Listing Prospectus dated 16 September 2013

USI Group Holdings AG

This listing prospectus (the "**Listing Prospectus**") relates to the listing on the SIX Swiss Exchange of 14,129,866 newly issued registered shares with a nominal value of CHF 10.00 each (the "**New Shares**") of USI Group Holdings AG (the "**Company**" or "**USI**"). Of the New Shares, 11,241,463 Shares will be issued pursuant to the Reverse Acquisition; 1,372,929 Shares will arise from the conversion of the A Notes; 779,444 Shares will arise from the conversion of the B Notes; and 736,030 Shares will arise from the conversion of the C Notes (as defined hereinafter).

Reverse Acquisition	The acquisition by USI of the entire issued share capital of Goldlink United Ltd ("**Goldlink**"), being 40,000 ordinary shares of Goldlink with a nominal value of USD 1 each (the "**Goldlink Shares**"), in return for the issue by USI to the shareholder of Goldlink of the Reverse Acquisition Shares (the "**Reverse Acquisition**").
Reverse Acquisition Shares	The 11,241,463 Shares to be issued to Infinite Group Holdings Ltd ("**Infinite**"), the sole holder of the entire issued share capital of Goldlink pursuant to the Reverse Acquisition (the "**Reverse Acquisition Shares**").
A Notes	USIGH Limited ("**USIGH**") has issued CHF 18,534,542 in aggregate principal amount of mandatorily convertible notes, Series A, which mandatorily convert into 1,372,929 Shares at a conversion price of CHF 13.50 on the Effective Date (the "**A Notes**"). The A Notes are unconditionally and irrevocably guaranteed by USI.

B Notes	USIGH has issued CHF 14,030,010 in aggregate principal amount of mandatorily convertible notes, Series B, which mandatorily convert into 779,444 Shares at a conversion price of CHF 18.00 on the Effective Date (the "**B Notes**"). The B Notes are unconditionally and irrevocably guaranteed by USI.
C Notes	USIGH has issued CHF 14,720,600 in aggregate principal amount of mandatorily convertible notes, Series C, which mandatorily convert into 736,030 Shares at a conversion price of CHF 20.00 on the Effective Date (the "**C Notes**"). The C Notes are unconditionally and irrevocably guaranteed by USI.
Conversion Shares	The 2,888,403 Shares to be issued to the holders of the A Notes, the B Notes and the C Notes on conversion thereof (the "**Conversion Shares**").
Subscription / Subscription price / Exchange ratio / Delivery date	The Reverse Acquisition Shares are subscribed by Infinite at a subscription price of CHF 20 per Reverse Acquisition Share, which is fully paid in by the contribution of approximately 0.0036 Goldlink Shares per Reverse Acquisition Share to the Company. The Conversion Shares are subscribed by the respective noteholders at subscription prices of CHF 13.50 (A Notes), CHF 18.00 (B Notes), and CHF 20.00 (C Notes), respectively. The subscription price of the Conversion Shares is fully paid in by way of set-off against each holder's claims under the Notes. The subscription rights of the shareholders of the Company in respect of the New Shares were excluded. The New Shares will be delivered on or about the Effective Date.

Form of Shares / Clearing	The Shares are in the form of book-entry securities (*Wertrechte*, within the meaning of the Swiss Code of Obligations ("**CO**")) and intermediary-held securities (*Bucheffekten*, within the meaning of the Swiss Intermediary-Held Securities Act). Shares are held in the custody system operated by SIX SIS AG ("**SIS**"). The shareholders are not entitled to demand the printing and delivery of registered shares, but may at any time request a confirmation of their shareholdings from the Company. Shares may be transferred by entry in a securities account in accordance with the Swiss Intermediary-Held Securities Act.
Dividends and other distributions	The New Shares are entitled to dividends and other distributions (such as repayments as a result of reductions of nominal value of Shares), if any, resolved on or after the Effective Date.
Selling restrictions	The New Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). General selling restrictions as well as specific restrictions with regard to the United States and the United Kingdom apply (for a detailed description see Section K – *Selling Restrictions*).
Shares	Registered shares of the Company with a nominal value of CHF 10.00 each (prior to the Effective Date: CHF 68.85 each) (the "**Shares**").
Listing	Application has been made and was granted to list the New Shares on the SIX Swiss Exchange as from 18 September 2013. Trading will commence 18 September 2013. Simultaneously, the regulatory standard pursuant to which the Shares are listed will change from the Standard for Real Estate Companies to the Main Standard.
Identification	Swiss Security No 227.101 ISIN CH0002271010

See Section I - *Risk Factors* in this Listing Prospectus for a discussion of certain factors that prospective investors should consider.

Copies of this Listing Prospectus can be obtained free of charge from Bär & Karrer AG, Brandschenkestrasse 90, CH-8027 Zurich, Switzerland (+41 (0)58 261 50 00), or from RP&C International Inc., 31a St James's Square, London SW1Y 4JR, United Kingdom (+44 (0) 20 7766 7000).

Notice to Investors

Investors should only rely on the information contained in this Listing Prospectus. No person has been authorised to give any information or to make any representations not contained in this Listing Prospectus; any information or representation not contained or incorporated by reference herein must not be relied upon as having been authorised by the Company or RP&C International Inc. ("**RP&C**") or their representatives.

No representation or warranty, express or implied, is made by persons other than the Company as to the accuracy or completeness of the information contained herein, and nothing contained in this Listing Prospectus is, or shall be relied upon as a promise or representation of any person other than the Company as to the past or the future. Neither the delivery of this Listing Prospectus nor any sale made hereunder shall, under any circumstances, imply that the information provided herein is correct as of any time subsequent to the date hereof.

The Company assumes responsibility for the completeness and accuracy of this Listing Prospectus in accordance with Section 4 of Scheme A to the listing rules of the SIX Swiss Exchange (the "**Listing Rules**") (*Kotierungsreglement*). The Company acknowledges to have taken all reasonable care to ensure that, to the best of its belief and knowledge, the information contained in this document is in accordance with the facts and does not omit any materially relevant information. The opinions and intentions of the Company expressed herein are honestly held.

Any investment in the Shares bears risks. See Section I – *Risk Factors* of this Listing Prospectus for a discussion of certain factors that prospective investors should consider before investing in the Shares.

This Listing Prospectus contains forward-looking statements regarding future financial performance and results and other statements that are not historical facts. Words such as "believes", "anticipates", "projects", "expects", "intends" and similar expressions are intended to identify such forward-looking statements. Such statements involve known and unknown risks and uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Company or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Given these uncertainties, prospective investors are cautioned not to rely on such forward-looking statements. The Company cannot assure that opinions and forecasts contained in this Listing Prospectus will prove to be correct and does not assume any obligation to update any such forward-looking statements to reflect future events or developments.

This Listing Prospectus is not an offering prospectus pursuant to Article 652a -CO. It is a listing prospectus pursuant to the Listing Rules and has been prepared solely for use in connection with the listing of the New Shares on the SIX Swiss Exchange. This

Listing Prospectus may not be used for, or in connection with, and does not constitute, an offer to sell, or a solicitation of an offer to buy, Shares.

United Kingdom. The Shares have not been offered or sold and will not be offered or sold to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purpose of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; all applicable provisions of the Financial Services and Markets Act 2000 and the Public Offers of Securities Regulations 1995 must be complied with, in respect of anything in relation to the Shares in, from or otherwise involving the United Kingdom.

United States and U.S. Persons. The Shares have not been and will not be registered under the Securities Act, and may not be offered, sold, resold, delivered, allotted, taken up, transferred or renounced directly or indirectly, in the United States, or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in accordance with exemptions from registration under the Securities Act. The Shares are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S, save in certain exempt circumstances. For a description of these and certain further restrictions on offers, sales and transfers of the Shares and the distribution of this Listing Prospectus, see Section K – *Selling Restrictions*.

Other Jurisdictions. Applicable laws may restrict the distribution of this Listing Prospectus in certain other jurisdictions. No action has been taken by the Company that would permit an offer of Shares or possession or distribution of this document or any other offering or publicity material or documentation recording an entitlement to the Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this document comes must inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of any such jurisdiction.

For further restrictions on the Shares please see the restrictions set out under Section K - *Selling Restrictions*.

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A General Information on the Company

1 Incorporation, Registered Office, Corporate Name

USI Group Holdings AG is a company limited by shares (*Aktiengesellschaft*) pursuant to Articles 620 *et seq*. of the CO. It was established under the company name Scana Holding AG on 15 March 1960 and entered in the Commercial Register of the Canton of Zurich on 16 March 1960, in which it is currently registered with register no. CH-020.3.922.903-6. The company name was changed to Regedo Holding AG on 5 May 2003 and again to USI Group Holdings AG on 30 June 2005.

The Company's registered offices are located at Bahnhofstrasse 106, CH-8023 Zurich, Switzerland.

2 Registered Purpose

According to article 2 of the Company's articles of association (the "**Articles**"), the purpose of the Company is to participate directly or indirectly in domestic or foreign enterprises, especially in the sectors of real estate, metals trading and manufacturing as well as energy and mining. The Company is empowered to engage in business and to enter into agreements, which are appropriate to promote the purpose of the Company or are directly or indirectly within the scope of its activities. It may also undertake financing for itself or on behalf of other parties, as well as enter into promise agreements and provide guarantees in favour of associated companies and third parties. It may acquire, hold and sell real estate.

3 Financial Year

The Company's financial year (*Geschäftsjahr*) is determined by the Company's board of directors (the "**Board of Directors**" or "**Board**") and currently commences on 1 January and ends on 31 December.

4 Duration and Liquidation

The Articles do not limit the Company's duration.

5 Position within the USI Group

The Company is the holding company of the USI Group (as defined hereafter), the activities of which are described under Sections B – *General information on the USI Group* and E – *Business activities of the Company and the USI Group*.

6 Presentation of Financial Information

This Listing Prospectus includes, as Appendix 3, the following financial information:

- the audited consolidated financial statements of the Company and its subsidiaries, and the audited statutory financial statements of the Company, as of and for the years ended 31 December 2012, 2011 and 2010;

- the audited combined financial statements of Beaufort Overseas Trading Pte Limited and Fortune Top Investments Limited as of and for the years ended 31 December 2012, 2011 and 2010;

- the audited financial statements of Royal Venture Pte Limited as of and for the years ended 31 December 2012, 2011 and 2010;

- the audited financial statements of Maxiwin International Pte Limited as of and for the years ended 31 December 2012, 2011 and 2010; and

- the pro forma combined financial information of the Company as of and for the year ended 31 December 2012.

This Listing Prospectus does not include separate financial information in respect of Tokyo, Praiseworth and Bright (as defined below). In the case of Tokyo, its assets currently consist of one indirect shareholding in a public company only (see below Section E-3.2 – *Business Activities of the Company and the USI Group – Assets of the USI Group Following the Reverse Acquisition - Tokyo*). In the case of Praiseworth and Bright, a valuation report in respect of the assets held by these entities is included as Appendix 2-A.

The consolidated financial statements of the Company, the combined financial statements of Beaufort and Fortune, the financial statements of Royal and the financial statements of Maxiwin, included in Appendix 3 to this Listing Prospectus, have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). The Company's statutory financial statements, included in Appendix 3-A to 3-C to this Listing Prospectus, have been prepared in accordance with Swiss law. The pro forma financial information, included in Appendix 3-G to this Listing Prospectus, has been prepared in accordance with the requirements of the Directive on the Presentation of a Complex Financial History (DCFH) of the SIX Swiss Exchange for illustrative purposes only, on the basis set out in the notes thereto. The pro forma financial information contains uncertainties and assumptions. For this reason, it is not an indicator of what the Company's actual financial condition and results of operations would have been if the following events and transactions which have occurred or will occur in 2013 and have been given effect in the pro forma financial information, had actually taken place on January 1, 2012: (i) the re-capitalization of the Company (i.e. the decrease in share capital in connection with the reduction of the par value of the Shares and the capital increase in connection with the conversion of the A, B and C Notes into equity), (ii) the acquisition of Maxiwin, Beaufort and Fortune by Royal and the acquisition of Royal by Goldlink, (iii) the acquisition of a 90% share in Praiseworth and Bright by Royal and the acquisition of Tokyo by Goldlink, and (iv) the reverse acquisition transaction between the Company and Goldlink. Furthermore, it should not be taken as indicative of our future consolidated results of operations or financial position. Our actual results may differ significantly from those reflected in the pro forma financial information for a number of reasons, including but not limited to, differences between the assumptions used to prepare the pro forma financial information and actual amounts.

The financial statements and financial information contained in this Listing Prospectus should be read in conjunction with the relevant reports of the statutory auditors. The Company's consolidated and statutory financial statements are presented in Swiss francs for all periods presented. The combined financial statements of Beaufort and Fortune, the financial statements of Royal and the financial statements of Maxiwin are presented in US Dollars for all periods presented. The pro forma financial information is presented in US Dollars (see Section C – *The Reverse Acquisition Transaction* in respect of a potential change of the reporting currency of the Company's consolidated financial statements).

Certain figures in this Listing Prospectus have been subject to rounding adjustments. Accordingly, amounts shown as totals in tables or elsewhere may not be an arithmetic aggregation of the figures which precede them. In addition, certain percentages presented in the tables in this Listing Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

In this Listing Prospectus, references to "$", "USD" or "U.S. dollars" are to United States dollars, references to "€", "Euros" or "EUR" are to the euro, the lawful currency of a member state of the European Union participating in the European Monetary Union, references to "£" or "GBP" are to British pounds, and references to "INR" are to Indian rupees, and references to "CHF" are to Swiss francs.

This Listing Prospectus contains non-GAAP measures, such as earnings before interest, taxes and depreciation and amortisation (EBITDA), that are not required by, or presented in accordance with, IFRS. Non-GAAP measures are presented as the management believes that similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. These non-GAAP measures are unaudited and may not be comparable to similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the operating results as reported under IFRS issued by the IASB. Non-GAAP measures are not measurements of the performance or liquidity under IFRS, US GAAP or any other generally accepted accounting principles.

B General Information on the USI Group

From the Effective Date, the Company and its direct and indirect subsidiaries (the "**USI Group**") will operate two businesses: the USI Group's current business, and the new business which it will acquire pursuant to the Reverse Acquisition.

1 Current Business

The USI Group's two principal current assets are a 94.9% interest in USI Verwaltungszentrum Leipzig Gbr, the partnership which owns four buildings in Leipzig, Germany leased to the Free State of Saxony (the "**Partnership**" and the "**Leipzig Properties**") and a 20.28% equity holding in Public Service Properties Investments Limited ("**PSPI**"), a property investment company listed on the Alternative Investment Market of the London Stock Exchange ("**AIM**") which primarily invests in property leased to specialist operators in the care home sector in the UK and Germany.

The Leipzig Properties

The Leipzig Properties were constructed in 1995 and are leased until 31 March 2020 to the Free State of Saxony, which has the right to extend the lease for an additional period of 5 years. Annual rent payable under the lease is currently €9.4 million and is subject to periodic escalations. The purchase price for this acquisition was €166 million, which was principally financed by €121 million of senior debt facilities ("**Facilities**") provided by a syndicate led by the Royal Bank of Scotland plc – Niederlassung Frankfurt (the "**Syndicate**"), which was concluded on 4 January 2008.

The Facilities were due for repayment on 30 October 2010 and despite numerous attempts by the Company's advisors and management between 2010 and 2012, the Company and its appointed refinancing agents were not able to obtain alternative financing. As a consequence, the Company negotiated several extensions, the latest of which expired in July, 2012.

On 17 May 2013, the Company announced that it had entered into a Standstill Agreement (the "**Standstill**") relating to the Facilities which provides USI the opportunity until 31 December 2014 to complete a satisfactory refinancing. Pursuant to the terms of the Standstill, and provided certain conditions continue to be met, the Syndicate has agreed not to demand repayment of the Facilities as a result of non-payment of principal or a breach of the loan to value covenant contained in the Facilities before 31 December 2014 (the "**Standstill Period**"). USI must reduce the amount owed under the Facilities by a minimum of €3 million by 31 December 2013 and by a further €1 million by 31 December 2014.

During the Standstill Period, the entire cash flow of the Leipzig Properties will continue to be applied first to interest, then to agreed costs and operating expenses, then to the restructuring fee and thereafter to a reduction of principal. As of 31 July 2013, the principal outstanding on the Facilities was approximately €98 million.

All rental income has been received from the Leipzig Properties without interruption in accordance with the terms of the lease. The Company's independent valuer slightly reduced the value of the Leipzig Properties to €151.54 million at 31 December 2012 from €151.8m at 30 June 2012.

PSPI

The Company's investment in PSPI has been held since PSPI was admitted to AIM through an initial public offering in March 2007. USI held 20.28% of the issued share capital of PSPI as at 31 December 2012, unchanged from 31 December 2011.

PSPI is a specialist real estate investment and financing company organised under the laws of the British Virgin Islands (the "**BVI**"). Its shares are traded on the AIM.

PSPI has adopted a strategy of seeking to realise its existing investment portfolio and returning capital to its shareholders.

PSPI reported a loss of £54 million (CHF 80 million) for the year ended 31 December 2012 after recognising fair value losses of £39 million (CHF 58 million) on its investment property portfolio. PSPI's losses occurred as a result of the sale of the majority of its UK property portfolio, announced in September 2012, the sale of one Swiss and two German investment properties and the sale of subsidiaries owning 140 smaller investment properties in the US in December 2012. As a consequence of the sale transactions, PSPI has recognised losses on disposal of assets in 2012 of approximately £16 million (CHF 24 million) in addition to fair value losses on its investment property portfolio.

As part of these transactions, PSPI transferred or repaid £105 million (CHF 156 million) of debt and derivative unwind costs between July 2012 and February 2013. PSPI also announced the refinancing of two debt facilities for its retained investment property portfolios of three and seven years, respectively. As a result of the disposals and debt refinancings, PSPI's consolidated leverage has reduced to 35.3% at the end of 2012 from 53.6% at the end of 2011. It would appear that the financial position at PSPI has stabilised and it is hoped that it will produce positive income and cash flow during 2013.

2 Goldlink Business to be Acquired under the Reverse Acquisition

Pursuant to the Reverse Acquisition, USI will acquire real estate development rights in India, rights to acquire the real estate to which the development rights relate (pursuant to recently exercised purchase options), and a gold bullion and jewellery trading business based in Singapore. In addition, USI will acquire a 4.57% interest in Surana Industries Limited ("**SIL**"), a listed Indian infrastructure/industrial company engaged in steel manufacturing, power generation and mining and a 1.84% interest in Surana Corporation Limited ("**SCL**"), one of India's largest gold importers.

The acquisition will be effected by USI purchasing all of the issued share capital of Goldlink in return for issuing the Reverse Acquisition Shares. Goldlink, in turn, wholly owns two Singapore subsidiaries, Royal Venture Pte Limited ("**Royal**") and Tokyo Ventures Pte Limited ("**Tokyo**"). Royal and its subsidiaries are engaged in the wholesale trading of gold bullion and jewellery, and hold development rights to real estate assets in India. Tokyo is an investment holding company. Tokyo and Royal jointly own 4.21% of SIL, and an Indian subsidiary in which Royal holds 90% owns 0.39%. Another 90% owned subsidiary of Royal owns 2.05% of SCL.

Royal

Royal is a Singapore registered company that was formed in 2000 and is engaged in the wholesale trading of gold bullion and jewellery as well as various commodities. Under a recently completed restructuring plan, Royal has acquired three additional Singapore trading companies, Maxiwin International Pte Limited ("**Maxiwin**"), Beaufort Overseas Trading Pte Limited ("**Beaufort**") and Fortune Top Investments Pte Ltd ("**Fortune**"). It has also acquired a 90% interest in two Indian real estate companies, Praiseworth Infra Private Limited ("**Praiseworth**") and Bright Natural Infra Private Limited ("**Bright**"). Royal also owns 700,000 shares of SIL, and Praiseworth owns another 175'000. Bright owns 500,000 shares of SCL. The proforma consolidated revenues of Royal (and its current subsidiaries) for 2012 were approximately $133 million.

Tokyo

Tokyo is a Singapore company that was established in 2006 for the purpose of making equity investments as well as conducting wholesale trading activities. Tokyo primarily makes passive investments directly or indirectly through fund managers. Today, its assets consist of an interest in 1,175,000 SIL shares, which are held indirectly through a fund.

Surana Industries Limited

SIL is engaged in the development of Indian infrastructure via the integrated manufacturing of speciality steel products and the development of thermal and wind power generation plants through its wholly owned subsidiaries, Surana Power Limited and Surana Green Power Limited. SIL is listed on the Mumbai, National and Chennai Stock Exchanges. SIL also owns a 100% interest in Surana Mines and Minerals Limited, a Singapore-incorporated company, which in turn owns a controlling interest in a coal mine in Indonesia, with inferred resources of 65 million tons of high-calorie thermal coal.

Surana Corporation Limited

SCL is listed on the National and Bombay Stock Exchanges. It is engaged in the importation of gold and silver bullion into India and the manufacture and sale of jewellery for domestic use and export. SCL is one of India’s largest bullion importers with a license to import gold directly (i.e. without involving another Indian importer holding the requisite licence).

Maxiwin, Beaufort and Fortune

Maxiwin, Beaufort and Fortune, along with Royal, operate gold and silver bullion and jewellery trading businesses. Gold jewellery from India is exported to retailers in South and Southeast Asia and bullion bought from dealers, banks and intermediaries is sold to wholesale traders, retailers and manufacturers of jewellery in South and Southeast Asia. Going forward, all activities of these entities will be consolidated under Royal.

Praiseworth

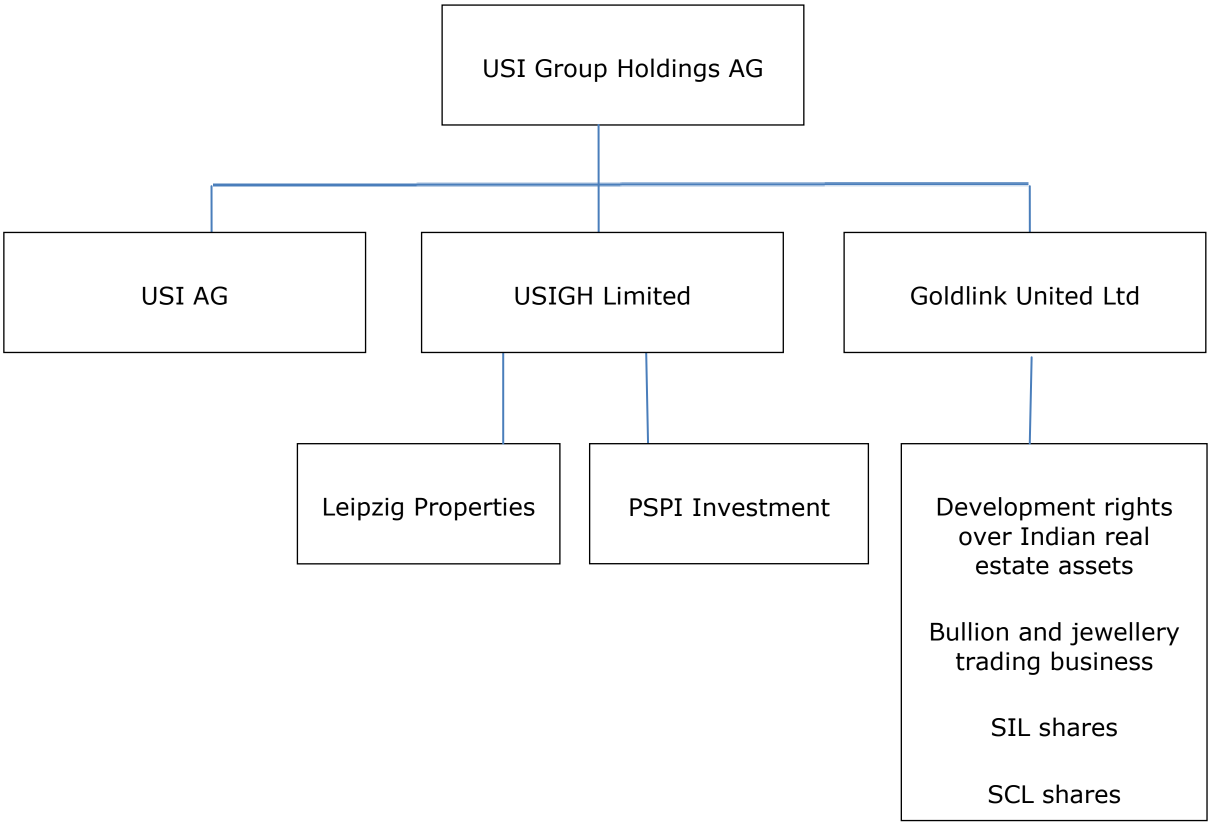
Praiseworth holds development rights over 9.2 acres of real estate in Chennai, India, and is expected shortly to acquire legal title in the real estate to which the development rights relate (pursuant to recently exercised purchase options) (see below E-3.4 – *Business Activities of the Company and the USI Group - Praiseworth*).

Bright

Bright owns development rights over 97 acres of real estate in Sholinghur, India, and is expected shortly to acquire legal title in the real estate to which the development rights relate (pursuant to recently exercised purchase options) (see below E-3.5 – *Business Activities of the Company and the USI Group - Bright*).

3 USI Group Structure

For legal, tax and regulatory reasons, the USI Group has incorporated a number of subsidiaries to make acquisitions. The following chart summarises the organisational structure of the USI Group after the Reverse Acquisition and includes its principal subsidiaries. A complete structure chart of the USI Group after the Reverse Acquisition is set out in Appendix 1.



4 Summary Financial Information

The summary consolidated financial information of the Company below has been derived from the audited consolidated financial statements of the Company and its subsidiaries as of and for the years ended 31 December 2012, 2011 and 2010; the summary combined financial information of Beaufort and Fortune has been derived from the audited combined financial statements of Beaufort and Fortune as of and for the years ended 31 December 2012, 2011 and 2010; the summary financial information of Royal has been derived from the audited financial statements of Royal as of and for the years ended 31 December 2012, 2011 and 2010; the summary financial information of Maxiwin has been derived from the audited financial statements of Maxiwin as of and for the years ended 31 December 2012, 2011 and 2010; and the summary pro forma financial information of the Company has been derived from the pro forma combined financial information of the Company as of and for the year ended 31 December 2012, all included in Appendix 3 to this Listing Prospectus. The summary financial information should be read together with these financial statements and financial information so included. See also Section A-6 *General Information on the Company - Presentation of Financial Information*.

Summary consolidated financial information of the Company			
CHF ’000	**31 Dec 2012**	**31 Dec 2011**	**31 Dec 2010**
Revenue	10,817	10,999	12,269
Fair value loss on investment properties	(9,839)	(9,038)	(23,196)
Operating loss	(1,293)	(608)	(14,508)
Loss before tax	(30,939)	(18,252)	(35,286)
Net loss	(30,939)	(18,232)	(31,627)
Fixed assets	198,379	231,022	246,611
Current assets	35,037	33,151	37,006
Total assets	233,416	264,174	283,618
Shareholders' equity	35,800	66,797	82,223
Financial debt	185,806	187,619	192,616
Other liabilities	11,810	9,758	8,779
Total equity & liabilities	233,416	264,174	283,618

Summary combined financial information of Beaufort and Fortune			
$ ’000	**31 Dec 2012**	**31 Dec 2011**	**31 Dec 2010**
Revenue	53,666	41,810	35,457
Operating income	335	271	203
Income before tax	266	210	203
Net income	251	193	187
Non-Current assets	-	-	-
Current assets	37,178	4,070	4,360

Total assets	37,178	4,070	4,360
Shareholders' equity	1,279	1,028	823
Financial debt	4,147	1,940	-
Other liabilities	31,752	1,103	3,537
Total equity & liabilities	37,178	4,070	4,360

Summary financial information of Royal			
$ ’000	**31 Dec 2012**	**31 Dec 2011**	**31 Dec 2010**
Revenue	61,799	53,244	42,127
Operating income	740	691	516
Income before tax	264	282	185
Net income	253	258	170
Non-Current assets	1,807	3,004	4,405
Current assets	21,291	13,406	15,152
Total assets	23,098	16,410	19,557
Shareholders' equity	5,895	6,839	7,982
Financial debt	8,350	8,000	7,000
Other liabilities	8,853	1,571	4,575
Total equity & liabilities	23,098	16,410	19,557

Summary financial information of Maxiwin			
$ ’000	**31 Dec 2012**	**31 Dec 2011**	**31 Dec 2010**
Revenue	17,848	25,281	10,982
Operating income	204	159	61

Income before tax	67	159	61
Net income	64	146	56
Non-Current assets	-	-	-
Current assets	10,984	6,946	4,485
Total assets	10,984	6,946	4,485
Shareholders' equity	1,432	1,367	1,222
Financial debt	-	-	-
Other liabilities	9,552	5,579	3,263
Total equity & liabilities	10,984	6,946	4,485

Summary pro forma financial information for USI for the year ended 31 December 2012 (assuming the Reverse Acquisition occurred on 1 January 2012)	
$ ’000	
Revenue	144,844
Cost of Sales	(131,930)
Fair value loss on investment property	(10,489)
Operating loss from continued operations	(1,085)
Negative goodwill	20,500
Loss for the year	(10,498)
Non-current assets	241,734
Current assets	112,773
Total assets	354,507
Total equity	79,760

Non-current liabilities	42,972
Current liabilities	231,774
Total equity & liabilities	354,507

C The Reverse Acquisition Transaction

On 16 September 2013, USI entered into a sale and purchase agreement under which it agreed to acquire from Infinite Group Holdings Limited 40,000 shares of Goldlink, which represent the entire issued share capital of Goldlink, in consideration of the issue to Infinite of 11,241,463 Reverse Acquisition Shares. Such acquisition is conditional on the listing of the Reverse Acquisition Shares on the SIX Swiss Exchange and certain other conditions, which have now been satisfied.

Based on the resolutions adopted at the Company's ordinary general meeting of shareholders held on 20 June 2013 (the "**AGM 2013**") (see below Section G-1.1.2 - *Description of the Shares, Share Capital and Constitution – The Share Capital Structure of the Company – Issued Capital – Impending Changes*), the Company will increase its share capital in the amount of CHF 112,414,630 by issuing 11,241,463 Reverse Acquisition Shares. These Shares will be issued to Infinite on the Effective Date. Following the Reverse Acquisition, Goldlink will become a wholly owned subsidiary of the Company.

A chart showing the organisational structure of the enlarged USI Group after the Reverse Acquisition is set out in Appendix 1.

In connection with the Reverse Acquisition, subject to further advice, USI contemplates changing the reporting currency of its consolidated financial statements from CHF to USD.

D Corporate Information on the Company

1 Board of Directors

1.1 Composition

The following table sets forth the name and position of each member of the Board of Directors (a "**Director**"):

Name	Position	Term expires in
Dr Volkert Klaucke	Chairman	2014
Dr Doraiswamy Srinivas	Vice Chairman	2016
David Quint	Member	2015
William W. Vanderfelt	Member	2016

Dr Volkert Klaucke (1944), German citizen, has over 30 years of experience in investment banking. He worked for nearly 20 years at Deutsche Bank in Luxembourg, Tokyo, New York and Frankfurt where he was primarily responsible for corporate finance and mergers and acquisitions. Dr Klaucke joined Pricewaterhouse, Frankfurt in 1991, serving until 1994 as a Partner and Member of the Corporate Finance Executive Committee for Europe. Dr Klaucke has served on the boards of directors and advisory committees of various European and American corporations including Caisse Depot et Consignation GmbH in Frankfurt, Deutsche Börse in Düsseldorf and Vespucci Income Shares Inc. (a subsidiary of Munich Re) in New York. Dr Klaucke holds a doctorate in Business Management from the University of Hamburg. Dr Klaucke is also a member of the board of the Swiss Foundation against World Hunger (*Stiftung Welthungerhilfe Schweiz*).

Dr Doraiswamy Srinivas (1951), U.S./UK citizen, Director of Investor Relations, is Chief Operating Officer of RP&C and is a director of RP&C and related companies. He has advised the USI Group since 1989 and has been a director of various USI Group subsidiaries for more than 10 years. Dr Srinivas previously served as Managing Director, Corporate Finance at SBCI Swiss Bank Corporation Investment Bank in New York where he was responsible for private placements and structured finance in North America. He subsequently held similar positions at Leu Securities and Guinness Mahon Capital Markets (now Investec) in London. Dr Srinivas attended the University of St. Gallen and the Columbia Business School. He holds a doctorate in finance and economics.

Mr David Quint (1950), U.S./UK citizen, is a co-founder and Chief Executive Officer of RP&C. Prior to founding RP&C in 1992, Mr Quint served as Managing Director of Belden & Blake Corporation’s United Kingdom subsidiary and as an attorney with Arter & Hadden. Mr Quint is a graduate of the University of Notre Dame where he received a degree in

Modern Languages and a Juris Doctorate. He is also a non-executive director of Global Energy Development plc, a petroleum production and development company listed on the AIM.

Mr William W. Vanderfelt (1942), UK citizen, served as a Managing Director of the Petercam Group, Belgium, a leading independent member firm of Euronext, Brussels until his retirement in 2001. He serves as a director of Renn Universal Growth Investment Trust PL, a company listed on the London Stock Exchange. He holds an Oxford & Cambridge General Certificate. Mr. Vanderfelt is also a non-executive director of USIGH.

The business address of each member of the Board of Directors is c/o USI Group Holdings AG, Bahnhofstrasse 106, 8001 Zurich, Switzerland.

Pursuant to a letter agreement between Infinite and USI dated 16 September 2013, Infinite has agreed, *inter alia*, that (a) for a period of five years or until its shareholding falls below half USI's outstanding issued share capital, both the Chairman and a majority of all Directors shall be independent directors (defined for such purpose as existing directors of USI as of the date of the Reverse Acquisition and any director who is not a connected person (as further defined in the sale and purchase agreement between Infinite and USI dated 16 September 2013) of Infinite).

1.2 Authority and Work Methods

The Board of Directors may take decisions on all matters which by law or the Articles are not allocated to the general meeting of Shareholders (the "**Shareholders' Meeting**") (Article 698 CO). It has the responsibilities and duties set forth in the CO, in particular in Article 716a CO.

Furthermore, the internal organizational regulations of the Company of 27 July 2005, as amended (hereinafter the **"Regulations"**) state that the following matters shall be reserved to the Board of Directors:

- the passage of resolutions regarding any authorised capital increases as well as any resulting amendments to the Articles;
- the determination of the beginning and the end of each financial year of the Company pursuant to the Articles;
- the adoption of any stock option plan and the issuance of Shares to option holders on exercise of such options;
- the formation, acquisition, merger, sale and/or liquidation of subsidiaries with a value in excess of CHF 2.25 million;
- the acquisition, sale and hypothecation of assets with a value in excess of CHF 2.25 million;

- the initiation and/or settlement of judicial and administrative proceedings or disputes of any nature with a value in excess of CHF 100,000;

- business decisions of a long-term nature or which involve unusual or extraordinary risks;

- the approval of expenditures or obligations in excess of CHF 100,000 for individual transactions or CHF 1,000,000 in the aggregate in any one financial year, unless such expenditures do not exceed the budget or other Board approved guidelines;

- the entry into any transaction which is not in the ordinary course of business of the Company, including any sale or lease of the Company's assets in excess of CHF 2.25 million;

- the entry into new projects with expenditures or obligations in excess of CHF 2.25 million, unless such projects have been approved in the Company's budget or other Board approved documents;

- the conclusion of any merger arrangements between the Company and any other entity or the decision to wind up or liquidate the Company, including any proposals to be made to shareholders at a Shareholders' Meeting regarding the merger, liquidation or winding-up of the Company;

- the formation or acquisition of interests in other companies, irrespective of their legal form, or the purchase of other businesses in whole or in part if the value of any such purchase exceeds CHF 2.25 million;

- regarding subsidiaries of the Company:

  - the execution, alteration or termination of articles of association;

  - the voluntary liquidation, merger or continuation of a subsidiary after the occurrence of any matter requiring its liquidation;

  - the approval of the annual accounts and the distribution of dividends or other distributions to shareholders, or the exercise of any other shareholders' rights;

  - the appointment and/or termination of managers and board members as well as the execution, alteration or termination of employment or pension arrangements with managers or members of the board of directors;

  - the resolution of matters which, pursuant to law or the articles of association, require the approval of the shareholders;

- any participation in revenues or profits of the Company in any form except commissions which can be viewed as usual in the trade, or the provision of benefits or remuneration to individual employees in excess of CHF 50,000 p.a.;

- the grant of pension entitlements to any employees;

- any decisions concerning the appointment of the management;

- borrowing in excess of CHF 500,000;

- the grant of a loan or the creation of a contingent liability to, or in respect of, third parties in excess of CHF 500,000;

- the approval of any transaction between the Company and members of the Board;

- the adoption and/or alteration of the Regulations.

In accordance with Article 716b CO, and subject to inalienable and reserved matters as described above, the Board of Directors has delegated its management responsibilities to the Company's management (see below Section D-2 – *Corporate Information on the Company - Management of the Company*).

According to the Regulations, the Board of Directors acts, in principle, as a collective body. Its members may not act alone on behalf of the Company and may not give instructions on their own, except where the Articles, the Regulations or a decision of the Board of Directors otherwise permit.

The Chairman, or the secretary of the Board, convenes the meetings of the Board of Directors as often as business affairs of the Company require, usually not less than four times each year. Meetings are also held by telephone conference and actions may be taken pursuant to circular resolutions, if no member of the Board of Directors requests in writing that the item to be resolved or discussed be considered at a physical meeting.

Each year at the first meeting following the annual Shareholders' Meeting, the Board of Directors appoints a chairman (the **"Chairman"**). The Board of Directors chooses the secretary, who may or may not be a member of the Board of Directors. Re-election of any member is permitted for any position.

The Chairman has the following duties:

- chairing meetings of the Board of Directors and Shareholders' Meetings;

- determining the agenda for meetings of the Board of Directors except in cases where proposals are made by other members of the Board of Directors;

- representation of the Board of Directors to the public, to public authorities and to the shareholders;

- supervision of the execution of measures which have the approval of the Board of Directors;

- preparation of amendments to the Articles, conduct of the voting procedures and other matters to be addressed at any Shareholders' Meeting;

- in association with SJIM, preparation of materials concerning strategic planning, short-term corporate goals, financial planning and budgets to be approved by the Board of Directors;

- decisions concerning non-budgeted investments and expenditures up to CHF 2.25 million and up to CHF 100,000 respectively; and

- decisions requiring urgent action or in exceptional circumstances which would otherwise be addressed by the Board of Directors, the Nomination and Compensation Committee or the Audit Committee. Such decisions shall be submitted for approval to the responsible bodies as soon as possible.

2 Key Management

Pursuant to the Regulations, the responsibility for the day-to-day management and on-going operations is vested with the management, which remains under the supervision of the Board of Directors. Members of management are appointed by the Board of Directors and serve at the discretion of the Board of Directors, subject to any applicable agreement.

The Board of Directors will appoint St James Investment Management Limited ("**SJIM**"), a subsidiary of RP&C, to advise and assist in the administration of the Company and the USI Group.

RP&C was originally appointed as the USI Group's exclusive manager, adviser and administrator under a management agreement between USI and RP&C dated 1 June 2004.

This management agreement has subsequently been amended and will be terminated as of the Effective Date and replaced by a new management agreement with SJIM (the "**Management Agreement**") which is summarised below. The Management Agreement has no fixed term, but may be terminated in certain circumstances.

Under the Management Agreement, SJIM, subject to mandatory statutory provisions of Swiss law, is responsible, among other things, for advising the Company and the USI Group on its business plan and strategy, advising on the acquisition of assets, monitoring the operation of its assets, carrying out reviews and evaluations of its assets and assisting in the implementation of the investment policy laid down by the Board of Directors from time to time. The Board of Directors makes all investment decisions.

The officers of RP&C and SJIM include:

David Quint, Chief Executive Officer (see above Section D-1 – *Corporate Information on the Company – Board of Directors*)

Dr Doraiswamy Srinivas, Executive Vice President and Chief Operating Officer (see above Section D-1 – *Corporate Information on the Company – Board of Directors*)

Ralph Beney, Finance Director. He was previously a director of Guinness Mahon Capital Markets in London where he was responsible for fund advisory relationships and structured finance, as well as for management accounting for the capital markets division. Prior to joining Guinness Mahon in 1993, Mr Beney spent seven years as the chief financial officer of various Bank Leu subsidiaries. He is a chartered accountant and a member of the Chartered Institute for Securities & Investment (CISI).

Richard Borg, General Counsel. He was previously a solicitor at Norton Rose in London where he was a member of the corporate finance department specialising in investment funds.

The business address of SJIM and of each of its officers is c/o Cim Fund Services Ltd, 33 Edith Cavell Street, Port Louis, Mauritius.

Management of the USI Group's operating subsidiaries following the Reverse Acquisition will be the responsibility of the executive management of such subsidiaries. The performance of these executives will be monitored by the Board of Directors.

2.1 Management Agreement

According to the Management Agreement, the Company will appoint SJIM to be the USI Group's adviser and administrator. SJIM is domiciled at c/o Cim Fund Services Ltd, 33 Edith Cavell Street, Port Louis, Mauritius.

The Management Agreement has no fixed term. The Company can terminate the appointment of SJIM, *inter alia*, by giving not less than 24 months' written notice to SJIM, such notice not to be given before the first anniversary of the Management Agreement.

Fees payable to SJIM under the Management Agreement are set out in Section D-4.2 – *Corporate Information on the Company - Remuneration – St James Investment Management Limited* below.

2.1.1 Duties of SJIM as Advisor

Pursuant to the Management Agreement, SJIM has the following duties as adviser to the Company:

- advising the Company on its business plan and strategy, including the generic identification of potential acquisitions which meet the criteria laid down by the Board for acquisitions from time to time;

- advising the Company on equity and debt fundraisings, as and when required;

- identifying and concluding specified investments following approval of the Board of Directors;

- advising the Company generally in connection with conditions in the capital markets;

- carrying out reviews and evaluations of the USI Group's assets whenever SJIM shall deem such actions are necessary or when the Company shall reasonably so require;

- advising generally on the holding of assets;

- advising and instructing the administrator on the administrative requirements in order to implement the Board of Director's decisions;

- co-operating with the custodian with respect to the performance of the custodian's duties;

- instructing the administrator to pay out of the assets of the USI Group such amounts as may be required from time to time in order to enable SJIM to perform its duties under the Management Agreement and to discharge the proper expenses of the USI Group. In this connection, and for these purposes, SJIM is authorized to give instructions with respect to the bank accounts of the USI Group and to instruct bankers of the USI Group as to deposits and currencies;

- supplying, as and when requested by the Company, such information as may be in its possession or may reasonably be obtained or provided by it;

- providing to the Company on a quarterly basis a summary of all corporate finance transactions undertaken during the previous quarter as well as an analysis of current market conditions;

- attending quarterly meetings of the Board of Directors for the purposes, *inter alia*, of discussing the information provided as described above; and

- providing the Company with such additional generic advice as the Board of Directors shall require for the purposes of properly assessing its assets and investments.

SJIM has appointed Riverlink Pte Limited, a Singapore company, as its investment adviser. Riverlink has extensive experience with Indian investments.

SJIM shall keep or cause to be kept on behalf of the Company such records and statements as shall give a complete record of all transactions carried out by SJIM on behalf of the companies of the USI Group in relation to their assets. SJIM shall permit the Company and its agents and auditors to inspect such records and statements at all times.

SJIM will use the services of RP&C and related companies in fulfilling its duties under the Management Agreement.

2.1.2 SJIM's Authority

Pursuant to the Management Agreement, subject to the prior approval of the Board of Directors, SJIM has the authority, power and right, for the account of and in the name of the companies of the USI Group, to implement the policies laid down by the Board of Directors from time to time in respect of the USI Group's investments and assets. In that connection, SJIM is authorized:

- to issue orders and instructions with respect to the USI Group's assets;
- to exercise rights for the account of the companies of the USI Group and effect transactions on behalf of, and for the account of, the companies of the USI Group in connection with any such assets;
- to implement borrowings and the sale of debt and/or equity securities of the companies of the USI Group as authorized from time to time by the Board of Directors; and
- to enter into, make and perform on behalf of the companies of the USI Group all contracts, agreements and other undertakings as may, in the opinion of SJIM, be necessary or advisable or incidental to carrying out the objectives of the Management Agreement.

