limited, company registration number 305275, which is also consolidated into Kiwi Deposit financial statements.
- Lark Sverige AB, a wholly owned Swedish company with company registration number 556703-2197. Lark Sverige AB in

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For the period ending 31 December 2010

turn owns 87.2% of another Swedish company, Kalmarkronan Fastigheter AB, company registration number 556681-7325 which is also consolidated into Kiwi Deposit financial statements.

- Ely Investments Limited, a wholly owned English company with registration number 3805162.

In the parent entity financial statements, investments in subsidiary companies are accounted for at cost less provision for impairment if any.

(c) Investments in Associates

Associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures. The Group generally deems it has significant influence if it has between 20% and 50% of the voting rights. Investments in the associates are accounted for using the equity method of accounting in the Group financial statements.

Under the equity method, the Group's investments in associates are initially carried at cost. The carrying value of an investment in an associate is then increased or decreased to recognise the Group's share of the profit or losses and other comprehensive income of the associate.

After application of the equity method, the Group will recognise an additional impairment loss on the investment in the associate, where there is objective evidence that this is appropriate.

The reporting dates of the associates and the Group are identical and the associates' accounting policies are consistent with those used by the Group for like transactions and events.

Details of the associate companies are provided in Note 8.

In the parent entity financial statements, the investment in associates is accounted for at cost less provision for impairment if applicable.

(d) Foreign Currency Translation

The functional and presentation currency of Kiwi Deposit is Euro ("EUR"). The functional currencies of subsidiaries and associates involve Danish Krone ("DKK"), Swedish Krona ("SEK"), and British Pound ("GBP").

(i) Transactions and Balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated

in foreign currencies are re-translated at the rate of exchange ruling at the reporting date.

Exchange rate differences arising on the settlement of monetary items, or on re-translating monetary items at rates different from those at which they were translated on initial recognition, are recognised in the Statement of Comprehensive Income in the period in which they arise.

Certain parent entity balances are measured in terms of their historical cost in a non-Euro currency e.g. share capital, investments in subsidiaries, and investments in associates. These have been translated into Euro using the exchange rate as at the date of the initial transaction and are not re-translated at the reporting date.

(ii) Translation of Foreign Operations

The results of foreign operations that have a functional currency different from the Euro are translated to Euro at the average exchange rate for the period. Assets and liabilities are translated at exchange rates prevailing at the reporting date.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

(e) Intangible Assets - Goodwill

Goodwill arising on acquisition represents the excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable net assets of the acquired entity. Goodwill is tested for impairment annually, and is carried at cost less accumulated impairment losses.

(f) Cash at Bank

Cash at bank comprises bank current and short term deposit account balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and are not discounted due to their short term nature. Allowances for impairment are deducted where collection is considered doubtful. The carrying value of these receivables is not materially different from their fair value.

(h) Property Stock

Stocks of apartments held for sale are stated at the lower of cost and net realisable value. Net realisable value is the estimated

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For the period ending 31 December 2010

selling price in the ordinary course of business, less estimated selling expenses.

(i) Investment Properties

Land and buildings are accounted for as an investment property where the property is held to earn rental income and for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in the Statement of Comprehensive Income in the year in which they arise. There is no accounting for depreciation expense.

(j) Loans to Subsidiaries and Associates

Loans to subsidiaries (in the parent entity financial statements) and loan to associate (in the Group financial statements) are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment losses if any.

(k) Trade and Other Payables

Trade and other payables are initially recognised at fair value and are not discounted due to their short term nature. The carrying value of these payables is not materially different from their fair value.

(l) Bank Borrowings

Bank borrowings are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest method.

(m) Deposits

Deposits are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest method.

(n) Income Tax

The income tax expense charged to the Statement of Comprehensive Income includes both the current year's provision and the income tax effect of taxable and deductible temporary differences.

Tax effect accounting is applied to temporary differences and to income tax losses using the liability method. The tax effect accounting is performed on an entity by entity basis, recognising the income tax treatments and rates applicable in the relevant tax jurisdiction. The income tax benefits of income tax losses are only accounted for where the entity has taxable temporary differences

which exceed the tax losses. Tax effect accounting is not applied for entities where tax losses exceed taxable temporary differences.

(o) Consumption Tax

The financial statements have been prepared on the basis that all components are stated exclusive of consumption taxes (e.g. GST, VAT etc) except:

- Where the amount of tax incurred is not recoverable from a taxation authority, the amount is recognised as part of the cost of the asset or expense item as applicable.
- Trade and other receivables and payables include tax amounts, where applicable.

(p) Property Rental Income

Income from the rental of investment properties and apartments pending sale is apportioned over the term of the property lease on a straight line basis.

(q) Services Income

Income from the provision of trustee and custodian services is recognised as the services are provided. Where amounts are invoiced in advance, the amount attributable to the period subsequent to balance date is recognised as unearned income within current liabilities.

(r) Interest Income

Interest income from loans to subsidiaries and associates is recognised as earned using the effective interest method.

(s) Interest Expense

Interest expense relating to bank borrowings and deposits is recognised as incurred using the effective interest method.

(t) Operating Expenses

Operating expenses are recognised at the fair value of the goods or services received within the reporting period, using the accrual method.