2.1.3 Duties of SJIM as Administrator

Pursuant to the Management Agreement, SJIM has the following duties as administrator to the Company:

- maintaining all necessary books and records of the BVI Subsidiaries required by law or deemed necessary for the proper operation of their assets and investments. Such documents shall be kept in accordance with statutory provisions for the time being in force;

- preparing and delivering all statutory returns for the BVI Subsidiaries to the registrar of companies and other competent authorities and performing all duties and services normally performed by the secretary of a company for the BVI Subsidiaries;

- dispatching to shareholders, to creditors, to directors and to the statutory auditors of the Company such circulars, notices of meetings, reports and other written material as may be required or as may be requested from time to time by the Board of Directors;

- informing the Board of Directors from time to time of all amounts due and payable by the USI Group and paying on behalf of the companies of the USI Group and from their funds all costs, expenses and taxes properly charged to or levied on the USI Group;

- upon the instruction of the Board of Directors, taking out and maintaining in the name of companies of the USI Group such policies of insurance as the Board of Directors shall determine to be appropriate;

- submitting to the Board of Directors such reports and information as it may reasonably require from time to time and, in consultation with the Chairman of the Board, preparing an agenda in advance of each Board of Directors meeting and distributing a copy of it together with any supporting papers to members of the Board of Directors prior to each meeting;

- preparing and circulating draft minutes of meetings for approval by the Board of Directors;

- monitoring the custodian and otherwise supervising and administering all bank accounts and investments of the BVI Subsidiaries; and

- with the agreement of the Board of Directors, retaining and supervising such outside firms of auditors, lawyers, taxation advisers or other agents as shall be deemed desirable to properly administer the assets and/or to discharge SJIM’s duties.

SJIM will use the services of RP&C and related companies in fulfilling its duties as administrator.

3 Committees of the Board of Directors

The Board of Directors has formed two committees, the audit committee (hereinafter the "**Audit Committee**") and the nomination and compensation committee (hereinafter the

"**Nomination and Compensation Committee**"), which presently consist of all members of the Board of Directors and are chaired by Dr. Klaucke.

In its meeting of 29 August 2013, the Board of Directors further decided that a valuation committee will be formed for the purpose of reviewing valuations of the USI Group's subsidiaries and assets. The committee will initially consist of all members of the Board of Directors, and its precise duties, powers and authority remain to be determined in the form of a special charter.

3.1 Audit Committee

The responsibilities of the Audit Committee are determined in a special Audit Committee Charter. The Audit Committee's primary duties are to:

- review the Company's semi-annual and annual financial statements and consider whether they are complete and reflect appropriate principles;
- monitor the integrity and effectiveness of the Company's financial reporting process and systems of internal controls regarding finance and accounting, operational processes as well as manual and automatic finance and accounting data processing;
- oversee the qualifications of the public accounting firm engaged as the Company's statutory auditors to prepare or issue an audit report on the financial statements of the Company;
- monitor the independence and performance of the Company's external and internal auditors (if any);
- provide for appropriate communication among the statutory auditors, SJIM and the Board of Directors;
- review and monitor the Company's financial strategies and procedures; and
- report to the Board of Directors on the Audit Committee's activities and findings.

The Board of Directors has not delegated any decision-making powers to the Audit Committee.

The Audit Committee has the authority to conduct or authorize investigations into any matter within the scope of its duties and responsibilities pursuant to the Audit Committee Charter. It is empowered to:

- retain outside counsel, accountants or other experts to advise the Audit Committee or assist it in the conduct of an investigation;

- seek any information it requires from RP&C/SJIM or from the Company's employees (if any) – all of whom are directed to cooperate with the Audit Committee's requests – or external parties;

- meet with SJIM, statutory auditors or outside counsel, as deemed necessary or appropriate.

3.2 Nomination and Compensation Committee

The responsibilities of the Nomination and Compensation Committee are determined in a special Nomination and Compensation Committee Charter. Its primary duties are to:

- assist the Board of Directors in discharging its responsibilities relating to compensation of Directors;

- approve or establish proposals for all compensation plans, policies and programs relating to compensation and benefits for Directors and direct employees (if any);

- propose to the Board of Directors compensation of Directors and direct employees (if any);

- ensure that newly elected Directors receive the appropriate introductions and orientation and the elected Directors receive the adequate continuing education and training to fully discharge their obligations;

- assist the Board of Directors in identifying individuals who are qualified to become Directors, when vacancies arise;

- recommend to the Board of Directors the Director nominees for the next annual Shareholders' Meeting;

- recommend to the Board of Directors a set of corporate governance principles;

- prepare any disclosure statement on compensation and corporate governance required by applicable law, regulations or the rules of a stock exchange on which the Company's shares are listed or traded;

- lead the Board of Directors in its annual review of the Board's performance; and

- recommend to the Board of Directors Director nominees for each committee.

The Board of Directors has not delegated any decision-making powers to the Nomination and Compensation Committee.

The Nomination and Compensation Committee has the authority to conduct or authorize investigations into any matter within the scope of its duties and responsibilities pursuant to the Nomination and Compensation Committee Charter. It is empowered to:

- retain outside counsel, accountants or other experts to advise the Nomination and Compensation Committee or assist it in the conduct of an investigation;

- seek any information it requires from RP&C/SJIM or from the Company's employees (if any) – all of whom are directed to cooperate with the Nomination and Compensation Committee's requests – or external parties;

- meet with SJIM, statutory auditors or outside counsel, as deemed necessary or appropriate.

4 Remuneration

In addition to the information given below, details on past compensation of members of the Board of Directors and of USI Group management are disclosed in Note 27 to the audited consolidated financial statements of USI for the year ended 31 December 2012 attached in Appendix 3-A.

4.1 Board of Directors

Dr. Volkert Klaucke has the right to receive an annual fee of CHF 60,000 (before statutory deductions) for his services as Chairman. Each of Dr. Srinivas and David Quint receive a fee of CHF 30,000 *per annum*, and William W. Vanderfelt receives a fee of CHF 30,000 *per annum* for services to various non-Swiss subsidiaries of the Company.

During the year ended 31 December 2012, the total expenditure of the Company on remuneration, fees and benefits to the Board of Directors amounted to CHF 90,000.

4.2 St James Investment Management Limited

Pursuant to the Management Agreement, SJIM will be entitled to receive an annual fee (exclusive of tax and duties) equal to 1.5% of the consolidated net asset value ("**CNAV**") of the USI Group as determined from time to time. For purposes hereof, the CNAV of the USI Group shall equal the consolidated net assets of the USI Group (including minority interests in real estate assets) as reflected in its most recently announced annual or semi-annual consolidated balance sheet plus the aggregate of a) any amounts raised by the USI Group which increase shareholders' funds after the date of the most recent announced consolidated balance sheet less any amounts distributed by the Company to its shareholders, b) any amounts realised from the sale of any assets in excess of their book value in the most recent announced consolidated balance sheet, and c) any assets acquired after the date of the most recent announced consolidated balance sheet valued at the gross purchase price of such assets. In the event that any asset contained in the balance sheet has been independently appraised at a higher value than that reflected in the balance sheet, the higher value shall be used for the purposes of calculating the CNAV.

The Company will also pay SJIM a performance fee ("**Performance Fee**") equal to 10% of the profits earned on the realization from the sale or disposal of each asset to a third party. Such Performance Fee shall be calculated based on the amount realized from the sale or disposal of the asset, reduced by the capital cost contribution made by USI in procuring such asset, plus any additional sums incurred by USI in maintenance, upkeep and upgrade of the asset. The capital cost contribution shall not include any revaluation or re-appraisal of the asset valuation which does not involve an actual capital expenditure. The Performance Fee shall not be taken into account when calculating the amount realised from any sale or disposal.

SJIM is also entitled to receive fees in connection with the purchase and sale of assets on behalf of the USI Group, the financing and refinancing of the USI Group's liabilities and the raising of debt and equity capital on behalf of the USI Group. In the absence of a separate agreement, SJIM shall be entitled to receive the following fees in respect of these services:

Whenever SJIM advises the USI Group on the purchase of assets or the merger of assets into the USI Group, the Company shall pay a fee to SJIM on completion of the purchase or merger of such assets equal to 1.5% of the total gross purchase or merger price of such assets. To the extent that indebtedness associated with any asset purchased or merged is assumed by the USI Group and the gross purchase or merger price is lowered accordingly, the fee payable to SJIM pursuant hereto shall be calculated by reference to the purchase or merger price of the asset as if such adjustment had not been made.

Whenever SJIM provides advice in respect of debt financings of the USI Group (including refinancings of existing debt facilities), the Company shall pay SJIM on closing of such financings a fee equal to 3% of the aggregate gross proceeds of such financings.

In the event that one or more investors or intermediaries introduced by SJIM provide equity financing to the USI Group or any of its subsidiaries, the Company shall pay SJIM on closing of such financings a fee equal to 4.5% of the aggregate gross proceeds of such financings.

In consideration of the provision by RP&C of registered and representative office facilities in England to certain members of the USI Group, the Company pays to RP&C a fee of £200,000 per calendar year or portion thereof that such services are provided. Such fee is subject to annual increases of 5 per cent *per annum* effective 1st January of each year.

SJIM is liable for any loss suffered by the Company and/or the USI Group, which arises from its fraud or grossly negligent acts and/or omissions. The Company indemnifies SJIM against all losses it suffers other than as a result of SJIM's grossly negligent acts or omissions. SJIM's appointment may be terminated by the Company on 24 months written notice (such notice not to be given before the first anniversary of the agreement) or may be terminated forthwith in the event of a material unremedied breach by SJIM of its obligations, or in the event of SJIM's liquidation or insolvency. SJIM may cause its appointment to be terminated forthwith in the event of a material unremedied breach by the Company of its obligations, or in the event of the Company's liquidation or insolvency, and in such case is due a termination fee from the Company calculated to indemnify SJIM for the fees it would otherwise have earned during the 24-month notice period.

5 Shareholdings of Directors and Key Management

At the date of this Listing Prospectus, members of the Board of Directors and the key management, directly or indirectly, hold in aggregate 8.23% of the Company's issued share capital. The following table sets forth the holdings of the members of the Board of Directors and the key management of the Company's issued share capital:

Name	Shares held or controlled	Percentage of capital voting rights
Dr Volkert Klaucke (Chairman) [1]	Nil	Nil
Dr Doraiswamy Srinivas (Vice Chairman) [2 4]	Nil	Nil
William W. Vanderfelt (Member) [3]	44,365	4.5
David Quint (Member) [2 4]	Nil	Nil
RP&C International (Guernsey) Limited [3]	36,739	3.73

1. Volkert Klaucke holds CHF 745,000 of C Notes which mandatorily convert at a conversion price of CHF 20.00 into 37,250 Shares, subject to listing of the Shares on the SIX Swiss Exchange and completion of the Reverse Acquisition.

2. RP&C International (Guernsey) Limited also holds CHF 544,250 A Notes which mandatorily convert at a conversion price of CHF 13.50 into 40,315 Shares, subject to listing of the Shares on the SIX Swiss Exchange. RP&C International (Guernsey) Limited further holds CHF 684,643 C Notes which mandatorily convert at a conversion price of CHF 20.00 into 34,232 Shares, subject to listing of the Shares on the SIX Swiss Exchange and completion of the Reverse Acquisition.

   David Quint owns 32.5% of the issued shares of RP&C which wholly owns RP&C International (Guernsey) Limited. Doraiswamy Srinivas owns 29.74% of the issued shares of RP&C.

3. William W. Vanderfelt also holds CHF 120,000 C Notes which mandatorily convert at a conversion price of CHF 20.00 into 6,000 Shares and CHF 1,000,000 A Notes which mandatorily convert at a conversion price of CHF 13.50 into 74,074 Shares, in both cases subject to listing of the Shares on the SIX Swiss Exchange and completion of the Reverse Acquisition.

4. Arundel Group Services Limited ("**Arundel**") owns CHF 13,125,948 C Notes which mandatorily convert at a conversion price of CHF 20.00 into 656,298 Shares, subject to listing of the Shares on the SIX Swiss Exchange and completion of the Reverse Acquisition.

   Green Street Global Investments Limited ("**Green Street**"), a 100% subsidiary of Arundel, owns CHF 5,343,694 A Notes which mandatorily convert at a conversion price of CHF 13.50 into 395,829 Shares, subject to listing of the Shares on the SIX Swiss Exchange and completion of the Reverse Acquisition.

   David Quint owns 27% of the issued shares of Arundel, and Doraiswamy Srinivas owns 21% of the issued shares of Arundel.

For shareholdings of Members of the Board of Directors and key management following consummation of the the Reverse Acquisition, please see Section G-19.3 – *Description of the Shares, Share Capital and Constitution – Major Shareholders of the Company – Major Shareholders after Effective Date.*

6 Related Party Transactions

Dr Doraiswamy Srinivas and David Quint are members of the boards of directors of the Company, RP&C and various members of the USI Group and are shareholders in RP&C, Arundel and (indirectly) Green Street. SJIM, an indirect wholly owned subsidiary of RP&C, is entitled to receive fees from the Company under the Management Agreement (see Section D-4 – *Corporate Information on the Company – Remuneration - St James Investment Management Limited*). RP&C International (Guernsey) Limited, Arundel and Green Street own A Notes and C Notes (as described in Section D-5 – *Corporate Information on the Company – Shareholdings of Directors and Key Management* above).

In 2012, the USI Group was charged CHF 1,193,425 in management fees for services rendered by RP&C, all of which were paid in the form of C Notes.

The Company has agreed to pay Arundel an introductory fee equal to 3% of the likely value of the assets to be introduced to the USI Group as part of the Reverse Acquisition. This fee was paid in the form of C Notes. David Quint and Doraiswamy Srinivas are interested in Arundel on the basis set out in Section D-5 – *Corporate Information on the Company – Shareholdings of Directors and Key Management* above.

Infinite will allocate 4% of the number of Shares that it will receive on completion of the Reverse Acquisition to Riverlink. In addition, Infinite will allocate 2% of such number of Shares to Arundel for financial advisory services rendered to Infinite. Infinite and Riverlink have the same shareholders.

Save as disclosed in this document, none of the Directors has or has had any interest in transactions effected by the USI Group during the last three financial years which are or were unusual in their nature or conditions and which are or were significant to the business of the USI Group.

7 Loans from or to Directors and Key Management

Other than as described below, at the date of this Listing Prospectus no loans or guarantees have been granted or provided by or to the Company or the USI Group to or from any member of the Board of Directors or any member of the senior management of RP&C or SJIM, or any person connected with them.

On 4 April 2008, the Company advanced a loan to Ridgemont Holdings Limited, a subsidiary of RP&C in the amount of €2 million. The loan is repayable on 31 March 2014 and bears interest at the rate of 6% *per annum*.

Dr. Volkert Klaucke, William W. Vanderfelt, David Quint and Dr. Doraiswamy Srinivas have lent money to the USI Group in the form of A Notes and C Notes, directly or through companies in which they are interested. Details of these notes are set out in Section G-3.1.2 – *Description of the Shares, Share Capital and Constitution – Mandatory Convertible Notes*.

8 Employee Participation

As of the date of this Listing Prospectus, the Company does not have any plans in place for participation of Directors, management or employees in the Company.

9 Auditors

The statutory auditors of the Company are (and have been for the last three years) PricewaterhouseCoopers AG, Birchstrasse 160, CH-8050 Zurich, Switzerland. The appointment of the statutory auditors is subject to confirmation by the shareholders at the Shareholders' Meeting on an annual basis.

E Business Activities of the Company and the USI Group

The Company was incorporated in 1960 and in 2005 acquired USI Group Holdings Limited and its subsidiaries pursuant to a reverse merger transaction. As of 31 December 2012, the Company had net assets of approximately CHF 35.8 million (as reported in the audited consolidated financial statements of the Company for the year ended 31 December 2012, prepared in accordance with IFRS, as set out in Appendix 3-A).

Under the Reverse Acquisition, the Company will acquire Goldlink and the businesses of Goldlink and its subsidiaries. This section focuses on and provides information on the USI Group and its current activities as well as on its proposed activities following the Reverse Acquisition, which will form the future business of the Group.

1 Principal Activities and Structure of the USI Group

USI is currently a specialist real estate investment and financing company. Its current business strategy is to acquire, directly or indirectly, real estate in the USA, the UK and Continental Europe and to lease it, on a long-term basis, to tenants whose cash flow is primarily generated, directly or indirectly, from governmental sources. Its investment philosophy is to invest in opportunities, which offer predictability and sustainability of cash flows, preservation of invested capital and potential capital appreciation.

Following the Reverse Acquisition, the business strategy of the Company will be to act as an industrial, infrastructure and investment holding company seeking to make investments in infrastructure, commodities, mining, real estate and private equity investment opportunities on a global basis, with particular focus on India.

The business strategy of the USI Group may be amended or supplemented by the Board of Directors of the Company within the scope of the registered purpose laid down in the Articles (see above Section A-2 – *General Information on the Company - Registered Purpose*).

For legal, tax and regulatory reasons, USI has incorporated a number of subsidiaries to make acquisitions. A chart summarising the USI Group's organisational structure following the Reverse Acquisition is set forth in Section B-3 – *General Information on the USI Group – USI Group Structure* above. A complete structure chart of the USI Group following the Reverse Acquisition is set out in Appendix 1. All of the subsidiaries of the USI Group are (or will be), directly or indirectly, wholly owned by the Company, unless otherwise stated.

The table below summarises the current principal shareholdings of the USI Group.

Company	Number of Shares Owned	Type of Shares and Nominal Value	Direct / Indirect Ownership %	Voting Rights %
USIGH Limited Nerine Chambers, Road Town, Tortola, BVI (registered number 1039705)	2	Ordinary US$ 0.02	100	100
USI AG Bahnhofstrasse 106, 8001 Zurich, Switzerland	150,000	Ordinary CHF 100	100	100
USI Germany Limited Nerine Chambers, Road Town, Tortola, BVI (registered number 1440436)	1	Ordinary US$ 1.00	100	100
USI Leipzig Limited Nerine Chambers, Road Town, Tortola, BVI (registered number 1417877)	1,000	Ordinary No par value	100	100
USIGH III Investment Holdings Limited Nerine Chambers, Road Town, Tortola, BVI (registered number 1531975)	1	Ordinary US$ 1.00	100	100
USIEC Limited Nerine Chambers, Road Town, Tortola, BVI (registered number 1660465)	2	Ordinary No par value	100	100

Pursuant to the Reverse Acquisition, the following additional principal shareholdings will be acquired by the USI Group.

Company	Number of Shares Owned	Type of Shares and Nominal Value	Direct / Indirect Ownership %	Voting Rights %
Goldlink United Limited	40,000	Ordinary US$ 1.00	100	100
Royal Venture Pte Limited	5,050,001	Ordinary Singapore $ 1.00	100	100
Tokyo Ventures Pte Limited	1,000,000	Ordinary Singapore $ 1.00	100	100
Maxiwin International Pte Ltd	1,400,000	Ordinary Singapore $ 1.00	100	100
Beaufort Overseas Trading Pte Ltd	100,000	Ordinary Singapore $ 1.00	100	100
Fortune Top Investments Ltd	500,000	Ordinary Singapore $ 1.00	100	100
Praiseworth Infra Private Limited	225,000	Ordinary INR 10	90	90
Bright Natural Infra Private Limited	9,000	Ordinary INR 10	90	90

2 Current Assets of the USI Group

The USI Group's two principal current assets are a 94.9% interest in the Partnership which owns the Leipzig Properties and a 20.28% equity holding in PSPI, a property investment company listed on the AIM which primarily invests in property leased to specialist operators in the care home sector in the UK and Germany.

2.1 The Leipzig Properties

2.1.1 Macro Location

The Leipzig Properties are located in Leipzig, which is located in the state of Saxony, one of the five federal states integrated following German reunification. To the north, Saxony borders the state of Brandenburg, to the northwest Saxony-Anhalt, to the west Thuringia and to the south-west Bavaria. The state also shares a border with the Czech Republic to the south and with Poland to the east. The state capital is Dresden. According to a study conducted by Capital magazine dated August 2011, Leipzig is ranked No. 4 (behind Hamburg, Munich and Frankfurt) in the list of the fastest growing cities in Germany based on economic factors.

2.1.2 Micro Location

The Leipzig Properties are situated in Paunsdorf, a city district located in the east of the city of Leipzig. They neighbour the Paunsdorf Center Leipzig (one of the largest shopping centres in Germany) and are located between two major arterial roads which offer connections to the city centre and the A14 motorway. In addition to the good vehicular connections, the site is also very well connected to the public transportation network.

2.1.3 Properties

The four buildings comprising the Leipzig Properties were built in 1995.

Three buildings comprise four storeys, while the fourth building, the dog kennel facility, is a single-storey structure. The gross lettable area is broken down as follows: 40,945sqm of office space, 7,593sqm of record office/storage, 1,341sqm of storage and 828sqm for the dog kennel facility, plus 538 parking spaces on the underground level.

All buildings are fitted out according to the special requirements of the tenant, the Free State of Saxony. The windows on the ground levels are of safety glass, secured against penetration and breaking; the façades are manufactured without protruding guttering and pipes in order to prevent intruders from climbing up the walls, and several additional safety provisions are incorporated into the design of the building.

The offices have a flexible interior layout and are equipped with the standard modern technical installations such as telecommunications and IT facilities. The corridors are furnished with special floors allowing for under floor wiring and supply.

2.1.4 Description of Lease of the Leipzig Property

Type of Lease Agreement	Double net contract
Start Date / End Date	1st April 1995 / 31st March 2020
Lease Term	25 years

Extension Option	1 x 5 years
Notice Period	12 months before lease agreement expires
Current Base Rent	EUR 9,411,672
Indexation	Adjustment of 65% if the consumer price index changes by 7.7% (basis: 01/12/2012)
Service Charges	The tenant has to bear all operating costs in accordance with the German Ordinance on Operating Costs. The tenant also has to pay commercial property management costs.
Repair and Maintenance	Maintenance costs of approximately €250,000 p.a. are borne by the USI Group.

2.2 PSPI

The Company's investment in PSPI has been held since PSPI was admitted to trading on the AIM through an initial public offering in March 2007. USI holds 20.28% of the issued share capital of PSPI as at the date of this Listing Prospectus.

PSPI is a specialist real estate investment and financing company organised under the laws of the BVI. Its shares are traded on the AIM.

PSPI owns a portfolio of properties in the UK and Germany which generate gross rental income of £6.9 million *per annum* and finance lease income of £0.9 million *per annum*. The investment properties have been independently valued at 31 December 2012 at an aggregate value of £84.0 million, excluding the finance lease asset, with debt totalling £33.5 million secured against the property portfolio at 31 December 2012. The weighted average interest rate is currently 5.0% *per annum*, and the debt will be amortised at the rate of £2.4 million *per annum*.

2.2.1 The UK Portfolio

PSPI's UK portfolio is comprised of nine care homes, a school/resource centre for children and adults with learning difficulties and an office building leased to the European Care Group ("**ECG**"). PSPI receives gross rental income and business licence fees of £3.9 million *per annum* in respect of these properties and businesses and also receives finance lease income of £0.9 million *per annum* in respect of a domiciliary care business licenced to ECG. The UK investment properties were independently valued at 31 December 2012 at an aggregate gross figure of £47.3 million which represents an overall decline of £0.4 million from the value reported at 30 June 2012.

At 31 December 2012, PSPI had net borrowings of £17.6 million secured against the UK investment properties and finance lease income stream, with a weighted average interest rate of 5.7% *per annum*. The debt is subject to amortisation at approximately £2.1 million *per annum* with scheduled maturity dates of December 2013 (£10.6 million) and February 2014 (£7.0 million). The aggregate loan to value ratio of the UK investment properties was 38% (excluding the finance lease asset) at 31 December 2012.

2.2.2 The German Portfolio

PSPI's German portfolio is comprised of six properties leased to Marseille Kliniken Group ("**MKG**"), an operator of care homes listed in Germany, and two further properties leased to independent operators. The portfolio generates gross rental income of approximately £3.0 million *per annum* (€3.6 million) of which 75% is received from MKG. The properties were independently valued at 31 December 2012 at £36.7 million (€45.0 million) representing an increase of £0.7 million over the value reported at 30 June 2012.

At 31 December 2012, PSPI had borrowings of £15.6 million secured against the German properties with a weighted average interest rate of 4.1% *per annum*. The debt amortises at approximately £0.3 million *per annum* with scheduled maturity dates of May 2014 (£1.3 million) and March 2020 (£14.3 million), following completion of a seven year refinancing announced on 13 December 2012. The aggregate loan to value ratio of the German properties was 43% at 31 December 2012.

3 Assets of the USI Group Following the Reverse Acquisition

In addition to its current assets, pursuant to the Reverse Acquisition, USI will acquire real estate development rights in India, rights to acquire the real estate to which the development rights relate (pursuant to recently exercised purchase options), and a gold bullion and jewellery trading business based in Singapore. In addition, USI will acquire a 4.57% interest in SIL, a listed Indian infrastructure/industrial company engaged in steel manufacturing, power generation and mining and a 1.84% interest in SCL.

The acquisition will be effected by USI purchasing Goldlink. Goldlink, in turn, wholly owns two Singapore subsidiaries, Royal and Tokyo. Royal and its subsidiaries are engaged in the wholesale trading of gold bullion and jewellery, and hold development rights to real estate assets in India. Tokyo is a investment holding company. Tokyo and Royal jointly own 4.21% of SIL, and Praiseworth, in which Royal holds 90%, owns 0.39%. Bright, another 90% owned subsidiary of Royal owns 2.05% of SCL.

Through Royal, USI will be acquiring and consolidating various businesses which are engaged in trading operations with SCL in the field of gold bullion and jewellery. It is believed that Royal could become the largest trading partner of SCL within the next financial year.

SIL is engaged in the development of Indian infrastructure via the integrated manufacturing of speciality steel products and the development of thermal and wind power generation through its wholly owned subsidiaries, Surana Power Limited and

Surana Green Power Limited. SIL is listed on the Mumbai, National and Chennai Stock Exchanges. SIL also owns a 100% interest in Surana Mines and Minerals Limited, a Singapore-incorporated company, which in turn owns a controlling interest in a coal mine in Indonesia, with inferred resources of 65 million tons of high-calorie thermal coal.

SCL is listed on the National and Bombay Stock Exchanges. It is engaged in the importation of gold and silver bullion into India and the manufacture and sale of jewellery for domestic use and export. SCL is one of India's largest bullion importers with a license to import directly (i.e. without involving another Indian importer holding the requisite licence).

3.1 Royal

Royal is a Singapore registered company that was formed in 2000 and is engaged in the wholesale trading of gold bullion and jewellery as well as various commodities. Under a recently completed restructuring plan, Royal has acquired three additional Singapore trading companies, Maxiwin, Beaufort and Fortune. It has also acquired a 90% interest in two Indian real estate companies, Praiseworth and Bright. Royal also owns 700,000 shares of SIL, and Praiseworth owns another 175,000. Bright owns 500,000 shares of SCL.

Royal leases and (together with its subsidiaries Maxiwin, Beaufort and Fortune) operates out of office space in Singapore. Operating a wholesale business characterized by large trading volumes but a small number of customers, and not being itself involved in the physical handling of the gold bullion and jewellery, it operates with a small workforce of currently two employees.

3.2 Tokyo

Tokyo is a Singapore company that was established in 2006 for the purpose of making equity investments as well as conducting wholesale trading activities. Tokyo primarily makes passive investments directly or indirectly through fund managers. As at the date of this Listing Prospectus, its assets consist of an interest in 1,175,000 SIL shares, which are held indirectly through a fund.

3.3 Maxiwin, Beaufort and Fortune

Maxiwin, Beaufort and Fortune, along with Royal, operate gold and silver bullion and jewellery trading businesses. Gold jewellery from India is exported to retailers in South and Southeast Asia and bullion bought from dealers, banks and intermediaries is sold to wholesale traders, retailers and manufacturers of jewellery in South and Southeast Asia. Going forward, all activities of these entities will be consolidated under Royal.

3.4 Praiseworth

USI will indirectly own a 90% interest in Praiseworth, an Indian company, which has development rights over 9.2 acres of land in Madhavaram, India (an area very close to the centre of Chennai) and is expected shortly to acquire legal title in the real estate to which the development rights relate (pursuant to recently exercised purchase options).

Madhavaram is located within the metropolitan limit of Chennai, approximately 8 km from Chennai's Central Business District. Washermanpet, the proposed terminus of the Chennai Metro, is 4 km from the proposed site. The industrial and manufacturing hubs of Manali, Perambur, Padi and Ambattur are located 5 - 7 km from the proposed site which is surrounded by residential blocks. Madhavaram is well connected with other parts of Chennai by road. Along with Perambur and Villivakkam (nearby neighbourhoods) micro markets for residential projects have witnessed significant appreciation, fed by demand for residential units in both the "affordable" and "premium" segments.

Praiseworth is currently contemplating a residential development of the land aimed at double income families and families desirous of moving into bigger units and higher end apartments.

Jones Lang LaSalle Property Consultants (India) Private Limited ("**JLL**") completed an independent appraisal of the proposed development of the land over which Praiseworth's development rights extend, valuing such development at the equivalent of approximately $76 million (approx. CHF 71 million), which in turn values USI's 90% interest in Praiseworth at approximately $68.4 million (approx. CHF 64 million). A copy of the valuation is attached as Appendix 2-A (see also below Section E-5 – *Business Activities of the Company and the USI Group - Appraisal Firms and Valuation Methods*).

3.5 Bright

USI will indirectly own a 90% interest in Bright, an Indian company, which has acquired development rights relating to 97 acres of real estate near Sholinghur, India (which is located approximately 90km from Chennai) and is expected shortly to acquire legal title in the real estate to which the development rights relate (pursuant to recently exercised purchase options).

Bright's land is strategically well positioned near Chennai and major industrial sites which makes it attractive for development into a township with a variety of commercial and residential uses.

JLL completed an independent appraisal of the proposed development of the land over which Bright's development rights extend, valuing such development at the equivalent of approximately $112 million (approx. CHF 104 million), which in turn values USI's 90% interest in Bright at approximately $100.8 million (approx. CHF 94 million). A copy of the valuation is attached as Appendix 2-A (see also below Section E-5 – *Business Activities of the Company and the USI Group - Appraisal Firms and Valuation Methods*).

Bright further owns 500,000 shares of SCL, and has granted loans to SIL in the amount of approximately USD 3.0 million.

4 Business of the USI Group Following the Reverse Acquisition

Following the Reverse Acquisition, the USI Group will be engaged in the following activities:

- The importation of gold bullion into India and the export of jewellery manufactured in India to Southeast Asia and the Middle East;
- The development of real estate in India; and
- Direct and indirect ownership of real estate assets in Germany and the UK.

4.1 The Importation of Gold and Export of Jewellery

Through Royal, USI will own businesses which are engaged in trading operations with SCL. Following the Reverse Acquisition, USI will own 1.84% of SCL.

SCL has been engaged in gold trading from its base in India for more than 40 years and is currently India's largest importer of bullion after the Government Trading Houses.

SCL has a turnover of approximately $1.8 billion which is generated from (i) the importation of gold bullion from banks, dealers and other intermediaries for sale to jewellery manufacturers in India; and (ii) the export of gold jewellery manufactured in India to wholesalers and retailers, including duty-free shops in Southeast Asia and the Middle East.

India annually imports approximately 1,000 tons of gold and is today the world's largest retail consumer of gold. The import of gold is a low risk business which operates on low margins. Given the liquidity of gold bullion, imports almost always involve a pre-arranged sale with the spread between the procurement and sale price locked in at the time of import.

After the Reverse Acquisition, it is intended that Royal will become one of two preferred suppliers of bullion to SCL and USI's subsidiary, USI AG, will become the primary source of financing for the purchase of bulk gold and doré bars (which consist of semi-pure gold alloys) from bullion banks, dealers and mines for onward sale to SCL in India. These sales will be made into India, either through Royal in Singapore or through Surana Overseas DMCC ("**Surana Overseas**"), a Dubai-based subsidiary of SCL, due to favourable double tax treaties between India and those jurisdictions.

In addition to developing USI AG as a source of financing for the importation of gold into India, USI intends to actively develop the export of gold jewellery through Royal. Royal currently generates approximately $133 million of revenue annually through the sale of jewellery manufactured in India to retailers, duty-free shops and dealers in Singapore, Malaysia, Thailand, and other Asian and Middle Eastern countries. This export business currently yields a margin of approximately 1%, and USI believes there is potential to increase its volume through an expanding distribution network.

Pursuant to a Gold Supply Agreement between Royal, SCL and USI dated 16 September 2013, SCL has agreed, *inter alia*, that (a) for five years commencing on the date of such agreement, Royal and Surana Overseas will be SCL's preferred suppliers for import into India of gold bullion; (b) SCL shall purchase doré bars and a majority of gold bullion exclusively from USI or Royal; and (c) SCL will exclusively export through Royal jewellery and other items manufactured by SCL from gold bullion.

Royal, in turn, plans to eliminate third parties in the bullion procurement process and to enhance its gross margins by sourcing a majority of its purchases through USI AG. The use of USI AG as a conduit to procure gold should lead to the best available terms on transactions with gold miners, bullion banks and authorized primary gold dealers as USI AG can utilise cash and European based assets to procure letters of credit on more favourable terms than those available to Royal today.

4.2 The Ownership and Development of Real Estate

USI will continue to own the Leipzig Properties which it intends to refinance on more favourable terms reflecting the quality of the property and the tenant. USI also intends to seek to extend the lease with the Free State of Saxony which expires in 2020. Once these tasks are successfully undertaken, the Leipzig Properties should provide both a solid long-term store of value and an asset base to support financing for the expansion of USI's various holdings and businesses, including its new trading activities.

USI also will continue to own its shares in PSPI. In April 2013, the PSPI Chairman stated that it would continue to test the market for PSPI's assets which may lead to a return of capital to shareholders at some point in the future.

USI will look to derive value from the development rights owned by Praiseworth and Bright in India.

4.3 The Development of Infrastructure Assets

USI initially will acquire 4.57% of SIL under the Reverse Acquisition. SIL's principal activities involve the production of steel to meet India's growing demand, the development of thermal and wind power generation plants, the mining and sale of thermal coal and the development of related infrastructure facilities.

4.3.1 Steel Production

SIL was incorporated in 1991 and has been listed in India since 1994 when the company commenced manufacturing operations by setting up a steel rolling mill and a re-rolling mill at Gummidipoondi, Tamilnadu. During 2008-2010, SIL also established an integrated steel making complex at Raichur, India comprising a sponge iron plant, steel melting shop, rolling mill and a captive power plant. In 2011, SIL further enhanced its rolling mill at Raichur, increasing capacity by 50%. With sales of more than $240 million p.a., SIL has become an integrated producer of alloy steel, high-tensile grade billets, and specialty steel products that cater to the needs of the expanding automotive and construction sectors. SIL is also currently in the process of setting up a beneficiation and pelletization plant at its Raichur site.

Steel production and consumption in India has largely tracked the country's economic growth which the IMF estimated at 9.4% in 2010 and 8.5% in 2011. Although affected to some degree by global economic conditions, India's economy is expected to maintain its upward trajectory and to achieve high single digit GDP growth.

India's steel usage at 48 kg *per capita* is low compared with a global average of 200 kg *per capita*. Increasing demand and current low levels of steel usage in India support the potential for sustained growth of domestic supply.

In terms of production, India remains a relatively small factor in the international market with a production capacity of 60 million tons, compared to China's 600 million tons. India has been a net importer of steel since 2008 and, notwithstanding capacity additions, it is likely to remain a net importer for the foreseeable future.

The Government of India has created a favourable policy framework to encourage growth in steel manufacturing capacity, and has specifically targeted the northern Karnataka iron ore belt (which encompasses Raichur) as a major steel production centre. Recent policy initiatives to ensure supply include a ban on the export of iron ore from this region, acceptance of applications for captive iron ore mines, prioritization of coal linkages to integrated steel facilities, establishment of industrial parks (including one in Raichur), facilitation of land acquisition and expedited regulatory clearances.

4.3.2 Power Generation and Mining

SIL owns 100% of Surana Power Limited ("**SPL**"), which presently operates a 35MW thermal power plant as a captive supplier to SIL's Raichur steel production facility. SPL is in advanced stages of the construction of a new 420MW facility in Raichur, adjacent to SIL's steel plant.

Through its wholly-owned subsidiary, Surana Mines and Mineral Limited, SIL owns a controlling interest in the Sasangga Coal Mine on Kalimantan Island, Indonesia with inferred resources of 65 million tons of thermal coal.

5 Appraisal Firms and Valuation Methods

5.1 Indian real estate

Royal has commissioned JLL for the purpose of estimating the fair value of the real estate development rights owned by Praiseworth and Bright.

JLL performed a valuation of the proposed development of the real estate over which the development rights extend, using a discounted cashflow (DCF) method, assuming that the sites would be developed and apartments subsequently sold over a number of years (in case of Madhavaram: over four years starting from 2014; in case of Sholinghur: over ten years starting from 2019), as further shown in its report attached as Appendix 2-A.

JLL's valuation relates to the envisaged development, in either case, including certain additional parcels of land (in case of Madhavaram: 0.9 acres in addition to the 9.2 acres over which Praiseworth's development rights currently extend; in case of Sholingur: 17 acres in addition to the 97 acres over which Bright's development rights currently extend), which the Company expects it will be able to acquire at moderate cost.

Neither the Company nor any member of the USI Group has any other relationship with JLL.

5.2 Royal

Royal has commissioned R. Subramanian & Co. of New No. 6 (36), Krishnaswamy Avenue, Mylapore, Luz, Chennai, India ("**Subramanian**") for the purpose of estimating the fair value of its operating business.

Subramanian performed a valuation of Royal's business, using a discounted cashflow (DCF) method, based on information and financial projections provided to them by Royal's management and certain assumptions, as further shown in its report attached as Appendix 2-B.

Neither the Company nor any member of the USI Group has any other relationship with Subramanian.

6 Location and Real Estate Ownership

The real estate investments of the USI Group, including assets to be acquired pursuant to the Reverse Acquisition, are described in detail elsewhere in this Listing Prospecuts (see Sections B-1 – *General Information on the USI Group – Current Business*, B-2 – *General Information on the USI Group – Goldlink Business to be Acquired under the Reverse Acquisition*, E-2 - *Business Activities of the Company and the USI Group – Current Assets of the USI Group* and E-3 - *Business Activities of the Company and the USI Group – Assets of the USI Group Following the Reverse Acquisition*).

Royal leases and (together with its subsidiaries Maxiwin, Beaufort and Fortune) operates out of office space in Singapore. Otherwise, the companies of the USI Group do not own or lease any real estate that would be of material importance for their business activities.

7 Patents and Licences

Neither the Company nor any member of the USI Group (before and after the Reverse Acquisition) is dependent for their existence on any patents or licences, industrial, commercial or financial contracts or new manufacturing processes, save those described in this Listing Prospectus.

8 Research and Development

Neither the Company nor any member of the USI Group (before and after the Reverse Acquisition) has initiated or concluded any research and development projects over the past three financial years.

9 Legal Proceedings and Convictions

The Company has been notified of a judicial proceeding initiated by two individuals at its seat in Zurich, Switzerland, challenging on procedural grounds all resolutions of the AGM 2013, and demanding that they be declared void or rescinded by the court. The Company and its legal counsel believe that the claims made are without merit, and the Company will vigorously defend the shareholders' decisions. In the case - which is considered unlikely - that the competent court would hold any of the complaints made by the claimants to be pertinent, the Board intends to propose to the Shareholders such further corporate action as would make such complaints obsolete.

Subject as described above, neither the Company nor any member of the USI Group (before and after the Reverse Acquisition) is currently engaged in any legal proceeding (including court, arbitration or administrative proceedings) which have or may have a significant effect on the financial position of the Company or the USI Group, and so far as the Board of Directors is aware, there are no such proceedings pending or threatened against the Company or any member of the USI Group.

No member of the Board of Directors or officer of RP&C or SJIM has, during the last five years, been convicted of any finance or business-related crime, and no legal proceedings by statutory or regulatory authorities (including designated professional associations) against any such person are ongoing or have been concluded with a sanction.

10 Interruption of Business Activities

Neither the Company nor any member of the USI Group (before and after the Reverse Acquisition) has had any interruptions in business activities that took place during the previous or current financial year.

11 Employees

Neither the Company nor any member of the USI Group (before the Reverse Acquisition) currently have any employees, and they have not had any during the last three financial years.

The companies being acquired by USI pursuant to the Reverse Acquisition had 2 employees in total as at the end of 2012 (2011: 3; 2010: 0).

12 Recent Investments

For (a) the acquisition of Royal and Tokyo by Goldlink, (b) the acquisition of Maxiwin, Beaufort and Fortune by Royal, and (c) the acquisition of Praiseworth and Bright Natural by Royal, see the description in the Notes to the unaudited pro forma combined financial information of USI in Appendix 3-G (*Pro-forma Adjustments, no.s 2 and 3*).

Otherwise, neither the Company nor any member of the USI Group (before and after the Reverse Acquisition) has made any significant new investment during the last three financial years, nor have such other significant investments been decided upon by its management and related legal commitments been entered into.

13 Material Changes since the Most Recent Annual Financial Statements

On 8 February 2013, the USI Group borrowed $1.2 million from Venus Global Macro Fund Limited for working capital purposes. The loan was repayable on 31 December 2014 and bore interest at a rate of 7% *per annum*. The loan was subsequently exchanged for A Notes (see Section G-3.1.2 – *Description of the Shares, Share Capital and Constitution – Mandatory Convertible Notes*).

On 5 April 2013, the USI Group exited a credit facility in the amount of CHF 30 million (€25 million) and also receivables in the amount of CHF 30 million (€25 million) which were held on short term deposit as collateral for the credit facility.

On 17 May 2013, the Company announced that it had entered into the Standstill relating to the Leipzig Facilities, as described above (see Section B-1 - *General Information on the USI Group – Current Business*).

On 30 May 2013, the Company announced that it would be issuing the A, B, and C Notes, as described elsewhere in this Listing Prospectus (see Section G-3.1.2 – *Description of the Shares, Share Capital and Constitution - Mandatory Convertible Notes*).

Except as described above or elsewhere in this Listing Prospectus, no material changes have occurred since 31 December 2012 in the Company's assets and liabilities, financial position and profits and losses.

F Capitalization and Use of Proceeds

1 Capitalization

The following table shows USI Group Holdings AG's consolidated capitalisation as at 31 December 2012 on an actual basis and as adjusted to reflect the following events and transactions:

(i) the re-capitalization of the Company (i.e. the decrease in share capital in connection with the reduction of the par value of the Shares and the capital increase in connection with the conversion of the A, B and C Notes into equity), as described in Section G-1.1.2 – *Description of the Shares, Share Capital and Constitution – The Share Capital Structure of the Company – Issued Capital - Impending Changes*;

(ii) the acquisition of Maxiwin, Beaufort and Fortune by Royal and the acquisition of Royal by Goldlink as described in Section B-2 – *General Information on the USI Group – Goldlink Business to be Acquired under the Reverse Acquisition* and E-3.1 – *Business Activities of the Company and the USI Group – Assets of the USI Group Following the Reverse Acquisition - Royal*;

(iii) the acquisition of a 90% share in Praiseworth and Bright by Royal and the acquisition of Tokyo by Goldlink as described in Sections B-2 – *General Information on the USI Group – Goldlink Business to be Acquired under the Reverse Acquisition* and E-3.1 – *Business Activities of the Company and the USI Group – Assets of the USI Group Following the Reverse Acquisition - Royal*; and

(iv) the Reverse Acquisition, as described in Sections C – *The Reverse Acquisition Transaction* and G-1.1.2 – *Description of the Shares, Share Capital and Constitution – The Share Capital Structure of the Company – Issued Capital - Impending Changes*.

This table should be read in conjunction with the audited consolidated financial statements of the Company and the unaudited pro forma combined financial information of the Company and notes thereto, all included in Appendix 3 to this Listing Prospectus.

	As at 31 December 2012	As at the Effective Date,[1] adjusted for capital decrease and conversion of the A, B and C Notes	As at the Effective Date,[1] further adjusted for the Reverse Acquisition[2]
	CHF '000	**CHF '000**	**CHF '000**
Short term debt			
Unsecured	0	0	0
Secured	154,328	149,819	161,792
Long term debt			
Unsecured	16,448	16,448	16,341
Secured	15,030	0	0
Total Debt	185,806	166,267	178,133
Shareholders' funds			
Share Capital	67,837	38,736	151,152
Reserves & Surplus	(32,037)	35,699	(77,304)
Total Shareholder funds	35,800	74,435	73,848
Total Capitalisation	221,606	240,702	251,981

1 Numbers do not reflect the results of operations since 31 December 2012, which the Company has not published by the date of this Prospectus.

2 Including steps (ii), (iii) and (iv) described above.

2 Use of Proceeds

The Conversion Shares and the Reverse Acquisition Shares are not paid for in cash. Instead the Reverse Acquisition Shares are fully paid in by the contribution of 40,000 Goldlink Shares to the Company's assets (*Liberierung durch Sacheinlage*). The Conversion Shares are issued by the Company in return for conversion of the A Notes, B Notes and C Notes (*Liberierung durch Verrechnung*), which notes were issued on surrender of obligations owed to the noteholders by companies of the USI Group of CHF 23,255,131 and (in case of part of the A Notes) against cash in the amount of CHF 10 million, which will be used to settle accrued interest on the second mortgage notes secured by the Leipzig Properties (approximately CHF 2.1 million) and to form a provision for senior debt amortisation at 31 December 2013 (approximately CHF 3.7 million), with the balance used for general working capital purposes.

G Description of the Shares, Share Capital and Constitution

1 The Share Capital Structure of the Company

Save as described above, there has been no material change in the capitalisation of the Company since 31 December 2012. Following the conversion of the A Notes, B Notes and C Notes and the issue of the Reverse Acquisition Shares, the Company's issued share capital will amount to CHF 151,151,640.00 divided into 15,115,164 Shares with a nominal value of CHF 10.00, fully paid in.

1.1 Issued Capital

1.1.1 Current Issued Capital

The Company's current share capital amounts to CHF 67,837,767.30, divided into 985,298 Shares with a nominal value of CHF 68.85, fully paid in.

1.1.2 Impending Changes

At the AGM 2013, the shareholders of the Company (the "**Shareholders**") resolved that the following changes to the Company's share capital shall be made, to be consummated simultaneously within a period of three months of the AGM 2013 (namely, at the Effective Date):

- The share capital of CHF 67,837,767.30 shall be reduced by CHF 57,984,787.30 to a new total of CHF 9,852,980.00 by decreasing the nominal value of each of the 985'298 Shares by CHF 58.85, from CHF 68.85 to CHF 10.00. The amount of the reduction of the share capital will be credited to the loss carried forward. The nominal amount of each share of the Company's authorized and conditional capital will also be reduced to CHF 10.00 (see below Section G-1.2 – *Description of the Shares, Share Capital and Constitution – The Share Capital Structure of the Company - Authorized and Conditional Capital*).

- The share capital shall be increased by CHF 112,414,630.00 by issuing 11,241,463 fully paid up new Shares with a nominal value of CHF 10.00 each (the Reverse Acquisition Shares) to the shareholder of Goldlink against the contribution to the Company of all 40,000 Goldlink Shares, based on an issue price of CHF 20.00 per new Share of the Company, and on a valuation of the contribution-in-kind of CHF 224,829,260.00 in aggregate.

- The share capital shall further be increased by up to CHF 28,884,030.00 by issuing up to 2,888,403 fully paid up new Shares with a nominal value of CHF 10.00 each (the Conversion Shares) to the holders of A Notes, B Notes and C Notes, respectively, by way of set-off against each holder's claims under the Notes, at issue prices per Share of the Company of CHF 13.5 (A Notes), CHF 18.00 (B Notes) and CHF 20.0 (C Notes), respectively. In its resolution of 12 September 2013, the Board of Directors has determined that the precise amount of the capital increase by way of set-off will be CHF 28,884,030.00.

Please see Section E-9 – *Business Activities of the Company and the USI Group – Legal Proceedings and Convictions* for information on a judicial action brought by two individuals to challenge the AGM 2013's resolutions.

1.2 Authorized and Conditional Capital

1.2.1 Authorized Capital

Pursuant to an authorization in Article 3c of the Articles, the Board of Directors may increase the share capital in the amount of up to CHF 33,918,883.65 until 26 June 2014 through the issuance of up to 492,649 fully paid in additional Shares with a nominal value of CHF 68.85 each. An increase in partial amounts is permitted. The date of issuance, the issue price, the payments with regard to the issue price, the dividend entitlement as well as the allocation of unexercised subscription rights shall be determined by the Board of Directors. The Board of Directors may restrict or withdraw subscription rights in connection with mergers, acquisitions of interests, financing and/or re-financing of mergers or acquisitions of interests, or other investment projects, national or international placements of shares, conversion of loans or other equity securities into shares and for the broadening of the shareholder basis. The new Shares are subject to the transfer restrictions specified in Article 4 of the Articles.

At the AGM 2013, the Shareholders of the Company resolved that as of the Effective Date, the nominal value of each share of the authorized capital pursuant to Article 3c of the Articles is reduced to CHF 10.00.

1.2.2 Conditional Capital

According to Article 3a of the Articles, the share capital may be increased by a maximum amount of CHF 3,155,326.65 through the issuance of up to 45,829 fully paid Shares with a nominal value of CHF 68.85 each through the exercise of option rights granted to the management and advisors of the Company or its subsidiaries. The subscription rights of the shareholders shall be excluded. The conditions of the option rights, the issue price, the dividend entitlement as well as the type of contribution shall be determined by the Board of Directors. The acquisition of Shares through the exercise of option rights as well as every subsequent transfer of shares shall be subject to the restrictions set forth in Article 4 of the Articles. None of this conditional capital has been reserved for existing option rights.

Furthermore, pursuant to Article 3b of the Articles, the share capital may be increased by a maximum amount of CHF 30,763,557.00 through the issuance of up to 446,820 fully paid Shares with a nominal value of CHF 68.85 each through the exercise of conversion rights, warrant rights or option rights which have been or will be granted to bondholders or other creditors of the Company or its subsidiaries. The subscription rights of the shareholders shall be excluded. The conditions of the option rights and of the conversion rights, the issue price, the dividend entitlement as well as the type of contribution shall be determined by the Board of Directors. The Board of Directors may restrict or withdraw the right for advance subscription (*Vorwegzeichnungsrecht*) of the shareholders in connection with (i) the financing (refinancing inclusively) of acquisitions of enterprises or parts thereof, participations or other investment projects of the Company and/or its subsidiaries or (ii) the issuance of bonds with option or conversion rights on national or international capital markets. If the right of advance subscription (*Vorwegzeichnungsrecht*) is excluded, (i) the bonds or bonds with warrants (*Anleihen oder Optionsanleihen*) have to be offered at market conditions, with (ii) the period of time for exercising the conversion and the options rights being not more than 10 years from the issue date, and (iii) the exercise price of the new Shares corresponding to the market conditions at the time of issue. The acquisition of Shares through the exercise of conversion and/or option rights as well as every subsequent transfer of these shares shall be subject to the restrictions set forth in Article 4 of the Articles. Part of this conditional capital has been reserved for issues of shares pursuant to the securities referred to below in Section G-3.1.1 – *Description of the Shares, Share Capital and Constitution – Convertible Bonds and Warrants/Options - CHF 25,000,000 of 4% Convertible Bonds Due 2015*.

At the AGM 2013, the Shareholders of the Company resolved that as of the Effective Date, the nominal value of each share of the conditional capital pursuant to Article 3a and Article 3b of the Articles is reduced to CHF 10.00.

1.4 Changes in Capital in the Past Three Years

In the past three years (2010-2012), there were no changes to the Company's issued share capital.

1.5 Shares and Participation Certificates

As at 31 December 2012, the Company had 985,298 Shares with a nominal value of CHF 68.85 fully paid in. The Shares rank equally among each other in all respects (including in respect of entitlements to dividends and liquidation proceeds). Each Share confers one vote in the Shareholders' Meeting.

The Company has not issued any participation certificates.

1.6 Profit Sharing Certificates

The Company has not issued any profit sharing certificates.

2 Price Movements of the Shares during the Last Three Years

The Shares have been listed on the SIX Swiss Exchange since 2005. The following table shows the price movements (high, low and end-of-year prices) of the Shares during the last three years:

Development of Share Price in CHF	2013 (Jan-Jun)	2012	2011	2010
High	15.40	35.00	119.10	122.00
Low	12.00	14.05	25.05	110.80
End	13.00	14.30	25.05	115.30

3 Outstanding Convertible Securities, Warrants, Bonds, Borrowings and Contingent Liabilities

3.1 Convertible Bonds and Warrants/Options

The Company has not issued any convertible bonds, warrants or options, other than mentioned in the following sections.

3.1.1 CHF 25,000,000 of 4% Convertible Bonds Due 2015

In September 2010, USIGH issued CHF 25,000,000 of convertible bonds due 2015 (the **"2010-2015 Bonds"**), which are convertible into Shares. The 2010-2015 Bonds have a principal amount of CHF 100 each, a cash coupon of 4%, a yield to maturity of 6.25% and a conversion price of CHF 120. As at 31 December 2012, 2010-2015 Bonds in the aggregate principal amount of CHF 15,884,200 were outstanding.

Subject to adjustment under their terms, 132,046 Shares with a nominal value of CHF 68.85 (CHF 10.00 after the capital reduction described in Section G-1.1.2 – *Description of the Shares, Share Capital and Constitution – The Share Capital Structure of the Company – Issued Capital - Impending Changes* above) each of the Company would have to be issued under the terms of the 2010-2015 Bonds if all bondholders fully exercised their conversion rights. As at the date of this Listing Prospectus, no Shares have been issued under the 2010-2015 Bonds.

3.1.2 Mandatory Convertible Notes

As at the date of this Listing Prospectus, the following series of mandatorily convertible notes are outstanding, which were issued earlier in 2013 and will be converted into New Shares as of the Effective Date (see Section F-1 – *Capitalization and Use of Proceeds – Capitalization* and G-1.1.2 – *Description of the Shares, Share Capital and Constitution – The Share Capital Structure of the Company – Issued Capital - Impending Changes*):

3.1.3.1 A Notes

CHF 18,534,542 in principal amount of zero coupon mandatorily convertible Series A notes of USIGH, a subsidiary of USI, which mandatorily convert at a conversion price of CHF 13.50 into 1,372,929 Shares subject to listing of the Shares on the SIX Swiss

Exchange. The notes are unlisted, in registered form, are guaranteed by USI and are repayable on 30 September 2015 if not previously converted.

The A Notes were issued (a) for CHF 10 million in new cash, (b) in exchange for working capital loans of approximately CHF 1.67 million and subordinated debt of EUR 1 million plus accrued interest, and (c) in exchange for a USD 4 million loan, plus accrued interest, which was used to repay convertible debt of USI in 2011.

3.1.3.2 B Notes

CHF 14,030,010 in prinicpal amount of zero coupon mandatorily convertible Series B notes of USIGH, a subsidiary of USI, which mandatorily convert at a conversion price of CHF 18.00 into 779,444 Shares subject to listing of the shares on the SIX Swiss Exchange and USI completing the Reverse Acquisition. The notes are unlisted, in registered form, are guaranteed by USI and are exchangeable back into the original obligations for which they were issued, if not converted by 31 December 2013. On conversion, holders of B Notes will receive a cash payment equal to the interest they should have received through the date of conversion on the debt obligations which they exchanged for B Notes.

The B Notes were issued pursuant to an exchange offer for EUR 11.5 million of subordinated loan notes secured on the Leipzig Properties, for which interest had been accruing at the rate of 9% p.a. since October 2011.

3.1.3.3 C Notes

CHF 14,720,600 in principal amount of zero coupon mandatorily convertible Series C notes of USIGH, a subsidiary of USI, which mandatorily convert at a conversion price of CHF 20.00 into 736,030 Shares subject to shareholder approvals, listing of the shares on the SIX Swiss Exchange and USI completing the Reverse Acquisition. The notes are unlisted, in registered form, are guaranteed by USI and are exchangeable back into the original obligations for which they were issued, if not converted by 31 December 2013.

The C Notes were issued to RP&C, to certain of its affiliates and to Directors in settlement of unpaid fees and loans made by and through those parties since 2010.

3.2 Bonds

As of the date of this Listing Prospectus and save as disclosed herein, the USI Group has no bonds outstanding.

3.3 Borrowings and Contingent Liabilities

The following table is a summary overview of the borrowings of the USI Group outstanding as of the date of this Listing Prospectus.

Borrower	Lender	Principal Amount (million)	Interest Rate (*per annum*)	Amortisation	Maturity
USI Germany Limited / USI Leipzig Limited and the Partnership [1]	A lending syndicate	€98	One month euribor plus 6% p.a.	Full cash sweep	31 Dec 2014
A Notes	Various	CHF 18.5	N/A	None	30 September 2015
B Notes	Various	CHF 14.0	(9%)	None	31 Dec 2013
C Notes	Various	CHF 14.7	N/A	None	N/A
2010-2015 Bonds	Various	CHF 15.9	4% with a yield to maturity of 6.25%	None	Oct 2015

[1] A standstill agreement has been executed in respect of this loan which is referred to in Section B-1 – *General Information on the USI Group – Current Business*. The loan is secured over the Leipzig Properties.

As of the date of this Listing Prospectus, the USI Group does not have any significant contingent liabilities.

4 Own Shares

As of the date of this Listing Prospectus, the Company holds 15,669 of its own shares in treasury.

5 The Shares and Voting Rights

Each Share carries one vote at Shareholders' Meetings. A transfer of the Shares is subject to restrictions: Voting rights may be exercised only after the respective Shareholder has been recorded in the Company's Share register (*Aktienbuch*) as a Shareholder with voting rights (see below Section G-7 – *Description of the Shares, Share Capital and Constitution – Transfer of Shares*).

6 Form of the Shares

In accordance with the Articles, the Shares are in the form of book-entry securities (*Wertrechte*, within the meaning of the CO) and intermediary-held securities (*Bucheffekten*, within the meaning of the Swiss Intermediary-Held Securities Act). Shares are held in the custody system operated by SIS. The Shareholders are not entitled to demand the printing and delivery of Shares, but may at any time request a confirmation of their shareholdings from the Company.

7 Transfer of Shares

Shares may be transferred by entry in a securities account in accordance with the Swiss Intermediary-Held Securities Act. They are held in the custody system operated by SIS.

All Shares are subject to the following transfer restrictions:

A transferee of Shares must apply, by filing a share registration form, to be registered in the Company's share register, either as a Shareholder with voting rights or as a Shareholder without voting rights. Prior to such registration, a transferee may not exercise any rights in his capacity of Shareholder. If the Company does not decline the acquirer's duly filed respective request within 20 days, the acquirer is deemed recognized as a Shareholder with voting rights.

Under Swiss statutory law and pursuant to the Articles, the Board of Directors may refuse to enter a transferee of Shares in the Company's share register with voting rights (and instead enter him only as a Shareholder without voting rights): (i) if such transferee does not provide a declaration that he has acquired the Shares in his own name and for his own account, or (ii) if and to the extent the voting rights of such transferee's Shares (together with Shares already registered, if any) would exceed the limit of 2% of all Shares registered in the Commercial Register. Legal entities and associations that are linked together by capital, voting power, management or in other manner, as well as all persons, entities and partnerships that are acting in concert with a view to circumvent the percentage limit, are deemed one person.

Pursuant to the Articles, the Board of Directors may register nominees as Shareholders with the right to vote (although they are not able to make the declaration described in lit. (i) of the preceding paragraph) based on separate regulations or individual agreements.

The Company's share register is currently administered by SIX SAG AG, CH-4601 Olten, Switzerland.

8 Clauses in the Articles Differing from Statutory Provisions

Other than as described above, the Articles do not contain any clauses differing from statutory legal provisions in respect of changes to the Company's capital and the rights attached to the Shares.

9 Paying Agent

The paying agent for dividends and other similar payments to be made by the Company is expected to be Zürcher Kantonalbank, Zurich.

10 Shareholders' Meetings

Under Swiss law, an annual ordinary Shareholders' Meeting shall be held within six months after the end of a company's financial year.

Shareholders' Meetings are convened by the Board of Directors or, if necessary, by the statutory auditors or liquidators. The Board of Directors is further required to convene an extraordinary Shareholders' Meeting if so resolved by a Shareholders' Meeting or if requested by Shareholders holding in the aggregate at least 10% of the nominal share capital of the Company. Shareholders holding Shares with a nominal value of at least CHF 1'000'000 have the right to request that a specific proposal be put on the agenda and voted upon at the next Shareholders' Meeting (which request must be made no later than 60 days prior to the meeting in question, in written form listing the items and such Shareholders' motions).

The Articles do not require a quorum (minimum presence) for Shareholders' Meetings. Resolutions of shareholders generally require the approval of the absolute majority (*absolute Mehrheit*) of the votes represented at the meeting. A resolution passed at a Shareholders' Meeting by a super-majority (*qualifiziertes Mehr*) of at least two-thirds of the votes represented and by an absolute majority of the nominal share capital represented at such meeting is required by law for:

i) changes to the Company's registered purpose;

ii) the creation of shares with privileged voting rights;

iii) restrictions on the transferability of registered shares;

iv) the creation or increase of authorized or conditional share capital;

v) an increase in the Company's share capital out of reserves (*Kapitalerhöhung aus Eigenkapital*), against contribution in kind (*Sacheinlage*), for the acquisition of assets (*Sachübernahme*) or involving the grant of special privileges;

vi) the restriction or withdrawal of subscription rights of Shareholders;

vii) a relocation of the Company's legal seat; or

viii) the dissolution of the Company.

The introduction or abolition of any provision in the Articles introducing a majority greater than that required by law must be approved by such greater majority.

The Company must give notice of a Shareholders' Meeting at least 20 days prior to such meeting (see Section G-16 – *Description of the Shares, Share Capital and Constitution – Notices and Information Policy*).

11 Dividends and Dividend Policy

Swiss law requires that at least 5% of the Company's annual net profit is retained as general reserves as long as these reserves amount to less than 20% of the nominal paid in share capital of the Company.

Dividends may only be paid after a resolution is passed at a Shareholders' Meeting. The Board of Directors may propose that a dividend be paid out, but cannot itself set the dividend. The statutory auditors must confirm that the dividend proposal of the Board of Directors conforms to statutory law and the Articles. In practice, a Shareholders' Meeting usually approves dividend proposals made by the Board of Directors.

Dividends are usually paid no earlier than the third trading day after a Shareholders' resolution approving the relevant dividend. The statute of limitations for claims to dividend payments is five years. Dividends for which payment has not been requested within five years after the due date accrue to the Company and are allocated to the general reserves. For information on the deduction of withholding taxes, see section J-4 - *Taxation – Taxation of the Company*.

The Company did not pay any dividends in respect of the past three financial years.

It is expected that following the Reverse Acquisition the Board of Directors will recommend annual distributions of about 80% of the Company's net cash income, where possible and practicable, by paying out dividends or making capital reduction distributions.

12 Subscription Rights

Under Swiss law, any share issue, whether for cash or non-cash consideration, is subject to the prior general or specific approval or authorisation by a Shareholders' Meeting. Shareholders of the Company have subscription rights to subscribe for new issues of shares, bonds with stock options or convertible bonds in proportion to the nominal value of Shares held. A resolution adopted at a Shareholders' Meeting by a super-majority, however, may limit or exclude subscription rights in certain circumstances.

At the AGM 2013, the Shareholders resolved to exclude subscription rights in respect of the New Shares, to enable the Reverse Acquisition to occur and allow for the conversion of the A Notes, B Notes and C Notes into Shares.

13 Conflicts of Interest

Swiss statutory law does not have a specific provision regarding conflicts of interest. However, the CO requires members of a board of directors to safeguard the interests of the company and, in this respect, imposes a duty of care and of loyalty on members of the board of directors and officers. This rule is generally understood as disqualifying members of the board of directors and senior officers from participating in decisions that directly affect them. The breach of these rules results in the personal liability of the members of the board of directors and officers of the company. In addition, Swiss law contains a provision under which payments made to a shareholder or a member of the board of directors or any persons associated with them, other than at arm's length, must be repaid to the company if the recipient of such payments was acting in bad faith.

14 Borrowing Powers

Neither Swiss law nor the Articles restrict in any way the Company's power to borrow and to raise funds. A decision to borrow funds may be made by the Board of Directors and no Shareholders' resolution is required.

15 Repurchase of Shares

Swiss law limits the number of treasury shares, which the Company may hold or repurchase. The Company and its subsidiaries may only repurchase treasury shares if (i) the Company has sufficient freely distributable reserves to pay the purchase price and (ii) if the aggregate nominal value of such Shares does not exceed 10% of the Company's nominal share capital. Selective Share repurchases are only permitted under certain circumstances; in particular, repurchases of Shares are subject to certain restrictions promulgated by the Swiss Takeover Board, the regulatory body for takeover bids in Switzerland.

Shares held by the Company or its subsidiaries do not carry any rights to vote at a Shareholders' Meeting, but are entitled to the economic benefits applicable to the Shares generally.

16 Notices and Information Policy

Notices to Shareholders are validly made by publication in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*). The Board of Directors may designate further methods of publication.

Notices required under the Listing Rules will be published in conformity with such Listing Rules.

The Company's financial reporting consists of semi-annual and annual reports. Financial statements are prepared in accordance with IFRS and with Swiss law, respectively.

The news releases of the Company (including releases issued pursuant to ad-hoc publicity rules) are available at the address www.usigroupholdings.ch/?task=usi01, where stakeholders may also subscribe to the Company's e-mail alert service to receive its news releases.

Additional information and all publications of the Company (including its annual and interim financial reports) are available under www.usigroupholdings.ch.

The investor relations contact of the Company is Dr. D. Srinivas (phone: +44 (0) 20 7766 7020; e-mail: info@usigroupholdings.ch).

17 Mandatory Bid Rules

Pursuant to Article 32 of the Swiss Act on Stock Exchanges and Securities Trading ("**SESTA**"), whoever acquires shares of a listed Swiss company, whether directly, indirectly or acting in concert with third parties, which, when added to the shares already held, exceed the threshold of $33^1/_3$% of the voting rights (whether exercisable or not) of such company will be required to submit a takeover bid to all remaining shareholders except if the shares were acquired by gift, inheritance or partition of an estate, matrimonial property law or execution proceedings or if an exemption has been granted.

The mandatory bid requirement may, however, be waived by a provision in the articles of association (opting out). The Articles contain such an opting out clause.

No public tender or exchange offers have been made by third parties for the equity securities of the Company during the prior or current financial year. Furthermore, the Company has made no public exchange offers for equity securities of another company.

18 Notification and Disclosure of Substantial Shareholdings

Under the SESTA, any person who, directly or indirectly or in concert with third parties, acquires or disposes of shares and thereby reaches, exceeds or falls below the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, $33^1/_3$%, 50% or $66^2/_3$% of the voting rights (whether or not exercisable) of the Company must notify the Company and the SIX Swiss Exchange of such acquisition or disposal in writing within four trading days. Following receipt of such notification, the Company must inform the public within two trading days.

An additional disclosure obligation exists under Swiss company law pursuant to which the Company must disclose the identity and size of shareholdings of all of its Shareholders and Shareholder groups acting in concert who hold more than 5% of its voting rights. The disclosure must be made once a year in the notes to the financial statements as published in the Company's annual report.

19 Major Shareholders of the Company

19.1 Current Major Shareholders

As at the date of this Listing Prospectus, the Company is aware of the following major holders of Shares and voting rights (whether or not exercisable) (beneficial owners): [1]

Name of Holder	No of Shares	Percentage ownership of total equity capital and voting rights
Estate of Dr Victor Lanfranconi and Mrs Beatrix Lanfranconi Spaeti	541,565	54.96%
Esquire Gruppe Limited [2 9] c/o Ardel Trust Company (Guernsey) Limited, PO Box 175, Frances House,	56,948	5.78%

Name of Holder	No of Shares	Percentage ownership of total equity capital and voting rights
Sir William Place, St Peter Port, Guernsey GY1 4HQ		
Equinox USI Limited [3 9] c/o Herndon Plant Oakley Limited, One Shoreline Plaza, 800 North Shoreline, Suite 2200, South Tower, Corpus Christi, Texas 78401, USA	47,103	4.78%
William W. Vanderfelt [4 9] Chemin de Cli, 1936 Verbier, Switzerland	44,365	4.50%
Henry S. Belden IV [5 9] Marathon, Florida, USA	40,595	4.12%
RP&C International Inc. [6 9] 20th Floor, 630 Fifth Avenue, New York, New York 10111, USA	36,739	3.73%
USI – USA I Limited [7 9] 4571 Stephen Circle NW, Suite 200, Canton, Ohio 44718, USA	34,037	3.45%
USI Group Holdings AG (Treasury Shares) [8]	15,669	1.59%
Other existing shareholders	168,277	17.08%
Total	985,298	100%

[1] For full details of the disclosures made pursuant to art. 20 SESTA, please refer to the electronic publication platform at the following address: http://www.six-exchange-regulation.com/obligations/disclosure/ major_shareholders_en.html.

[2] Formerly named Esquire Consolidated Ltd. The Shares are held through J. P. Morgan Securities Limited and J. P. Morgan (Suisse) S.A as nominees.

[3] The Shares are held through Ewok Capital Management Limited (Nerine Chambers, Road Town, Tortola, BVI) as nominee. Candies Family Investment LLC owns 41% of Equinox USI Limited.

[4] The Shares are held by Petercam Luxembourg SA (Rue Pierre d'Aspelt 1a, L-1142 Luxembourg) as nominee for William W. Vanderfelt. See also below (G-19.2 – *Description of the Shares, Share Capital and Constitution - Major Shareholders of the Company – Current Major Holders of Rights to Acquire Shares under Notes*).

5 The Shares are held for USI-USA II Limited (4571 Stephen Circle NW, Suite 200, Canton, Ohio 44718, USA) by Ewok Capital Management Limited (Nerine Chambers, Road Town, Tortola, BVI) as nominee. Henry S Belden IV owns 59.1% of the shares of USI-USA II Limited. In addition, he holds a 90% interest in Southgate Investment, which holds 28.1% of the shares of USI-USA II Limited. See also below (G-19.2 – *Description of the Shares, Share Capital and Constitution - Major Shareholders of the Company – Current Major Holders of Rights to Acquire Shares under Notes*).

6 The Shares are held on behalf of RP&C International (Guernsey) Limited (St Peter's House, Rue des Brehauts, St Pierre du Bois, Guernsey GY7 9RT), a direct 100% subsidiary of RP&C International Inc., by Ewok Capital Management Limited (Nerine Chambers, Road Town, Tortola, BVI) as nominee. See also below (G-19.2 – *Description of the Shares, Share Capital and Constitution - Major Shareholders of the Company – Current Major Holders of Rights to Acquire Shares under Notes*).

7 The Shares are held through Ewok Capital Management Limited (Nerine Chambers, Road Town, Tortola, BVI) as nominee. Henry S Belden IV, Marathon, Florida, USA, is a trustee of HSB Charitable Trust and BVB Charitable Trust, which in aggregate hold 72.1% of the shares of USI-USA I Limited.

8 USI has also reported total sales positions equivalent to 2,888,403 Shares or 293.2% of total equity capital and voting rights, based on the issuance by USIGH Ltd. of CHF 18,534,542 principal amount of A Notes (equivalent to 1,372,929 underlying Shares (139.3%)), CHF 14,030,010 principal amount of B Notes (equivalent to 779,444 underlying Shares (79.1%)), and CHF 14,720,600 principal amount of C Notes (equivalent to 736,030 underlying Shares (74.7%)). The terms of the A, B and C Notes are further described above (G-3.1.2 - *Description of the Shares, Share Capital and Constitution – Mandatory Convertible Notes*). After the consummation of the Reverse Acquisition and conversion of the A, B and C Notes, USI's total sales positions will be below 3% of the Company's total equity capital and voting rights.

9 Each of these holders will hold less than 3% of the Company's total equity capital and voting rights after the consummation of the Reverse Acquisition and conversion of the A, B and C Notes. The contact person for purposes of shareholding disclosure, for each of these holders, is Richard Borg, RP&C International Limited, 31A St James's Square, London SW1Y 4JR, United Kingdom (Email: rborg@rpcint.co.uk; Fax: +44 20 7766 7002; Tel.: +44 20 7766 7000).

19.2 Current Major Holders of Rights to Acquire Shares under Notes

In addition, the following holders of A, B and C Notes have, upon the issuance of such Notes, made disclosures pursuant to art. 20 SESTA of their rights to acquire Shares upon conversion of the Notes (with percentage figures calculated based on the existing share capital, and on applicable conversion prices of CHF 13.50 for A Notes and B Notes, and CHF 20.00 for C Notes).[1] Other than as disclosed in the table further below (showing the situation after the Reverse Acquisition and conversion of the A Notes, B Notes and C Notes), none of these holders will hold more than 3% of Shares and voting rights after the capital increase for the creation of the New Shares has become effective.

Name of Holder	No of underlying Shares	Corresponding percentage of capital and voting rights
Arundel Group Services Limited [2] Nerine Chambers, Road Town, Tortola, BVI	1,052,127	106.78%
Sigmatrade Limited [6] c/o Coutts & Co. Limited, Stauffacherstrasse 1, PO Box, 8022 Zurich	451,852	45.86%
Jan Hendrik Haverhals [6] Graffham Court, Graffham, Petworth, West Sussex GU28 0PA, United Kingdom	262,074	26.60%
Ewok Capital Management Limited [6] Nerine Chambers, Road Town, Tortola, BVI	258,360	26.22%
Todd Lensman [3 6] Canton, Ohio, USA	222,222	22.55%
Markus Eberle [6] Meilibachweg 22, 8810 Horgen, Switzerland	125,000	12.69%
K and J Holdings Limited [6] PO Box 309, Grand Cayman, Cayman Islands	90,370	9.17%
Venus Global Macro Fund Limited [6] 99 Summer Street, Suite M100, Boston MA 02110, United States of America	83,684	8.49%
William W. Vanderfelt [4 6] Chemin de Cli, 1936 Verbier, Switzerland	80,074	8.13%
Stefan Holzer [6] Alpenstrasse 33, 8800 Thalwil, Switzerland	75,000	7.61%
RP&C International Inc. [5 6]	74,547	7.57%

Name of Holder	No of underlying Shares	Corresponding percentage of capital and voting rights
20th Floor, 630 Fifth Avenue, New York, New York 10111, USA		
Sangola Stiftung [6] Meierhofstrasse 2, PO Box 135, FL-9490 Vaduz, Liechtenstein	74,074	7.52%
Esther Heer [6] Flat 7C, Branksome Grande, No 3 Treguner Path, Mid-Levels Hong Kong	54,222	5.50%
Hendrik Anthonie Boeschoten [6] 89D House, Nam Shan, DD220 Lot 1025, Sai Kung, New Territories Hong Kong	45,185	4.59%
Peter Markus Krismer [6] House B, Villas Caquecoy, Ah Kung Wan Road, Clearwater Bay, Kowloon Hong Kong	45,185	4.59%
Yung Man Ling Judy [6] Flat A, 2/F Block 8, Beverly Villas, 16 La Salle Road, Kowloon Hong Kong	45,185	4.59%
Stichting Quatro Sorelli [6] PO Box 488, 2501 CL S'Gravenhage, The Netherlands	45,185	4.59%
Volkert Klaucke [6] 82 Fernkloof Drive, 7200 Hermanus, South Africa	37,250	3.78%

1 For full details of the disclosures, please refer to the electronic publication platform at the following address: http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html.

At the time when disclosures in respect of B Notes were made, the percentage figures were calculated based on a conversion price of CHF 13.50, being the lowest conversion price at which the B Notes could pursuant to their terms have converted in certain circumstances. The conversion price at which the B Notes actually convert as of the Effective Date is CHF 18.00.

2 Notes equivalent to 656,298 underlying Shares are held by Arundel directly, whereas Notes equivalent to 395,829 underlying Shares are held by Green Street Global

Investments Limited (Nerine Chambers, Road Town, Tortola, BVI), a direct 100% subsidiary of Arundel.

3 The Notes are held by FO Advisors LLC (4571 Stephen Circle NW, Suite 200, Canton, Ohio, USA), a wholly-owned subsidiary company of FO-FM LLC (4571 Stephen Circle NW, Suite 200, Canton, Ohio, USA), which in turn is owned to 65% by Todd Lensman, and to 35% by Henry S. Belden IV (Marathon, Florida, USA). See also the table above (G-19.1 – *Description of the Shares, Share Capital and Constitution - Major Shareholders of the Company – Current Major Shareholders*) for Shares currently held by Henry S. Belden IV.

4 In addition to the Shares currently held through Petercam Luxembourg SA as nominee for William W. Vanderfelt, as shown in the table above (G-19.1 – *Description of the Shares, Share Capital and Constitution - Major Shareholders of the Company – Current Major Shareholders*), Petercam Luxembourg SA also holds CHF 1,000,000 A Notes which mandatorily convert at a conversion price of CHF 13.50 into 74,074 Shares, and William W. Vanderfelt directly holds CHF 120,000 C Notes whcih mandatorily convert at a conversion price of CHF 20.00 into 6,000 Shares.

5 In addition to the Shares currently held, as shown in the table above (G-19.1 – *Description of the Shares, Share Capital and Constitution - Major Shareholders of the Company – Current Major Shareholders*). The Notes are held by RP&C International (Guernsey) Limited (St Peter's House, Rue des Brehauts, St Pierre du Bois, Guernsey GY7 9RT), a direct 100% subsidiary of RP&C International Inc..

6 Each of these holders will hold less than 3% of the Company's total equity capital and voting rights after the consummation of the Reverse Acquisition and conversion of the A, B and C Notes. The contact person for purposes of shareholding disclosure, for each of these holders, is Richard Borg, RP&C International Limited, 31A St James's Square, London SW1Y 4JR, United Kingdom (Email: rborg@rpcint.co.uk; Fax: +44 20 7766 7002; Tel.: +44 20 7766 7000).

19.3 Major Shareholders after Effective Date

After the Reverse Acquisition and conversion of the A Notes, B Notes and C Notes, the Shares and voting rights (whether or not exercisable) in the Company will be held as follows (table showing all holders of 3% or more of Shares and voting rights, and selected other holders):

Name of Holder	No of Shares	Percentage ownership of total equity capital and voting rights
Ashishkumar Chhajed [1] 33 Oxford Road, 06-08 Kentish Court, Singapore	11,016,634	72.88%
Arundel Group Services Limited [2] Nerine Chambers, Pelican Drive, Road Town, Tortola, BVI	1,276,955	8.45%
Estate of Dr Victor Lanfranconi and Mrs	541,565	3.58%

Beatrix Lanfranconi Spaeti		
William W. Vanderfelt [3] Chemin de Cli, 1936 Verbier, Switzer-land	124,439	0.82%
RP&C International Inc. [4] 20th Floor, 630 Fifth Avenue, New York, New York 10111, USA	111,286	0.73%
Dr. Volkert Klaucke	37,250	0.24%
USI Group Holdings AG (Treasury Shares)	15,669	0.10%
Other shareholders	1,991,366	13.17%
Total	15,115,164	100%

1 10,566,976 Shares will be held by Infinite Group Holdings Ltd (Vanterpool Plaza, 2nd Floor, Wickhams Cay, Road Town, Tortola, BVI), and 449,658 Shares will be held by Riverlink Pte Limited (1, North Brigde Road, #13-03/04 High Street Centre, Singapore). Infinite and Riverlink are both directly owned to 80% by Ashishkumar Chhajed, a non-resident Indian domiciled in Singapore. The remaining 20% in either company are owned by Ravi Singh, a U.S. citizen domiciled in Franklin Lakes, New Jersey, United States. The contact person for purposes of shareholding disclosure is Richard Borg, RP&C International Limited, 31A St James's Square, London SW1Y 4JR, United Kingdom (Email: rborg@rpcint.co.uk; Fax: +44 20 7766 7002; Tel.: +44 20 7766 7000).

2 881,126 Shares will be held by Arundel directly, whereas 395,829 Shares will be held by Green Street Global Investments Limited (Nerine Chambers, Road Town, Tortola, BVI), a 100% subsidiary of Arundel. The contact person for purposes of shareholding disclosure is Richard Borg, RP&C International Limited, 31A St James's Square, London SW1Y 4JR, United Kingdom (Email: rborg@rpcint.co.uk; Fax: +44 20 7766 7002; Tel.: +44 20 7766 7000).

3 6,000 Shares will be held by William W. Vanderfelt directly, and 118,439 Shares will be held by Petercam Luxembourg SA (Rue Pierre d'Aspelt 1a, L-1142 Luxembourg) as nominee for William W. Vanderfelt.

4 The Shares will be held on behalf of RP&C International (Guernsey) Limited (St Peter's House, Rue des Brehauts, St Pierre du Bois, Guernsey GY7 9RT), a direct 100% subsidiary of RP&C International Inc., by Ewok Capital Management Limited (Nerine Chambers, Road Town, Tortola, BVI) as nominee.

There are no cross-shareholdings by/in the Company that would exceed 5% of the holdings of capital or voting rights on both sides.

H The Listing

Issuer	USI Group Holdings AG, Zurich.
Shares to be listed	The listing relates to all of the Conversion Shares and Reverse Acquisition Shares as described herein.
Conversion Shares	The 2,888,403 Shares to be issued on mandatory conversion of the A Notes, B Notes and C Notes.
Reverse Acquisition Shares	The 11,241,463 Shares to be issued pursuant to the Reverse Acquisition.
Reverse Acquisition	The Company's share capital will be increased by issuing 11,241,463 Shares to Infinite which will in exchange contribute all 40,000 Goldlink Shares (i.e. 0.0036 Goldlink Shares for each Reverse Acquisition Share) to the Company. The subscription rights of the Company's Shareholders have been excluded.
Form of Shares	The Shares are in the form of book-entry securities (*Wertrechte*, within the meaning of the CO) and intermediary-held securities (*Bucheffekten*, within the meaning of the Swiss Intermediary-Held Securities Act). Shares are held in the custody system operated by SIS. The Shareholders are not entitled to demand the printing and delivery of Shares, but may at any time request a confirmation of their shareholdings from the Company
Listing and trading	Application has been made and was granted to list the New Shares on the SIX Swiss Exchange as from 18 September 2013. Trading will commence on 18 September 2013. Simultaneously, the regulatory standard pursuant to which the Shares are listed will change from the Standard for Real Estate Companies to the Main Standard.
Recognized Representatives	The Company has appointed Bär & Karrer AG as its recognized representative for the listing in accordance with art. 43 of the Listing Rules.
Clearing	The Shares are held in the custody system operated by SIS.

Dividend and other distribution rights	The Reverse Acquisition Shares and Conversion Shares are entitled to dividends and other distribution rights, if any, from the Effective Date. For details regarding the levy of withholding taxes on dividends see Section J-4 – *Taxation – Taxation of the Company*.
Voting rights	Each of the Shares carries one vote at Shareholders' Meetings. Shareholders may exercise their voting rights once they register their ownership in the Company's Share register. See Section G-7 – *Description of the Shares, Share Capital and Constitution – Transfer of Shares* for the requirements to be registered in the Share register.
Selling restrictions	For a description of selling restrictions which apply to the Shares and certain further restrictions on offers, sales and transfers of the Shares and the distribution of this Listing Prospectus, see Section K – *Selling Restrictions*.
Use of proceeds	See Section F-2 – *Capitalization and Use of Proceeds - Use of Proceeds*.
Security Numbers, Codes and Ticker Symbols	Swiss Security No 227.101 ISIN CH0002271010 Ticker Symbol USIN
Expenses	The Company will pay all costs and expenses incurred in the listing, the Reverse Acquisition and in its operation, including without limitation, the expenses of legal, auditing and consulting services (including tax consultancy fees), registration fees and other expenses due to supervisory authorities in various jurisdictions, interest, brokerage costs, and all professional and other fees and expenses incurred in connection therewith.
Documents	Copies of the following documents may be obtained free of charge from Bär & Karrer AG, Brandschenkestrasse 90, CH-8002 Zurich, Switzerland (+41 (0) 58 261 5000), and from RP&C at 31a St James's Square, London SW1Y 4JR, United Kingdom (+44 (0) 20 7766 7000): i) the Articles; ii) the Management Agreement; iii) the Gold Supply Agreement.

I Risk Factors

An investment in the Shares involves certain risks. Investment in the Shares should be regarded as long term in nature. As such, investment in the Shares is only suitable for investors who understand the inherent risks. Potential investors should also be aware that they might not recover the amount originally invested. The Board of Directors advises potential investors to consult with their financial advisers as to whether the Shares represent a suitable investment opportunity. In addition, prospective investors should carefully consider the factors set forth in this Listing Prospectus prior to making an investment decision. Among other issues, investors should consider the following:

1 Pending and Potential Litigation

For a description of litigation pending in connection with the resolutions of the AGM 2013, see Section E-9 – *Business Activities of the Company and the USI Group – Legal Proceedings and Convictions* above.

Investors should be aware that the companies of the USI Group and its boards of directors and/or their delegates could be the subject of litigation in the future, the nature of which is unknown. Depending upon the nature of any such claims, the litigation could subject the USI Group and its boards of directors and/or their delegates to losses or expenses in connection with such litigation, the amounts of which are unknown.

2 Currency Risks

The USI Group derives and will derive income and has borrowed/will borrow funds in U.S. dollars, Euros, British pounds, Swiss francs and Indian rupees. Wherever possible, it has attempted and will attempt to match its liabilities in a particular currency with income in that currency. To the extent it is not able to do so, the USI Group may be adversely affected by movements in exchange rates in the future. A significant proportion of the assets of the USI Group, and businesses conducted by the USI Group in the future, are likely to be made and undertaken principally in Indian rupees. The Indian rupee can be very volatile and depreciate against the Swiss franc, U.S. dollar and other global currencies. The USI Group may decide to hedge against a decline in the Indian rupee to reduce the risk, however this hedge may be costly and may not cover all the risk or any.

3 Illiquid and Long-Term Assets

The USI Group has invested and may further invest in long-term assets, many of which are and may be private and illiquid. Shareholders should expect that USI will not receive a return of capital on its assets for several years even if the assets prove successful.

In particular, the liquidity and marketability of the USI Group's real estate investments will depend on the market at the time of sale. There is no guarantee that any real estate asset or development right may be sold easily or at a price equal to or in excess of its carrying value.

4 Misrepresentation

Of paramount concern when making any investment in an asset is the possibility of material misrepresentation or omission on the part of the sellers of the asset. Such inaccuracy or incompleteness may adversely affect the valuation of the asset. The USI Group will be relying upon the accuracy and completeness of representations made by the seller of Goldlink to the extent reasonable when it purchases Goldlink, but cannot guarantee such accuracy or completeness. It should be noted that Infinite has limited capital and, as a result, even if any claim against Infinite is successful, Infinite may not have sufficient assets to pay such claim. The liability of Infinite under the Reverse Acquisition documentation is limited to 20 per cent of the consideration it receives in Reverse Acquisition Shares, reducing to 10 per cent after one year, 5 per cent after two years and no liability after three years. Recourse against Infinite is also limited to the Reverse Acquisition Shares, subject to the limits referred to above.

5 Control Positions

The exercise of control over an investment, such as Goldlink and its subsidiaries, imposes additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business entities may be ignored.

6 Legal and Regulatory Risks

Changes in tax or securities laws, exchange control and other regulations, or accounting standards, may make trading activities engaged in by the USI Group more difficult and less profitable.

The way in which real estate investments of the USI Group are held (e.g., legal title to land, partnership interests, or development rights and rights resulting from the exercise of purchase options, in either case based on contract) may expose them to legal and regulatory risks.

7 Market Volatility and Execution Risk

Changing global market and economic conditions may affect the quantity and quality of, and therefore limit, the investment opportunities available to, and businesses conducted by, the USI Group. In recent years, financial markets around the globe, in both developed and emerging markets, have experienced profound volatility as a result of a combination of factors, including but not limited to severe liquidity problems among global financial services institutions and a deceleration of economic activity in the United States and other major consumer nations. This volatility could have a material adverse effect on the USI Group's ability to successfully execute its strategy.

8 Diversification

While the Board of Directors intends that the USI Group's businesses be diversified, there may be times during which the USI Group's businesses become concentrated.

9 Foreign Investments

The USI Group intends to hold assets in several global markets.