(u) Segmental Analysis

The operating activities of the parent entity are conducted in New Zealand. The operating activities of the Group subsidiaries and associates primarily involve the holding of investment properties and the sale of apartment stock. These assets are located, and the associated operating activities are performed, in England, Denmark, and Sweden. Refer to Notes 6 to 8 for further details.

(v) Derivative Financial Instruments

For the period to and as at 31 December 2010, neither the parent entity nor any subsidiaries have entered into any derivative financial instruments.

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Notes to the financial statements

For the period ending 31 December 2010

NOTE 5 – RELATED PARTY DISCLOSURES

The Directors of Kiwi Deposit as at 31 December 2010 were:

- Scott Campbell Macaw (Non-Executive Chairman)
- Lachlan James Williams (Managing Director and Secretary)
- Mathieu Pouletty (Non-Executive Director)
- Casper Slumstrup (Non-Executive Director)

Details of the shares issued by Kiwi Deposit are provided in Note 19. The following shareholder entities are related parties due to a person who has control over Kiwi Deposit also being a Director and beneficial shareholder of these entities:

- POP Networks Pty Limited (the controlling entity)
- Aequus Trust Pte Ltd
- Corporate holders of foundation shares (19 in total)

The following entities are related parties due to a Director of Kiwi Deposit sharing in the control of these entities:

- Scanprojects ApS
- Defap Enterprises ApS
- Defap Management ApS
- Wacam Investments Pty Limited
- Intrinsic Property Holdings A/S
- Dansk – Europæisk Finansiering ApS

For the period to and as at 31 December 2010, the group and the parent entity has had various transactions and balances with related parties, details of which are disclosed in other Notes to these financial statements.

In addition, at the parent entity level, Kiwi Deposit has related party transactions and balances with its subsidiaries and associates.

NOTE 6 – PROPERTY STOCK – APARTMENTS

Amounts in EUR	Group 2010	Parent 2010
Property Stock - Apartments	1,296,438	-

Property Stock represents apartments in the "Castle Chambers" property development located in Torquay, England.

These apartments were last subject to an independent valuation on 30 June 2009, by Cushman Wakefield LLP, an independent registered valuer in England. Based on this valuation, the value of the remaining apartments held at 31 December 2010 is GBP 1,150,000 (EUR 1.335m equivalent).

Subsequent to balance date two apartments were sold to a related party for a total of EUR 267,000. The carrying value of these apartments at 31 December 2010 is EUR 192,000.

The directors have reviewed the selling prices since 1 January 2009 and the current rental yields and they consider that the realisable value of these apartments is greater than their carrying value at 31 December 2010.

NOTE 7 - INVESTMENT PROPERTIES

Amounts in EUR	Group 2010	Parent 2010
Commercial Building - Kalmar, Sweden	16,653,198	-
Commercial Building - Bournemouth, England	1,468,910	-
	18,122,108	-

Movements in the carrying value of investment properties during the period are as follows:

Amounts in EUR	Group 2010	Parent 2010
Acquisition of subsidiaries	12,913,354	-
Additions	18,917	-
Foreign exchange movement	2,440,124	-
Change in fair value	2,749,713	-
	18,122,108	-

The investment property located in Kalmar (Sweden) was valued in September 2011 by Varderingbyran, an independent registered valuer in Sweden. The valuer has determined the value of this property to be SEK 160m (EUR 17.75m equivalent), using the comparable sales and the capitalised income methods. A capitalisation rate of 6.6% was applied to the net rental stream. Based on this valuation the directors increased the carrying value of this property to EUR 16.6m in the Group's financial statements at 31 December 2010.

The investment property located in Bournemouth (England), was valued in September 2011 by Nettleship Sawyer, an independent registered valuer in England. The valuer has determined the value of this property to be GBP 1,265,000 (EUR 1.469m equivalent), using the capitalised income method. A capitalisation rate of 8.75% was applied to the gross rental stream. Based on this valuation the directors increased the carrying value of this property to EUR 1.469m in the Group's financial statements at 31 December 2010.

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Notes to the financial statements

For the period ending 31 December 2010

NOTE 8 - INVESTMENTS IN ASSOCIATES

Amounts in EUR	Country of Incorporation	Percentage held at 31 December 2010	Group 2010	Parent 2010
Listed Company				
Blue Vision A/S	Denmark	35.76%	1,774,017	-
Unlisted Company				
Fastigheten Hans Michelson 10 AB	Sweden	33.33%	4,148,549	4,148,549
Investments in Associates			5,922,566	4,148,549

Movements in investments in associates during the period are as follows:

Acquisitions	6,447,891	4,344,772
Disposals	(225,673)	-
Share of (loss) after tax	(299,652)	-
Impairment Provision	-	(196,223)
At the end of the period	5,922,566	4,148,549

The Group and parent share of the associates assets and liabilities is as follows:

Total assets	26,285,824	2,431,385
Total liabilities	4,509,523	1,963,954
Revenues	171,224	146,399
Loss after tax	299,652	196,223

The parent and the group investments in associates are as listed above. These investments meet the definition of an associate and have been accounted for the group's financial statements.