Foreign investments will also occasion risks relating to political developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of USI Group assets and any effects of foreign social, economic or political instability. Foreign companies may not be subject to the same regulatory requirements as Swiss companies and, as such, there may be less publicly available information about such companies. The USI Group intends to invest in Asian corporations, assets and currencies, and significantly in Indian corporations, assets and currency.

10 Leverage

The USI Group and vehicles through which it conducts its business have powers to borrow, subject to compliance with all applicable rules. If an investment is successful, leverage enhances the returns realised. If an investment is unsuccessful, leverage diminishes returns and can result in a complete loss of an investment together with additional liabilities. To the extent a loss-making investment has not been ring-fenced from other investments, losses arising from leverage on that investment and other investment losses may need to be met out of other investments which may have no connection to the investment in respect of which the loss arose.

11 Dependence on Key Persons

The USI Group's success will be dependent to a significant degree upon the continued efforts of certain key persons. If such persons were to die or become disabled, or otherwise cease to be affiliated with the USI Group, such event might have a material adverse effect on the business of the USI Group.

12 Limited Operating History

Goldlink and its subsidiaries have limited operating histories and have only recently operated on a consolidated basis. Further, past performance of such entities may not be construed as an indication of the future results of such entities. There can be no assurance that the Board of Directors' assessments of the short-term or long-term prospects of the investments to be made will prove accurate, or that the USI Group investments will achieve their objectives.

13 Conflicts of Interest

The boards of directors of the USI Group may have conflicts of interest. For example, members of such boards may be affiliated or have a relationship with advisers or managers to the USI Group or to other investment vehicles. In addition, such investment vehicles may engage in transactions in which the USI Group could participate. Nothing contained in this document or otherwise shall be construed to prevent such persons from conducting investment banking, investment advisory, fund raising, or other business with any of such investment vehicles.

14 Taxation

In the event that the anticipated taxation treatment of the USI Group is altered due to changes in tax laws and regulations or their future interpretation, the profitability and cash flow of the USI Group may be diminished, resulting in an adverse impact on the USI Group's ability to meet its obligations and/or to pay distributions. In addition, the USI Group and the Company may be prevented from paying distributions to its shareholders in a tax efficient manner. Recipients of this document are advised to get their own taxation advice in respect of any investment in the USI Group.

15 Valuations

The acquisition cost of Goldlink is derived from (a) valuations obtained of businesses which have not operated on a consolidated basis and which are based on financial projections and not historic trading figures and (b) valuations of development rights over Indian real estate which have only recently been acquired and require further consents to be obtained before development may commence. There is no assurance that these valuations will be maintained in the future as a result of changing market conditions. There is no assurance that consents will be obtained, or that the financial projections of the businesses to be acquired, and on which the valuations are based, will be met.

The valuations are also based on a number of assumptions. The USI Group has entered into a gold supply agreement under which SCL has agreed for a period of 5 years that Royal and Surana Overseas will be preferred suppliers for import of the gold it purchases into India and SCL shall purchase doré bars and a majority of gold bullion exclusively from USI or Royal (see Section E-4.1 – *Business Activities of the Company and the USI Group – Business of the USI Group Following the Reverse Acquisition - The Importation of Gold and Export of Jewellery*). Should SCL fail to comply with its obligations under this agreement, it is unlikely that the assumptions underlying the valuations will be met. This will have an adverse impact on the value of the business of Royal. In addition, the valuations of the development rights over the Indian real estate make a number of assumptions both technical and on a macro basis which reflect the state of the Indian residential property market at present. In the event that certain approvals and licences are not obtainable, and/or in the event that the USI Group is unable to find finance to develop the real estate, it will have an adverse impact on the valuation of such development rights. It should be noted that the India real estate is not owned by the USI Group until title transfers in such real estate pursuant to recent exercises of purchase options have been completed. After completion of development, the USI Group will eventually own 97% of the land over which the development rights existed.

16 Future Acquisitions

It is likely that the USI Group will make future acquisitions for which it may use Shares as consideration. To the extent that pre-emption rights of Shareholders are excluded in such circumstances, the existing Shareholders will be diluted. It is possible that the Shares issued as consideration in such circumstances may be offered at a price below the price at which Shareholders initially purchased their Shares, which will have an additional adverse impact.

17 Licences and Authorisations

A number of businesses operated by the USI Group are and will be dependent on the receipt of government approvals, authorisations and licences. Currently, the USI Group has all the approvals and licences to conduct its businesses (see, however, Section I-15 - *Risk Factors – Valuations* above in respect of further consents required for the development of Indian real estate). In the event that these approvals and licences are not forthcoming in the future or are withdrawn, this may have a material adverse effect on the ability of the USI Group to continue the businesses and on the valuations and saleability of such businesses.

18 Forward Looking Statements

Certain statements in this document constitute forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the USI Group or Goldlink to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the USI Group and Goldlink, present and future business strategies and the environment in which such companies will operate in the future.

Important factors that could cause the actual results, performance or achievements to differ materially from those in the forward looking statements include, but are not limited to, the general, political, social and economic conditions and the regulatory environment in India and other countries which may impact on the companies' businesses, activities and investments, the monetary and interest rate policies in the relevant jurisdictions, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, property prices or other rates or prices, tax, changes in Indian or foreign laws and regulations, including tax and accounting regulations, changes in competition and the pricing environment and regional or general variations in asset valuations. The risk factors discussed above could also cause actual results, performance or achievements to differ materially.

If any of these risks and uncertainties materialise or if any of the USI Group's underlying assumptions prove to be incorrect, the actual financial condition or results of operations could differ materially from those described herein as anticipated, believed, estimated or expected. These forward looking statements speak only as of the date of this document.

The USI Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained herein to reflect any changes in the USI Group's or its acquired companies' expectations with regard hereto, or any change in events, conditions or circumstances on which any such statements are issued.

19 Operating Expenses

Substantial increases in borrowing costs and operating expenses could adversely impact the financial results of the USI Group. There can be no assurance that the USI Group's borrowing and operating costs will not increase substantially in the future.

20 Refinancing Risks

The USI Group will be required to repay principal on its borrowings at maturity and in some cases on an amortizing basis. In the event that the USI Group does not have sufficient funds to make such repayments, it will be required to refinance the borrowings or to raise additional funds. There is no guarantee that refinancing can be obtained on satisfactory terms or that additional funds will be available. The USI Group has been unable to refinance its €98 million loan in respect of the Leipzig Properties which is in default. The USI Group has entered into a Standstill Agreement (described in Section B-1 – *General Information on the USI Group – Current Business*) in respect of this loan. Should the conditions of the Standstill Agreement be breached or the USI Group does not find a refinancing source by 31 December 2014, the lenders may foreclose on the Leipzig Properties which are given as collateral for the loan.

21 Liquidity/Fluctuations in Share Prices

The SIX Swiss Exchange will admit the Shares for listing as from 18 September 2013. The share price may fluctuate and could fall below the level at which investors acquired their Shares. Subject to obtaining necessary approvals, the Company may repurchase Shares in the market if they are trading at an attractive valuation. However, such repurchases could reduce the liquidity of the Shares available in the market.

22 Damage to Properties

The USI Group has obtained insurance in respect of certain risks relating to its properties. Nevertheless, events could occur which are not covered by insurance (for example, terrorist acts) or damage could occur to its properties which exceeds its insurance cover. As a result, the USI Group may be required to make capital expenditures, which could adversely impact its ability to meet its obligations.

23 Breach of Loan Covenants

The USI Group has entered into various loan facilities, which contain covenants, *inter alia*, relating to the operation of its properties and the continued appointment of SJIM. In the event of a breach of these covenants, the lenders may accelerate repayment of the loans secured thereon and may restrict the actions which the USI Group may take in respect of its properties. There can be no assurance that the USI Group will have sufficient funds to repay its loans in the event of such acceleration or that it would be able to refinance such loans on satisfactory terms.

24 Contamination

The USI Group takes precautionary measures with regard to possible contamination or other adverse environmental issues relating to properties it owns and acquires or over which it has rights. Nonetheless, the potential risk of liability for contamination cannot be determined with certainty, due to the impossibility to assess all of such risks in detail and due to the impact of possible future environmental legislation. The costs to clean-up contamination or to implement precautionary measures to avoid contamination could have an adverse effect on the financial condition of the USI Group.

25 Guarantees and Contingent Liabilities

The Company and subsidiaries of the USI Group may grant guarantees and create contingent liabilities. Should any of such guarantees and contingent liabilities be triggered, funds available within the USI Group may be reduced thereby causing an adverse effect on the financial condition of the USI Group.

26 Significant Shareholders

Following completion of the Reverse Acquisition, Infinite and Riverlink will own approximately 72.88% of the Company's Shares. As a result, free-float shareholders will not be able to exert significant influence over the election of the Board of Directors and other matters that are decided by shareholders. Infinite will be able to determine the outcome of most issues to be determined in a Shareholder's Meeting. Certain provisions are in place, however, aimed at ensuring that the Board of Directors operates independently of the Company’s majority shareholder (see Section D-1 – *Corporate Information on the Company - Board of Directors*).

Sales of a substantial number of Shares in the public market after the Reverse Acquisition could adversely affect the prevailing market price for Shares as a result of this limited liquidity.

27 Concentration of Risk

Royal and its affiliated companies have historically traded with limited suppliers and one major customer in Hong Kong. As a result, a loss of either one or more suppliers or of such major customer could materially affect the trading business in the years ahead until alternative suppliers and customers are identified.

J Taxation

The details set out below are intended as a general guide to the taxation treatment of the USI Group, the Company and its Shareholders under the relevant laws and practices in effect at the date hereof. These laws and/or their interpretation are subject to change in the future. Investors in the Shares should seek their own advice regarding the tax treatment of distributions received.

1 Taxation of USIGH and the BVI Subsidiaries

USIGH and the BVI Subsidiaries are exempt from any form of taxation in the BVI.

2 Taxation of the Singapore Subsidiaries

The companies incorporated in Singapore are subjected to a tax of 17% of their business income. Income arising from capital gains is exempt from taxes in Singpaore.

3 Taxation of the Indian Subsidiaries

The Indian Subsidiaries are incorporated as private companies with limited liability. The income from normal business operations is taxed at 33% and capital gains accruing to the companies are taxed at 20%. Any dividends paid to shareholders are subject to tax deduction at source at the rate of 16.5%.

4 Taxation of the Company

i) *Business taxation* – The Company is classified as a holding company in Switzerland and is therefore not subject to cantonal and communal profit taxes. Cantonal and communal taxes on capital are levied on the basis of 0.035%. Federal tax is payable at the rate of 7.8% of the pre-tax profit (or 8.5% after tax). There is no holding privilege for federal tax. Dividend income from qualified participations (i.e. participations of at least 20% or with a fair market value of at least CHF 2'000'000) as well as capital gains on the sale of participations of at least 20% which have been held for more than one year and bought after 31 December 1996 benefit from a "participation reduction" (*Beteiligungsabzug*) and are exempted from most federal profit tax. There is no federal tax on capital.

In connection with a recent tax audit, the holding company status of the Company for the financial year 2009 and following years is currently under discussion with the authorities. In case that the holding privilege is no longer recognized to the Company as from 2009, additional capital tax expenditure of approximately CHF 0.5 million would result.

ii) *Withholding tax* – Dividends distributed by the Company are subject to Swiss withholding tax at the rate of 35%. Shareholders may be able to reclaim/offset Swiss withholding tax deducted, depending on their individual circumstances or applicable double tax agreements.

iii) *VAT* – The Company is not subject to Swiss VAT since its core business, generating dividends from participations, is not subject to Swiss VAT. Other income generated as well as purchasing services from enterprises with their business outside Swiss territory could trigger Swiss VAT liabilities.

iv) *Capital gains* – Gains on the sale of movable property held by the Company are basically subject to ordinary federal profit tax (at the business taxation rates outlined above). Since the Company does not hold any immovable properties there should be no real estate profit tax issues. There are no cantonal and communal profit taxes on capital gains due to the holding privilege (see above lit. i); during the years 2009-2012 for which the Company's holding privilege is under discussion, the Company did not realize any relevant taxable profits).

v) *Transfer stamp tax (Umsatzabgabe)* – The Company holds more than CHF 10'000'000 (book value) in specific securities and, as a result, will be treated as a Swiss securities dealer. Transactions in securities for valuable consideration effected by securities dealers are liable to Swiss transfer stamp tax at rates between 0.15% (securities issued by companies domiciled in Switzerland) and 0.3% (securities issued by companies in all other countries).

vi) *Stamp duty (Emissionsabgabe)* - The increase of the Company's share capital for the creation of the Conversion Shares is subject to stamp duty of 1%, unless an exemption is available. The base of taxation would be approximately CHF 47.2 million. The issue of the Reverse Acquisition Shares is not subject to withholding tax, transfer stamp tax or federal and cantonal / communal profit taxes.

5 Taxation of Shareholders of the Company

Future profit distributions - Dividends paid by the Company will be subject to Swiss withholding tax of 35% although Shareholders may be able to reclaim/offset withholding tax deducted, depending on their individual circumstances or applicable double tax agreements.

If a majority of the Company's Shares are held by one single purchaser or by several interacting minority purchasers, who can claim a higher refund of the Swiss withholding tax (depending on its/their individual circumstances or applicable double tax agreements) compared with the original owner, there is a risk that the Swiss tax authorities may refuse refunds of withheld Swiss withholding tax in the future ("old reserves theory").

K Selling Restrictions

1 General

The offer of the Shares to persons resident in jurisdictions other than Switzerland may be affected by the laws of such other jurisdictions. No action has been or will be taken in any jurisdiction that would permit a public offering of the Shares or the possession, circulation or distribution of the Listing Prospectus or any other material relating to the Company or the Shares hereby in any jurisdiction where action for that purpose is required. Accordingly, the Shares may not be sold, directly or indirectly, and neither this Listing Prospectus nor any other material or advertisement in connection with the Shares may be distributed or published, in any form or in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws, rules and regulations of any such country or jurisdiction. Persons resident in countries other than Switzerland should consult their professional advisors as to whether they require any governmental or other consent or need to observe any formalities to enable them to purchase Shares.

2 United States

US Person

In this Listing Prospectus, "**US Person**" has the meaning assigned to it in Regulation S under the Securities Act, and includes: (a) any natural person resident in the United States; (b) any partnership or corporation organized or incorporated under the laws of the United States; (c) any estate of which any executor or administrator is a US Person; (d) any trust of which any trustee is a US Person; (e) any agency or branch of a non-US entity located in the United States; (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or, if an individual, resident in the United States; or (h) any partnership or corporation if (i) organized or incorporated under the laws of any non-US jurisdiction and (ii) formed by a US Person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts. Notwithstanding the foregoing, "US Person" does not include: (a) a discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated, or, if an individual, resident in the United States; (b) any estate of which any professional fiduciary acting as executor or administrator is a US Person if (i) an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate and (ii) the estate is governed by non-US law; (c) any trust of which any professional fiduciary acting as trustee is a US Person if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person; (d) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; or (e) any agency or branch of a US Person located outside the United States if (i) the agency or branch operates for valid business reasons and (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.

US Securities Laws Restrictions

The Shares have not been, nor will they be, registered under the Securities Act, or registered under or qualified under the securities laws of any state or other political subdivision of the United States. Except as specified herein, the Shares may not be offered, sold, transferred, or delivered, directly or indirectly, in the United States or to, or for the benefit of, any US Person. Notwithstanding the foregoing, the Shares may be offered and sold by the Company to US Persons that are "accredited investors" within the meaning of Rule 501(a) under the Securities Act in reliance upon the exemption from the registration requirements of the Securities Act provided in Section 4(2) of the Securities Act, provided that the offers and sales are exempt from registration or qualification under applicable state securities laws.

The Company has not been, and will not be, registered under the Investment Company Act of 1940 ("**1940 Act**"). Based on interpretations of the 1940 Act by the staff of the United States Securities and Exchange Commission, the Company would be required to register under the 1940 Act if more than 100 beneficial owners of Shares calculated in accordance with Section 3(c)(1) of the 1940 Act were US Persons. The Company will not knowingly permit the number of beneficial owners of Shares that are US Persons to be more than 99, as so calculated.

The Company has no obligation to register the Shares under the Securities Act or any state securities laws or to assist any investor in effecting any such registration. As a result, US Persons who invest in Shares may have to bear the economic risk of an investment in the Shares for an indefinite period of time. Any certificate or any other document evidencing Shares issued to US Persons will bear a legend stating that the Shares have not been registered or qualified under the Securities Act and any applicable state securities laws and that the Company is not registered under the 1940 Act and referring to the foregoing restrictions on transfer and sale.

The Shares may not be purchased using assets of employee benefit plans subject to Title 1 of the U.S. Employee Retirement Income Security Act of 1974 (ERISA), or retirement plans covering only self-employed individuals and individual retirement accounts or otherwise defined as a "plan" in Section 4975(a) of the U.S. Code.

3 United Kingdom

For the purposes of United Kingdom legislation, this Listing Prospectus may not be distributed to any persons in contravention of Section 21 of the Financial Services and

Markets Act 2000. Accordingly, this Listing Prospectus and the investment activity to which it relates may only be communicated in the United Kingdom to (a) investment professionals, such persons having professional experience in matters relating to investments and of participating in unregulated schemes and who fall within Article 19 of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2001, as amended (the "**Order**"), (b) certified high net worth individuals falling within Article 48 of the Order, (c) high net worth companies or high net worth unincorporated associations falling within Article 49 of the Order and (d) sophisticated investors, such persons falling within Article 50 of the Order.

For the purposes of the Order, a person qualifies as:

- a certified high net worth individual if he holds a current certificate of high net worth signed by an accountant or the individual's employer and the individual has signed, within the preceding 12 months from the date of this document, a statement confirming that he is exempt from the restriction on financial promotion in Section 21 of the Financial Services and Markets Act 2000 and that he either has annual income of not less than GBP 100'000 or net assets to the value of not less than GBP 250'000;

- a sophisticated investor if such person has a current certificate signed by an authorised person to the effect that he is sufficiently knowledgeable to understand the risks associated with the description of the investment activity;

- a high net worth company if it is a body corporate which has called up share capital or net assets of, in the case of a body corporate which has more than 20 members or which is a subsidiary undertaking of a parent undertaking which has more than 20 members, not less than GBP 500'000 or, in the case of any other body corporate, not less than GBP 5'000'000;

- a high net worth unincorporated association or partnership if it has assets of not less than GBP 5'000'000;

- a high value trust if the aggregate value of the cash and investments which form part of the trust's assets is GBP 10'000'000 or more or has been GBP 10'000'000 or more at any time during the year immediately preceding the date of this document.

Persons who are not investment professionals, certified high net worth persons, sophisticated investors, a high net worth company or high net worth unincorporated association as referred to above should not rely on the information contained in this Listing Prospectus.

For the purposes of United Kingdom legislation, the content of this Listing Prospectus has not been approved by an authorised person. Section 21 of the Financial Services and Markets Act 2000 requires such approval unless an exemption applies such as those referred to above. Reliance on this Listing Prospectus for the purpose of engaging in any investment activity may expose the individual to a significant risk of losing all the money invested. Any person who is in any doubt about the investment to which this document relates should consult an authorised person specializing in advising on investments of the kind in question.

L Definitions

1940 Act	The United States' Investment Company Act of 1940
2010-2015 Bonds	The CHF 25,000,000 convertible bonds due 2015 issued by USIGH in September 2010
AGM 2013	The ordinary Shareholders' Meeting of the Company held on 20 June 2013
AIM	The Alternative Investment Market of the London Stock Exchange
A Notes	The CHF 18,534,542 Series A Mandatorily Convertible Notes issued by USIGH
Articles	The Company's articles of association (*Statuten*)
Arundel	Arundel Group Services Limited
Audit Committee	The audit committee of the Board of Directors
B Notes	The CHF 14,030,010 Series B Mandatorily Convertible Notes issued by USIGH
Beaufort	Beaufort Overseas Trading Pte Limited
Board of Directors or Board	The Company's board of directors (*Verwaltungsrat*)
Bright	Bright Natural Infra Private Limited
BVI	British Virgin Islands
BVI Subsidiaries	USIGH, USIEC Limited, USI Leipzig Limited, USI Germany Limited and USIGH III Investments Holdings Limited, all of which are incorporated in the BVI
CNAV	Consolidated net asset value
C Notes	The CHF 14,720,600 Series C Mandatorily Convertible Notes issued by USIGH
Chairman	The chairman of the Board of Directors
CO	The Swiss Code of Obligations

Company or USI	USI Group Holdings AG
Conversion Shares	The 2,888,403 Shares to be issued to the holders of the A Notes, B Notes and C Notes on conversion thereof
Director	A member of the Board of Directors
ECG	European Care Group
Effective Date	The date on which the Conversion Shares and Reverse Acquisition Shares are created by way of registration in the Commercial Register of the Canton of Zurich
Facilities	The senior debt facilities provided by a syndicate led by the Royal Bank of Scotland plc – Niederlassung Frankfurt which were concluded on 4 January 2008
Fortune	Fortune Top Investments Pte Limited
Goldlink	Goldlink United Limited (Road Town, Tortola, BVI), a company incorporated in the BVI
Goldlink Shares	Shares of Goldlink with a nominal value of USD 1 each
Green Street	Green Street Global Investments Limited
IASB	The International Accounting Standards Board
IFRS	International Financial Reporting Standards, as issued by the IASB
Infinite	Infinite Group Holdings Limited (Road Town, Tortola, BVI), a company incorporated in the BVI
Indian Subsidiaries	Praiseworth and Bright, both of which are incorporated in India
INR	Indian rupees, the lawful currency of India
JLL	Jones Lang LaSalle Property Consultants (India) Private Limited
Leipzig Properties	The four buildings in Leipzig, Germany owned by the Partnership and leased to the Free State of Saxony
Listing	This document

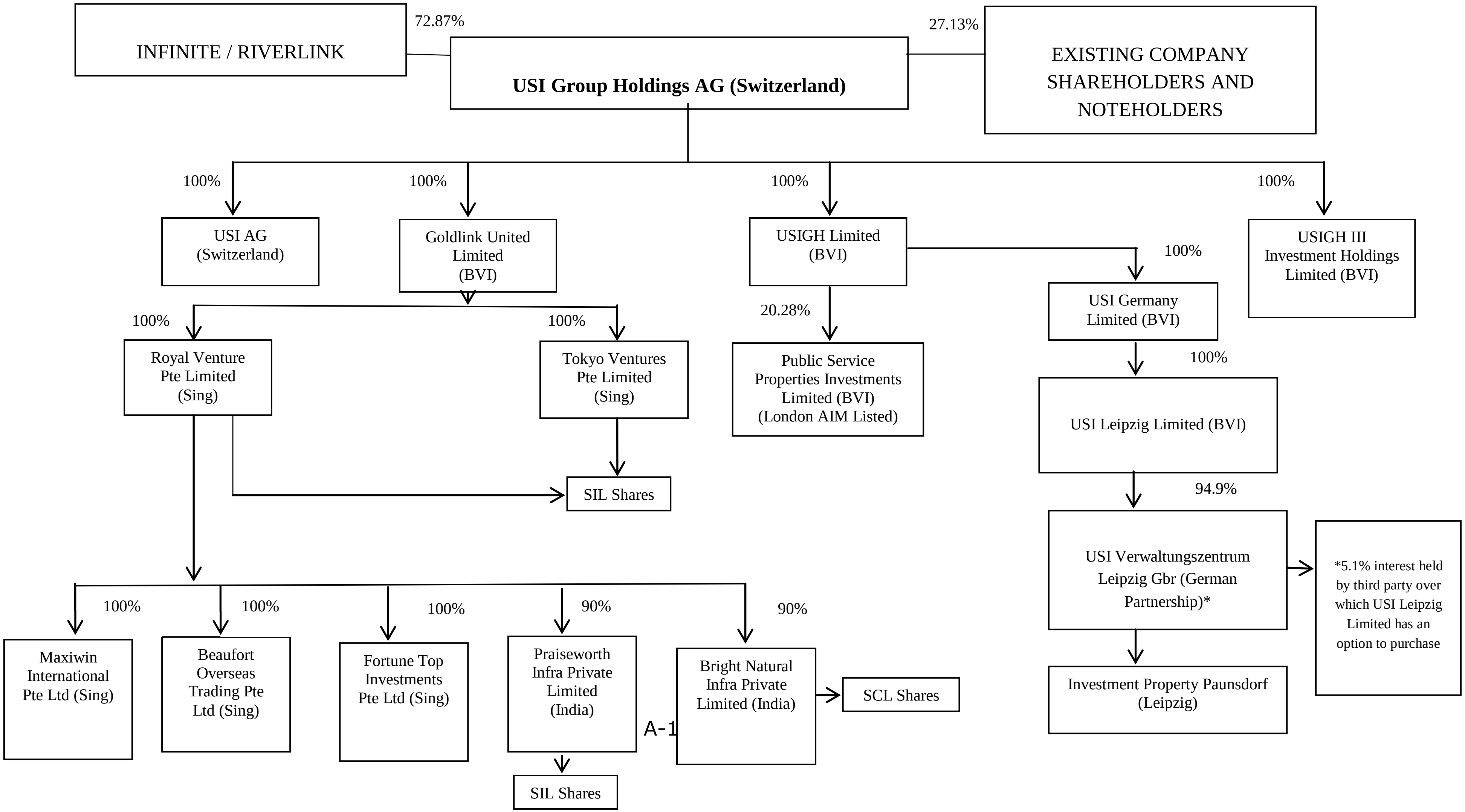
Prospectus

Listing Rules	The listing rules (*Kotierungsreglement*) of the SIX Swiss Exchange
Management Agreement	The management agreement concluded between the Company, RP&C, and SJIM as of the Effective Date, pursuant to which SJIM acts as adviser and administrator of the Company and the USI Group
Maxiwin	Maxiwin International Pte Limited
MKG	Marseille Kliniken Group
New Shares	The Reverse Acquisition Shares and the Conversion Shares
Nomination and Compensation Committee	The nomination and compensation committee of the Board of Directors
Order	The Financial Services and Markets Act 2000 (Financial Promotion) Order 2001, as amended
Partnership	USI Verwaltungszentrum Leipzig Gbr, a German partnership.
Performance Fee	The performance fee owed to SJIM pursuant to the Management Agreement
Praiseworth	Praiseworth Infra Private Limited
PSPI	Public Service Properties Investments Limited, a company incorporated in the BVI
Regulations	The Company's internal organizational regulations of 27 July 2005, as amended
Reverse Acquisition	The acquisition by USI of the entire issued share capital of Goldlink, being 40,000 Goldlink Shares, in return for the issue by USI, to the shareholder of Goldlink, of the Reverse Acquisition Shares
Reverse Acquisition Shares	The 11,241,463 Shares to be issued to Infinite, the sole holder of the entire issued share capital of Goldlink pursuant to the Reverse Acquisition
Royal	Royal Venture Pte Limited
RP&C	RP&C International Inc. (New York, USA) and, where the context requires, all or any of its subsidiaries

SCL	Surana Corporation Limited
Securities Act	The United States Securities Act of 1933, as amended
SESTA	Swiss Act on Stock Exchanges and Securities Trading
Shares	The registered shares of the Company with a nominal value of CHF 68.85 each, which will be reduced to CHF 10 as of the Effective Date.
Shareholder	A holder of Shares
Shareholders' Meeting	A general meeting of Shareholders in accordance with art.s 698 ff. CO
SIL	Surana Industries Limited
SIS	SIX SIS AG
SJIM	St James Investment Management Limited, a Mauritius incorporated indirect subsidiary of RP&C
Singapore Subsidiaries	Royal, Tokyo, Beaufort, Fortune and Maxiwin, all of which are incorporated in Singapore
SPL	Surana Power Limited
Standstill	The Standstill Agreement entered into by the Company relating to the Facilities, as announced by the Company on 17 May 2013
Standstill Period	The period until 31 December 2014
Subramanian	R. Subramanian & Co.
Surana Overseas	Surana Overseas DMCC
Syndicate	The syndicate led by the Royal Bank of Scotland plc – Niederlassung Frankfurt providing the Facilities
Tokyo	Tokyo Ventures Pte Limited
US Person	As set out in section K-2 – *Selling Restrictions – United States*
USIGH	USIGH Limited, a BVI incorporated company

USI Group	The Company and all of its direct and indirect subsidiaries

Appendix 1
USI Group Structure Chart



Appendix 2

Valuations

A Jones Lang LaSalle Property Consultants (India) Private Limited:
Opinion of Value of Proposed Development at Madhavaram and Sholingur, Chennai, Tamil Nadu, India

B R. Subramanian and Company, Chartered Accountants:
Royal Venture Pte Limited – Valuation Report

Opinion on Net Present Value of Proposed Development at Madhavaram and Sholingur, Chennai,Tamil Nadu, India

For

Royal Venture Pte Ltd.

By

Jones Lang LaSalle Property Consultants Private Limited

May 31, 2013

CONTENTS

Abbreviations

BHK	Bedroom, Hall, Kitchen
BUA	Built up area
CBD	Central Business District
CDP	City Development Plan
FAR	Floor Area Ratio
FDI	Foreign Direct Investment
FSI	Floor Space Index
GR	Growth Rate
HIG	Higher Income Group
INR	Indian National Rupee
IT	Information Technology
ITeS	Information Technology Enabled Services
LIG	Lower Income Group
MIG	Middle Income Group
NH	National Highway
SEZ	Special Economy Zone
SIPCOT	State Industries Promotion Corporation of Tamil Nadu
SH	State Highway
Sq.ft.	Square Feet
TIDCO	Tamil Nadu Industrial Development Corporation Ltd.
USD	United States Dollar

Conversions

1 Acre	4,047 sq m, 43560 Sq.ft.
1 Sq m	10.7639 sq ft
1 Km	1,000 m
1 Ground	2,400 sq.ft.

Executive Summary

LOCATION ATTRIBUTES	
Opinion on Net Present Value for	Royal Venture PTE Ltd. (Hereinafter referred to as 'RVPL') is proposing residential development on following two land parcels: 1) 10.11 acres located at Madhavaram (detailed area break up in Annexure A), Chennai located at Madhavaram, Chennai, India (hereinafter referred to as the 'Project' or 'subject property 1' or 'subject site 1') and 2) 114.02 (detailed area break up in Annexure B)acres of land located at Vengappattu, Ariyur, and Somasamudram Villages near Sholingur, Vellore District, Tamil Nadu, India (hereinafter referred to as the 'Project' or 'subject property 2' or 'subject site 2') RVPL is looking to finalize discussions with investors who are willing to partner with a local owner/developer of residential complexes. The Company plans to develop large-scale middle market residential areas that are self-sufficient with all requisite amenities, such as healthcare, schooling and recreational resources. In this regard, RVPL has commissioned Jones Lang LaSalle Property Consultants India Private Limited (hereinafter referred to as 'Jones Lang LaSalle') to provide an Opinion on Net Present Value of the proposed projects being considered by RVPL.
Subject Property 1 Details	10.11 acres located at Madhavaram (detailed area break up in Annexure A), Chennai located at Madhavaram, Chennai, India (10.11 aces is the proposed land holding and the existing land holding is provided in Annexure C of this report)
Subject Property 2 Details	114.02 (detailed area break up in Annexure B)acres of land located at Vengappattu, Ariyur, and Somasamudram Villages near Sholingur, Vellore District, Tamil Nadu, India (114.02 aces is the proposed land holding and the existing land holding is provided in Annexure D of this report)
Nature of Assignment	Estimation of Opinion on Net Present Value
PLOT ATTRIBUTES	
Type of Ownership	Freehold as indicated by client
Special Considerations for Site	For the purpose of valuation by DCF method, it is considered that the property is in vacant possession and unencumbered
Proposed Development	Proposed development is considered as residential group housing for the purpose of this Opinion on Net Present Value assignment
LEGAL OVERVIEW	
Title	As indicated by the Client, the subject properties possess a clear title. We have not reviewed the title nor any legal due diligence with regard to this aspect. We have relied on the information provided by the Client assuming it to be correct and reliable
Disputes	As indicated by the Client, there are no legal disputes pending against the subject property. We have not reviewed any legal due diligence with regard to this aspect. We have relied on

	the information provided by the Client assuming it to be correct and reliable
Usage	Residential: Residential (as indicated by the Client)
EFFECTIVE DATE AND CLIENT INFORMATION	
Effective Date	31 May 2013
Done by	Jones Lang LaSalle Property Consultants (India) Pvt Ltd
Done for	Royal Venture Pte Ltd.
OPINION ON NET PRESENT VALUE FOR THE PROPOSED DEVELOPMENTS	
Total Estimated Opinion on Net Present Value for both subject properties	With all the assumptions as mentioned in the body of the report and the annexures herewith, we are of the opinion that the total Opinion on Net Present Value of both the subject sites put together viz., 1) 10.11 acres located at Madhavaram (detailed area break up in Annexure A), Chennai located at Madhavaram, Chennai, India (hereinafter referred to as the 'Project' or 'subject property 1' or 'subject site 1') and 2) 114.02 (detailed area break up in Annexure B)acres of land located at Vengappattu, Ariyur, and Somasamudram Villages near Sholingur, Vellore District, Tamil Nadu, India (hereinafter referred to as the 'Project' or 'subject property 2' or 'subject site 2') by DCF method, assuming suitable residential and township development on unencumbered land of both subject properties, having land area of approx. 10.11 and 114.02 acres respectively as on 31st May, 2013 is **INR 11,256,090,000 or Indian Rupees Eleven billion, two hundred and fifty six million and ninety thousand only** Note - this Opinion on Net Present Value is estimated on the basis of a proposed land ownership/ holding and technical information related to the cost of capital of their potential investors provided to us by the client. The details of the current land holding and the proposed acquisition are provided in Annexure C and Annexure D and the details of the technical information provided to us are provided in Annexure E hereinafter.

1.0 INTRODUCTION

1.0 Background

Royal Venture PTE Ltd. (Hereinafter referred to as 'RVPL') is proposing residential development on following two land parcels:

3) 10.11 acres located at Madhavaram (detailed area break up in Annexure A), Chennai located at Madhavaram, Chennai, India (hereinafter referred to as the 'Project' or 'subject property 1' or 'subject site 1') and

4) 114.02 (detailed area break up in Annexure B)acres of land located at Vengappattu, Ariyur, and Somasamudram Villages near Sholingur, Vellore District, Tamil Nadu, India (hereinafter referred to as the 'Project' or 'subject property 2' or 'subject site 2')

RVPL is looking to finalize discussions with investors who are willing to partner with a local owner/developer of residential complexes. The Company plans to develop large-scale middle market residential areas that are self-sufficient with all requisite amenities, such as healthcare, schooling and recreational resources.

In this regard, RVPL has commissioned Jones Lang LaSalle Property Consultants India Private Limited (hereinafter referred to as 'Jones Lang LaSalle') to provide an Opinion on Net Present Value of the proposed projects being considered by RVPL.

1.1 Limitations

Following are the limitations to this assignment:

- The interpretation of real estate key trends is based on market survey and interactions with limited key players in real estate market, viz. developers, brokers and investors. Hence, they are reflective of situations prevalent at the time of assessment.

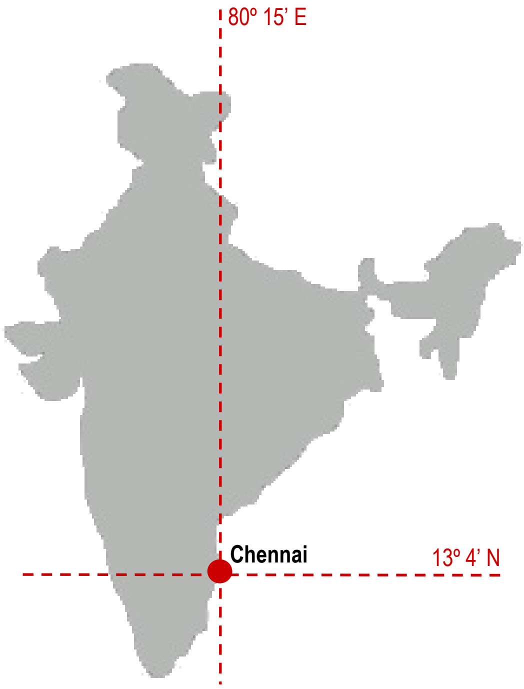
- All facts & figures, findings, conclusions of the macro- and micro-market assessment are captured from key players in the real estate market as indicated above. Hence, they are indicative of situations prevalent at the time of assessment.
- For commercial and development related assumptions such as land acquisition, proposed infrastructure, visioning timelines, compliance with various development controls/ regulations and cost of capital we have relied expressly on the inputs of RVPL and accept no responsibility to verify or any liability arising out of the information provided by RVPL

1.2 Disclaimer

- This Report has been authored by Jones Lang LaSalle acting on the instructions of RVPL. Jones Lang LaSalle was instructed by RVPL to provide an Opinion on Net Present Value of the Residential Projects being developed by RVPL. This Report has been formulated by Jones Lang LaSalle with inputs from RVPL. The prospective investor/ developer/ partner/ buyer may however note that RVPL has paid JLL professional fees for the formulation of this Report and has provided them representations (enclosed) with regards to the cost of capital (including WACC), land acquisition, contiguity of land, compliance with development norms and regulations and size of land owned.

- Notwithstanding the foregoing, this Opinion on Net Present Value should be treated as additional information and not be taken as a substitute for comprehensive due diligence to be exercised by a prospective investor including visiting the project site and evaluating the suitability of the Project to their specific needs, their ability to meet the financial commitment either through purchase or through loan servicing and the availability of third party financing. It is specifically noted that while the Report contains certain views regarding the possible marketability and Opinion on Net Present Value of the Project in the future, prospective purchasers are encouraged to evaluate the Project based on their personal requirements rather than from the perspective of future real estate price appreciation. This Opinion on Net Present Value does not constitute any commitment whatsoever from RVPL or JLL and shall not give rise to any claims whatsoever from any prospective investor regarding the veracity or otherwise of this Report. This Report is provided for information only. This Report shall not constitute formal advice rendered directly to the prospective investor.

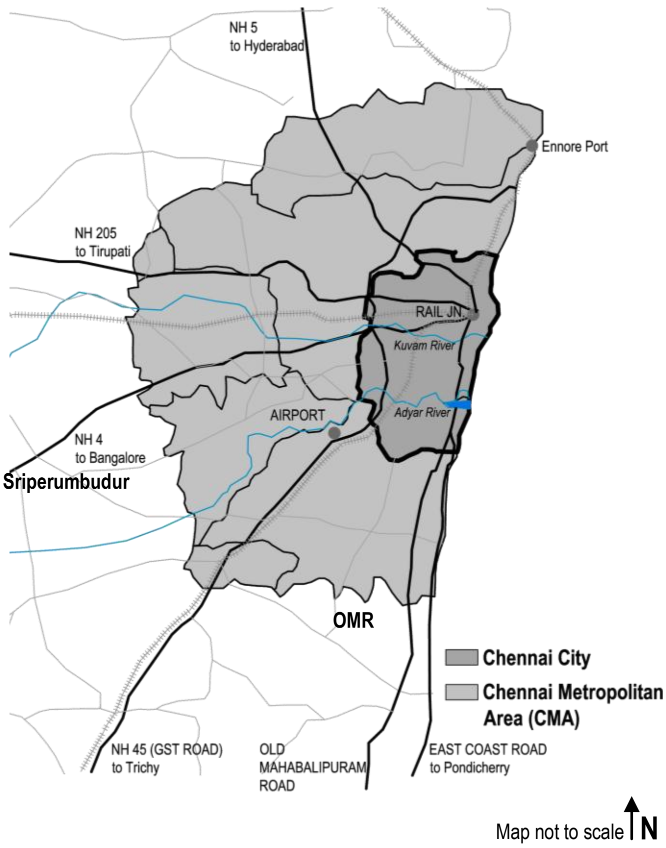
2.0 CITY OVERVIEW



2.1 City Snapshot

Chennai is a blend of historic and modern, traditional and advanced urban agglomeration, mingled in a unique way. Chennai has developed as the largest commercial and industrial centre in South India, with an extensive network of transportation facilities including the largest seaport in South India, an international airport, well-laid roads and rail facilities. The proposed Outer Ring Road (ORR), Metro Rail and Mass Rapid Transit System (MRTS) are expected to further strengthen the transport infrastructure. The employment and business opportunities coupled with rapidly growing healthcare and education facilities have resulted in continuous immigration of people from all over the world.

The city is the gateway to South East Asia and home to many global corporate giants. It is one of the key economic hubs in South India along with Bangalore and Hyderabad. Also known as "Detroit of India", Chennai accounts for 60% of India's automotive exports. The city is India's second largest exporter of software, information technology (IT) and information-technology-enabled services (ITES).



The state government facilitated the growth of IT industry by promoting ***Old Mahabalipuram Road (OMR)*** towards south of the city as the dedicated ***IT corridor*** resulting in rapid residential development in the surrounding areas

Another dedicated ***industrial (manufacturing) corridor*** at NH4 (Chennai-Bangalore highway), towards south-west of the city comprising ***Sriperumbudur & Oragadam*** has facilitated Chennai emerging as an Electronics and Automotive hub. The said corridor is also home to several institutional developments.

Chennai – A Snapshot

Chennai	
Administrative Status	Capital of Tamil Nadu
State	Tamil Nadu
Area (Chennai City)	176 sq. km
Climate	Tropical (Hot and Humid; year around)
Geographic Location	80° 15' East Longitude and 13° 4' North Latitude Altitude: 16 m above the mean sea level
Connectivity	▪ Air: International Airport connects Chennai to all major cities within India and abroad. ▪ Road: Four major national highways link Chennai to Mumbai via Bangalore (NH-4), Kolkata (NH-5), Tiruchirapalli (NH-45) and Tirupati and onwards to the rest of the national highway system. Numerous state highways link the city to Pondicherry, Coimbatore and other towns and cities in Tamil Nadu and neighbouring states. ▪ Rail: Well connected by Indian Rail network to all major cities and towns in the country.
Anna International Airport	▪ The third-busiest airport in India (after Delhi and Mumbai); Second-largest cargo hub in the country, after Mumbai; 25 airlines, catered to 12 million passengers in FY of 2010-2011; expected to increase to 25 million post on-going infrastructure up gradation.
Metropolitan Transport Corporation (MTC)	▪ MTC runs an extensive city bus system consisting of 3280 buses on 643 routes, and moves an estimated 5.52 million passengers each day
City Economy	▪ Industrial (Automobile & Electronics), Information technology (IT) and Information-technology-enabled services (ITES).
Constraints for Development	▪ Low level of urban services and amenities is inhibiting a higher growth rate.
City Advantages	▪ Excellent connectivity through rail, road, air (domestic & international), and water; ▪ The administrative status as the capital city of the State of Tamil Nadu and a metropolitan city; ▪ Possess ancient historical significance demonstrating maturity of the city over a long period of time; ▪ Great potential for expanding its economic base, as it is one of the major industrial, trade and commerce hub of South India. ▪ Internationally renowned for excellent business opportunities in resource and knowledge based industry. ▪ Large talent pool; Tamil Nadu produces the highest number of engineering graduates in India (around 1,30,000) every year with 37 universities and 454 engineering colleges. High literacy rate of 80.14%; English speaking workforce.

Source: Various Sources

2.2 City Demographic Profile

Chennai City has a population of 4.68 million in 2011, accounting for 6.49 percent of State's population of 27.49 million. Other major agglomerations in the States are Coimbatore (3.39 percent), Madurai (3.39 percent), Trichy (2.74 percent) and Salem (2.54 percent). The demographic pattern of the Chennai Metropolitan Area (CMA), Chennai Urban Agglomeration (CUA) and Chennai City is illustrated in the table 2-2:

Tamil Nadu is the most urbanized state with 44% of the population (27.4 million) living in urban areas as per 2001 census against 28% at the national level. It is estimated that urban areas in Tamil Nadu contributed to 70% of the state domestic product against 60% at the national level.

Literacy Rate

The literacy rate for Chennai in 2011 has increased to 91% from 81% in 2001 and is above the national average of 74%. The female literacy is recorded at 87% in 2011 census.