Blue Vision A/S shares are traded on the NASDAQ OMX in Copenhagen, although these shares are infrequently traded. The value of the Group's interest in Blue Vision A/S based on the share price published as at 31 December 2010 is EUR 2,307,825. This exceeds the carrying value of the investment in the group financial statements which is EUR 1,774,017.

Fastigheten Hans Michelson 10 AB shares are not traded. Subsequent to balance date, the Parent entered into an agreement to sell its interest in Fastigheten Hans Michelson 10 AB to Castletown Holdings Limited (acting in a Trustee capacity) for EUR 4,500,000. The directors expect that this sale transaction will be settled on or before 31 December 2012. Based on this sale transaction, the directors have concluded that the fair value of this investment at balance date is not less than its carrying value in the group financial statements of EUR 4,148,549.

NOTE 9 – LOAN TO ASSOCIATE

Amounts in EUR	Group 2010	Parent 2010
Loan to Blue Vision A/S	3,839,997	-

The Group's loan to Blue Vision A/S, an associate company, was a convertible loan. This instrument granted to the Group the right to convert the loan into shares at DKK 159.94 per DKK 100 advanced. The loan accrued interest at "CIBOR - 3 month rate" plus a margin of 3.5%. This loan was denominated in DKK, unsecured, interest only, and with maturity in December 2014.

On 22 February 2011, the Group advised the directors of Blue Vision A/S of its election to convert the loan into shares. On the 14 March the Group was issued 180,670 shares at DKK 159.94. The directors consider that the contractual conversion price for the shares was consistent with the market value of the shares at conversion date. Accordingly the directors consider the fair value of the convertible loan to be the same as its carrying value at 31 December 2010.

The subsequent conversion of this loan increased the Group's ownership interest in Blue Vision A/S to 45.07%.

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Notes to the financial statements

For the period ending 31 December 2010

NOTE 10 - INVESTMENTS IN SUBSIDIARIES

Amounts in EUR	Equity Interest (%)	Country of Incorporation	Group 2010	Parent 2010
Kiwi Deposit Holdings A/S	100%	Denmark	-	67,500
Bank of Bournemouth Limited	100%	Ireland	-	1,647,561
Broadford Properties Limited (*)	100%	Ireland	-	-
Lark Sverige AB	100%	Sweden	-	1,922,235
Kalmarkronan Fastigheter AB (**)	87.2%	Sweden	-	-
Ely Investments Limited	100%	England	-	258,565
Investment in Subsidiaries at cost			-	3,895,861
Impairment Provision			-	(829,083)
Net Carrying Value at balance date			-	3,066,778

* the Group's ownership interest is held by the Bank of Bournemouth Limited.

** the Group's ownership interest is held by Lark Sverige AB

All subsidiaries have a 31 December balance date.

NOTE 11 - LOANS TO SUBSIDIARIES

Amounts in EUR	Denominated / Repayable in	Interest Rate at balance date	Group 2010	Parent 2010
Loan to Kiwi Deposit Holdings A/S	DKK	4.250%	-	6,254,579
Loan to Lark Sverige AB	SEK	5.000%	-	5,997,330
Loan to Kalmarkronan Fastigheter AB	SEK	5.000%	-	105,296
Loan to Ely Investments Limited	GBP	4.414%	-	465,837
Gross Loans			-	12,823,042
Impairment Provision			-	(817,957)
Net Carrying Value at balance date			-	12,005,085

The parent's loans to group subsidiaries are unsecured and repayable on demand. The director's view is that repayment of these loans is not expected prior to 31 December 2011, accordingly these loans have been classified as non current assets.

Kiwi Deposit Building Society**Notes to the financial statements****For the period ending 31 December 2010****NOTE 12 - INTANGIBLE ASSET - GOODWILL**

Amounts in EUR	Group 2010	Parent 2010
Acquisition of subsidiaries	2,696,851	-
Impairment provision	(2,290,312)	-
Carrying value at 31 December 2010	406,539	-

Goodwill is allocated to cash generating units as follows:

Amounts in EUR	Lark Sverige AB (including Kalmarkronan Fastigheter AB)	Bank of Bournemouth Limited (including Broadford Properties Limited)	Ely Investments Limited	Total EUR
Goodwill	1,686,961	889,624	120,266	2,696,851
Impairment losses	(1,280,422)	(889,624)	(120,266)	(2,290,312)
Carrying value at 31 December 2010	406,539	-	-	406,539

The unimpaired goodwill at 31 December 2010 relates to Lark Sverige AB (including Kalmarkronan Fastigheter AB). The amount is equivalent to the Group share of the deferred tax liability recorded on the revaluation of the investment property at acquisition date. The directors expect that this liability would be disregarded by any purchaser of the shares in Lark Sverige AB and /or Kalmarkronan Fastigheter AB, and therefore that this goodwill carrying value is recoverable.