Demographic Details

Census Year	Area (Sq. km)	Population (Million)	Decennial Variation (%)
Chennai Metropolitan Area			
1961	1189.00	2.13	--
1971	1189.00	3.42	60.21
1981	1189.00	4.63	35.37
1991	1189.00	5.92	27.82
2001	1189.00	7.04	18.98
2011	1189.00	8.87	25.99
Chennai City			
1961	120.83	1.75	23.24
1971	120.83	2.57	47.06
1981	170.00	3.28	27.35
1991	170.00	3.80	15.82
2001	176.00	4.34	14.21
2011	176.00	4.68	7.77

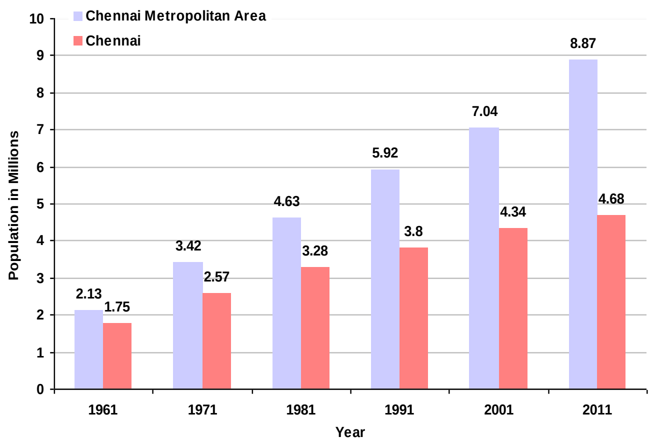
Source: Directorate of Census Operation, Tamil Nadu; 2011

Demographic Indicators

Population	8.87 million (2011)
Decadal Growth Rate of Population	25.99 % (2001-2011)
Population Density	5,900 people/ Sq Km (2001)
Literacy Level	82.20% (2011)
Sex Ratio	952 (2011)

Source: Directorate of Census Operation, Tamil Nadu; 2011

Population; Chennai Metropolitan Area (CMA) vs Chennai City



Source: Directorate of Census Operation, Tamil Nadu; 2011

2.3 Socio Economic Characteristics

Chennai City grew primarily as a trade and commercial centre. Construction of Chennai Harbour in 1896 spurred the trade related activities in the city and was further aided by construction of railways. Main economic base of the city has been the service sector (trade and commerce), followed by the industrial activities. The following table provides information on the workforce composition within the city:

The workforce participation rate of the city (within the Municipal Corporation limits) was about 34.19 percent of the total population as per the 2001 Census, comprising of 98.36 percent of total workers in tertiary sector, followed by about 1.53 percent in secondary sector.

These demographic indicators support the recent IT developments in the city, which have put Chennai onto the real estate market of the country today. The higher literacy rates, more engineering colleges and comparatively lower living costs have made Chennai a wanted destination for the IT related industry.

Comparing the workforce participation in major cities of India, it is noted that about 34.19% of the total population represent the workforce of Chennai. This ratio indicates the ratio of working population to non-working population (dependent population). We estimate this percentage to have increased to more than 40% in recent times, with the number of migrant working population in Chennai on the rise.

Workforce Composition within Chennai City

Sector	Numbers	Percentage to Total Workers	Percentage to Total Population
Primary - Cultivators and Agricultural Labour	1,503	0.11	0.04
Secondary - Household Industries, Manufacturing, Services and Repair	22,108	1.53	0.52
Territory - Trade and Commerce, Transport and Service Sector	1,417,771	98.36	33.63
Total	**1,441,382**	**100.00**	**34.19**

Source: Directorate of Census Operation, Tamil Nadu; 2001

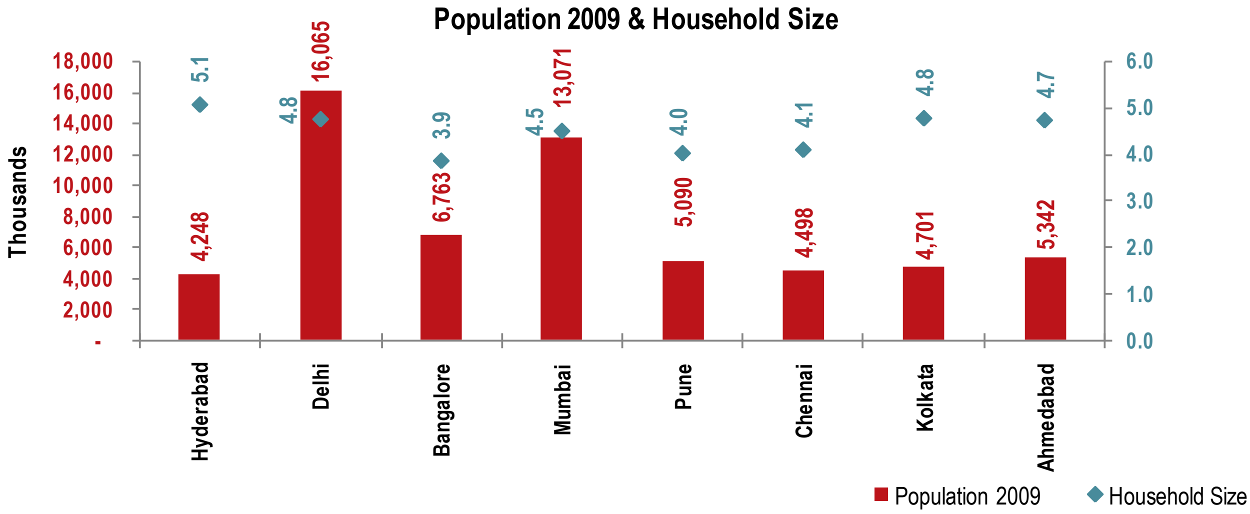
Socio-Economic Indicators of Chennai City-2011

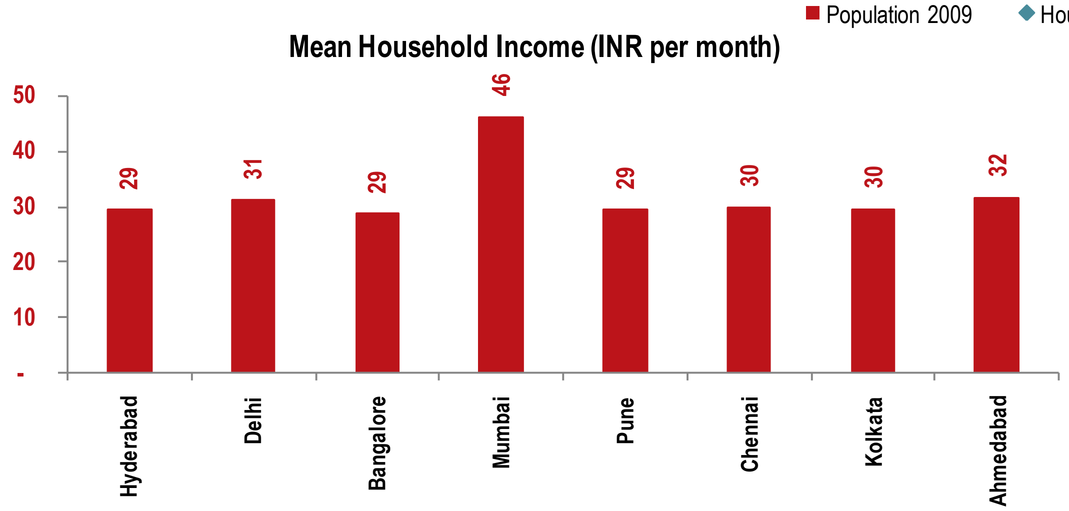
Description	2011	2001
Population	4,681,087	4,343,645
Male	2,357,633	2,219,539
Female	2,323,454	2,124,106
Population Growth	7.77%	14.21%
Area Sq. Km	174	174
Density/km2	26,903	24,963
Proportion to Tamil Nadu Population	6.49%	6.96%
Sex Ratio (Per 1000)	986	957
Child Sex Ratio (0-6 Age)	964	972
Average Literacy	90.33	85.33
Male Literacy	93.47	90.01
Female Literacy	87.16	80.44

Source: Directorate of Census Operation, Tamil Nadu; 2011

The table below gives the current break-up of social economic classifications for urban households in Chennai.

Broad Socio Economic Classification (SEC) – Major Indian Cities





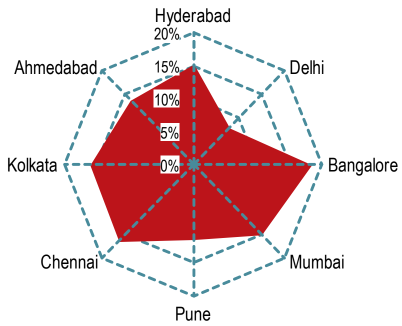
City	SEC A	SEC B	SEC C	SEC D	SEC E
Chennai	16.3%	15.1%	26.6%	25.7%	16.4%

The city has favourable statistics with approximately 32% of households classified as SEC A & B.

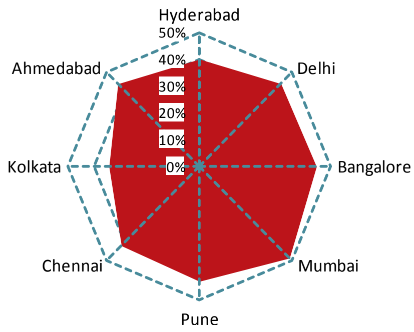
SEC	By Education	By Occupation
A1	Graduate & Post Graduates (General & Professional)	SEP/Officer & Execs (Senior & Middle Level)
A2	Graduate & Post Graduates (General & Professional)	Shop Owners, Sup. Level, Officers & Execs (Junior Level)
B1 & B2	SSC+<Grad	Skilled Workers, Petty Traders, Clerk, Salesman
C	Schooling 5-9 years	Skilled Workers, Petty Traders, Clerk, Salesman
D	Schooling up to 4years	Skilled/Unskilled Workers, Petty Traders, Clerk, Salesman
E	Illiterate	Skilled/Unskilled Workers, Petty Traders

Source: Skyline India 2009-10

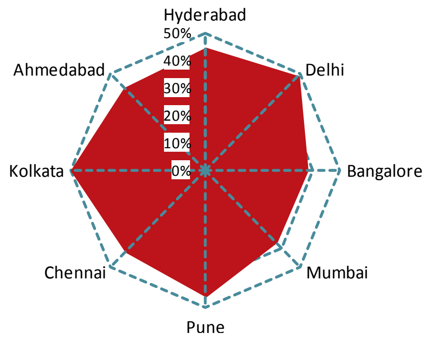
SEC A %



SEC B& C %



SEC D& E %



City wise Rankings – Per Capita Income and Savings per Household (Urban)

City	Annual Per Capita Income	Annual Capita Savings	Percentage of Savings
Chennai	87,446	19,455	22%
Bangalore	88,991	28,355	32%
Delhi	78,660	17,962	23%
Hyderabad	69,943	20,386	29%
Mumbai	123,032	16,510	13%

Source: Skyline India 2008-09

City wise Rankings – Economy Index and Reside Index

City	Cosmopolitan Index	Ranking based on Economy Index	Ranking based on Reside Index
Chennai	High	6	19
Bangalore	Very High	6	27
Delhi	Very High	18	52
Hyderabad	Very High	27	49
Mumbai	Very High	2	24

Source: Skyline India 2008-09

2.4 City Economic Base

Chennai has a diversified economic base anchored by the automobile, software services, hardware manufacturing, healthcare and financial services industries. The city is base to around 30% of India's automobile industry and 35% of its auto components industry.

According to 2011 Census, Tamil Nadu is the second most industrialized state in India. A large number of automotive companies including Hyundai, Ford, BMW, Mitsubishi, Komatsu, The TVS Group (TVS Electronics and TVS Motors), Ashok Leyland, Nissan-Renault, Daimler Trucks, TI Cycles of India, TAFE Tractors, Royal Enfield, Caterpillar Inc., Caparo, Madras Rubber Factory (MRF) and Apollo Tyres have or are in the process of setting up manufacturing plants in and around Chennai.

Infosys, Tata Consultancy Services, Wipro, Satyam, Xansa, Hexaware Technologies and many other software companies have established base in Chennai. Electronics manufacturers based in and around Chennai include Nokia, Motorola, Dell, Samsung, Fox Conn, Flextronics, Reliance and Siemens among others. Telecom giants Ericsson and Alcatel-Lucent, pharmaceuticals giant Pfizer and chemicals giant Dow Chemicals have research and development facilities in Chennai. Other major industries in Chennai include Saint Gobain, Visteon, Sanmar Group, Orchid Chemicals and Pharmaceuticals, Murugappa Group, Matsushita Electric, Electronic Data Systems (EDS), Caterpillar India, Caltex, etc.

According to the CII, Chennai is estimated to grow to a $100-billion economy, 2.5 times its present size, by the year 2025.Given its strong base for resources, infrastructure facilities, technical and non-technical work force, knowledge intensive industries will soon take a lead position in the State especially in Chennai. The city had 2010-11 created over 100,000 jobs which was more than any other Indian city outside of the much larger Delhi and Mumbai.

City wise Rankings – Per Capita Income and Savings per Household (Urban); (INR)

City	Annual Per Capita Income	Annual Capita Savings	Savings (%)
Chennai	87,446	19,455	22%
Bangalore	88,991	28,355	32%
Delhi	78,660	17,962	23%
Hyderabad	69,943	20,386	29%
Mumbai	123,032	16,510	13%

Source: Skyline India 2008-09

Economic Indicators - Chennai

Annual Per Capita Household Income	INR 87,446 per annum (2008-09)[1]
Vehicle Mobility	45 cars/1000 residents (2001)[2]
Employment	34.19% Work force participation ratio

According to 'Location Ranking Survey' conducted by ECA International*, Chennai has ranked as the ***most liveable city*** in India (2008).

*ECA International's Location Ranking Survey compares living standards in 254 locations globally according to categories including climate, air quality, health services, housing and utilities, isolation, social network and leisure facilities, infrastructure, personal safety and political tensions. Chennai ranks 26th among all Asian Countries and first in India followed by Bangalore, Mumbai, New Delhi and Kolkata. Chennai has improved its global ranking to 138 this year (2008) from 179 in 2002-03, while it has been ranked at 26th position in Asia, up from 31st rank in 2002-03. Chennai is fast edging out other cities as an attractive investment destination.

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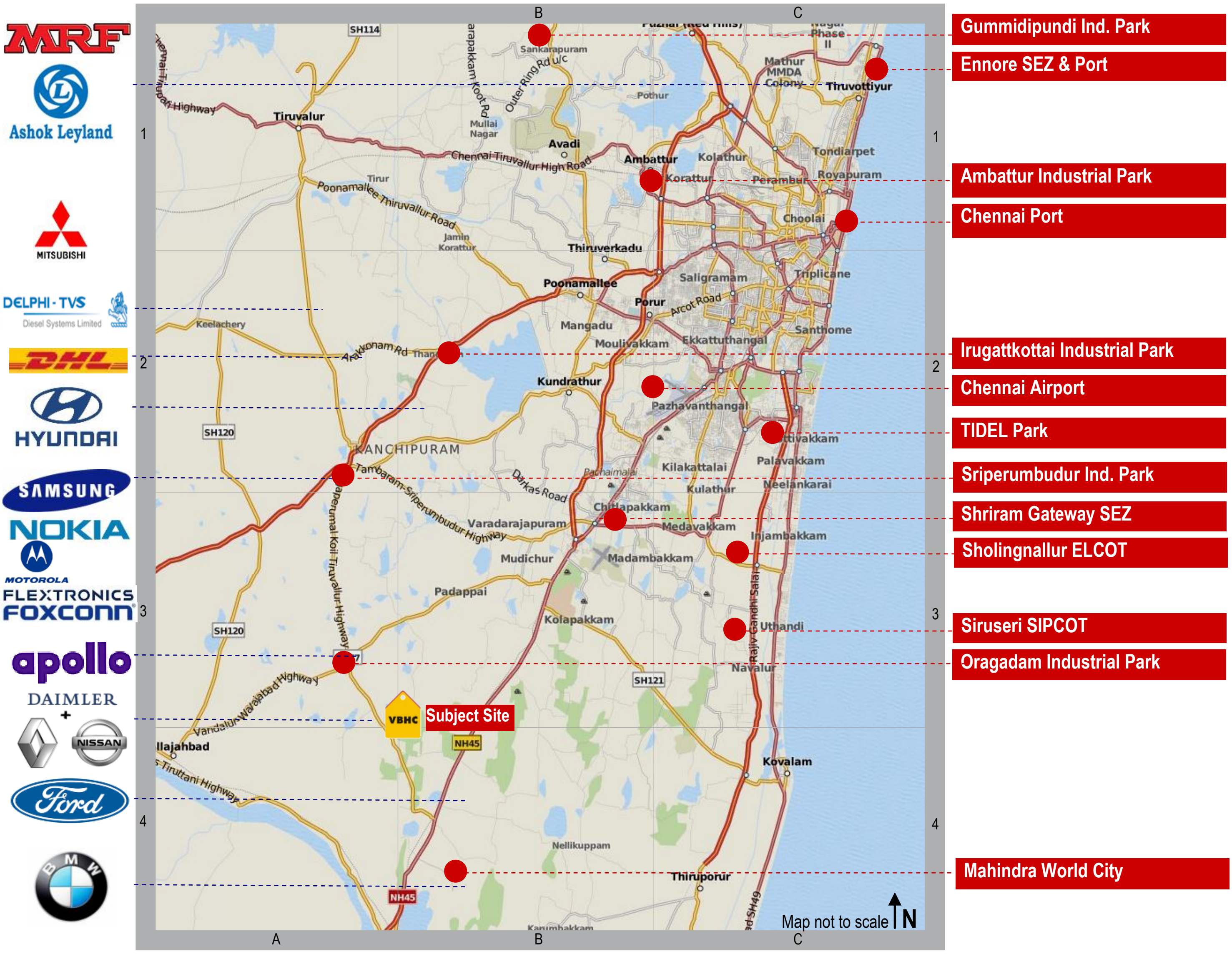
[1] As per Indicus research 2008-09
2 As per Compare InfoBase Pvt Ltd

Chennai Major Industrial and Business Locations



Source: Jones Lang LaSalle, 2012

2.5 Connectivity and Infrastructure

Air Kamraj Domestic Airport and Anna International Airport located in Meenambakkam provide flight services to all major cities of the country and the world either directly or through connections.

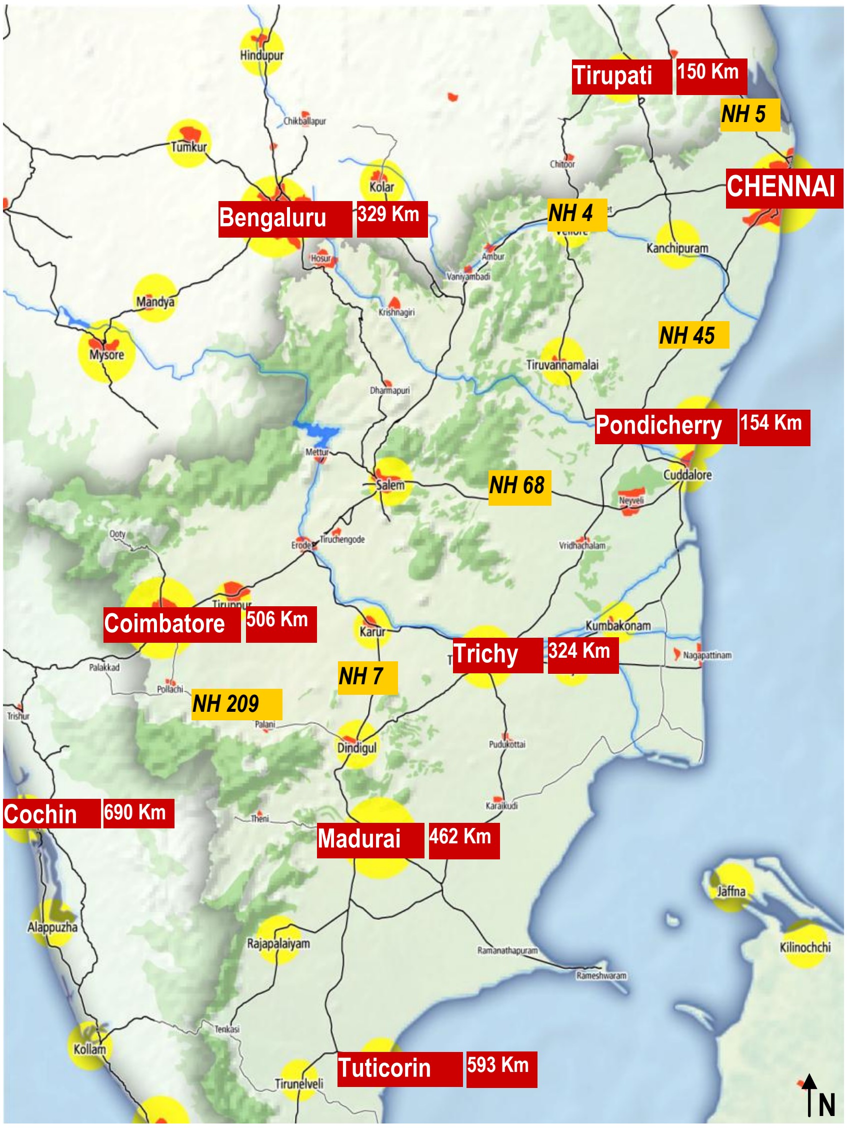
It is India's third busiest airport in terms of both international and overall passenger traffic, which is expected to double after by 2013 when its ongoing expansion will be completed and aircraft movements increase from 27 to 50 flights per hour. The passenger movement stood at 12,049,679 for the period from April 2010 to March 2011 and aircraft movement was 124,100 for the same period.

Water Chennai Sea Port is the second largest port in India and is emerging as car export hub. Ennore Sea Port, which is 24 km north of Chennai, is the first corporate port and is envisaged as a satellite port to decongest and improve the environmental quality at the Chennai Port.

Road Well connected by a road network of major National Highways. They lead to Kolkata (NH-5), Bangalore (NH-4) & Trichy (NH-45). Also connected to different cities within the State through State Highways.

Rail Well connected by rail network to all major cities and towns in the country. Main railway stations of Chennai are Chennai Central (interstate) and Chennai Egmore (intra state).

Chennai Regional Connectivity



Map not to scale; Source: Jones Lang LaSalle, 2012

Infrastructure development has been a key driver to Chennai's growth and has been critical in attracting corporate and individuals alike. Chennai's infrastructure is under constant strain. Traffic bottlenecks, inadequate civic amenities and high pollution are all characteristics of this strain on infrastructure. However, over the past several years, a number of initiatives aimed at improving connectivity have been undertaken to ease some of this burden. This improved connectivity is expected to encourage population shifts from existing residential locations to new locations (especially in the extended suburbs) due to availability of high quality, affordable real estate.

Key Infrastructure Initiatives

Name of the Infrastructure Initiative	Development Phase
Expansion of Existing Airport and Green field airport in Chennai	▪ The Rs. 23,000 million modernisation project of existing international airport, for which 1,070 acres of land has been acquired and construction is under progress. ▪ Greenfield airport is proposed at Sriperumbudur for which 4,820 acres of land needs to be acquired.
Ennore – Manali Road Improvement Plan (EMRIP) – Chennai Port Connecting Project	▪ Widening of Ennore Expressway for 30 km stretch connecting all the container freight station of Chennai port and further connecting it to the India's National Highway Network. ▪ Estimated Cost – INR 6,000 Million ▪ Project Implemented by National Highway Authority of India (NHAI) under the Port Connectivity scheme of the Prime Minister's Highway Development Programme. ▪ Tamil Nadu Road Development Corporation (TNRDC) appointed as Project Management Associate of NHAI. ▪ Expected to get Central Government approval by Dec., 2010.
IT Expressway/ Old Mahabalipuram Road (OMR) and East Coast Road (ECR)	▪ Tamil Nadu Government has declared the 20 km stretch of Old Mahabalipuram Road from Madhya Kailash to Siruseri as IT Corridor which further extends to Mahabalipuram in the second phase. ▪ IT Expressway will be a 6-lane world-class highway with all attendant facilities. ▪ Project implemented by TNRDC though a SPV called IT Expressway Limited. ▪ Phase-I between Madhya Kailash Temple Junction and Siruseri is complete. ▪ Five new grade separators are being planned at a cost of Rs. 1700 million at Thiruvanmiyur Junction (near Tidel Park), SRP Tools Junction, Perungudi Lifeline Junction, Thoraipakkam Pallavaram Junction and Sholinganallur Junction. ▪ Proposal for expansion of East Coast Road (New Mahabalipuram Road) in to 4-lane road. The project is in planning stage and land has been identified for acquisition for the first 11km stretch between Thiruvanmiyur to Akkarai.
Outer Ring Road (ORR) from Vandalur to Thiruvottiyur	▪ The 62-km Chennai Outer Ring Road project, proposed on the outskirts of the Chennai Metropolitan Area, aims at decongesting traffic and to enable dispersal of urban growth.
Elevated Express Way	▪ India's longest 4-way elevated expressway from the Chennai port to Maduravoyal with project cost around 1,655 crore. ▪ Other elevated express way projects include 5 midterm schemes to be completed on next 4 years and 12 long term schemes to be completed in 7 years.
Extension of the MRTS line	▪ There is proposal for extension of the Mass Rapid Transit system from Velachery to St. Thomas Mount in the Phase III.
Chennai Metro Rail	▪ The Phase I of the project consisting of two corridors is under construction. The elevated section of the project is scheduled to be operational by 2011 and the entire project is scheduled to be completed by 2014-2015. The estimated cost of this project is Rs.146,000 million.

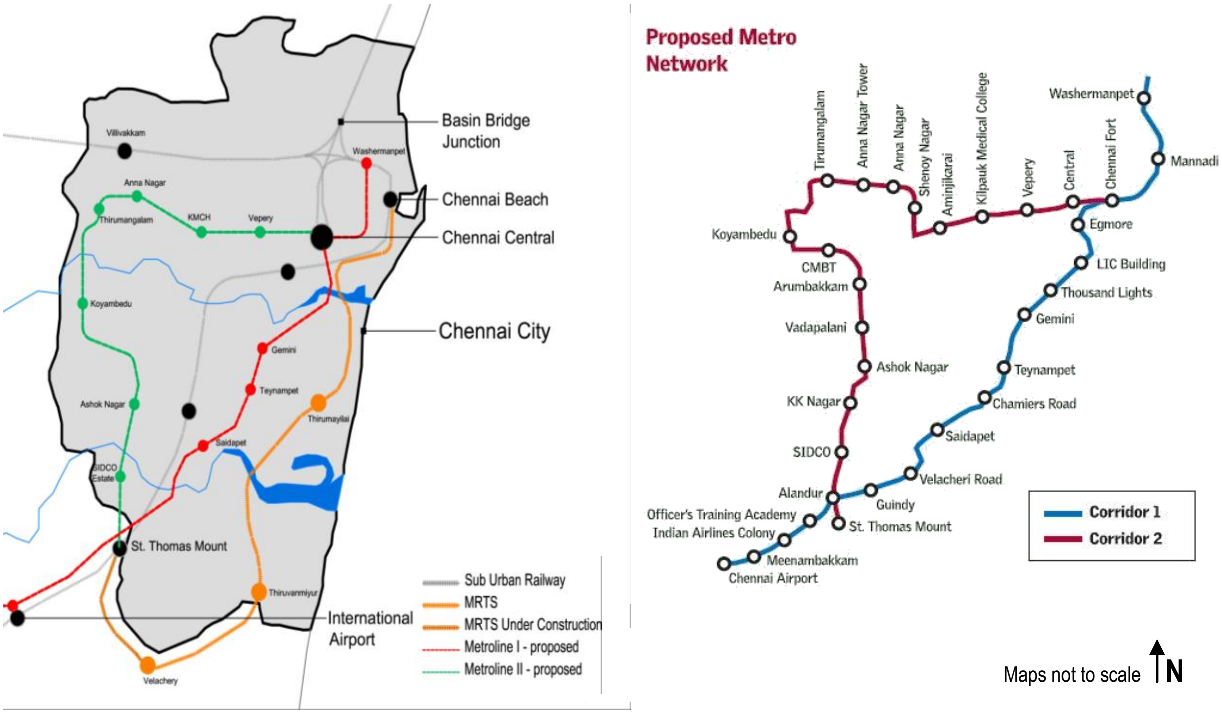
Name of the Infrastructure Initiative	Development Phase
Expansion of Chennai Corporation Limits	▪ Existing Chennai Corporation Limit – 173.36 sq.km (155 wards) ▪ Proposed Chennai Corporation Limit – 430 sq.km (200 wards) ▪ The Vision for city expansion is to get better planning and infrastructure development, branding of new areas to attract investment, better civic amenities across a wider area. ▪ The new limits of Chennai will extend up to Injambakkam in the south, Porur in the South West, Ambattur in the West, and Thiruvottiyur in the North. ▪ The expansion will include Nine Municipalities - Ambattur, Pallavaram, Madhavaram, Thiruvottiyur and Alandur, 8 Town Panchayats – Puzhal, Porur, Meenambakkam, Perungudi, Sholinganallur and 25 Village Panchayats in Thiruvallur and Kancheepuram Districts

Source: Jones Lang LaSalle, 2012

Upcoming Metro Rail Corridor

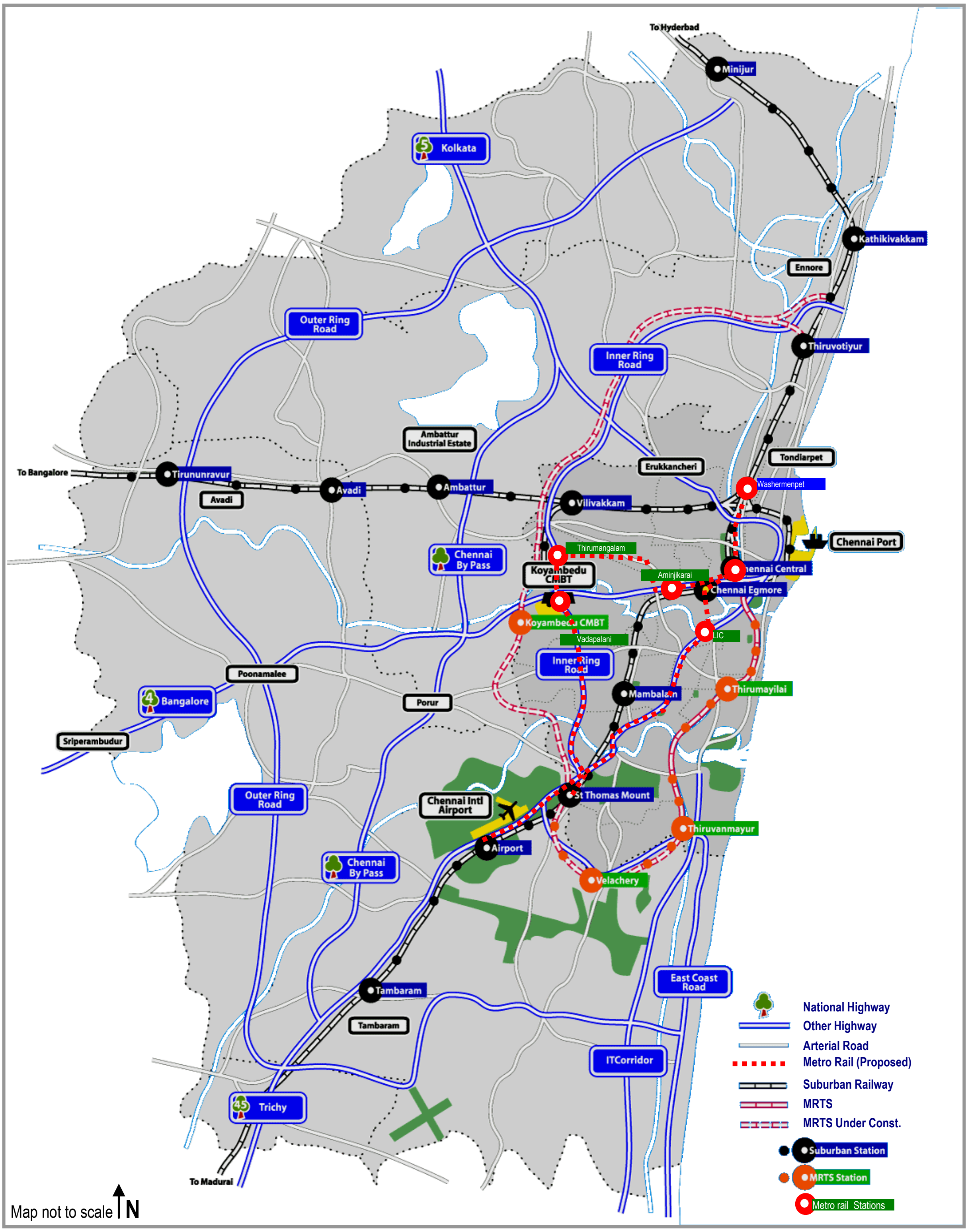
The Phase I of the project consists of two corridors is under construction. The elevated section of the project is scheduled to be operational by 2011 and the entire project is scheduled to be completed by 2014-2015. The details of the two corridors are given below:

Chennai Metro Rail Corridor 1, Corridor 2 and Proposed Extension



Project	Stations	Underground	Elevated	Total Length
Metro line Corridor-I	Washermanpet to Airport	14.3 km	8.785 km	23.085 km
Metro line Corridor-II	Fort to St. Thomas Mount	9.7 km	12.261 km	21.961 km
Total		**24.0 km**	**21. 046km**	**45.046 km**

Chennai Transportation Infrastructure



Source: Jones Lang LaSalle, 2012

Infrastructure Initiatives Impact on the Subject Property

Outer Ring Road (ORR) from Vandalur to Thiruvottiyur would connect the subject property with Northern and Southern Suburbs of Chennai reducing the travel time to OMR (IT Corridor), GST Road (SEZ Road) and Ennore Port.

Dry Port and Multimodal Logistics Hub: Government is allotting 125 acres of Land to Chennai Port Trust to setup a Dry Port and Multimodal Logistics hub on BOT basis near Sriperumbudur to facilitate the exporters in the belt. This would attract an investment of Rs. 1000 million and would have an Inland Container Depot/ Off dock container freight station, container yard, rail and road connectivity to rail and road networks.

Oragadam Industrial Park Development Programme: To improve the road infrastructure facilities in the fast developing Sriperumbudur (Kancheepuram District), the Government has sanctioned Rs.3,000 million for taking up the following works:

- Widening of Singaperumalkoil – Sriperumbudur road (SH-57) (24.60 Km) to six lane with central median (Four lanes in phase-I). *This project is under construction and will have direct impact on the Subject property as it has frontage and direct access to it and would result in reduced travel time to the Oragadam Industrial Corridor.*
- Widening of Wallajabad- Vandalur (SH 48) to six lane with central median (Four lanes in phase-I). The work is in progress and would reduce travel time from the subject property to GST Road (NH 45) and subsequently to Chennai City, Old Mahabalipuram Road (OMR) and East Coast Road (ECR). *The subject property is located at a distance of 5 Km from SH 48.*
- *Forming a Bye pass at Singaperumalkoil – Sriperumbudur Road at Pondur would facilitate easy access to the subject property from NH 4 and Sriperumbudur.*
- *3 Grade Separators (Over bridge) are planned on the major junctions in the close proximity to the subject property out of which one at Oragadam Junction is already under construction.*

SIPCOT Expansion: SIPCOT has proposed to acquire 1,800 acres to the north and 700 acres to the east of Oragadam, to augment its land bank. Individual plot owners have posted reported about the notifications they received in public forums.

Country Specific Zones: Tamil Nadu Government is taking up the proposal to earmark country specific zones in Sriperumbudur. This is an initiative to add feathers to the investor friendly state status. First phase is expected to have six CSZ allotted to Japan, Korea, Finland, Taiwan, Germany and France. Land acquisition is in process for these zones.

Snapshot of other infrastructure initiatives for Chennai

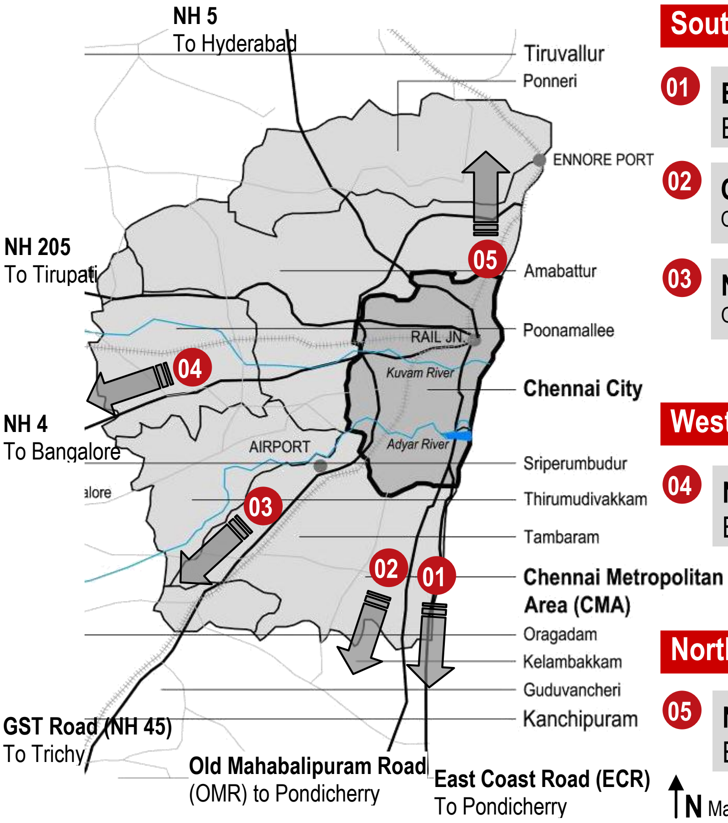
- Flyovers at 5 locations along inner ring road including grade separators at the mount road intersection and the Poonamallee road intersection.
- Project development activities for 92 km of Chennai to Tirupati road (NH205)
- Improvement of Chennai Airport Road.
- INR 32, 700 crore transport infrastructure projects to be implemented over 10 years.
- Projects worth of INR 8,900 crore identified for implementing on a priority basis in the next three years.
- MTC to get 2,000 new buses and to phase 1,000 old buses.
- 26 bus depots and 11 new bus terminals to be built in 3 years for INR 395 crore.
- Elevated highway along the beach to connect Light house, Besant Nagar and Kativakkam.
- Elevated highway above Arcot road to connect Vadapalani and Porur.
- 17 flyovers and four mini flyovers to come on Anna Salai and Periyar Salai at a cost of INR 564 crore.
- Five rail under bridges and seven over bridges to come up in the city
- More than 50 subways worth INR 200 crore to be constructed for pedestrians in 3 years.

2.6 City Dynamics & Growth Corridor

Chennai boasts of a long history from ancient South Indian empires through colonialism to its evolution in the 20th century as an IT and Manufacturing hub. The region served as an important administrative, military, and economic center as far back as the 1st century. In the latter half of the 18th century, Madras became an important English naval base, and the administrative centre of the growing British dominions in southern India. After India became independent, the city became the administrative and legislative capital of Madras State which was renamed as Tamil Nadu in 1968. In 1996, the Government of Tamil Nadu renamed the city from "Madras" to "Chennai".

The urban character of Chennai reflects the demographic growth that has occurred, as well as the nature of the urban economy. Starting with the nucleus of the fort, the city gradually grew incorporating old settlements and villages like George Town, Chintadripet, Triplicane and Purasawalkam. These older sections of the city, which formed the residential zones, are now stagnating and George Town is changing its basic character from residential to commercial. The next residential ring comprising Nungambakkam, Egmore and Kilpauk in the West, and Mylapore and Adyar in the South were the areas in which the British built their "garden houses". The "Central Business District" has moved southwards from George Town/Esplanade to the commercial areas ringing Anna Salai, Nungambakkam and Teynampet. The locus of new residential development is the south and the west, in an ever-growing semi-circle with the center gradually moving southward.

There is an inexorable move towards sub-urbanization mainly along the road and rail transport corridors. Chennai has been growing predominantly on the south side. Old Mahabalipuram Road has attracted most of the real estate commercial activity in the last 3 years after being declared as the IT Corridor. Another growth corridor of importance is the Industrial (manufacturing) SEZ s along Bangalore Highway (NH 4) towards west. The locale along NH 4 viz. Sriperumbudur, Poonamallee and Oragadam has seen heightened real estate activity in past three years.



Southern Suburb

01	**ECR** East Coast Road	Entertainment & Leisure Corridor
02	**OMR** Old Mahabalipuram Road	IT/ITES Corridor
03	**NH 45 (GST Road)** Grand Trunk Southern	SEZ Corridor

Western Suburb

04	**NH 4** Bangalore Highway	Industrial (Auto & Telecom Manufacturing)

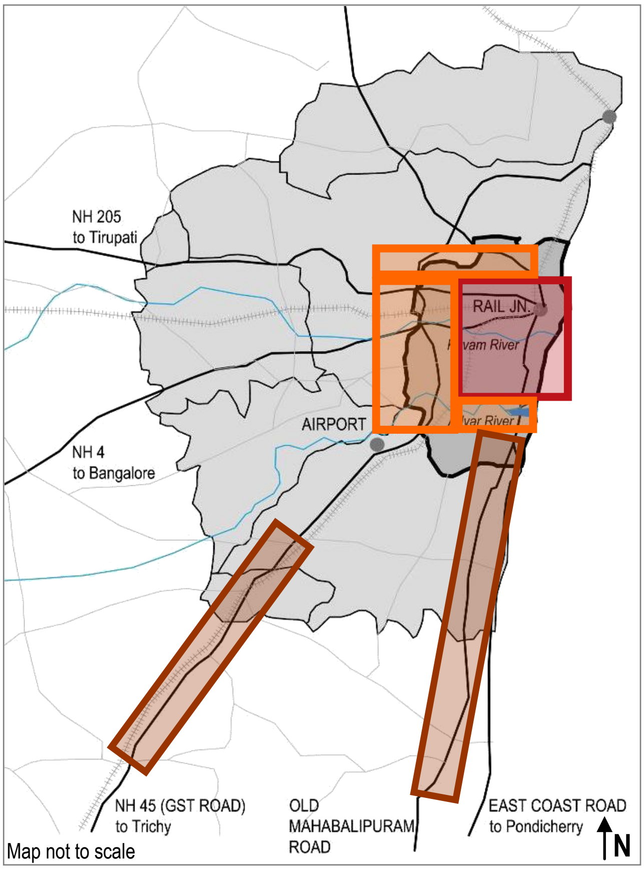
Northern Suburb

05	**NH 5** Ennore, Manali	Industrial (Logistics & Warehousing)

Map not to scale; Source: Jones Lang LaSalle, 2012

3.0 CHENNAI REAL ESTATE OVERVIEW

Chennai has traditionally been the hub of economic, geographic and political activities of South India. Its economy is well balanced with the InfoTech, entertainment, industrial and other service establishments playing pivotal role in City's growth. Chennai has a broad industrial base ranging from hardware to automobile manufacturing; healthcare to software services. While North Chennai houses most of the apparel, oil and gas, and petro chemical industries; South Chennai is emerging as the automobile and telecommunication hub of Tamil Nadu. For the purpose of analysis, the city has been divided into geographic micro markets across each of the below mentioned asset classes.



3.1 Commercial Office Market Overview

Chennai's office market can be segmented into three different micro-markets – Central Business District (CBD) comprising Anna Salai, Nungambakkam, T Nagar, Cathedral Road, RK Salai and Santhome; Secondary Business District (SBD) encompassing Ambattur, Guindy and Mount Poonamallee Road; Peripheral District (PD) including Old Mahabalipuram Road (OMR), Grand Southern Trunk (GST) Road and Bangalore Highway.

Commercial Micro Market Segmentation

		Occupant Profile	Remarks
CBD	Nungambakkam, TTK Road, R.K.Salai, Mylapore, Adyar, MRC Nagar	Banking sector and financial institutions	Nungambakkam High Road, Dr. Radhakrishnan Salai and Anna Salai are the major locations for commercial establishments in the CBD
SBD	Ambattur, Korattur, Anna Nagar, Guindy Ind. Estate, Ekkatuthangal, Manapakkam, Porur, Poonamallee	IT/ITES, Banking sector and financial institutions, Other commercial establishments	Guindy is major commercial destination in south of Chennai and houses IT Parks and other commercial establishments Ambattur which is located in the Northern part of the city houses some IT Parks and commercial spaces within the industrial park Poonamalle an upcoming suburb along the Mount Poonamalle High Road has seen a fast pace of development of DLF IT SEZ, IT Parks and commercial paces
PBD	Perunglathur, Maraimalai Nagar, Taramani, Thoraipakkam, Sholingnallur, Navalur, Siruseri, Padur	IT/ITES	Old Mahabalipuram Road is the newly developed IT Corridor of the city with most of the IT developments concentrated on or off this road. This is a proposed 6-lane expressway leading from the southern suburbs of the city towards far south. The major developments include TIDEL Park, Elnet software park, STPI, CTS etc.