Kiwi Deposit Building Society

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For the period ending 31 December 2010

NOTE 13 - ACQUISITION OF SUBSIDIARIES

During the period the following subsidiaries were acquired or established:

Amounts in EUR	Lark Sverige AB (including Kalmarkronan Fastigheter AB)	Ely Investments Limited	Bank of Bournemouth Limited (including Broadford Properties Limited)	Kiwi Deposit Holdings A/S	Total EUR
Acquisition date	July 2009	July 2009	July 2009	Sept 2009	
Consideration – cash	1,922,235	258,565	1,647,561	67,500	3,895,861
<i>Fair value of net assets acquired:</i>					
Cash at bank	103,957	7,965	411,457	67,500	590,879
Trade and other receivables	297,409	145,350	-	-	442,759
Property stock - apartments	-	1,439,462	-	-	1,439,462
Investment properties	11,560,000	-	1,353,354	-	12,913,354
Trade and other payables	(517,409)	(112,219)	(111,151)	-	(740,779)
Bank borrowings	(5,721,090)	(901,909)	(895,723)	-	(7,518,722)
Related party payables	(4,707,182)	(440,350)	-	-	(5,147,532)
Deferred tax	(466,219)	-	-	-	(466,219)
	549,466	138,299	757,937	67,500	1,513,202
Less: Minority interest	(314,192)	-	-	-	(314,192)
Net assets acquired	235,274	138,299	757,937	67,500	1,199,010
Goodwill on acquisition	1,686,961	120,266	889,624	-	2,696,851
Profit / (loss) after tax for the subsidiary included in Group profit	675,767	(49,729)	(700,183)	(885,772)	(959,917)

Kiwi Deposit Holdings A/S was established to hold the Group investment in Blue Vision A/S. The other subsidiaries were acquired as holding vehicles for the Group property investments.

The fair value of the minority interest was determined based on 12.8% of the fair value of the identifiable net assets in Kalmarkronan Fastigheter AB at acquisition date.

The net cash outflows on acquisition of subsidiaries are as follows:

Amounts in EUR	Group 2010	Parent 2010
Cash at bank acquired	590,879	-
Purchase of shares in subsidiaries	(3,895,861)	(3,895,861)
Purchase of loans to subsidiaries	(5,319,201)	(5,319,201)
Total cash outflows on acquisition of subsidiaries	(8,624,183)	(9,215,062)

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Notes to the financial statements

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NOTE 14 – BANK BORROWINGS

Bank borrowings are due for repayment as follows:

Amounts in EUR	Group 2010	Parent 2010
Less than one year	326,769	-
1-2 years	328,783	-
2-5 years	999,003	-
More than 5 years	5,981,239	-
	7,635,794	-

Bank borrowings are secured by registered charges over the group's property stock and investment properties.

Bank borrowings are denominated / repayable in the following currencies:

Amounts in EUR	Group 2010	Parent 2010
SEK	6,481,489	-
GBP	1,154,305	-
	7,635,794	-

The GBP denominated loans incur interest at the Bank of England base rate (0.5% at 31 December 2010) plus a margin of 2.25% to 2.50%. The SEK denominated loan incurs interest at the Danske' Basranta Ut rate (2.09% at 31 December 2010) plus a margin of 1.90%.

NOTE 15 – OTHER BORROWINGS

Amounts in EUR	Group 2010	Parent 2010
Heliting SA (acting in a fiduciary capacity)	116,119	-

Other borrowings are unsecured, denominated in GBP, incur interest at 6.00% (payable quarterly), and the principal balance due for repayment on 31 December 2020.

NOTE 16 – DEPOSITS

Deposits are due for repayment as follows:

Amounts in EUR	Group 2010	Parent 2010
Less than one year	-	-
1-2 years	4,893,235	4,893,235
2-5 years	1,644,153	1,644,153
More than 5 years	-	-
	6,537,388	6,537,388

At 31 December 2010 all of the deposits issued by Kiwi Deposit were held by a related party, Scanproject ApS. These deposits accrue interest at 3.00% to 4.75% per annum and are unsecured. Interest is payable on each deposit at maturity.

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Notes to the financial statements

For the period ending 31 December 2010

NOTE 17 – RELATED PARTY BALANCES

Related party receivables

Amounts in EUR	Group 2010	Parent 2010
Lachlan Williams	1,131	1,131

This related party receivable is denominated in New Zealand dollars, unsecured, non interest bearing, and repayable on demand.

Loans to related parties

Amounts in EUR	Group 2010	Parent 2010
Loan to Wacam Pty Limited	50,093	50,093
Loan to Intrinsic Property Holdings A/S	429,200	429,200
	479,293	479,293

The loan to Wacam Investments Pty Limited is denominated in Euro's and accrues interest at 5% per annum. This loan is secured against the shares of a property owning subsidiary held by Wacam Investments Pty Limited. Whilst this loan is due for repayment by 30 September 2011, the directors consider that the repayment date for this loan will be extended. Therefore the directors have classified this loan as a non current asset.

The loan to Intrinsic Property Holdings A/S is denominated in Euro's, and accrues interest at EURIBOR 12 month rate (1.50% at 31 December 2010) plus a margin of 3%. This loan is due for repayment on 31 December 2013. This loan is secured through a right of offset against deposit liabilities to Scanprojects ApS.

Related party payables

Amounts in EUR	Group 2010	Parent 2010
Defap Management ApS	49,934	49,934

This related party payable is denominated in Euro's, unsecured, non interest bearing, and repayable on demand.

Related party borrowings

Amounts in EUR	Group 2010	Parent 2010
Dansk-Europaeisk Finansiering ApS	126,604	-

Related party borrowings are unsecured, denominated in DKK, incur interest at EURIBOR 3 month rate (0.94% at 31 December 2010) plus a margin of 1%, and are due for repayment on 31 December 2013.

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Notes to the financial statements

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NOTE 18 - TAXATION

Income tax expense comprises:

Amounts in EUR	Group 2010	Parent 2010
Profit / (loss) before income tax	787,845	(706,961)
Prima facie income tax expense (benefit) at 30%	236,353	(212,089)
Adjusted for the tax effect of:		
Non-deductible legal and consulting fees	276,954	97,483
Impairment provision - investment in subsidiaries	-	249,025
Impairment provision - investment in associate	-	58,567
Other non-deductible expenses	18,923	-
Foreign tax rate differences	(56,900)	-
Fair value increase to investment property	(40,248)	-
Impairment adjustment to intangible asset – goodwill	687,093	-
Tax benefit of tax losses and temporary differences not accounted for	123,872	-
Revaluation of closing deferred tax from 30% to 28%	(29,224)	(12,865)
Income tax expense per Statement of Comprehensive Income	1,216,823	180,121

The income tax expense is represented by:

Amounts in EUR	Group 2010	Parent 2010
Current tax	12,501	-
Deferred tax	1,204,322	180,121
Income tax expense per Statement of Comprehensive Income	1,216,823	180,121

Movement in the deferred tax liability is as follows:

Amounts in EUR	Group 2010	Parent 2010
Opening Balance	-	-
Acquisition of Subsidiaries	466,219	-
Foreign exchange movement	106,112	-
Current period movement	1,204,322	180,121
Closing balance	1,776,653	180,121

Components of the deferred tax liability are as follows:

Amounts in EUR	Group 2010	Parent 2010
Differences in the carrying value of investment property	1,464,936	-
Exchange differences	497,014	497,014
Impairment provision – Loan to subsidiaries	-	(229,028)
Non-deductible accruals	(27,765)	(27,765)
Total tax effect of temporary differences	1,934,185	240,221
Tax benefit of income tax losses	(157,532)	(60,100)
Deferred tax liability	1,776,653	180,121

The deferred tax liability relating to differences in the carrying value of investment property may not crystallise in the group's ordinary course of business. This is because, upon any future disposal of investment properties, the group is likely to sell the shares in the company holding the property rather than directly sell the investment property itself.

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Notes to the financial statements

For the period ending 31 December 2010

NOTE 19 – SHAREHOLDERS EQUITY BY CLASS

Parent

Amounts in EUR	Foundation Shares	Class A	Class B	Class C	Class D	Total
Shares issued	85,420	256,642	1,644,119	4,000,000	7,500,000	13,486,181
Comprehensive (loss) / income	-	(1,076,981)	(711,196)	52,013	849,082	(887,082)
Closing equity / (deficit)	85,420	(820,339)	932,923	4,052,013	8,349,082	12,599,099

Group

Amounts in EUR	Foundation Shares	Class A	Class B	Class C	Class D	Total
Shares issued	85,420	256,642	1,644,119	4,000,000	7,500,000	13,486,181
Comprehensive (loss) / income	-	(1,306,003)	(711,196)	52,013	1,391,384	(573,802)
Closing equity / (deficit)	85,420	(1,049,361)	932,923	4,052,013	8,891,384	12,912,379

Foundation Shares

200,000 foundation shares were issued during the period at NZD\$1 per share, of which 181,000 were issued to Aequus Trust Pte Ltd (a related party) and 1,000 each to 19 corporate holders (all related parties). These shares have been fully paid at balance date. Foundation shares give the holder in aggregate only one vote as a member, bear no rights to dividends, rank behind all other shares, and cannot be redeemed or otherwise transferred for 5 years from the date of issue.

Class A shares

400,000 class A shares were issued during the period at 1 EUR per share to POP Networks Pty Limited, a company registered in Australia (a related party). At balance date EUR 256,642 had been paid up and EUR 143,358 remained uncalled. Class A shares give the holder one vote per share, giving this Class control over Kiwi Deposit.

Class B shares

1,400,000 class B shares (non voting) were issued during the period at 1 GBP per share to Green Meadow Holdings ApS. These shares have been fully paid at balance date. This share class is linked to the investment in the Bank of Bournemouth Limited. This share class has preference in respect of interest, dividends, or capital returns received from this investment. This share class also has approval rights in relation to:

- disposals of this investment,
- actions diluting value of this class of shares,
- distributions sourced from this investment to non-class shareholders, and
- any alterations to the rights of the class shareholders.

Class C shares

4,000,000 class C shares (non voting) were issued during the period at 1 EUR per share to Orchard Holdings ApS. These shares have been fully paid at balance date. This share class is linked to the investment in Fastigheten Hans Michelson 10 AB. This share class has preference in respect of interest, dividends, or capital returns received from this investment. This share class also has approval rights in relation to:

- disposals of this investment,
- actions diluting value of this class of shares,
- distributions sourced from this investment to non-class shareholders, and
- any alterations to the rights of the class shareholders.