Source: Jones Lang LaSalle Market Research & Survey, 2012

Commercial Stock and Absorption

The city is currently witness to a stock of over 47 mn sq ft and is expected to witness an additional supply of less than 7 mn sq ft by end 2013. The relatively higher vacancy of over 26% coupled with the expected supply is expected to continue to affect rental values negatively particularly in the PBD regions. The following chart shows the supply absorption trend of commercial office space in Chennai.

The city like other regions witnessed sharp correction in rental values on back of factors including lower absorption, unabated supply and lack of perceived demand. The situation continues despite positive economic sentiments and increased absorption levels. The following chart shows the commercial office rental trend in different micro-markets in Chennai.

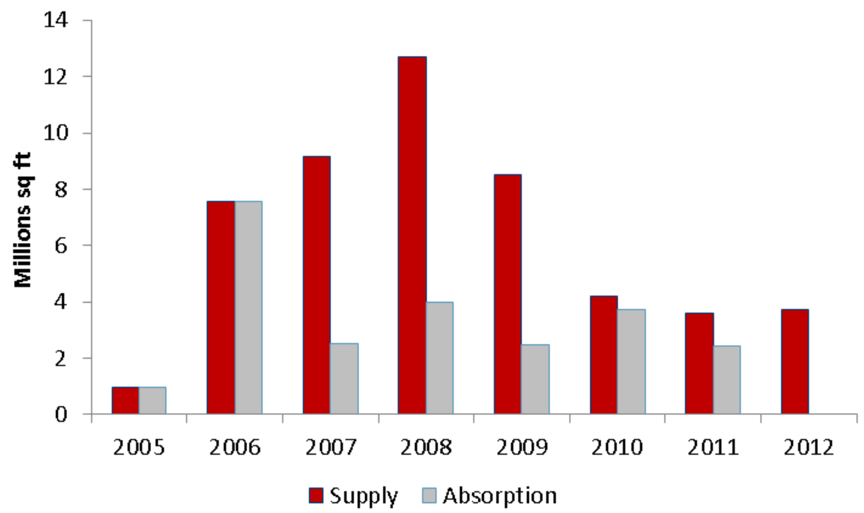
Commercial Office Market Outlook

Chennai's commercial market is expected to continue to witness negative pressure on rentals largely on back of current vacancy levels and upcoming supply. The situation is further accentuated with materialization of supply in the PBD regions, which currently account for large vacant spaces. Rental values are expected to remain stable over the medium term.

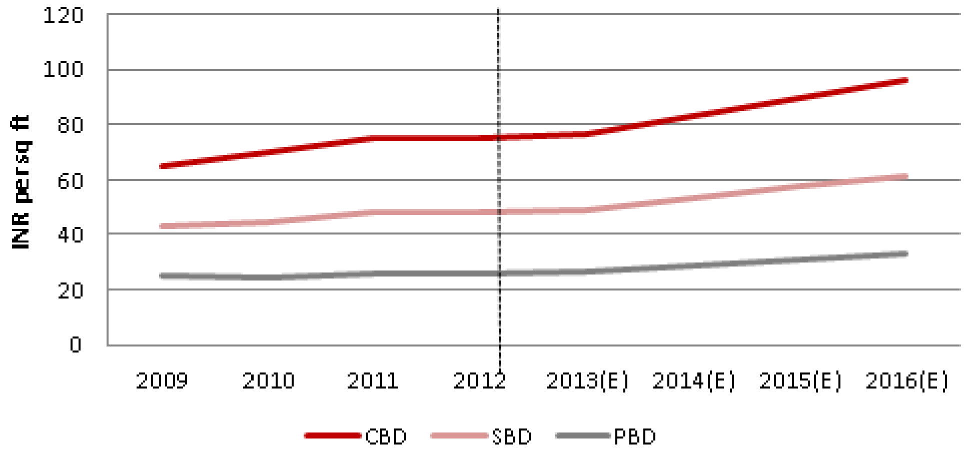
01	Empee Tower	B2	18	Sterling Towers	B2	35	Wipro	B4
02	TCS	B2	19	DLF	A2	36	Infosys	B4
03	Temple Tower	B2	20	KRM Center & Tower	B2	37	Marg Square	B3
04	TVH Belicia Tower	B2	21	Capitale	B2	38	TCS-2	B4
05	Arihant E Park	B3	22	Acropolis	B2	39	Maansarovar IT Park	B4
06	Citi Tower	B2	23	Express Avenue	B2	40	Pacificia Tech Park	B4
07	Sutherland Global	B3	24	Ascendas ITPC	B3	41	Polaris	B4
08	Tidel park	B3	25	Arihant Technopolis	B3	42	ETA Techno Park	B4
09	Alexander Square	B3	26	Prince Software Park	B3	43	Hiranandani (SEZ)	B4
09	Arihant Viceroy	B3	27	RMZ Millenia	B3	44	SP Info City	B3
09	Days Inn Building	B3	28	Chennai One	B3	45	Hallmark Tower	B2
09	Temple Steps	B3	29	TEK tower	B3	45	Vishranti IT Park	B2
13	Lancor IT Park	B2	30	TCS 1	B3	47	Olympia Tech Park	B2
14	Gee Gee	B2	31	TECCI IT Park	B3	48	TCG IT Park	B2
15	Kuppu Arcade	B2	32	The Fututra	B3	49	Jayanth Tech Park	B2
16	Raheja Towers	B2	33	Satyam	B3	50	Mount Towers	B2
17	Shriram Gateway	A4	34	Accenture	B4	51	L&T Campus	B2
						52	Estancia	A4

Chennai Major Existing Commercial Projects Map

Commercial Supply Absorption Trend



Commercial Rental Values Trend



3.2 Residential Market Overview

Over the years, the city of Chennai has geographically expanded; the residential landscape that was restricted to the Chennai metropolitan limits underwent a rapid expansion phase and now includes suburban areas towards the periphery of the city.

Today, Chennai boasts of a balanced mixture of family houses (plotted development) and apartments. Localities like Alwarpet, R.A. Puram, Boat Club, and Poes Garden are the up-market residential areas, while areas like Madhavaram, Tondiarpet, Mogappair, Thiruvanmiyur, Vadapalani, Anna Nagar, and Velachery are increasingly catering to the middle-income group. Due to the presence of an increasing number of IT and ITES companies in the southern part of Chennai, there is a huge demand for budget apartments by the employees and top-end residences for executives along OMR (Old Mahabalipuram Road) and surrounding areas like Velachery, Perungudi, Thiruvanmiyur. At the city level the residential asset class has been divided for ease of understanding into six micro markets described below:

Table 3-1: Chennai Residential Micro Market Segmentation

Micro Market	Key locations	Capital Value (INR / sq.ft.)	Market Profile
Premium	Boat Club, Poes Garden, Chetpet, Nungambakkam	13,000-25,000	• Preferred by HNIs, businessmen, senior executives of Indian and MNC corporate houses. • High end premium products in the ticket size of INR 25-50 million. • Typology: Independent Bungalows/ House and Apartment (3 BHK, 4 BHK & More).
Central	Abhiramapuram, Adyar, Alwarpet, Anna Nagar, Besant Nagar, Egmore, Kilpauk, Kotturpuram, Mandaveli, MRC Nagar, Mylapore, Nandanam, Poonamalle High Road, RA Puram, Santhome, Shenoy Nagar, T Nagar	8,000 -14,000	• Preferred by Upper middle and middle income and business. • Proximity to CBD • Typology: Independent House and Apartment (2 BHK & 3 BHK). • Capital values increased more than 200% in the last three years
Off-Central	Kodambakkam, Thiruvanmiyur, West Mambalam, KK Nagar, Velachery, Kodambakkam, Rangarajapuram, Ashok Nagar, Vadapalani, Triplicane, Koyambedu, Virugambakkam, Nelson, Manickam Road, Purasaivakkam	4,500 – 9,000	• Preferred by working class middle income group with high disposable income. • Proximity to central & premium micro markets, shopping areas / high street retail • Typology: Independent House and Apartment (2 BHK & 3 BHK).
Northern Suburbs	Ayanavaram, Kolathur, **Madhavaram**, Perambur, Puzhal, Redhills, Royapuram, Sembium, Thiruvattriyur, Tondiarpet,	3,500– 5,500	• Characteristics of Old Chennai • Preferred by middle income group • Proximity to industrial zones and port; proposed metro to improve connectivity. • Typology: Apartment (2 BHK, 3 BHK).

Micro Market	Key locations	Capital Value (INR / sq.ft.)	Market Profile
	Villivakkam		
Western Suburbs	Bangalore Highway (NH4), Kattupakkam, Kolapakkam, Korattur, Maduravoyal, Mogappair, Mugalivakkam, Nolumbur, Padi, Porur, Ramapuram, Sriperumbudur, Thirumangalam, Valasaravakkam, Vanagaram, Oragadam	2,500 – 5,200	• Availability of cheaper land parcels. Proposed development initiatives by the State Government for cheaper housing. • Preferred choice for mid and low income group of home buyers. • Typology: Apartment (2 BHK & 3 BHK).
Southern Suburbs	Adambakkam, Chrompet, East Coast Road, GST Road, Jamin Pallavaram, Kelambakkam, Madipakkam, Medavakkam, Nanganallur, Navalur, Neelankarai, Old Mahabalipuram Road (OMR), , Pallikaranai, Selaiyur, Sholinganallur, Siruseri, Tambaram, Tiruporur, Thoraipakkam, Urapakkam	2,800 – 5,500	• Fastest Developing area of Chennai • Preferred destination of IT population • Proximity to IT parks / IT SEZ and OMR • Typology: Apartment (2 BHK & 3BHK). • Proposed Metro to improve connectivity; Diversified occupier base should create housing demand across all socioeconomic classes • Large future supply.

Source: Jones Lang LaSalle Market Research & Survey, 2013

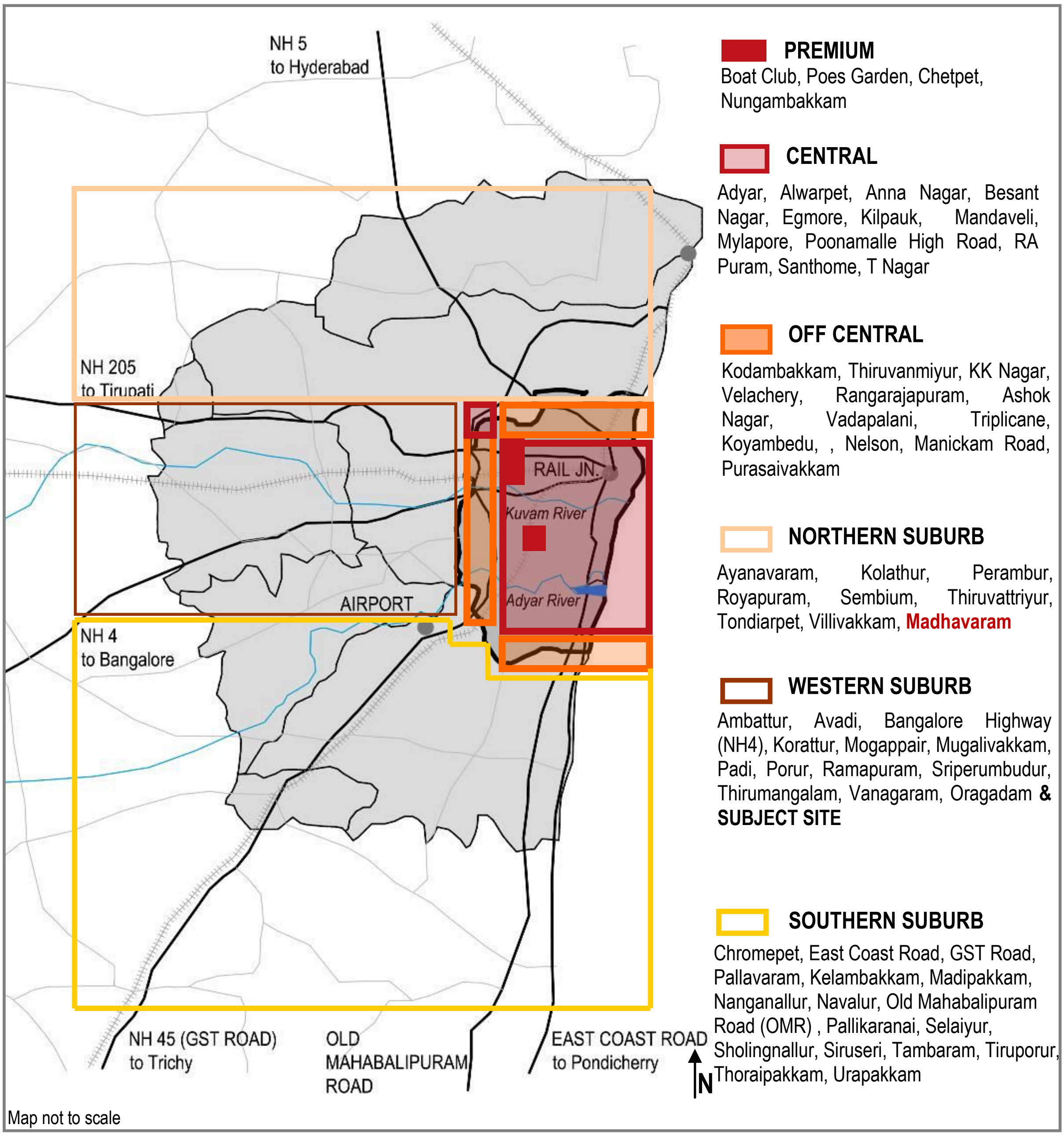
The Chennai Metropolitan Development authority's (CMDA) revised master plan estimated that the city's population might touch 1.26 crore by the year 2026 and housing demand projection has been put at 58,700 units per year up to 2026. Unlike other cities the number of developers in the city could not keep pace with the supply situation due to a combination of factors. Now with the easing FDI norms and the entry of pan India developers, there is an influx of property developers to promote housing. Moreover, the state has already attracted Rs 60,000 crore investments during the last financial year.

The severe increase in competition has promoted developers to innovate and provide amenities hither unheard of as part of community development. With the soaring land values, most of the projects are now in suburbs and in order to convince the people to shift, a range of infrastructure facility will have to be provided like schools, hospitals, retail stores, etc. This is where major projects are focusing with the result tomorrow's homebuyer's can spend more time with their families.

The influx of people and the growing demand for housing has put a severe strain on the city's infrastructure. The city's growth corridors have been developing at break-neck speed due to the availability of skilled manpower and improved connectivity levels.

The concept of premium housing as a segment is gaining vast popularity in the minds of builders currently. This phenomenon has increased prices across real estate asset classes and reduced affordability of various projects. The periodic increase in the cost of money has also been the reason for many investments to be put on the block. However, there are projects being launched at comparatively lower prices in the external corridors of the city and in various township projects. Most of these projects are fairly priced and accommodate the middle income groups too.

Figure 3-1: Chennai Residential Micro Market Classification



Source: Jones Lang LaSalle Market Research & Survey, 2012

The Chennai Metropolitan Development Authority (CMDA) has estimated the city's population to touch 12.5 million by 2026 and the housing demand at 15.46 lakh units necessitating a supply level of 58,700 units per year up to 2026. However, the current supply is not even exceeding 30,000- 32,000 units per year.

3.3 Market Status on Supply, Absorption & Pricing

Residential sector boom was predominantly towards the south and west of the Chennai city namely southern suburb and western suburb micro markets, primarily as a spin off from the IT related. Off late, Northern suburbs have picked up as most of the industries are moving out making space for Residential development.

Chennai's residential market has seen a rebound more quickly than was anticipated by many. With the economy springing back to action, the residential real estate market too has recovered strongly. Demand has returned, prices have increased or stabilized and a number of new projects have come onto the market since 1Q 2010

Chennai Residential Data across Micro Markets*

Year	Supply (Units)	Absorption (Units)	Availability (Units)	Cumm. Supply (Units)	Cumm. Absorption (Units)	Cumm. Availability (Units)
2008	4896	4892	4	4896	4892	4
2009	6927	6926	1	11823	11818	5
2010	5264	5264	0	17087	17082	5
2011	10356	10272	84	27443	27354	89
2012	25374	24623	751	52817	51977	840

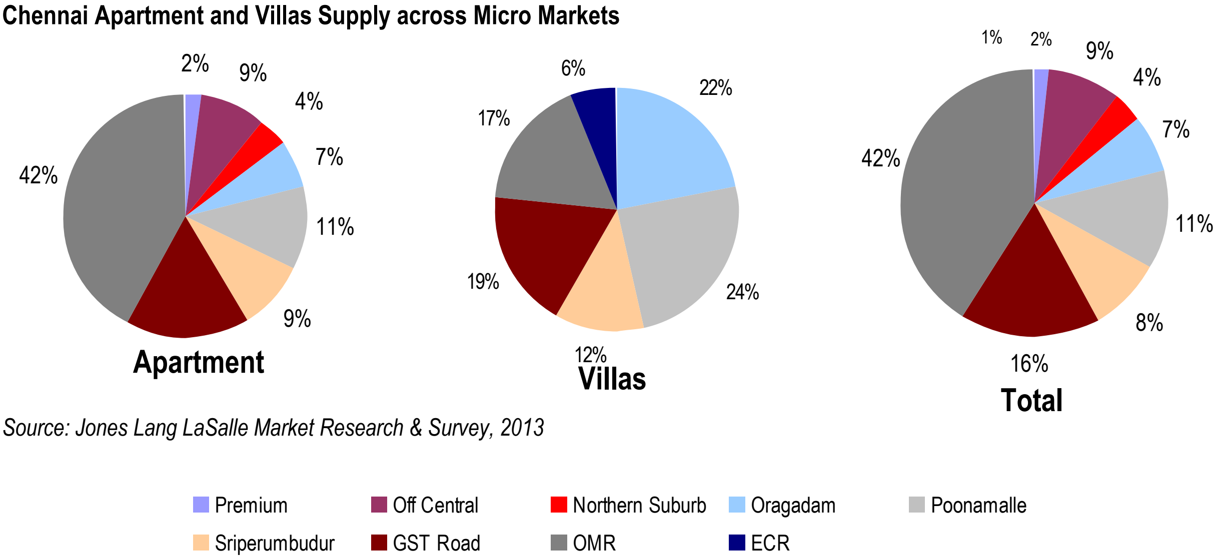
* The supply figures are cumulative figure for, and the projects are scheduled to be completed by 4Q 2015.
Source: Jones Lang LaSalle Market Research & Survey, 2013

Supply

The cumulative supply in Chennai residential market is approx. 54,657,849 sq.ft with approx. 52,817 units for the period from 1Q 2008 to 4Q 2012. The above said supply is scheduled to be completed by 4Q 2015. The average per year supply for Chennai stands at 10,000 – 11,000 dwelling units. The average supply going forward (2013-2015) is expected to be around 30,000 units per year.

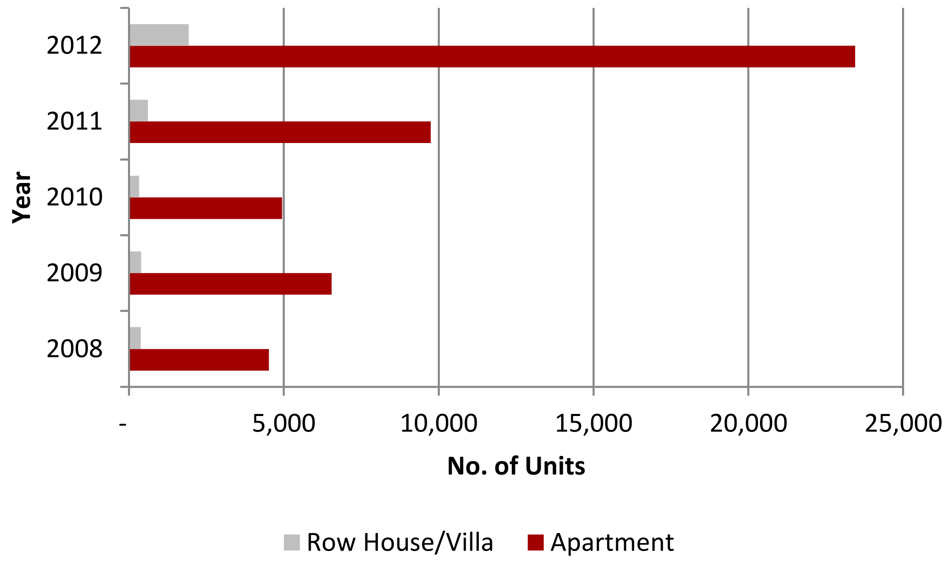
The average capital value across all micro market is INR 4,374 per sq.ft with an average absorption of 60%.

Chennai Apartment and Villas Supply across Micro Markets



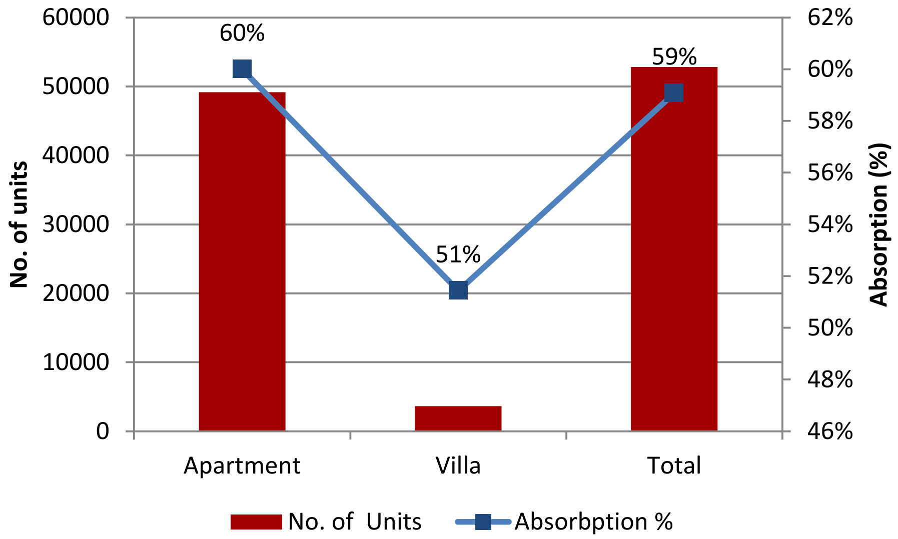
Source: Jones Lang LaSalle Market Research & Survey, 2013

Typology Composition of Residential Units

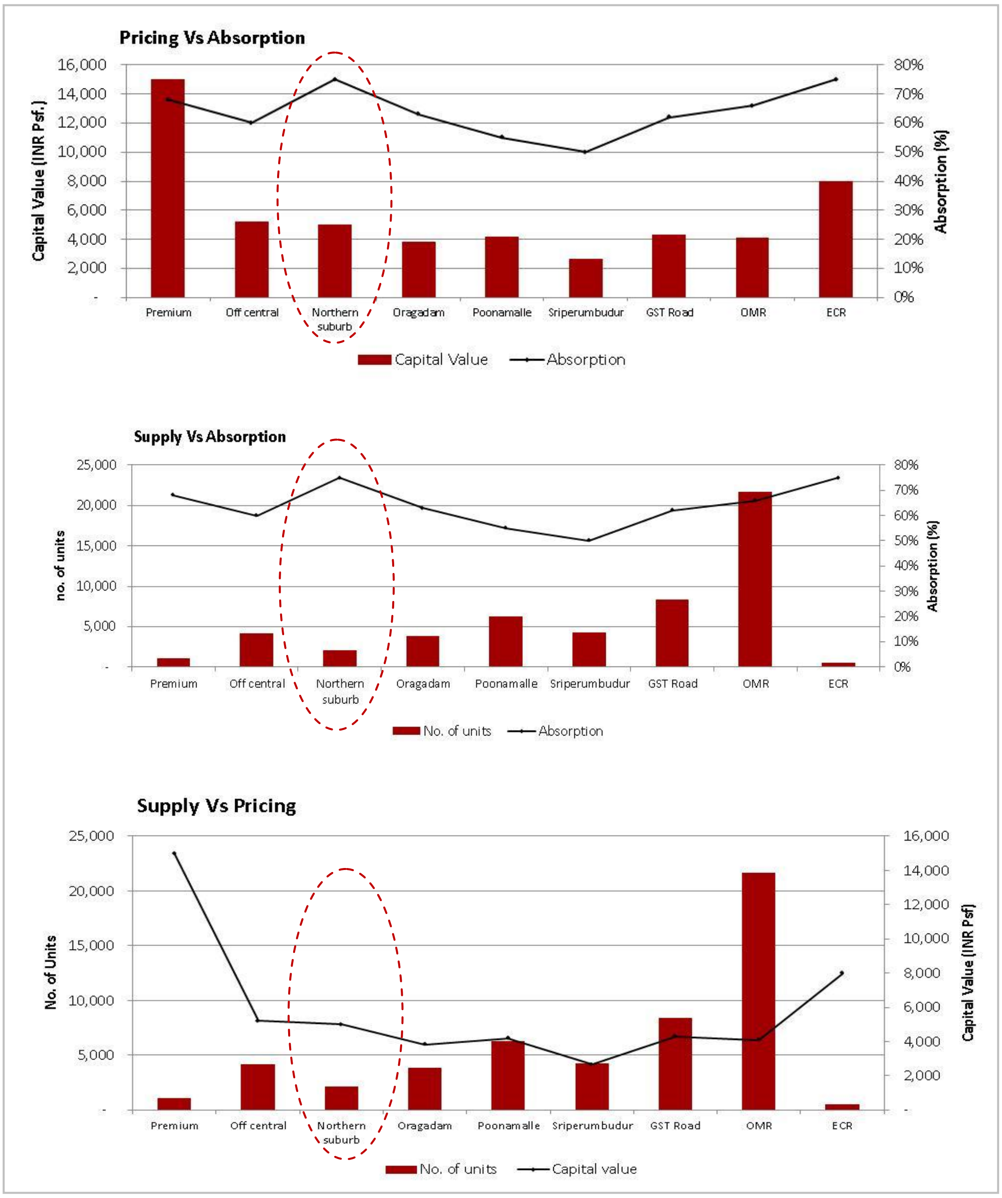


Absorption & Pricing

The average absorption for Chennai is 60% for apartments and 51% for Villas.



Observations and Outlook on Residential Real Estate in Chennai

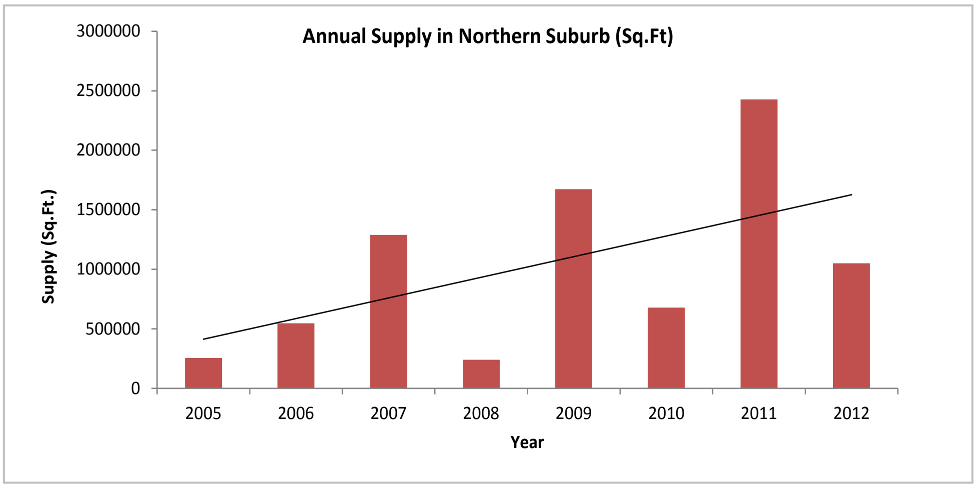


- The outlook for Chennai's residential property market remains positive in 2013. This is a stable market and the prices have risen rationally in tandem with the normal market trends. With the IT sector on the upswing and job security getting stronger, Chennai's residential real estate market will see accelerated demand in 2H 2013 onwards.
- Significant supply is for 2 and 3 BHK apartments (>60% of total units) especially in all suburban micro markets.
- The Northern Suburbs have the highest absorption rates across the city.
- In past one year many suburban project developers' are considerably increasing the proportion of 1& 2 BHK units in the project product mix.
- Reduction in the preferred sizes of flats from 1,500-2,000 sq feet to 800-1,300 sq feet over the last two years
- Premium projects with average 4 BHK apartment or Villas are primarily confined to Central or ECR micro market.
- Most of the projects' height is Stilt + 4 storeys with 8 to 16 dwelling units in a block.
- Loading of common areas (Super built-up area SBA) varies from 15% - 25% depending on the extra amenities provided. Loading factor: Grade C developers is 15%-18%; Grade A & B developers is 20%- 25%
- Concept of Integrated townships is still nascent in Chennai, as most of the projects are either in planning stages or under construction.
- One major issue for residential real estate activity in Chennai has been the lack of social infrastructure in peripheral business districts (PBDs) even as housing in the central business districts remained unaffordable. The lack of social infrastructure in the PBDs is hurting both absorption and positive price movements.

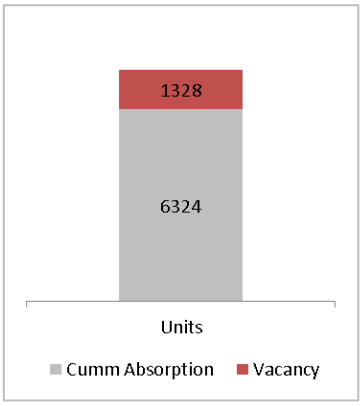
4.0 THE NORTHERN SUBURB MICRO MARKET

The northern suburb of Chennai comprises of the following sub markets

- Ayanavaram
- Kolathur
- **Madhavaram**
- Perambur
- Puzhal
- Redhills
- Royapuram
- Sembium
- Thiruvattriyur
- Tondiarpet
- Villivakkam



This micro market is characterized by old buildings and generally preferred by the middle income group of Chennai. It is in close proximity to the industrial zones and the Chennai port

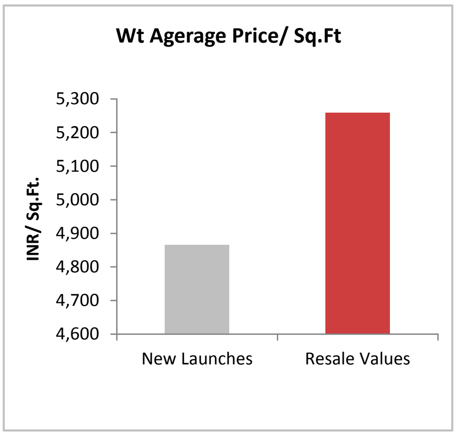


This micro market has a proposed metro and the typical apartment formats are 2 BHK and 3 BHK.

Madhavaram is a sub market in northern suburb in the city of Chennai. The Madhavaram taluk was formed on 1 July 2009 following the bifurcation of the large Ambattur taluk, which consisted of five fircas. The new taluk consists of two fircas (Madhavaram and Red Hills) and 36 revenue villages.It is the ninth taluk in Thiruvallur district.

It borders madhavaram Milk Colony to the east, inner Ring road to the west and Ponniammanmedu to the south. GNT Road (NH 5 - Chennai-Kolkata Highway) passes through Madhavaram.

GNT Road and Chennai bypass intersect here in Madhavaram and the place of intersection is popularly known as "Bypass" (renamed as "Nethaji Circle"). The main thoroughfares in the area are Madhavaram High Road, Thattankulam Road and GNT Road.



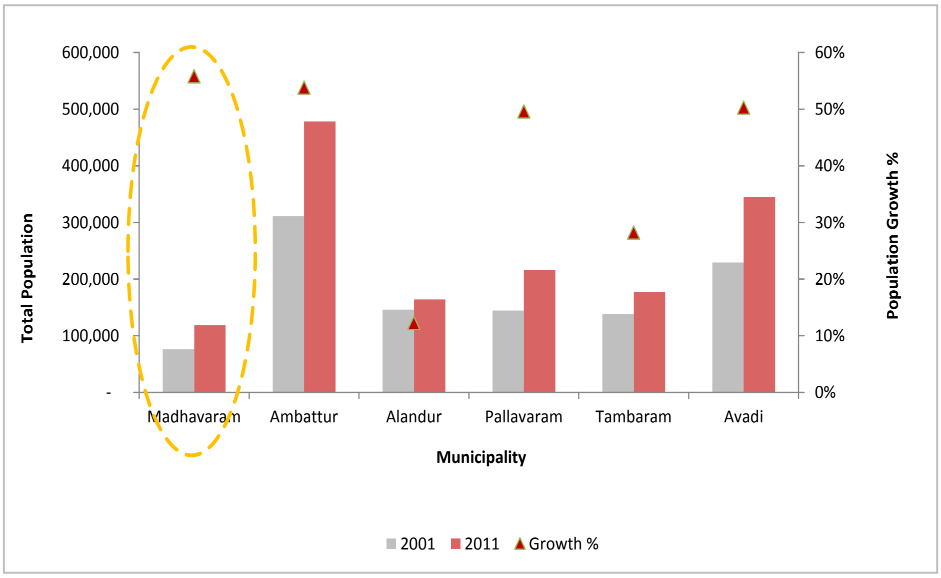
The Northern Suburb micro market has a total residential stock of approximately 8 million sq.ft. with about 6.7 million sq.ft. absorbed (6324 units absorbed out of a total supply of 7652 units, 83%)

The annual new supply is about 1 million sq.ft. annually or approximately 1000 new units launched per annum. The micro market also witnesses significant supply every alternate year as per the graph above.

The average capital values in the micro market range from INR 4850 per sq.ft. for new launches to INR 5250 per sq.ft. for resale apartments.

The pricing is expected to remain stable in the near term as significant supply is expected to be launched in the micro market in 2013.

It is also interesting to note from the chart below that between the years 2001 and 2011, Madhavaram recorded the highest population growth amongst other districts in Chennai. Madhavaram witnessed 56% growth as compared to other micro markets such as Ambattur and Avadi which recorded about 50% growth over 10 years. Chennai as a city witnessed a population growth of about 8% between 2001 and 2011.



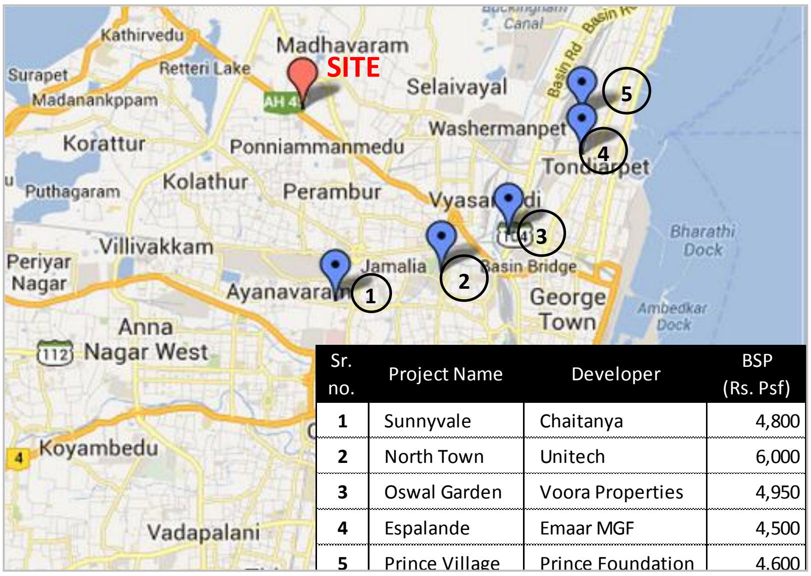
This population growth coupled with its affordable capital values and sufficient supply has Madhavaram a preferred residential destination for middle income Chennai residents.

Site Location

The 10.11 acre site is located around the junction of Madhavaram Municipal Road and GNT Road.

The plot has frontage on both the GNT road (a total of 419 feet) and the Madhavaram Municipal Road (a total of 496 feet).

The plot is in proximity of several large developments such as Unitech North Town and Esplanade by Emaar MGF.



Sr. no.	Project Name	Developer	BSP (Rs. Psf)
1	Sunnyvale	Chaitanya	4,800
2	North Town	Unitech	6,000
3	Oswal Garden	Voora Properties	4,950
4	Espalande	Emaar MGF	4,500
5	Prince Village	Prince Foundation	4,600

5.0 RESIDUAL VALUE APPROACH - MADHAVARAM

It has been assumed that the subject development shall entail a total construction of 1,695,000 sq. ft. of saleable area on the subject site. The following assumptions regarding the total development size, costs and revenues have been taken for estimating the cash flows from the development of subject site for expressing an Opinion on Net Present Value

Key assumptions

Particulars	Particulars
Land area	10.11 acres
Applicable FSI	2.5 (1,100,000 sqft)
Additional FSI (subject to the premium to be paid to CMD)	1 (440,000 sqft)
Premium for additional FSI	
- Guidance value of land	INR 3,000/sqft
- Percentage Payable for Premium FAR/FSI	40%
- Cost of premium to be paid	INR 529 Mn
Loading factor	10%
Development configuration	
- Residential	1,671,000 sqft
- Amenities	24,000 sqft
- Parking	482,000 sqft
Construction and other costs	
- Land development cost (on land area)	INR 100/sqft
- Cost of approvals (on land area)	INR 150/sqft
- Cost of parking	
o Surface parking	INR 450/sqft
o Basement parking	INR 750/sqft
o MLCP parking	INR 700/sqft
- Preliminary and pre-operative costs	10%
- Construction cost of apartments	INR 2,100/sqft
- Construction cost of amenities	INR 2,400/sqft
Revenue assumptions	
- Base Sale price	INR 5,000/sqft
- Car parking charges	INR 150,000 per bay
- Club membership charges	INR 150,000 per apartment
- Other charges	INR 150/sqft
Annual escalations	
- Construction and other costs	5%
- Revenue	10%

Particulars	Particulars
Discount rate*	8%

Residual Value Estimate - Madhavaram

In providing our opinion of the value of the subject development as at 31st May 2013, we have given due regard to the past market transactions and the development potential of the subject land.

We are of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which we have no knowledge, the Opinion on Net Present Value of the freehold interest in the subject property, as at 31st May 2013 would amount to INR 4,553,000,000 Approximately (Rupees Four Billion Five hundred and Fifty Three Million Approximately). The detailed cash flow statement is shown below.

Detailed Cash flow Statement (INR Mn)

Particulars (all figures in INR Mn)	Year 1	Year 2	Year 3	Year 4	Year 5
Expenditures					
Land development cost	-	44.04	-	-	-
Cost of approvals	254.32	-	-	-	-
Cost of construction (apartments)	-	368.52	1,160.82	1,218.87	1,279.81
Cost of construction (amenities)	-	6.10	19.23	20.19	21.20
Cost of construction (parking)	-	35.94	113.21	118.87	124.81
Preliminary and pre-operative costs	-	41.06	129.33	135.79	142.58
Cost of premium FSI	528.47	-	-	-	-
Revenues					
Sale Proceeds from Apartment Sales	-	919.20	3,033.36	3,058.64	3,976.23
Sale Proceeds from Car Parking Sales	-	20.09	60.28	55.26	65.30
Payable towards Deposits Paid to Civic Authorities	-	25.07	75.21	68.94	81.47
Club Membership Charges	-	23.01	69.03	63.28	74.78
Net Cash flow	**(782.79)**	**491.72**	**1,815.29**	**1,752.40**	**2,629.39**
Discount rate*	8%				
Net present Value	**4,552.61**				

*Note – this Opinion on Net Present Value is provided on the basis of a proposed land ownership/ holding and technical information related to the cost of capital of their potential investors provided to us by the client. The details of the current land holding and the proposed acquisition are provided in Annexure c and the details of the technical information provided to us are provided in Annexure E hereinafter.

6.0 THE SHOLINGUR – ARIYUR MICRO MARKET

Sholinghur is a town under Walajapet Taluk in the Vellore district of Tamil Nadu. Sholinghur has a railway station in a place called Banavaram.

In recent years, Sholinghur has emerged as an industrial town with Sundaram Fasteners, Brakes India and associated companies of the TVS group operating from this location. It also houses the TVS Motor industrial production unit which employs more than 8000 people. Apart from this MRF Limited has manufacturing facilities in the Arakonnam micro market.

Lying on the Chennai-Mumbai railway line and close to the Chennai-Bengaluru highway provides a huge impetus for industrial development. This is also aided by the fact that the Arakonam is big railway junction and a freight hub for movement of cargo from the port further inland and vice versa.

Currently, there is no organized real estate development or developer in the Sholingur-Ariyur micro market. This market would benefit from the launch of a large affordable housing township project as several industries are looking to set up based in this district. The growth can also get significant impetus with the development of the Golden Quadrilateral highway which passes through this district.

Current Scenario

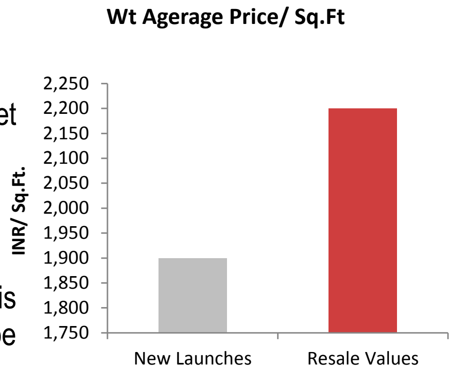
The affordable housing concept has gained tremendous ground in Chennai and its outskirts in last three years (2009-2012) primarily because of new found interest of many local developers such as Marg Properties, Shriram Properties, VGN, TVH, SARE, Provident Housing and Vijay Shanti Group. These developers have launched several projects with majority of units selling below INR 3.00 million per unit.

All of these projects are located in the suburban micro markets of Chennai and with improved connectivity and improving physical and social infrastructure many more similar projects are envisaged to enter the market in coming two years.

In most of the projects, the housing units are made affordable by reducing the unit size, civic amenities and other USPs, which were typically provided as differentiators to the competing projects in the micro-market/city.

At present in Chennai, more than 20 projects are being marketed as affordable housing and more than 40 projects which have substantial number of units under INR 3.0 million.

Current Pricing in the micro market



The unorganised real estate developments in the micro market are being sold in the range of INR 1700 per sq.ft. to INR 2200 per sq.ft. for apartments, while warehouses and retail outlets are being sold for INR 2500 per sq.ft. of built up area.

Given the lack of quality real estate and civic amenities in this micro market we are of the opinion that this market would be able to achieve around 8% YoY growth until 2019, by which the market would be mature enough and have sufficient economic activity to allow organised real estate development.

7.0 RESIDUAL VALUE APPROACH – SHOLINGUR

It has been assumed that the subject development shall entail a total construction of 10,244,000 sq. ft. of saleable area on the subject site. The following assumptions regarding the total development size, costs and revenues have been taken for estimating the cash flows from the development of subject site for expressing an Opinion on Net Present Value.

Key assumptions

Particulars	Particulars
Land area	
- Total area	114.02 acres
- Net of roads and open area	85.51 acres
Applicable FSI (on net plot area after roads and open land)	2.5 (4,967,000 sqft)
Loading factor	10%
Development configuration	
- Residential	9,970,000 sqft
- Amenities	273,000 sqft
- Parking	1,988,000 sqft
Construction and other costs	
- Land development cost (on land area)	INR 50/sqft
- Cost of approvals (on land area)	INR 750/sqft
- Cost of parking	
o Surface parking	INR 500/sqft
- Preliminary and pre-operative costs	5%
- Construction cost of apartments	INR 1,800/sqft
- Construction cost of amenities	INR 1,800/sqft
Revenue assumptions	
- Base Sale price	INR 2,100/sqft
- Car parking charges	INR 50,000 per bay
- Club membership charges	INR 50,000 per apartment
- Other charges	INR 100/sqft
Annual escalations	
- Construction and other costs	4%
- Revenue	8%
Discount rate*	8%

Residual Value Estimate - Sholingur – Ariyur - Somasamudram

In providing our opinion of the value of the subject development as at 31st May 2013, we have given due regard to the past market transactions and the development potential of the subject land.