Class D shares

7,500,000 class D shares (non voting) were issued during the period at 1 EUR per share to Lilac Pond Holdings ApS. These shares have been fully paid at balance date. This share class is linked to the investments in Lark Sverige AB and Ely Investments Limited. This share class has preference in respect of interest, dividends, or capital returns received from these investments. This share class also has approval rights in relation to:

- disposals of these investments,
- actions diluting value of this class of shares,
- distributions sourced from these investments to non-class shareholders, and
- any alterations to the rights of the class shareholders

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NOTE 20 – RELATED PARTY TRANSACTIONS

Income transactions with subsidiaries:

Amounts in EUR	Group 2010	Parent 2010
Interest income:		
Ely Investments Limited	-	28,576
Kalmarkronan Fastigheter AB	-	6,780
Kiwi Deposit Holdings A/S	-	314,287
Lark Sverige AB	-	420,625
	-	770,268

Income transactions with associates:

Amounts in EUR	Group 2010	Parent 2010
Interest income:		
Fastigheten Hans Michelson 10 AB	104,234	104,234
Blue Vision A/S	166,120	-
	270,354	104,234

Income (expense) transactions with directors or entities associated with directors:

Amounts in EUR	Group 2010	Parent 2010
Interest income:		
Wacam Investments Pty Limited	93	93
Interest expense:		
Scanprojects ApS	(313,576)	(313,576)
Legal and Consulting costs:		
Defap Management ApS	(31,707)	(31,707)
Peter Andersen	(25,727)	(25,727)
Employee costs:		
Lachlan Williams	(9,858)	(9,858)

NOTE 21 – GAIN ON SALE OF PROPERTY STOCK

Amounts in EUR	Group 2010	Parent 2010
Sales proceeds	224,160	-
Less carrying value of stock sold	(102,127)	-
Gain on sale	122,033	-

NOTE 22 – INFORMATION ON EXPENDITURE

Amounts in EUR	Group 2010	Parent 2010
Auditor Remuneration		
- Parent entity auditor	45,767	45,767
- Other auditors	65,380	-

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NOTE 23 – FINANCIAL RISK DISCLOSURES

The group and parent entity are exposed to financial risks in the normal course of operating activities. The principal risks are market risk (interest rate, foreign currency rate, property price, and equity price), liquidity risk, and credit risk. This note includes qualitative and quantitative disclosures relating to these risks.

(i) Interest rate risk

Interest rate risk is the risk that annual profit or loss will fluctuate due to changes in market interest rates. The Group is exposed to interest rate repricing risk on the following financial assets and liabilities:

Amounts in EUR	Average interest Rate	0-1 Year	1 – 2 Years	2 – 5 Years	>5 Years	Total
Group						
<i>Financial Assets</i>						
Cash at bank	0.00%	360,859	-	-	-	360,859
Loans to related parties	4.31%	50,093	-	429,200	-	479,293
Loan to associate	4.71%	-	-	3,839,997	-	3,839,997
		410,952	-	4,269,197	-	4,680,149
<i>Financial Liabilities</i>						
Bank overdrafts	2.00%	84,743	-	-	-	84,743
Bank borrowings	3.82%	326,769	328,783	999,002	5,981,240	7,635,794
Related party borrowings	1.94%	-	-	126,604	-	126,604
Other borrowings	6.00%	-	-	-	116,119	116,119
Deposits	4.25%	-	4,893,235	1,644,153	-	6,537,388
		411,512	5,222,018	2,769,759	6,097,359	14,500,648
Surplus / (Shortfall)		(560)	(5,222,018)	1,499,438	(6,097,359)	(9,820,499)

The Parent is exposed to interest rate repricing risk on the following financial assets and liabilities:

Amounts in EUR	Average interest Rate	0-1 Year	1 – 2 Years	2 – 5 Years	>5 Years	Total
Parent						
<i>Financial Assets</i>						
Cash at bank	0.00%	5,686	-	-	-	5,686
Loans to related parties	4.31%	51,971	-	486,002	-	537,973
Loans to subsidiaries	4.63%	-	-	5,436,622	6,568,463	12,005,085
		57,657	-	5,922,624	6,568,463	12,548,744
<i>Financial Liabilities</i>						
Bank overdrafts	0.00%	50,255	-	-	-	50,255
Deposits	4.25%	-	4,893,235	1,644,153	-	6,537,388
		50,255	4,893,235	1,644,153	-	6,587,643
Surplus / (Shortfall)		(7,402)	(4,893,235)	4,278,471	6,568,463	5,961,101

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Interest rates for loan to associate and bank borrowings are variable. Deposits are subject to interest rates which are fixed for the period of each deposit (i.e. three years). Loans to subsidiaries by the parent entity involve both fixed and variable interest rates. There was no hedging of interest rates in the period to 31 December 2010.

The sensitivity to a 100 basis point movement in market interest rates is as follows:

Amounts in EUR	Impact on profit before tax	Impact on equity
Group		
100 basis point increase in interest rates	(140,214)	(100,954)
100 basis point decrease in interest rates	140,214	100,954
Parent		
100 basis point increase in interest rates	60,057	43,241
100 basis point decrease in interest rates	(60,057)	43,241

A basis point is a one-hundredth of a percentage point i.e. 100 basis points = 1%.

(ii) Foreign currency risk

Foreign currency risk is the risk that annual profit or loss will fluctuate due to changes in foreign currency rates against the functional currency which is Euro.

The principal currency exposures of the group involve net investments in subsidiaries whose functional currency is other than in Euros (i.e. DKK, GBP and SEK) and the loan to associate which is denominated in DKK. The principal currency exposures of the parent involve loans to subsidiaries which are denominated in DKK, GBP and SEK. There was no hedging of foreign currency rates in the period to 31 December 2010.

The tables below summarise exposure to foreign currency risk by the EUR equivalent value of assets and liabilities.

Amounts in EUR	DKK	EUR	GBP	NZD	SEK	Total
Group						
Total Assets	3,858,556	6,987,284	2,951,829	27,224	17,366,972	31,191,865
Total Liabilities	291,111	7,372,503	1,331,695	77,839	8,539,066	17,612,214
Net Exposure	3,567,445	(385,219)	1,620,134	(50,615)	8,827,906	13,579,651
Parent						
Total Assets	5,436,622	7,873,506	482,094	27,224	6,102,626	19,922,072
Total Liabilities	221,761	7,016,870	6,503	77,839	-	7,322,973
Net Exposure	5,214,861	856,636	475,591	(50,615)	6,102,626	12,599,099

In the period to 31 December 2010, the group and the parent entity reported unrealised exchange gains, principally due to the general strengthening of the SEK against the Euro.

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The sensitivity to a 10% movement in foreign currency rates against the Euro are as follows:

Amounts in EUR	Impact on profit before tax	Impact on equity
Group		
10% increase against the Euro	1,396,487	1,005,471
10% decrease against the Euro	(1,396,487)	(1,005,471)
Parent		
10% increase against the Euro	1,174,246	845,457
10% decrease against the Euro	(1,174,246)	(845,457)

(iii) Property Price Risk

Property price risk is the risk that asset carrying values and annual profit or loss will fluctuate due to changes in property market prices.

The group's principal assets involve investment properties and property stock geographically located in the property markets as disclosed in Notes 6 and 7. In addition, associate companies hold property assets which are located in Copenhagen, Denmark and Malmö, Sweden.

(iv) Equity Price Risk

Equity price risk is the risk that asset carrying values and annual profit or loss will fluctuate due to changes in listed company share prices.

The group's investment in Blue Vision A/S, as described in Note 8, involves an interest in a Danish listed company, the principal asset of which is an investment property.

(v) Liquidity risk

Liquidity risk is the risk that Kiwi Deposit will not be able to meet its financial obligations as and when they fall due, due to mismatch of the maturity of financial assets and liabilities and an inability to raise necessary funding to meet current commitments.

The tables below summarises the maturity profiles of the Society's financial assets and financial liabilities on a contractual maturity basis. The amounts disclosed are the contractual undiscounted cash flows for the remaining contract term, including both principal and interest cash flows.

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Amounts in EUR	0-1 Year	1 – 2 Years	2 – 5 Years	>5 Years	Total
Group					
<i>Financial Assets</i>					
Cash at bank	360,859	-	-	-	360,859
Trade and other receivables	762,934	-	-	-	762,934
Related party receivables	1,131	-	-	-	1,131
Loans to related parties	-	51,971	486,002	-	537,973
	1,124,924	51,971	486,002	-	1,662,897
<i>Financial Liabilities</i>					
Trade and other payables	802,478	-	-	-	802,478
Related Party payables	49,934	-	-	-	49,934
Bank overdrafts	84,743	-	-	-	84,743
Bank borrowings	612,408	602,256	1,745,855	8,339,131	11,299,650
Related party borrowings	-	-	134,116	-	134,116
Other borrowings	6,967	6,967	20,901	150,955	185,790
Deposits	-	5,925,608	1,800,348	-	7,725,956
	1,556,530	6,534,831	3,701,220	8,490,086	20,282,667
Surplus / (Shortfall)	(431,606)	(6,482,860)	(3,215,218)	(8,490,086)	(18,619,770)

The commitments to financial liabilities of the group, as tabled above, exclude any financial obligations that may arise should the group be required to make any payments arising from the financial guarantee arrangements (EUR 1.0m equivalent), which are explained in Note 25.

For financial assets of the group, the Directors' assessment is that there are no material differences between contractual maturity cashflows and expected maturity cashflows.

Amounts in EUR	0-1 Year	1 – 2 Years	2 – 5 Years	>5 Years	Total
Parent					
<i>Financial Assets</i>					
Cash at bank	5,686	-	-	-	5,686
Trade and other receivables	215,550	-	-	-	215,550
Related party receivables	1,131	-	-	-	1,131
Loans to related parties	-	51,971	486,002	-	537,973
Loans to subsidiaries	-	-	5,436,622	6,568,463	12,005,085
	222,367	51,971	5,922,624	6,568,463	12,765,425
<i>Financial Liabilities</i>					
Trade and other payables	423,772	-	-	-	423,772
Related Party payables	49,934	-	-	-	49,934
Bank overdrafts	50,255	-	-	-	50,255
Deposits	-	5,925,608	1,800,348	-	7,725,956
	523,961	5,925,608	1,800,348	-	8,249,917
Surplus / (Shortfall)	(301,594)	(5,873,637)	4,122,276	6,568,463	4,515,508

For financial assets of the parent, the Directors' assessment is that there are no material differences between contractual maturity cashflows and expected maturity cashflows, with the exception that loans to subsidiaries of EUR 5,436,622, contractually receivable in the "2 to 5 year" period, are not expected to be received until after 5 years.