We are of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which we have no knowledge, the Opinion on Net Present Value of the freehold interest in the subject property, as at 31st May 2013 would amount to INR 6,703,000,000 Approximately (Rupees Six Billion Seven hundred and Three Million Approximately). The detailed cashflow statement is shown below.

Detailed Cash flow Statement (INR Mn)

Particulars (all figures in INR Mn)	Year 1 to 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Expenditures											
Land development cost	-	62.31	64.81	67.40	64.81	67.40	64.81	67.40	64.81	67.40	64.81
Cost of approvals	-	934.71	-	-	-	-	-	-	-	-	-
Cost of construction (apartments)	-	2,183.49	2,270.83	2,361.66	2,456.13	2,554.37	2,656.55	2,762.81	2,873.32	2,988.25	3,107.78
Cost of construction (amenities)	-	59.82	62.21	64.70	67.29	69.98	72.78	75.69	78.72	81.87	85.14
Cost of construction (parking)	-	120.95	125.78	130.82	136.05	141.49	147.15	153.04	159.16	165.52	172.14
Preliminary and pre-operative costs	-	118.21	122.94	127.86	132.97	138.29	143.82	149.58	155.56	161.78	168.25
Revenues											
Sale Proceeds from Apartment Sales	-	3,076.45	3,322.56	3,588.37	3,875.44	4,185.47	4,520.31	4,881.94	5,272.49	5,694.29	6,149.83
Sale Proceeds from Car Parking Sales	-	33.60	36.28	39.19	42.32	45.71	49.36	53.31	57.58	62.18	67.16
Payable towards Deposits Paid to Civic Authorities	-	99.70	99.70	99.70	99.70	99.70	99.70	99.70	99.70	99.70	99.70
Club Membership Charges	-	69.85	69.85	69.85	69.85	69.85	69.85	69.85	69.85	69.85	69.85
Net Cash flow	**-**	**(199.90)**	**881.83**	**1,044.67**	**1,230.07**	**1,429.20**	**1,654.12**	**1,896.29**	**2,168.06**	**2,461.20**	**2,788.41**
Discount rate*	8%										
Net present Value	**6,703.48**										

*Note – this Opinion on Net Present Value is provided on the basis of a proposed land ownership/ holding and technical information related to the cost of capital of their potential investors provided to us by the client. The details of the current land holding and the proposed acquisition are provided in Annexure D and the details of the technical information provided to us are provided in Annexure E hereinafter.

Annexure A: Representation Letter for Madhavaram Plot

ROYAL VENTURE PTE. LTD.

(ROC REGN NO. 200007852N)
20 MAXWELL ROAD #08-01N MAXWELL HOUSE SINGAPORE 069113
TEL : (65) 62239731FAX : (65) 62263475

To

Date: 19/06/2013

Shankar
Head - Strategic Consulting
Jones Lang LaSalle Property Consultants (India) Private Limited
Level 8, Tower II, TVH Belicisa Towers, Block No. 94, MRC Nagar
Chennai 600 028

Subject: Market Potential Assessment of approx. 10.11 acres land parcel located along GNT Road, Madharavam, Chennai, Tamil Nadu, INDIA

Dear Shankar,
In context of the subject-cited assignment, following representation is being provided to Jones Lang LaSalle for purposes of providing a Market Potential Assessment report of approx. 10.11 acres land parcel located at Madhavaram, Chennai, Tamil Nadu, INDIA:

1. Plot A:
   a. Size = 1.27 acres
   b. Ownership Details = GR Surana (0.1575 acres), Vijayraj Surana (0.1575 acres), Dineshchand Surana (0.1575 acres), Shantilal Surana (0.1575 acres), Rajeev Surana (0.155 acres), Rajesh Surana (0.155 acres), Praiseworth Real Estates Pvt. Ltd. (0.33 acres)
   c. Frontage = 270 feet on GNT Road and 210 feet on Madharavam Municipal Road
2. Plot B:
   a. Size = 7.89 acres
   b. Ownership Details = GR Surana (2.55 acres), Vijayraj Surana (2.55 acres), Dineshchand Surana (2.79 acres)
   c. Frontage = 149 feet on GNT Road and 113 feet on Madharavam Municipal Road
3. Plot C:
   a. Size = 0.95 acres
   b. Ownership Details = Proposed Acquisition
   c. Frontage = 173 feet on Madhavaram Municipal Road

- We hereby confirm that Plot C when agglomerated with Plot B, will eliminate any bottle necks and ensure atleast 40 mts width at all places within the land parcel.
- We state that though the plots A and B (Plot B + Plot C) are separated by Madharavaram Municipal Road, please consider them to be one large land parcel of 10.11 acres for the purpose of assessment.
- We also indicate through this representation that we are not required to bear any costs towards acquisition of land parcel and are free from all encumbrances.
- We also hereby state that discounting rate shall be taken as 8% for the calculations.

We request you to incorporate the facts mentioned above while performing your assessment.

Kind regards

ROYAL VENTURE PTE. LTD. Co.Reg.No. 200007852N

For Royal Venture Pte Ltd

Annexure B: Representation Letter for Sholingur Lands

ROYAL VENTURE PTE. LTD.

(ROC REGN NO. 200007852N)
20 MAXWELL ROAD #08-01N MAXWELL HOUSE SINGAPORE 069113
TEL : (65) 62239731FAX : (65) 62263475

To
A Shankar
Head - Strategic Consulting
Jones Lang LaSalle Property Consultants (India) Private Limited
Level 8, Tower II, TVH Beliciaa Towers
Block No. 94, MRC Nagar
Chennai 600 028

Date: 19/06/2013

Subject: Market Potential Assessment of approx. 114.02 acres land parcel located in Vengappattu, Ariyur and Somasamudram Villages near Sholingur, Vellore District, Tamil Nadu, INDIA

Dear Shankar,

In context of the subject-cited assignment, following representation is being provided to Jones Lang LaSalle for purposes of providing a Market Potential Assessment report of approx. 114.02 acres land parcel located at Venguppattu, Ariyur and Somasamudram Villages near Sholingur, Vellore District, Tamil Nadu, INDIA:

Plot A: Venguppattu and Ariyur Villages

1. Plot Area = 105.25 acres
2. Ownership Details = GR Surana (8.26 acres), Shantilal Surana (20.73 acres), Vijayraj Surana (30.45 acres), Dineshchand Surana (19.73 acres), Bhanwarlal Sharma (5.26 acres), Chandan Sharma (1 acre), Sahadev Sharma (3 acres), proposed acquisition (16.82 acres)
3. Access = From 60 feet wide public access road
4. Contiguity = The land parcel is contiguous in nature
5. Frontage = more than 500 feet along 60 feet public wide access road

Plot B: Somasamudram Village

1. Plot Area = 8.77 acres
2. Ownership Details = GR Surana (2.13 acres), Shantilal Surana (2.455 acres), Vijayraj Surana (2.0775 acres), Dineshchand Surana (2.1075 acres)
3. Access = From 60 feet wide public access road
4. Contiguity = The land parcel is contiguous in nature
5. Frontage = more than 150 feet along 60 feet public wide access road

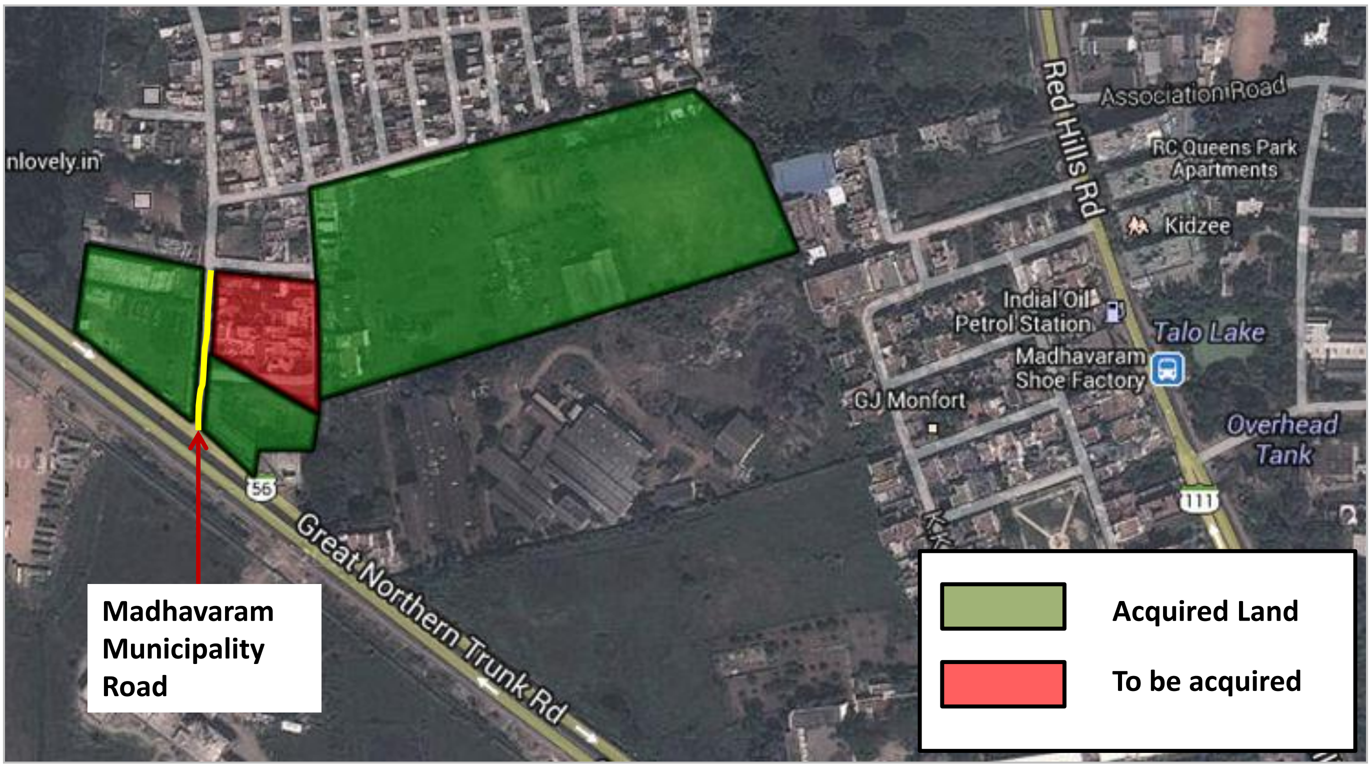
- We state that though the plots A and B distantly apart, please consider them to be one large land parcel of 114.02 acres for the purpose of assessment.
- We also indicate through this representation that we are not required to bear any costs towards acquisition of land parcel and are free from all encumbrances.
- We also hereby state that discounting rate shall be taken as 8% for the calculations.

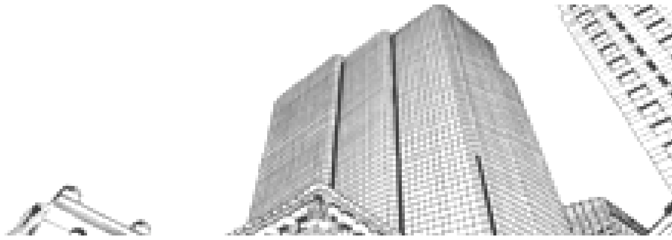
We request you to incorporate the facts mentioned above while performing your assessment.
Kind regards

Royal Venture Pte Ltd

ROYAL VENTURE PTE. LTD. Co.Reg.No. 20007852N

Annexure C: Madhavaram – Layout of the Subject Property

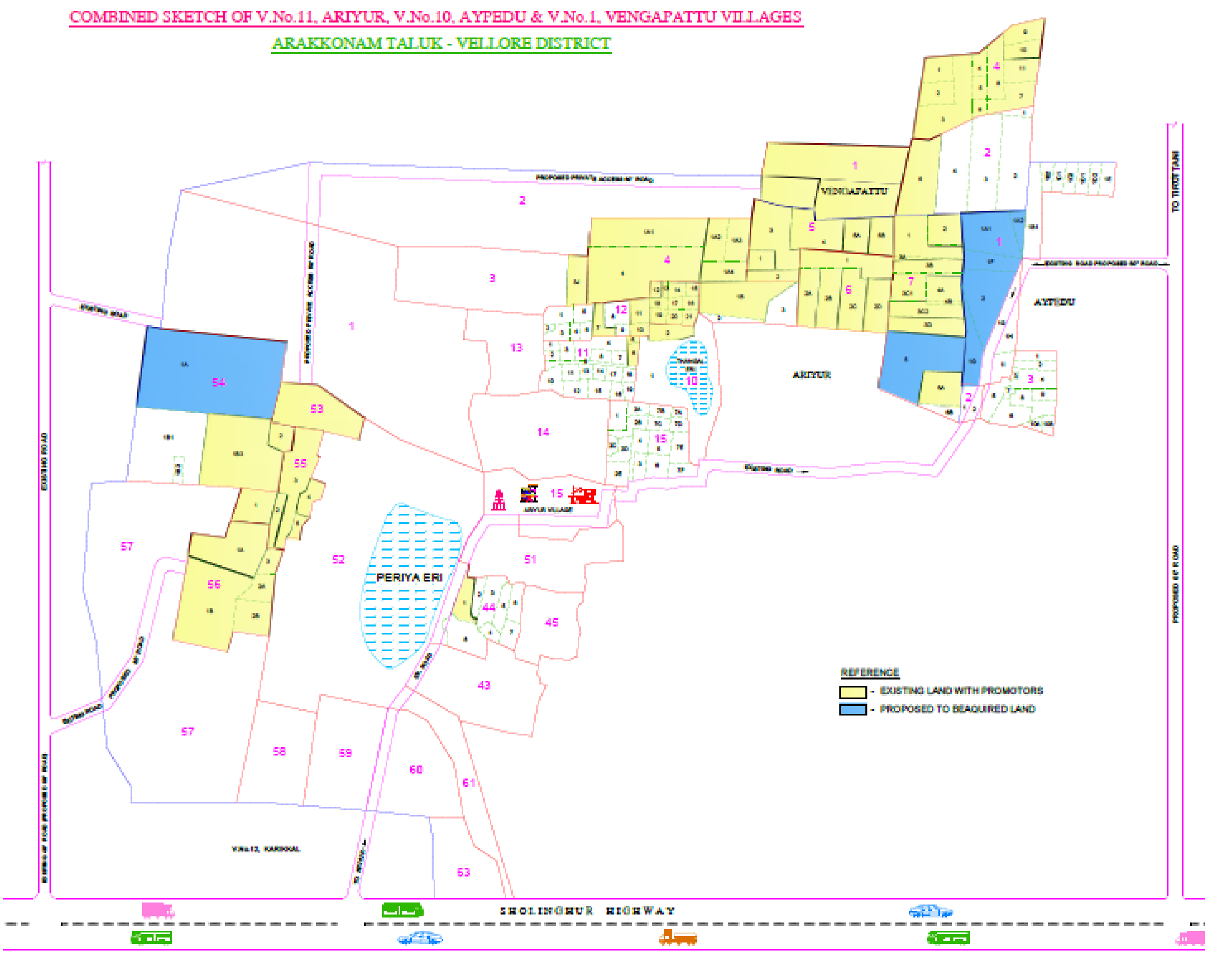


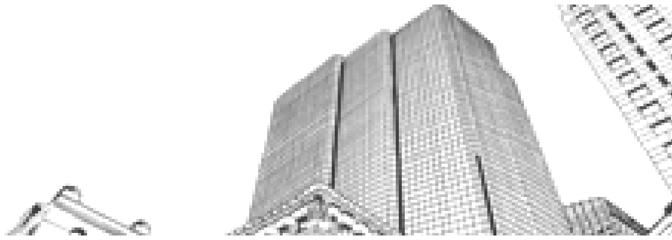


Existing Land Holding – Madhavaram

S.No	Name of the Owner	Name of the Village	Sale Deed No & Date	Survey No	Extent in Acres	Registration District	Taluk	Patta no.	Sub - registrar office
1	Mr. G.R. Surana	MADHAVARAM	5441/99, 19.8.99	1060/1 & 2	1.25	Chennai (North)	Ambattur, Presently Madhavaram	Ward No- C, Block -50, T.S.No 2/1 to 3	SRO, Sembium (Presently SRO, Madhavaram)
2	Mr. G.R. Surana	MADHAVARAM	6184/99, 20.9.99	1060/1 & 2	1.00	Chennai (North)	Ambattur, Presently Madhavaram	Ward No- C, Block -50, T.S.No 2/1, 2/2 & 2/3	SRO, Sembium (Presently SRO, Madhavaram)
3	Mr. Vijayraj Surana	MADHAVARAM	5440/99, 19.8.99	1060/1 & 2	1.25	Chennai (North)	Ambattur, Presently Madhavaram	Ward No- C, Block -50, T.S.No 2/1, 2/4 & 2/5	SRO, Sembium (Presently SRO, Madhavaram)
4	Mr. Vijayraj Surana	MADHAVARAM	6414/99, 28.9.99	1060/1 & 2	1.00	Chennai (North)	Ambattur, Presently Madhavaram	Ward No- C, Block -50, T.S.No 2/1, 2/2 & 2/5	SRO, Sembium (Presently SRO, Madhavaram)
5	Mr. Dineshchand Surana	MADHAVARAM	6185/99, 20.9.99	1060/1 & 2	1.25	Chennai (North)	Ambattur, Presently Madhavaram	Ward No- C, Block -50, T.S.No 2/1 & 2/6	SRO, Sembium (Presently SRO, Madhavaram)
6	Mr. Dineshchand Surana	MADHAVARAM	6415/99, 28.9.99	1060/1 & 2	1.24	Chennai (North)	Ambattur, Presently Madhavaram	Ward No- C, Block -50, T.S.No 2	SRO, Sembium (Presently SRO, Madhavaram)
7	Mr. G.R. Surana	MADHAVARAM	5120/02, 3.9.02	1062	0.30	Chennai (North)	Ambattur, Presently Madhavaram	Ward No- C, Block -50, T.S.No 3/3	SRO, Sembium (Presently SRO, Madhavaram)
8	Mr. Vijayraj Surana	MADHAVARAM	5118/02, 3.9.02	1062	0.30	Chennai (North)	Ambattur, Presently Madhavaram	Ward No- C, Block -50, T.S.No 3/2 & 11/2	SRO, Sembium (Presently SRO, Madhavaram)
9	Mr. Dineshchand Surana	MADHAVARAM	5119/02, 3.9.02	1062	0.30	Chennai (North)	Ambattur, Presently Madhavaram	Ward No- C, Block -50, T.S.No 3/1 & 11/1	SRO, Sembium (Presently SRO, Madhavaram)
10	M/s Praise Worth Real Estates Pvt Ltd	MADHAVARAM	1962/13, 5.4.13	1062	0.0225	Chennai (North)	Ambattur, Presently Madhavaram	Ward No- C, Block -49, T.S.No 35,36,37,38	SRO, Sembium (Presently SRO, Madhavaram)
11	M/s Praise Worth Real Estates Pvt Ltd	MADHAVARAM	2067/13, 10.4.13	1062	0.0225	Chennai (North)	Ambattur, Presently Madhavaram	Ward No- C, Block -49, T.S.No 35,36,37,38	SRO, Sembium (Presently SRO, Madhavaram)
12	M/s Praise Worth Real Estates Pvt Ltd	MADHAVARAM	1963/13, 5.4.13	1062	0.0225	Chennai (North)	Ambattur, Presently Madhavaram	Ward No- C, Block -49, T.S.No 35,36,37,38	SRO, Sembium (Presently SRO, Madhavaram)
13	M/s Praise Worth Real Estates Pvt Ltd	MADHAVARAM	1965/13, 5.4.13	1062	0.0225	Chennai (North)	Ambattur, Presently Madhavaram	Ward No- C, Block -49, T.S.No 35,36,37,38	SRO, Sembium (Presently SRO, Madhavaram)
14	M/s Praise Worth Real Estates Pvt Ltd	MADHAVARAM	1961/13, 5.4.13	1062	0.135	Chennai (North)	Ambattur, Presently Madhavaram	Ward No- C, Block -49, T.S.No 35,36,37,38	SRO, Sembium (Presently SRO, Madhavaram)
15	M/s Praise Worth Real Estates Pvt Ltd	MADHAVARAM	2068/13, 10.4.13	1062	0.135	Chennai (North)	Ambattur, Presently Madhavaram	Ward No- C, Block -49, T.S.No 35,36,37,38	SRO, Sembium (Presently SRO, Madhavaram)
16	M/s Praise Worth Real Estates Pvt Ltd	MADHAVARAM	1964/13, 5.4.13	1062	0.135	Chennai (North)	Ambattur, Presently Madhavaram	Ward No- C, Block -49, T.S.No 35,36,37,38	SRO, Sembium (Presently SRO, Madhavaram)
17	M/s Praise Worth Real Estates Pvt Ltd	MADHAVARAM	1966/13, 5.4.13	1062	0.135	Chennai (North)	Ambattur, Presently Madhavaram	Ward No- C, Block -49, T.S.No 35,36,37,38	SRO, Sembium (Presently SRO, Madhavaram)
18	M/s Praise Worth Real Estates Pvt Ltd	MADHAVARAM	2016/13, 10.4.13	1062	0.155	Chennai (North)	Ambattur, Presently Madhavaram	Ward No- C, Block -49, T.S.No 35,36,37,38	SRO, Sembium (Presently SRO, Madhavaram)
19	M/s Praise Worth Real Estates Pvt Ltd	MADHAVARAM	2069/13, 10.4.13	1062	0.155	Chennai (North)	Ambattur, Presently Madhavaram	Ward No- C, Block -49, T.S.No 35,36,37,38	SRO, Sembium (Presently SRO, Madhavaram)
20	M/s Praise Worth Real Estates Pvt Ltd	MADHAVARAM	496 to 507/2009, 31.1.2009	1062	0.33	Chennai (North)	Ambattur, Presently Madhavaram	Ward No- C, Block -49, T.S.No 35,36,37,38	SRO, Sembium (Presently SRO, Madhavaram)
	Total				9.16 acres				

Annexure D: Sholingur – Ariyur – Somasamudram – Layout of the Proposed Property





Existing Land Holding – Sholingur – Ariyur – Somasamudram

ARIYUR, SRI KALIKAPURAM, SOMASAMUDRAM AND VENGUPATTU VILLAGES, AROKKONAM TALUK

SL.NO.		NAME OF THE VILLAGE	DOCUMENT NO. & DATE	SURVEY NUMBER	EXTENT IN ACRES - CENTS	Registration District	Taluk	Patta no.	Sub - registrar office
1	G.R.Surana	Ariyur	1727/1998 dated 01.12.1998	44/1 etc.,	4.52	Arakkonam	Arakkonam	176	SRO, Sholingur
2	G.R.Surana	Ariyur	3094/2007 dated 08.10.2007	4/1B	2.60	Arakkonam	Arakkonam	201	SRO, Sholingur
3	G.R.Surana	Ariyur	762/2008 dated 18.02.2008	6/2A	1.14	Arakkonam	Arakkonam	213	SRO, Sholingur
4	G.R.Surana	Somasamudram	740/1999 dated 14.05.1999	2/1A etc.,	2.10	Arakkonam	Walajah	10	SRO, Sholingur
5	G.R.Surana	Sri Kalikapuram	252/2000 dated 18.02.2000	249/2B3	0.0275	Kancheepuram	Pallipattu	1482	SRO, R.K.Pet
		Total			**10.38 3/4**				
1	Shantilal Surana	Ariyur	1728/1998 dated 01.12.1998	55/1 etc.,	4.28	Arakkonam	Arakkonam	173	SRO, Sholingur
2	Shantilal Surana	Ariyur	697/2002 dated 22.04.2002	5/4	1.78	Arakkonam	Arakkonam	173	SRO, Sholingur
3	Shantilal Surana	Ariyur	1418/2005 dated 10.08.2005	5/5B	1.00	Arakkonam	Arakkonam	173	SRO, Sholingur
4	Shantilal Surana	Ariyur	3095/2007 dated 05.10.2007	5/2 etc.,	2.21	Arakkonam	Arakkonam	203	SRO, Sholingur
5	Shantilal Surana	Ariyur	763/2008 dated 18.02.2008	6/2B	1.14	Arakkonam	Arakkonam	214	SRO, Sholingur
6	Shantilal Surana	Ariyur	1477/2008 dated 18.02.2008	3/3J etc.,	0.71	Arakkonam	Arakkonam	203	SRO, Sholingur
7	Shantilal Surana	Somasamudram	739/1999 dated 13.05.1999	2/1B etc.,	2.29	Arakkonam	Walajah	21	SRO, Sholingur
8	Shantilal Surana	Sri Kalikapuram	252/2000 dated 18.02.2000	249/2B3	0.0275	Kancheepuram	Pallipattu	1482	SRO, R.K.Pet
9	Shantilal Surana	Sri Kalikapuram	688/2002 dated 10.05.2002	249/2B2	0.1375	Kancheepuram	Pallipattu	1479	SRO, R.K.Pet
10	Shantilal Surana	Venguppattu	661/2002 dated 22.04.2002	1	9.61	Arakkonam	Arakkonam	827	SRO, Sholingur
		Total			**23.18 1/2**				
1	Vijayraj Surana	Ariyur	1729/1998 dated 01.12.1998	55/4 etc.,	3.98	Arakkonam	Arakkonam	174	Sholinghur
2	Vijayraj Surana	Ariyur	1540/2001 dated 26.04.2001	4/1A1	3.18	Arakkonam	Arakkonam	174	SRO, Sholingur
3	Vijayraj Surana	Ariyur	464/2002 dated 15.03.2002	5/5A etc.,	6.26	Arakkonam	Arakkonam	119	SRO, Sholingur
4	Vijayraj Surana	Ariyur	104/2003 dated 27.01.2003	7/1 etc.,	4.29	Arakkonam	Arakkonam	172	SRO, Sholingur
5	Vijayraj Surana	Ariyur	3096/2007 dated 05.10.2007	12/12 etc.,	2.02	Arakkonam	Arakkonam	204	SRO, Sholingur
6	Vijayraj Surana	Ariyur	764/2008 dated 18.02.2008	6/2C	1.15	Arakkonam	Arakkonam	215	SRO, Sholingur
7	Vijayraj Surana	Somasamudram	741/1999 dated 14.05.1999	2/1C etc.,	2.05	Arakkonam	Walajah	115	SRO, Sholingur
8	Vijayraj Surana	Sri Kalikapuram	252/2000 dated 18.02.2000	249/2B3	0.0275	Kancheepuram	Pallipattu	1482	SRO, R.K.Pet
9	Vijayraj Surana	Venguppattu	465/2002 dated 19.03.2002	4/1 etc.,	5.02	Arakkonam	Arakkonam	828	SRO, Sholingur
10	Vijayraj Surana	Venguppattu	142/2003 dated 19.03.2003	4/3 etc.,	3.49	Arakkonam	Arakkonam	828	SRO, Sholingur
11	Vijayraj Surana	Venguppattu	143/2003 dated 30.01.2003	4/7	1.06	Arakkonam	Arakkonam	828	SRO, Sholingur
		Total			**32-52 3/4**				
1	Dineshchand Surana	Ariyur	1726/1998 dated 01.12.1998	56/1B etc.,	6.03	Arakkonam	Arakkonam	175	SRO, Sholingur
2	Dineshchand Surana	Ariyur	1539/2001 dated 26.09.2001	4/4	5.00	Arakkonam	Arakkonam	175	SRO, Sholingur
3	Dineshchand Surana	Ariyur	1541/2001 dated 24.09.2001	4/1A2	5.31	Arakkonam	Arakkonam	175	SRO, Sholingur
4	Dineshchand Surana	Ariyur	3112/2007 dated 08.10.2007	15/4 etc.,	2.25	Arakkonam	Arakkonam	202	SRO, Sholingur
5	Dineshchand Surana	Ariyur	765/2008 dated 18.02.2008	6/2D	1.14	Arakkonam	Arakkonam	216	SRO, Sholingur
6	Dineshchand Surana	Somasamudram	738/1999 dated 13.05.1999	2/1D etc.,	2.08	Arakkonam	Walajah	12	SRO, Sholingur
7	Dineshchand Surana	Sri Kalikapuram	252/2000 dated 18.02.2000	249/2B3	0.0275	Kancheepuram	Pallipattu	1482	SRO, R.K.Pet
		Total			**21.83 3/4**				
1	Bhanwarlal Sharma	Ariyur	1. 902/2000 dated 30.05.2000	54/1B etc.,	5.26	Arakkonam	Arakkonam	178 & 182	SRO, Sholingur
			2. 1029/2000 dated 19.06.2000						
			3. 1163/2000 dated 10.07.2000						
			4. 1180/2000 dated 12.07.2000						
2	Chandan Sharma	Ariyur	289/2002 dated 26.02.2002	7/3C1	1.00	Arakkonam	Arakkonam	181	SRO, Sholingur
3	Sahadev Sharma	Venguppattu	161/2003 dated 04.02.2003	2/5	3.00	Arakkonam	Arakkonam	256	SRO, Sholingur
		Total	-	-	**9.26**				

Annexure E: Computation of Discount Rate/ Weighted Average Cost of Capital (WACC)

For the purpose of conducting and estimating this Opinion on Net Present Value for the subject properties, we have received/reviewed certain technical information / assumptions (as shown in the table below) regarding the Weighted Average Cost of Capital. This technical information and assumptions have been provided to us the client and have been considered by us to be reasonable subject to the Limiting Factors set out below:

Cost of Capital - Potential Swiss Investor		
Risk-free interest rate - Swiss Gov't Bond (R_f)	0.60%	Swiss Official Interest Rate
Add: Long-term Risk Premium (R_p)	5%	
Beta of International Stocks (*Beta*)	2.0x	
Cost of Equity	**10.60%**	CAPM: Cost of Equity = R_f + (R_p x Beta)
Cost of Swiss Corporate Debt	7.50%	
After-tax debt cost	**6.00%**	Assuming 20% Swiss tax rate
Debt-to-Equity ratio	2	
Weighted Average Cost of Capital	**7.53%**	
Conservative Assumption to be used by JLL	**8.00%**	

Statement of Limiting Factors ("Limiting Factors")

Opinion on Net Present Value analysis and results are specific to the purpose of providing an opinion on valuation and the opinion on valuation date mentioned in the report as agreed per terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

In the course of estimating the opinion on valuation, we were provided with both written and verbal information, including market, technical, financial and operating data, including information regarding the computation of Weighted Average Cost of Capital (WACC) and Discount Rate used for computing the opinion on Net Present Value. We have not carried out a due diligence or audit of the technical information/ assumptions/ company for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided. It should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which an extensive evaluation or examination might disclose.

The terms of our engagement were such that we were entitled to rely upon the information provided by the company without inquiry. Also, we have been given to understand by the management that it has not omitted any relevant and material factors and that it has checked out relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. Our conclusions are based on these assumptions, forecasts and other information given by/on behalf of the company. The management of the company has indicated to us that it has understood that any omissions, inaccuracies or misstatements may materially affect our opinion on valuation analysis/results. Accordingly, we assume no responsibility for any errors in the above information furnished by the company and their impact on the present exercise.

Also, we assume no responsibility for technical information furnished by the company and believe it to be reliable. We express no opinion on the achievability of the technical information given to us. The assumptions used in their preparation, as we have been explained, are based on the management's present expectation of their own cost of capital and/or the cost of capital of their potential investors.

No investigation of the company's claim to title of assets has been made for the purpose of this valuation and the company's claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

Neither the valuation report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties without our prior written consent. We retain the right to deny permission for the same.

R.Subramanian and Company
CHARTERED ACCOUNTANTS
New No.6 (36), Krishnaswamy Avenue, Mylapore, Luz, Chennai - 600 004,
Phone : 24992261/ 24991347/ 24994231, Fax : 24991408
Email : rs@rscompany.co.in Website : www.rscompany.co.in

15th June 2013

Board of Directors,
M/s Royal Venture Pte Limited
20 Maxwell Road,
Singapore.

Dear Sirs,

We refer to our engagement letter dated 10th June 2013 for Valuation of operating business of M/s Royal Venture Pte Limited for the purpose of strategic investments. We are pleased to forward the Valuation Report.

Yours faithfully,

R. Subramanian And Company
Chartered Accountants

R. SUBRAMANIAN AND COMPANY CHENNAI 600 004. Chartered Accountants

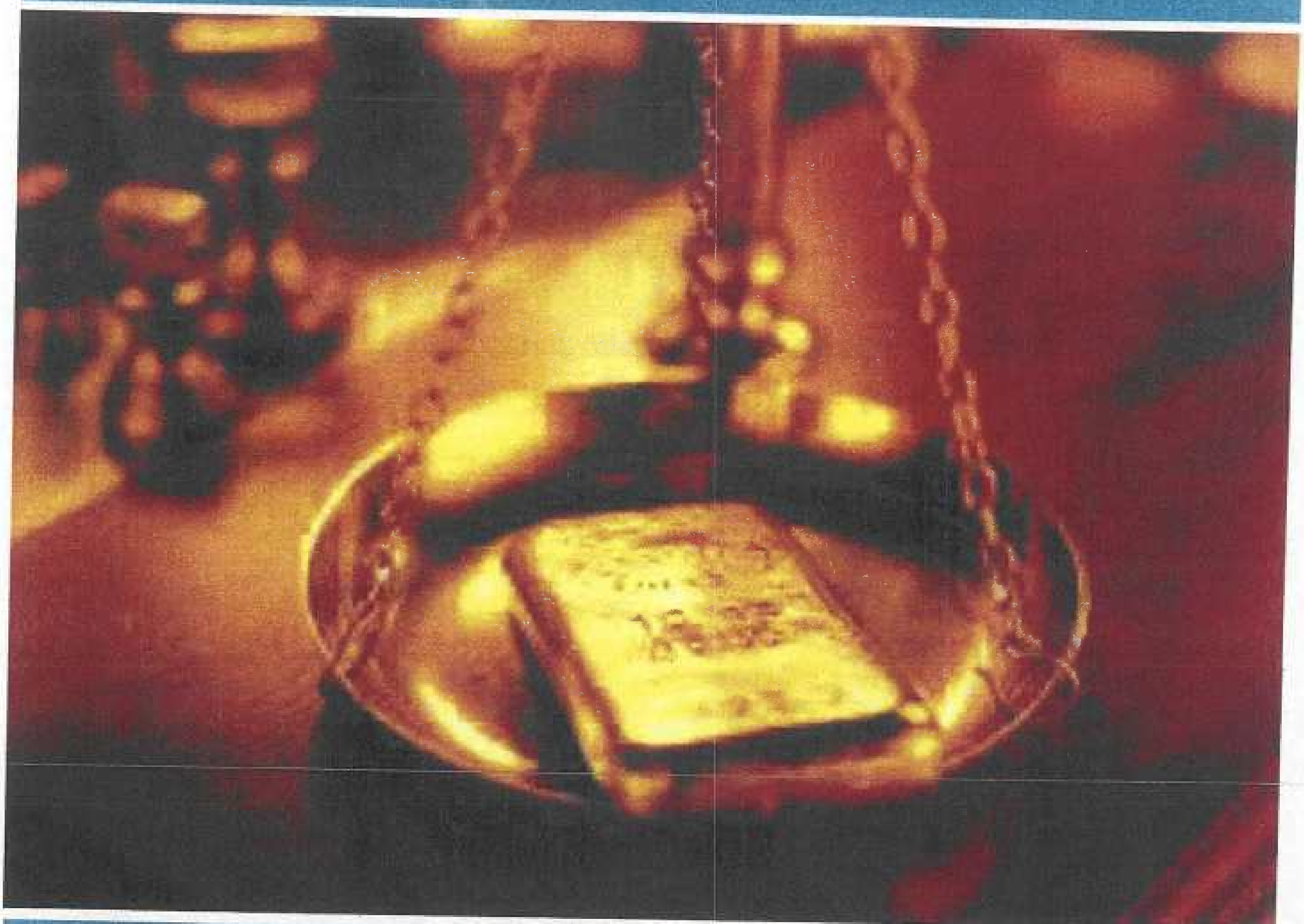
S. Prabhakaran

Mr. S. Prabhakaran
Partner

Enclosures: As above

ROYAL VENTURE PTE LIMITED

Valuation Report



By:

R. Subramanian & Co.

Chartered Accountants

1. **Purpose**

This Report on valuation (**"REPORT"**) is being furnished at the request of the management of M/s Royal Venture Pte Limited (RVPL) for valuing the operating business of RVPL. The valuation is being carried out for the specific objective of investment by strategic investors.

RVPL has appointed M/s R. Subramanian and Company, Chartered Accountants, Chennai, to act as their advisors for preparation of this report. This report has been prepared by M/s R. Subramanian and Company, based on information furnished by RVPL.

2. **General**

Provision of valuation recommendations and considerations of the issues described herein are areas of our regular specialist advisory services. The services do not represent accounting, audit, financial due diligence review, consulting, transfer pricing or domestic / international tax related services that may otherwise be provided by us.

Our analysis and review of RVPL consolidated financial statements (including its historical audited and projected financial statements) does not constitute an audit in accordance with Auditing Standards and does not include vetting of financial projections provided by the management. We understand that the revenue and cost of operations as forecasted in the financial projections provided to us are on a consolidated basis. We have solely relied on explanations and information provided by the management and accepted the information provided to us as consistent and accurate on an "as is" basis. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided. Nothing has come to our attention to indicate that the

R. SUBRAMANIAN AND COMPANY Chartered Accountants CHENNAI 600 004.

information provided has material misstatements or would not afford reasonable grounds upon which to base the report.

We have assumed that the liabilities are only those which were made available to us in the provisional financial statements provided to us and that there are no other contingent liabilities, unusual contractual obligations, substantial commitments or claims which would materially affect the financial statements and have an impact on the value. Our valuation is primarily from a business perspective and has not taken into consideration various legal and other corporate structures beyond the limited information made available to us.

The responsibility for forecast and the assumptions on which they are based is solely that of management and we provide no confirmation or assurance on the achievability of these projections. It must be emphasized that profit forecast necessarily depend upon subjective judgment. They are to a greater or lesser extent, according to the nature of the business and the period covered by the forecasts, subject to substantial inherent uncertainties. In consequence, they are not capable of being audited or substantiated in the same way as financial statements, which present the results of completed periods. Similarly, we have relied on data from external sources. These sources are considered to be reliable and therefore, we assume no liability for the accuracy of the data. We have assumed that the business continues normally without any disruptions due to statutory or other external / internal occurrences.

The scope of our work has been limited both in terms of the areas of business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this report, which might be relevant in the context of the exercise and which a wider scope might uncover. It may be noted that valuation is not an exact science and ultimately depends upon what the business is worth to a serious investor

R. SUBRAMANIAN AND COMPANY Chartered Accountants CHENNAI 600 004. SP or buyer who may be prepared to pay a substantial goodwill. The valuation exercise carried out as on valuation date mentioned in the report and using generally accepted valuation methodologies, the relative emphasis of each often varying based on several specific factors. The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer.

This report is issued on the understanding that the management has drawn our attention to all matters they are aware concerning the financial / operational position, which may have an impact on our report up to the date of issue. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We have no present or planned future interest in RVPL and the fee for this report is not contingent upon the values reported herein. Our valuation analysis should not be construed as investment advice, specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction.

3. Distribution of Report

This valuation analysis is confidential and has been prepared exclusively for RVPL's management, including for its discussions with strategic investors towards an investment. Hence, it should not be used, reproduced or circulated to any other person or for any purpose other than as mentioned above, in whole or in part, without our prior written consent. Such consent will only be given after full consideration of the circumstances at the time. Please note that we do not owe any duty of care and accept no responsibility or liability to your auditors, investors and shareholders, with regard to our report.

R. SUBRAMANIAN AND COMPANY • Chartered Accountants • CHENNAI 600 004.

4. **Sources of information**

- Nature and operations of the business of the company including historic financial performance and audited financial statements.
- Business Plan and future financial estimates.
- Assumptions underlying the business plans and estimates, as well as the risk factors that could affect planned performance.
- Agreements underlying the future business plan.
- Discussions with RVPL management.

5. **Background**

5.1 The Indian Gold Market

India annually imports approximately 1,000 tons of gold and is today the world's largest gold importer for personal consumption.

Global Gold Supply and India's Demand for Gold				
Year	Global Gold Supply $ (Tonnes)	Gold Demand from India @ (Tonnes)	Growth of Global Gold Supply (%)	Growth of Gold Demand from India (%)
1999	4206	486	-	-
2000	3704	462	-11.9	-4.9
2001	3764	471	1.6	2.0
2002	3667	467	-2.6	-0.9
2003	3953	367	7.8	-21.3
2004	3426	537	-13.3	46.1
2005	4034	792	17.7	47.5
2006	3559	707	-11.8	-10.7
2007	3554	716	-0.1	1.3
2008	3657	679	2.9	-5.1
2009	4146	743	13.4	9.4
2010	4274	871	3.1	17.2
2011	4030	975	-5.7	11.9
2012	4130	1079	2.5	10.7

Source: World Gold Council and Estimations from DGCI&S Data;
$ Calendar Year; @ Financial year

R. SUBRAMANIAN AND COMPANY CHENNAI 600 004. SP Chartered Accountants

Trends in Gold Import in India

Year	Import of Gold in Rs. Crore	Growth Rate (%)
1999-00	17,991	---
2000-01	18,829	4.7
2001-02	19,889	5.6
2002-03	18,608	-6.4
2003-04	29,946	60.9
2004-05	47,348	58.1
2005-06	47,951	1.3
2006-07	65,440	36.5
2007-08	67,330	2.9
2008-09	95,324	41.6
2009-10	1,35,878	42.5
2010-11	1,84,742	36.0
2011-12	2,69,563	45.9

Source: DGCI&S

All of this gold is imported by less than 25 primary importers. The import of gold is a low risk business. Given the liquidity of gold bullion in the market, imports are almost always backed by a pre-arranged sale and the spread between the procurement and sale price is locked in at the time of import itself. Following is the general timeline of import and sale of gold bullion:

Day 1	Standby letter of credit from bank presented to bullion bank/dealer
Day 2	Air shipment of gold against Stand By Letter of Credit(SBLC) at contracted price. Simultaneously, contracted sale price to retailer is fixed.
Day 3	Arrival of physical gold in India
Day 4	Customs clearance and arrival at importers' premises
Day 5	Receipt of sale proceeds and sale of gold to retailer
Day 6	Remittance routed back to bank to release SBLC

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The advantages such a delivery and payment mechanism are that:

a. Price of import and sale to local retailer is locked in prior to import, hence, importers' spread is clearly defined.
b. The pre-arranged import price is quoted in dollars and is immediately hedged. The sale price is fixed based on the exchange converted INR Price, hence, currency risk is not borne by the importer.
c. The working capital cycle is negative, i.e. collections from sale of bullion precede payment released to importers. Hence, there is no working capital cost. Further, increased sale volumes generate incremental working capital float for the company, which is in contrast to generally prevalent market where incremental business requires incremental working capital allocation.
d. The importer is covered by the seller's insurance from the point of shipment until the delivery point at its destination, hence, all intermediate risk of loss, theft, destruction, etc. is borne by the seller or its insurer.

5.2 RVPL Expansion Plan

Expanding Current Export Activities

RVPL currently earns approximately $140 million, mainly from sale of finished jewellery to retailers, duty-free shops and dealers across Singapore, Malaysia, Thailand, and other Asian countries. The jewellery is procured from third-party manufacturers, primarily based in India. The export business yields a margin of approximately 1% and there is potential to increase this business immediately to at least $200 million since the Company already has a huge distribution network which it can readily tap into.

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Diversifying into Bullion Import Activities

RVPL has plans to diversifying its business including import of bullions into India. It plans to utilize the strength of M/s Surana Corporation Limited (SCL) in being a conduit for its gold import into India. Currently, SCL is importing bullion from several intermediaries. However, going forward, the plan is to eliminate the middlemen and directly import from bullion banks, gold mining companies and authorized dealers. Since SCL is a ready buyer, it is possible for RVPL to become the largest trading partner of SCL within the next financial year itself.