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For both the group and the parent, there are liquidity shortfalls i.e. cashflow commitments to financial liabilities exceed the cashflows available from the financial assets included above. However, the Directors are confident that the Group will continue as a going concern, having considered the following factors applicable to the two largest financial liabilities:

- The bank borrowings are subject to regular payments of principal and interest, which are fully funded from the rental income streams yielded from the group's property assets. These assets do not meet the definition of a "financial asset" and therefore these cash inflows are not included above. Further, in the event of any sale of a property asset, the cashflows generated would be applied to the settlement of the remaining balance of the associated "property secured" loan.
- The deposit liability is to a related party, as explained in Note 16. The deposit proceeds were applied by the parent to Kiwi Deposit Holdings A/S (refer to Notes 10 and 11) for investment in the associate company Blue Vision A/S (refer to Notes 8 and 9). The Directors expect that this investment will generate satisfactory returns, however they acknowledge uncertainty regarding the timing of these returns. The Directors have therefore negotiated an agreement with the depositor whereby the depositor undertakes to subordinate the deposit terms to match Kiwi Deposits liquidity requirements. As such, the depositor has agreed to "roll over" deposits and accrued interest until such time as Kiwi Deposit has disposed of the underlying investment for cash or refinanced through alternative funding sources.

Further, the Directors' intention is that, should short-term working capital funding requirements arise, these would be covered by financial support from companies related to the Directors, whether in the form of additional deposits or advances.

(vi) Credit Risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to Kiwi Deposit.

The carrying amount of financial assets represents the maximum credit risk exposure, as follows:

Circumstances relevant to credit risk are as follows:

Amounts in EUR	Group 2010	Parent 2010
Assets subject to credit risk		
Cash at Bank	360,859	5,686
Trade and other receivables	762,934	215,550
Related party receivables	1,131	1,131
Loans to related parties	479,293	479,293
Loan to associate	3,839,997	-
Loans to subsidiaries	-	12,005,085
Subtotal	5,444,214	12,706,745
Other Credit risk		
Financial guarantee (Refer Note 25)	1,032,947	-
Total	6,477,161	12,706,745

- The loan to related party of EUR 429,200 is secured through a right of offset against deposit liabilities (refer to Note 17).
- The loan to associate was converted into shares in the associate in March 2011 (refer to Note 9).
- The loans to subsidiaries are in substance supported by the investments made by the subsidiaries in property related assets.
- For the remaining assets listed above, the Directors assess the credit risk as minimal.

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NOTE 24 – OPERATING COMMITMENTS

Kiwi Deposit has the following commitments under operating leases:

Amounts in EUR	Group 2010	Parent 2010
Due in less than one year	8,795	8,795
1-2 years	-	-
2-5 years	-	-
Total	8,795	8,795

NOTE 25 – CONTINGENT LIABILITIES

Kiwi Deposit Holdings A/S is a party to a financial guarantee, to the amount of DKK 7.7m (EUR 1.0m), provided as security for a bank loan to Danske Europaeisk Finansiering ApS (a related party). The guarantee arrangements involve the pledging of certain shares in the associate company, Blue Vision A/S.

There are no other material contingent liabilities known to the Directors which affect Kiwi Deposit or its subsidiaries and associates, either as at 31 December 2010 or arising subsequently.

NOTE 26 – SUBSEQUENT EVENTS

There are no subsequent events in addition to those disclosed in other Notes to these financial statements.

NOTE 27 – CAPITAL MANAGEMENT

The capital structure of Kiwi Deposit is represented by the proceeds raised from the issue of shares. The Group has no externally imposed capital management requirements. The Group policy is to establish a strong capital base so as to achieve investor, creditor, and market confidence and to facilitate the future development of the Group. The maintenance of an effective capital base is currently dependant on the continual support of shareholders, depositors, and related parties.

NOTE 28 – FIDUCIARY ACTIVITIES

Kiwi Deposit acts as a trustee as well as a custodian of client assets on a bare trust basis. Kiwi Deposit is a "qualifying trustee" pursuant to the Tax Administration Act 1994 by virtue of the fact that its Managing Director, Lachlan Williams, is a member of the New Zealand Law Society and the New Zealand branch of the Society of Trust and Estate Practitioners.

Assets held pursuant to such trusts and custodian arrangements are not beneficially owned by Kiwi Deposit. Kiwi Deposit has no interest in the gains or losses from these investments. Accordingly the assets and liabilities associated with these arrangements are not recognised in Kiwi Deposit's Statement of Financial Position.

The amount of client funds under these custodian / trustee relationships as at 31 December 2010 approximates EUR 35 million.