SCL, with an established reputation as a trustworthy supplier of gold, and a long presence in the market, can easily expand its business multiple times over the next couple of years. Currently, SCL imports 25-30 tons of gold into India generating revenues of approximately Rs.50,000 million ($925 million). This is almost entirely focused on the Chennai gold market, which has a stable demand of around 300 kgs per day. SCL has a 50% share of this market. However, SCL also sells to almost every major buyer across the country in smaller quantities and infrequent intervals. There is a huge latent demand for further supply of bullion to these existing customers which SCL currently does not fulfill. The SCL management estimates that tapping into these existing relationships can provide a ten-fold increase in sales within a three to five year period, thereby making SCL a pre-eminent supply of gold to jewellery retailers across the country. As mentioned earlier, there are no regulatory constraints that limit such expansion excepting the working capital requirement.

SCL envisages that going forward it would source its imports also from RVPL. To this effect, SCL is in the process of finalizing a supply agreement between itself and RVPL. RVPL aims to eliminate the middlemen layer in the

R. SUBRAMANIAN AND COMPANY CHENNAI 600 004. Chartered Accountants bullion procurement process and thereby enhancing its gross margins, and establishing its own name in the international gold market.

RVPL's bullion purchase would be contracted out to USI AG, a subsidiary of USI Group Holding AG, which is listed in the SIX exchange in Switzerland. RVPL is also in the process of becoming a 100% step-down subsidiary of USI Group Holdings AG and the merger agreement to effect this acquisition is currently being finalized. The use of USI AG as a conduit to procure its gold allows RVPL to attract the best terms on its transactions with prospective gold miners, bullion banks and large authorized primary gold dealers.

5.3 Background of prospective buyer- SCL

SCL has a turnover of approximately Rs.9,000 crores from importing and trading buillion and gold jewellery. It primarily has two business models:

a. Import of gold bullion from banks, dealers and other intermediaries for sale to jewellery manufacturers in India.
b. Export of gold jewellery to wholesalers and retailers in South-east Asia and the Middle East.

SCL has been in the gold business for over for decades and is currently India's largest importer of bullion after the Government Trading Houses. Other than 19 nominated banks, there are only six licenses provided for import of gold directly without routing it through the Government. SCL is one among that six and is the only such license holder in Tamilnadu. Obtaining a license entails very stringent requirements, most important of which is that the applicant should have a turnover of over Rs.25,000 million ($460 million). There are very few players in the precious metals market, including large jewellery houses, which pass this turnover test. Hence, the licenses are not widely distributed in the market. However, the possession of an import license provides immense benefits since there is no restriction on import of bullion into India. Therefore, the potential for increasing revenue from

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imports is driven only by the strength of the license holders' distribution channels, rather than by regulatory considerations.

5.4 Financial Terms of the RVPL Gold Import Plan

Since we are assuming funds are drawn down we do not want to emphasize the negative working capital benefits. The import of bullion is facilitated through SBLCs, which require an upfront deposit of collateral with the banks, and which is rotated over each working capital turn in order to replenish the SBLC limit. Therefore, it is prudent to assume that the trading operations of RVPL require a working capital investment with a turn of 10 days. For the sake of simplicity and conservatism, we assume that RVPL, which would replicate the international trade of SCL, is able to turn its working capital 30 times in a year (i.e. 30 turns x 10 days/turn = 300 trading days in a year). The required working capital could be funded by the bank by means of a corporate guarantee by its USI group and at interest cost of approximately 3%.

5.5 Highlights of Business Growth Plan

- A zero risk business proposition where purchase and sales are locked for a pre-determined spread.
- Simple, straight forward scheme that blends into SCL's decades-long proposition.
- Readily available and growing market into which SCL has privileged insights.
- Track record of good delivery (0.995 Standard) provides counterparty great degree of comfort.
- Unparalleled network of jewelers, traders, corporation trading houses, investors and hedge operators provides a platform for steady growth.

6. Financial analysis

(a) Projected Profit and Loss Account

US$ in Million

Particulars	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Sales	412.23	897.73	1,111.33	1,160.29	1,211.71	1,265.69	1,322.38	1,381.90	1,444.39	1,510.01
Cost of Sales	(407.64)	(888.26)	(1,099.70)	(1,148.15)	(1,199.03)	(1,252.44)	(1,308.53)	(1,367.43)	(1,429.26)	(1,494.19)
Gross Profit	**4.59**	**9.46**	**11.62**	**12.14**	**12.68**	**13.25**	**13.84**	**14.47**	**15.13**	**15.82**
Other Income	0.05	0.09	0.11	0.11	0.12	0.12	0.13	0.13	0.14	0.14
S,G&A	(0.62)	(0.73)	(0.85)	(0.91)	(0.99)	(1.07)	(1.15)	(1.25)	(1.35)	(1.46)
EBITDA	**4.02**	**8.82**	**10.89**	**11.34**	**11.81**	**12.30**	**12.82**	**13.36**	**13.92**	**14.50**
Finance Costs	(1.00)	(1.85)	(2.11)	(2.21)	(2.31)	(2.42)	(2.54)	(2.66)	(2.78)	(2.91)
Profit Before Tax	**3.02**	**6.97**	**8.78**	**9.13**	**9.50**	**9.88**	**10.28**	**10.70**	**11.13**	**11.58**
Taxes	(0.50)	(1.17)	(1.47)	(1.53)	(1.59)	(1.66)	(1.73)	(1.80)	(1.87)	(1.95)
Profit after Tax	**2.52**	**5.80**	**7.30**	**7.60**	**7.90**	**8.22**	**8.56**	**8.90**	**9.26**	**9.64**

i) Sales include revenue from existing business of export and new business line of import. Rate of Gold has been considered to be constant.

ii) Export Revenue has been projected with a consolidated revenue growth of 5% on year on year basis. The cost of goods sold has been assumed at 98.7% being the 3 years average cost.

iii) Other Income if any on export business has been assumed as Nil. Further the Administration and other expenses have been assumed at 0.2% of the turnover.

iv) Finance Cost for export business has been assumed at average rate of 0.8% of the sales and for import business it has been assumed at 3% of the Credit Line.

v) Sale of Bullions on import business has been considered at 25kg / day for the half year 2013 with a growth of 150% for the years 2014 and 2015. Thereon the growth has been consistently taken at 5%. Sale of Dore Bars has been assumed consistently at 50Kg per week.

vi) Tax has been considered @17%b on profit before tax. Exemptions and rebates if any have been ignored.

vii) Interest Income on Margin Deposit held with Banks for the purpose of credit limits has been computed at average rate of 1% based on the prevailing trend.

(b) Projected Balance Sheet

US$ in Million

Particulars	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Capital and Reserves										
Share Capital	3.66	3.66	3.66	3.66	3.66	3.66	3.66	3.66	3.66	3.66
Accumulated Profit	1.58	4.09	9.90	17.20	24.80	32.70	40.93	49.48	58.38	67.65
Shareholder's fund	**5.24**	**7.75**	**13.56**	**20.86**	**28.46**	**36.36**	**44.58**	**53.14**	**62.04**	**71.31**
Non-Current Assets										
Investment - Available for Sale (Quoted)	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15
Current Assets										
Trade and Other Receivables	65.93	55.26	70.38	78.25	81.70	85.33	89.14	93.14	97.34	101.75
Amount Due from Holding Company	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51
Fixed Deposit - Bank	2.99	5.26	9.24	10.98	11.35	11.74	12.16	12.59	13.04	13.52
Cash and Cash Equivalents	0.03	1.25	5.16	11.29	18.12	25.22	32.59	40.26	48.23	56.51
	69.45	**62.28**	**85.29**	**101.02**	**111.68**	**122.80**	**134.40**	**146.50**	**159.12**	**172.30**
Current Liabilities										
Trade and Other Payables	(50.12)	(34.08)	(35.37)	(36.86)	(38.43)	(40.07)	(41.80)	(43.61)	(45.51)	(47.50)
Amount Due to Related Party	(4.15)	(4.15)	(4.15)	(4.15)	(4.15)	(4.15)	(4.15)	(4.15)	(4.15)	(4.15)
Borrowings	(8.35)	(17.45)	(33.37)	(40.30)	(41.80)	(43.37)	(45.02)	(46.75)	(48.57)	(50.49)
Payable for acquisition	(2.72)	-	-	-	-	-	-	-	-	-
Provision for Taxation	(0.03)	-	-	-	-	-	-	-	-	-
	(65.37)	**(55.68)**	**(72.89)**	**(81.31)**	**(84.37)**	**(87.59)**	**(90.96)**	**(94.51)**	**(98.23)**	**(102.14)**
Net Current Assets	4.09	6.60	12.41	19.71	27.31	35.21	43.44	51.99	60.89	70.16
Non-Current Liability	-	-	-	-	-	-	-	-	-	-
Total Assets	**5.24**	**7.75**	**13.56**	**20.86**	**28.46**	**36.36**	**44.58**	**53.14**	**62.04**	**71.31**

i) No increase in equity has been considered during the projection period.

ii) Investments have been considered at cost. Dividend or growth on such investments has been ignored.

iii) Trade Receivables for import has been considered at 10 days and for export at 110 days being the average prevailing over the last 3 years.

iv) Trade Payables has been considered Nil for import and for export the same has been considered at average period of 75 days prevailing in the last 3 years.

v) Amount due to Holding Company and amount due to related party has been considered to be unpaid in the projection period.

vi) Fixed Deposit has been assumed to be maintained at average 25% of the borrowings made for the purpose of import.

vii) Projections are made in United States Dollars since that would be the functional currency of RVPL

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(c) Projected Cash Flow Statement

US$ in Million

Particulars	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
rofit after tax	3.02	6.97	8.78	9.13	9.50	9.88	10.28	10.70	11.13	11.58
inance costs	1.00	1.85	2.11	2.21	2.31	2.42	2.54	2.66	2.78	2.91
nterest Income	(0.05)	(0.09)	(0.11)	(0.11)	(0.12)	(0.12)	(0.13)	(0.13)	(0.14)	(0.14)
Vorking capital adjustments										
Trade receivables (Export)	18.12	(2.01)	(2.21)	(2.33)	(2.44)	(2.56)	(2.69)	(2.83)	(2.97)	(3.12)
Payables and accruals (Export)	(16.04)	1.29	1.49	1.56	1.64	1.72	1.81	1.90	2.00	2.10
Trade Receivables (Import Business)	(7.46)	(13.11)	(5.65)	(1.13)	(1.19)	(1.25)	(1.31)	(1.37)	(1.44)	(1.51)
ayables for acquisition	(2.72)	-	-	-	-	-	-	-	-	-
ncome tax paid	(0.53)	(1.17)	(1.47)	(1.53)	(1.59)	(1.66)	(1.73)	(1.80)	(1.87)	(1.95)
ash Flow from Operating Activities	**(4.66)**	**(6.26)**	**2.93**	**7.80**	**8.11**	**8.44**	**8.78**	**9.13**	**9.50**	**9.88**
ixed Deposits	(2.28)	(3.98)	(1.73)	(0.37)	(0.39)	(0.41)	(0.43)	(0.45)	(0.48)	(0.50)
orrowings	9.10	15.91	6.94	1.50	1.57	1.65	1.73	1.82	1.91	2.01
inance costs	(1.00)	(1.85)	(2.11)	(2.21)	(2.31)	(2.42)	(2.54)	(2.66)	(2.78)	(2.91)
nterest Income	0.05	0.09	0.11	0.11	0.12	0.12	0.13	0.13	0.14	0.14
ash Flow from Financing Activities	**5.88**	**10.18**	**3.20**	**(0.97)**	**(1.02)**	**(1.06)**	**(1.11)**	**(1.16)**	**(1.21)**	**(1.27)**
let Increase in Cash and Cash quivalents	**1.22**	**3.91**	**6.13**	**6.83**	**7.10**	**7.38**	**7.67**	**7.97**	**8.28**	**8.61**
ash and Cash Equivalents - Beginning f Year	0.03	1.25	5.16	11.29	18.12	25.22	32.59	40.26	48.23	56.51
ash and Cash Equivalents - End of ear	**1.25**	**5.16**	**11.29**	**18.12**	**25.22**	**32.59**	**40.26**	**48.23**	**56.51**	**65.12**

i) Tax Dues have been assumed to be paid every year in advance. The pending amount as on Dec 2012 has been assumed to be paid in the year 2013.

ii) Payable for acquisition has been assumed to be settled in the year 2013.

7. Valuation Methodologies

Income Approach

The Income Approach measures the value of an asset by calculating the present value of its future economic benefits. When used to determine Equity value, the Income Approach develops an indication of value by discounting forecasted cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds plus the expected rate of inflation and the risks associated with the particular investment. The discount rate applied to these expected cash flows is generally based upon rates of return available from alternative investments of similar type and quality. Another discounting method calculates the company's Weighted Average Cost of Capital ("WACC") from its cost of debt and cost of equity. Forecasts typically cover three to five years, but the reliability of forecasts for valuation purposes in early stage enterprises depends upon many factors, such as the company's vulnerability to advances in technology, actions by competitors, changes in end user requirements, and the availability of financing.

Cash flow based models such as Discounted cash flow (DCF) model are based on the principle that the value of business is the discounted value of the free cash flows during the useful lifecycle of the business, at a rate that reflects the degree of risk associated with the business. This model can be adopted in these cases for arriving at the fair value of the proposed investment inequity of the above company.

Market Approach

The Market Approach measures the value of an asset through an analysis of **Recent Sales** of comparable property compared to the property being valued. When applied to the valuation of an equity interest, consideration is given to the financial condition and operating performance of the subject company compared to either publicly traded companies with similar lines of business or recent corporate acquisitions ("Guideline Companies"). Typically, the companies selected for comparison are subject to economic, political, competitive, and technological factors that correspond with those confronting the Company.

The Market Approach is conceptually preferable to the other two approaches both because it uses direct comparisons to similar enterprises and because the analysis is based upon actual market transactions. However, comparable that fit perfectly rarely exist. Privately held companies are compared to publicly traded ones that are typically further along in their stage of development, have superior access to capital, and have common stock that is readily marketable. Often historical results of public companies are being compared to projected results for

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the private company being valued. In order to reflect these differences, data from the Guideline Companies must be appropriately adjusted. Selecting the market multiple to apply to the Company requires judgment. The standard comparable data are not available; hence market approach cannot be adopted in this case.

Asset Approach

The Asset Approach measures the value of an asset by the **Cost to Reconstruct or Replace** it with another of like utility. When applied to the valuation of equity interests in businesses, value is based on the net aggregate fair market value of the entity's underlying assets. This approach basically entails a restatement of the balance sheet of the enterprise in which the fair market value of its assets and liabilities are substituted for their book values. This approach is frequently used to value holding companies or capital-intensive firms. It is typically not an appropriate valuation approach for growing operating companies which provide goods or services and which have significant intangible value. Considering the nature and early stage of the business this method is not recommended.

8. Business Valuation

Discounted Cash Flow Method

The Discounted Cash Flow (DCF) methodology expresses the present value of a business as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate.

This method is used to determine the present value of a business on a going concern assumption. It recognizes that money has a time value by discounting future cash flows at an appropriate discount factor. The DCF methodology depends on the projection of the future cash flows and the selection of an appropriate discount factor.

When valuing the equity of a business on a DCF basis, the objective is to

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determine a net present value of the free cash flows to equity holders ("FCFE") arising from the business over a future period of time. Free cash flows to equity are defined to include all inflows and outflows associated with the project including debt service, such as taxes, amount invested in working capital and capital expenditure. In this case, we forecast the cash flows over the period of 10 years.

US$ in Millions

Particulars	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
et Profit After Tax	2.52	5.80	7.30	7.60	7.90	8.22	8.56	8.90	9.26	9.64
dd:										
fter-tax interest cost	0.83	1.54	1.75	1.83	1.92	2.01	2.10	2.20	2.31	2.42
Vorking Capital Adjustment	(5.38)	(13.82)	(6.38)	(1.89)	(1.99)	(2.08)	(2.19)	(2.30)	(2.41)	(2.53)
ess:										
apital Invested in the business	(4.09)	-	-	-	-	-	-	-	-	-
ree Cash Flow	(6.12)	(6.49)	2.68	7.54	7.84	8.15	8.47	8.81	9.16	9.52
erminal Value	-	-	-	-	-	-	-	-	-	79.80
iscount Factor	0.96	0.89	0.83	0.77	0.71	0.66	0.62	0.57	0.53	0.49
CF	(5.90)	(5.80)	2.22	5.81	5.60	5.40	5.21	5.03	4.86	43.95
nterprise Value	66.40									
ong Term Debt	-									
quity Value	66.40									

Note: There is no Long Term Debt in any of the companies as on 31st Dec 2012. The same has been assumed to be continued during the projection period. Hence the Equity Value as on 31st Dec 2012 is same as the Enterprise value of US$ 66.40 Millions.

Discounting Factor

The discounting factor considered for arriving at the present value of the free cash flows to the firm is the cost of Equity because of RVPL having 100% equity capital. The Cost of Equity is computed using the Capital Assets Pricing Model (CAPM) using the formula KE =RF + β (RM - RF) where

KE = Cost of Equity; RF = Risk free Rate

RM = Market Rate of Return

β (Beta) = Measure of Market Risk

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The following input has been issued in the calculation of the Cost of Equity (KE):

The Risk free Return is taken as **3.00%** based on 10 Years of Singapore Government Securities (SGS) Bonds average yield for the past 15 years (Source: Singapore Stock Exchange)

The Long Term Market Premium (RM-RF) is taken as **10.00%** based on market rate of return on Singapore.

A beta of 2 is considered since there are no closely comparable unlisted entities carrying out similar lines of Business with a business with a business model as that of RVPL, the beta is considered as2.

Cost of debt has been assumed at 3% being the average rate prevailing currently in the market.

After considering these inputs, the cost of Equity or firm for the explicit period is calculated as **7.75%**.

Assumptions

i) The valuation is being done based on the date of the last audited financial statements, i.e. December 31, 2012. We are informed by management that there are no material changes between the last audit date and the date of the report that would have an impact on our valuation.

ii) Free Cash Flow has been computed, considering the Net Asset as on 31st Dec 2012 as Capital being invested in the new line of business viz., imports.

iii) The Terminal Value has been computed considering that the business would close down its operations at the end of 10th year. Hence the Net Asset prevailing at the end of 10th Year has been considered as terminal value.

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Fair Value of Business

The fair basis of valuation has to be determined after taking into consideration all the relevant factors relating to RVPL, Gold industry and methodologies mentioned hereinabove. We have estimated the value of RVPL using the DCF method. **The estimated equity value of RVPL as on 31st December2012 is US$ 66.40 Million.**

Appendix 3

Financial Statements and Information

Index

A Audited consolidated and statutory financial statements of USI Group Holdings AG for the year ended 31 December 2012

B Audited consolidated and statutory financial statements of USI Group Holdings AG for the year ended 31 December 2011

C Audited consolidated and statutory financial statements of USI Group Holdings AG for the year ended 31 December 2010

D Audited combined financial statements of Beaufort Overseas Trading Pte Ltd and Fortune Top Investment Pte Ltd for the financial years ended 31 December 2012, 2011 and 2010

E Reports and financial statements of Royal Venture Pte Ltd for the financial years ended 31 December 2012, 2011 and 2010

F Audited financial statements of Maxiwin International Pte Ltd for the financial years ended 31 December 2012, 2011 and 2010

G Unaudited pro forma combined financial information of USI Group Holdings AG - 31 December 2012

Report of the statutory auditor
to the general meeting of
USI Group Holdings AG
Zurich

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of USI Group Holdings AG, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in shareholders' equity and notes to the consolidated financial statements (on pages 8 to 42 and 50 to 52), for the year ended 31 December 2012.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), Article 17 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Article 17 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange and Swiss law.

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich
Telephone: +41 58 792 44 00, Facsimile: +41 58 792 44 10, www.pwc.ch

Emphasis of matter

We draw attention to Note 3 “Financial and Other Risk Management” to these consolidated financial statements, where disclosures by management are made regarding the fact that the Group’s investment property asset is primarily financed by one senior debt facility, which is past due and is currently in default, and that short term loans as well as interest payments on USIGH III Investments Holdings Limited notes cannot be repaid by their contractual due dates.

If the term of the senior debt facilities, short-term loans and debt is not extended or if the financing cannot be substituted, such a case would set the Group at risk of potential illiquidity. This indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. Our opinion is not qualified in respect of this matter.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Patrick Balkanyi
Audit expert
Auditor in charge

Michael Ruble

Zurich, 22 April 2013

Enclosure:

- Consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in shareholders’ equity and notes to the consolidated financial statements

USI GROUP HOLDINGS AG
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTE	2012 CHF	2011 CHF
Revenue		10,816,685	10,998,939
Fair value (loss) / gain on investment properties	11	(9,839,365)	(9,037,887)
Administrative expenses	6a	(2,461,520)	(3,574,755)
Other income	6b	-	612,325
Finance income	7	190,405	393,144
Operating loss		(1,293,795)	(608,234)
Finance costs	8	(11,410,950)	(13,284,396)
Share of (loss) / profit of associates	12	(16,345,652)	(4,360,167)
Impairment of associate	12	(1,889,002)	-
Loss before income tax expense		(30,939,399)	(18,252,797)
Income tax expense	21	-	20,805
Loss for the year		(30,939,399)	(18,231,992)
Attributable to:			
Equity holders of the Company		(30,939,399)	(18,231,992)
		CHF per share	**CHF per share**
Basic and diluted loss per share	9	(31.91)	(18.80)

The notes on pages 13 to 42 form part of these financial statements.

USI GROUP HOLDINGS AG
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTE	2012 CHF	2011 CHF
Loss for the year		(30,939,399)	(18,231,992)
Other comprehensive income			
Share of associates cash flow hedges	12	(433,575)	338,453
Share of associates tax relating to cash flow hedges	12	69,372	(54,152)
Share of associates currency translation differences		(235,438)	(13,486)
Currency translation differences		541,884	(653,429)
Other comprehensive income for the year		(57,757)	(382,614)
Total comprehensive income for the year		(30,997,156)	(18,614,606)
Attributable to:			
Equity holders of the Company		(30,997,156)	(18,614,606)

The notes on pages 13 to 42 form part of these financial statements.

USI GROUP HOLDINGS AG
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTE	2012 CHF	2011 CHF
ASSETS			
Non-current assets			
Investment property	11	182,953,036	194,327,850
Investments in associates	12	15,426,339	33,614,870
Receivables and prepayments	15	-	3,079,949
		198,379,375	231,022,669
Current assets			
Receivables and prepayments	15	33,469,558	30,701,147
Cash and cash equivalents		1,567,409	2,450,028
		35,036,967	33,151,175
TOTAL ASSETS		233,416,342	264,173,844
EQUITY			
Capital and reserves			
Share capital	17	67,837,767	67,837,767
Share premium	17	11,617,985	11,617,985
Treasury shares	17	(1,811,769)	(1,811,769)
Cash flow hedging reserve		(142,757)	221,446
Translation reserve		(42,143,678)	(42,450,124)
Retained earnings		442,194	31,381,593
TOTAL EQUITY		35,799,742	66,796,898
LIABILITIES			
Non-current liabilities			
Borrowings	18	31,478,055	31,079,822
Other financial liability	20	-	2,670,255
		31,478,055	33,750,077
Current liabilities			
Trade and other payables		431,119	425,354
Accruals	22	8,727,513	6,662,634
Borrowings	18	154,327,642	156,538,881
Other financial liability	20	2,652,271	-
		166,138,545	163,626,869
TOTAL LIABILITIES		197,616,600	197,376,946
TOTAL EQUITY AND LIABILITIES		233,416,342	264,173,844

The notes on pages 13 to 42 form part of these financial statements.

USI GROUP HOLDINGS AG
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTE	2012 CHF	2011 CHF
Cash flow from operating activities			
Loss for the year attributable to equity holders:		(30,939,399)	(18,231,992)
Adjustments for:			
- Changes in fair value of investment property/loans	11	9,839,365	9,037,887
- Loss from associate	12	16,345,652	4,360,167
- Impairment of associate	12	1,889,002	-
- Interest expenses and other finance expenses	8	11,410,950	13,284,396
- Interest income	7	(190,405)	(393,144)
- Income tax expense		-	(18,806)
Changes in working capital			
- Changes in other liabilities		156,504	(488,699)
- Changes in receivables and prepayments		221,185	97,387
- Changes in accruals		447,616	3,323,619
Cash generated by operations		9,180,470	10,970,815
Interest paid		(8,545,492)	(9,890,128)
Income tax paid		-	(62,832)
Net cash generated by operating activities		634,978	1,017,855
Cash flow from investing activities			
Dividends received	12	-	1,313,004
Interest received		45,733	245,956
Net cash generated by investing activities		45,733	1,558,960
Cash flow from financing activities			
Proceeds from borrowings		732,467	4,458,073
Payments in relation to borrowings		-	(912,520)
Repayment of borrowings		(2,289,626)	(7,345,223)
Net cash (used) by financing activities		(1,557,159)	(3,799,670)
Net (decrease) in cash and cash equivalents		(876,448)	(1,222,855)
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of year		2,450,028	3,759,092
Net (decrease) in cash and cash equivalents		(876,448)	(1,222,855)
Foreign currency translation adjustments		(6,171)	(86,209)
Cash and cash equivalents at end of year		1,567,409	2,450,028

The notes on pages 13 to 42 form part of these financial statements.

USI GROUP HOLDINGS AG
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTE	Attributable to equity holders of the Company						
		Share capital	Share premium	Treasury Shares	Translation reserve	Retained Earnings	Cash flow hedging reserve	Total Equity
		CHF	CHF	CHF	CHF	CHF	CHF	CHF
Balance as of 1 January 2011		67,837,767	11,617,985	(1,811,769)	(41,783,209)	49,613,585	(62,856)	85,411,503
Profit / (Loss) for the year		-	-	-	-	(18,231,992)	-	(18,231,992)
Other comprehensive income								
Foreign currency translation		-	-	-	(666,915)	-	-	(666,915)
Cash flow hedges – net of tax	12	-	-	-	-	-	284,302	284,302
Total comprehensive income		-	-	-	(666,915)	(18,231,992)	284,302	(18,614,605)
Transactions with owners								
Purchase of own shares	17	-	-	-	-	-	-	-
Balance as of 31 December 2011		**67,837,767**	**11,617,985**	**(1,811,769)**	**(42,450,124)**	**31,381,593**	**221,446**	**66,796,898**
Balance as of 1 January 2012								
Profit / (Loss) for the year		-	-	-	-	(30,939,399)	-	(30,939,399)
Other comprehensive income								
Foreign currency translation	12	-	-	-	306,446	-	-	306,446
Cash flow hedges – net of tax	12	-	-	-	-	-	(364,203)	(364,203)
Total comprehensive income		-	-	-	306,446	(30,939,399)	(364,203)	(30,997,156)
Transactions with owners								
Purchase of own shares	17	-	-	-	-	-	-	-
Balance as of 31 December 2012		**67,837,767**	**11,617,985**	**(1,811,769)**	**(42,143,678)**	**442,194**	**(142,757)**	**35,799,742**

The notes on pages 13 to 42 form part of these consolidated financial statements.

1. GENERAL INFORMATION

USI Group Holdings AG (the "Company"), domiciled in Switzerland with its registered office at Bahnhofstrasse 106, CH-8001, Zürich, Switzerland, is the ultimate parent company of the USI Group. The Company and its subsidiaries (together the "Group"), is an investment property Group with a direct and indirect interest in portfolios in Continental Europe and the UK. It is principally involved in leasing real estate assets where the rental income is primarily generated directly or indirectly from governmental sources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB) and comply with the requirements of SIX Swiss Exchange's Listing Rules and Additional Rules for the listing of Real Estate Companies. The consolidated financial statements are reported in Swiss Francs unless otherwise stated and are based on the annual accounts of the individual subsidiaries at 31 December 2012 and 2011, which have been drawn up according to uniform Group accounting principles.

The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties, other financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results can differ from those estimates.

The Group has adopted the following new standards, amendments to standards and interpretations for the financial year ended 31 December 2012.

Amendments to IFRS 7 'Disclosures - Transfers of financial assets' (effective on 1 July 2011, early application permitted). The amendments require additional disclosures in respect of risk exposures arising from transferred financial assets (e.g. factoring, securitisation), any associated liabilities and it includes additional disclosure requirements in respect of those transfers. The Group has not elected to adopt the amendment before the effective date. The amendment did not have a material impact on the financial statements.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year ended 31 December 2012 and have not been early adopted:

IFRS 9 'Financial Instruments' – classification and measurement (effective 1 January 2015, retrospective application, early application permitted). IFRS 9 comprises two measurement categories for financial assets; amortised cost and fair value. All equity instruments are measured at fair value. However, management has an option to present in other comprehensive income unrealised and realised fair value gains and losses on equity investments that are not held for trading. A debt instrument is recognised at amortised cost only if it is the entity's business model to hold the financial asset to collect contractual cash flows and the cash flows solely represent principal and interest. It will otherwise need to be considered at fair value through profit or loss. The amendment is not expected to have a material impact on the financial statements.

Amendments to IFRS 9 'Financial instruments' (effective 1 January 2015, retrospective application, early application permitted). The amendment includes guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39 without change, except for financial liabilities that are designated at fair value through profit or loss. Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in OCI. There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity. The amendment is not expected to have a material impact on the financial statements.

2.1 Basis of preparation (continued)

IFRS 10, 'Consolidated financial statements', (effective for annual periods beginning on or after 1 January 2013, retrospective application, earlier application permitted if together with IFRS 11, IFRS 12, IAS 27R and IAS 28R). IFRS 10 replaces all of the guidance on control and consolidation in IAS 27 and SIC-12. IAS 27 is renamed and continues to be a standard dealing solely with separate financial statements. The key changes are as follows:
Definition of control: focus on the need to have both power and variable returns before control is present and power is the current ability to direct the activities that significantly influence returns. As SIC-12 criteria no longer exists, existing relationships are in the scope of this standard;
De facto control: it is now embedded in the standard; although not a new concept, now there is explicit application guidance in the standard;
Principal-agent relationships: new factors for an entity to consider in determining if it is acting as a principal or an agent, which has a direct impact on the decision who has control;
Potential voting rights: only substantive potential voting rights have to be considered.
The Group has not elected to adopt the standard before the effective date. The amendment is not expected to have a material impact on the financial statements.

Amendments to IFRS 10, 12 and IAS 27 – 'Investment entities'(effective for annual periods beginning on or after 1 January 2013). The amendment provides an exception to the consolidation requirement for entities that meet the specific requirements of an investment entity as defined in the amendment. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Classification and Measurement. The exception is not available on consolidation level unless the parent company also meets the definition of an investment entity. The amendment is not expected to have a material impact on the financial statements.

IFRS 11, 'Joint arrangements', (effective for annual periods beginning on or after 1 January 2013, earlier application permitted if together with IFRS 10, IFRS 12, IAS 27R and IAS 28R). The definition of joint control is unchanged, but the new standard introduces new terminology – joint arrangements is now the umbrella term used to describe all of the arrangements, and there exist only two types i.e. joint operations and joint ventures. The classification is purely based on substance not on legal form. The existing policy choice of proportionate consolidation for joint ventures has been eliminated. Equity accounting according to IAS 28 is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today. The amendment is not expected to have a material impact on the financial statements.

IFRS 12, 'Disclosure of interests in other entities', (effective for annual periods beginning on or after 1 January 2013, earlier application permitted). IFRS 12 sets out the required disclosures for entities reporting under the two new standards, IFRS 10 and IFRS 11 and replaces the disclosure requirements currently found in IAS 28 'Investments in associates'. IFRS 12 requires entities to disclose information about the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The amendment is not expected to have a material impact on the financial statements.

Amendments to IFRS 10, 11 and 12 (effective for annual periods beginning on or after 1 January 2013) – 'consolidated financial statements, Joint arrangements and Disclosure of interest in other entities: Transition Guidance'. The amendment clarifies, that the date of initial application is the beginning of the annual reporting period in which IFRS 10 is applied the first time. No adjustments are required if an entity would be consolidated/not be consolidated in accordance with IAS 27/SIC-12 and IFRS 10. If the consolidation conclusion under IFRS 10 differs from IAS 27/SIC-12, only the immediately preceding comparative period need to be restated. When changing from proportionate consolidation to the equity method, an entity shall recognise its investment in the joint venture as at the beginning of the immediately preceding period. The amendment is not expected to have a material impact on the financial statements.

IFRS 13, 'Fair value measurement', (effective prospective for annual periods beginning on or after 1 January 2013, earlier application permitted). IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures; it does not say when to measure fair value or require additional fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The fair value of a liability therefore reflects non-performance risk (that is, own credit risk). The amendment is not expected to have a material impact on the financial statements.

2.1 Basis of preparation (continued)

Amendments to IAS 1 'Presentation of items of other comprehensive income', (effective for annual periods beginning on or after 1 July 2012, retrospective application, earlier application permitted). The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled such as revaluation gains on PP&E or re-measurements of net pension assets or liabilities will be presented separately from items that may be recycled in the future, such as deferred gains and losses on cash flow hedges. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is not expected to have a material impact on the financial statements.

IAS 19 (revised) 'Employee benefits', (effective for annual periods beginning on or after 1 January 2013, retrospective application, earlier application permitted). According to IAS 19R, the annual costs for defined benefit plans comprise the net interest costs, measured on the funded status applying the same discount rate for plan assets and DBO. Actuarial gains and losses (renamed to're-measurements') will be recognised immediately in other comprehensive income. The corridor approach or recognition immediately in profit or loss will no longer be permissible. Additional disclosures are proposed regarding the characteristics of the entity's benefit plans, amounts recognised in the financial statements, impacts on future cash flows and risks arising from defined-benefit and multi-employer plans. Finally, the definition of a termination benefit is amended: any benefit that has a future-service obligation is not a termination benefit. This will reduce the number of arrangements that meet the definition of termination benefits. The amendment is not expected to have a material impact on the financial statements.

2.2 Principles of consolidation

2.2.1 Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Accounting for business combinations under IFRS 3 only applies if it is considered that a business has been acquired. The Group may invest in subsidiaries that hold properties but do not constitute a business. These transactions are therefore treated as asset acquisitions rather than business combinations.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

All the Group companies have 31 December as their year end. Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2.2 Changes in ownership interests in subsidiaries without change in control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.2.3 Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.4 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the income statement.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

2.3 Segmental reporting

Segmental reporting has been prepared in accordance with IFRS 8 (Segment Reporting).

The chief operating decision maker has been identified as the board of directors, who review the Group's internal reporting and management information in order to assess performance and allocate resources.

It has been determined that the board of directors reviews management information, considers the business and makes decisions based on the nature of the underlying business. As such, the Group has been organised into the following segments:

- Investments in Government Tenanted Property
- Investments in Associated Undertakings

The board of directors assess the performance of the business using a number of measures; however particular emphasis is placed on net profit.

Total segment assets and liabilities excludes certain assets and liabilities which are managed on a central basis, these form the reconciliation to total balance sheet assets.

2.4 Foreign currency transactions and translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Swiss Francs, which is the Company's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except where deferred in equity as qualifying cash flow hedges and qualifying investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented net in the income statement within finance costs and finance income respectively, unless they are capitalised. All other foreign exchange gains and losses are presented net in the statement of comprehensive income.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet are translated at the closing rate at the date of the balance sheet.
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign entity is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

The translation rates used are disclosed in Note 5 in the notes to the consolidated financial statements.

2.5 Investment property

Property held for long-term rental yields or for capital appreciation or both and not occupied by the Group is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property comprises freehold land and buildings. Investment property is initially recognised at historic cost including related transaction costs and borrowing costs. After initial recognition investment property is held at fair value. Fair value is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed in accordance with guidance issued by the International Valuation Standard Committee and are reviewed annually by external valuers.

Land held under operating leases is classified and accounted for by the Group as investment property when the definition of investment property would otherwise be met. The operating lease is accounted for as if it were a finance lease.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. In accordance with IAS 40, these items are capitalised at cost as the fair value of the expenditure is not reasonably determinable. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Changes in fair values are recorded in the income statement. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement, when necessary.

2.6 Leases

Finance lease

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Operating lease

The Group currently treats all of its investment property leases as operating leases, however this classification is considered by the directors for each property on acquisition. An operating lease is a lease in which substantially all the risks and rewards of the asset (investment property) remain with the lessor and as such these assets remain in the Group's balance sheet. Lease payments from the lessee are recognised as rental income and as such disclosed in the income statement on a straight-line basis over the period of the lease.

Lease classification

The Group determines the classification of leases on each asset having regard to whether substantially all risks and rewards incidental to ownership of the asset is transferred to the lessee.

2.7 Loans and receivables

Loans are classified as non-current assets unless management has the express intention of holding the loans for less than 12 months from the balance sheet date, in which case they are included in current assets. The directors determine the classification of the loans at initial recognition and re-evaluate the designation at every reporting date.

Purchases and sales of loans are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Loans are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of loans. In the case of loans, the financial position of the underlying companies and their ability to repay the preference share capital is considered in determining whether the loans are impaired.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement. Loans are derecognised when the rights to receive cash flows from the loans have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. When investments are sold the resulting gains and losses are included in the income statement as gains and losses from loans.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses on goodwill are not reversed.

2.9 Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recognised in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place).

However, if the forecast transaction that is hedged results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the costs of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Put options that contain an obligation to purchase own equity instruments are recognised as a financial liability for the discounted, expected redemption amount. The liability is disclosed as Other Financial Liabilities (see Note 20). Call options that contain an option of the Company to repurchase own debt instruments, are recognized as a financial liability for the expected conversion amount. The liability is disclosed as Options (see Note 16).

2.10 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of the trade receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand; deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings under current liabilities.

2.12 Share capital

Ordinary shares are classified as equity. Any transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.

2.13 Trade payables and other payables

Trade payables and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as an interest expense.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred income tax is recognised, using the liability method, on temporary timing differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Due to the tax jurisdictions of the Group companies no tax impact is anticipated.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.18 Revenue recognition

Revenue consists of minimum lease rentals payable over the terms of the operating leases, recognised on a straight line basis, and incremental lease rentals payable under rent escalation clauses in the leases recognised as they arise. Operating lease agreements are based on long-term leasing contracts.

2.19 Finance income and expense

Interest income and expense are recognised within ‘finance income’ and ‘finance costs’ in profit or loss using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset. The Group has chosen to capitalise borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not. ‘Finance income’ is presented before operating profit and ‘Finance costs’ are presented after operating profit

2.20 Compound financial instruments

Compound financial instruments issued by the group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

3. FINANCIAL AND OTHER RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency and price risk, cash flow and fair value interest rate risk), credit risk and liquidity rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. However, at 31 December 2012 and 2011 no hedging instruments for the Group were outstanding, other than the hedging instrument of the associate.

Risk management is carried out by the senior management of the asset manager under policies approved by the board of directors. Senior management identifies, evaluates and hedges financial risks. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and Pound Sterling. Limited foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. However, most operating entities have limited exposure to exchange risk outside their functional currencies.

The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations in Continental Europe are managed primarily through borrowings denominated in the relevant foreign currencies, although the directors monitor and permit currency exposure in this regard as an element of its financing strategy.

Historically the Group has not entered into any currency hedging transactions in respect of the net assets of subsidiaries denominated in currencies other than Swiss Francs. The Group will review this policy from time to time.

At 31 December 2012, if the Swiss Franc had increased by a three year average movement of 10.0% (2011 – 11.4%) against the Pound Sterling with all other variables held constant, profit for the year would have increased by CHF 3,245 (2011 - CHF 13,471) different, mainly as a result of foreign exchange losses on translation of Pound Sterling denominated cash balances. The equity impact of a 10% movement would be CHF 1,731,534.

At 31 December 2012, if the Swiss Franc had increased by 10.0% (2011 – 9.0%) against the Euro with all other variables held constant, profit for the year would have increased by CHF 659 (2011 – CHF 6,216) different due to foreign exchange losses on translation of Euro denominated cash balances. The equity impact of a 10% movement would be CHF 6,633,002.

Exchange rate volatility is calculated on the basis of historic price movements.

(ii) Cash flow and fair value interest rate risk

The Group's interest-rate risk mainly arises from long-term borrowings, derivative financial instruments and to a limited extent, from cash and cash equivalents. Borrowings issued at variable rates expose the Group to cashflow interest-rate risk. Borrowings issued at fixed rates and derivative financial instruments expose the Group to fair value interest-rate risk. Group policy is to maintain a significant percentage of its borrowings in fixed rate instruments. The board regularly meet to review levels of fixed and variable borrowings and takes appropriate action as required.

3. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

The table below shows the sensitivity of profit and equity to movements in market interest rates for continued business:

	CHF 2012	CHF 2011
Shift in basis points	50	50
Profit impact of increase	(607,144)	(706,821)
Profit impact of decrease	607,144	706,821
Equity impact of increase	0	0
Equity impact of decrease	0	0

(b) Credit risk

Credit risk arises from cash, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to rental customers, including outstanding receivables. The table below shows the credit rating and balance of the three major bank counterparties at the balance sheet date.

Counterparty	2012 Rating	2011 Rating	2012 Balance	2011 Balance
Bank A	A+	A+	352,671	1,346,260
Bank B	BB	BB	33,643	123,456
Bank C	A	A	1,178,130	971,765

Bank B is Allied Irish Bank (UK) plc which is a wholly owned subsidiary of Allied Irish Banks plc ("AIB"). In October 2010, Standard and Poor's downgraded AIB. In December 2010, AIB was effectively nationalised by the Irish Government.

The Group's concentration of credit risk with non financial institutions is primarily with its rental customers. Management has assessed that the credit risk is low as the rental contracts are granted to, directly or indirectly, governmental customers with good credit history and due to the good record of recovery of receivables. As a result, the Group has not incurred any significant losses.

Other receivables of CHF 30 million (€25 million) are held on short term deposit as collateral for a €25 million credit facility outlined in Note 18, these balances are held with Bank A.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

In addition, the Group's investment property asset is substantially financed by one senior debt facility, which came due in 2011 and is in default. Since the due date in 2011, the Group has been obtaining short-term extensions on the loan repayment date from the lender, of which the final extension ended in December 2011. In 2012, the Group continued to search for refinancing opportunities or alternative refinancing but was unsuccessful due to a change in members of the senior debt facility syndicate. In the fourth quarter of 2012, an agreement was signed transferring a majority of the outstanding debt in the syndicate to a new debtor. The transfer of the debt left significantly unchanged the commitments, contingencies, and obligations of the senior credit facility. In November 2012, a standstill agreement was formalised by the Board of Directors and provided to the lender for approval. The standstill agreement would allow time for the Group to raise additional capital and secure a long-term lease agreement to stabilise future cash flows. The standstill extends the full repayment of the debt facility until 31 December 2014, subject to several restrictive terms and conditions placed by the lenders. The agreement has not been signed by the lender.

The Group also pays interest to its USIGH III Investments Holdings Limited loan note holders on a quarterly basis, with the next payment due on the last day of April 2013. The Group is not forecasted to have available cash to fully repay this interest. The Board has proposed to offer loan note holders to maintain their current position and accrue interest until a refinancing of the investment property can be established, or to accept conversion of their loan notes into equity of the Group. The Group is also considering the issuance of additional equity at a discount to the current share price as well as convertible notes to achieve additional working capital and to partially repay outstanding loans.

FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

The Group also currently has outstanding a loan from Green Street Global Investments in the sum of CHF 4.5 million, including accrued interest, which matured in March 2013. The Group is not forecasted to have available cash to fully repay this principal. The Board has proposed an extension on the loan to maintain their current position or to accept conversion of their loan notes into equity of the Group.

The Group also currently has outstanding accrued liabilities on the balance sheet, which are past due or require payment within 0 to 90 days. The Group is not forecasted to have available cash to fully repay these amounts upon their due dates. In order to repay these balances, the Group has entered into discussions with the counter-parties to convert such debt amounts to equity or to reduce the outstanding fees.

In February 2013, the Group borrowed USD 1.2 million from Venus Global Macro Fund Limited for short term wording capital purposes. The loan is repayable on 31 December 2014 and bears interest at a rate of 7% per annum. The loan is guaranteed by the Company. If the lender requests, USIGH Limited has agreed to repay the loan, together with accrued interest thereon, by procuring that the Company issues to the lender shares of the Company at an issue price of CHF 10 per share, equivalent in value to the loan and all accrued interest. Such issue of shares is subject to all necessary approvals being first obtained.

If the term of the senior debt facilities, short-term loans and accrued debt is not extended, reduced, or if the financing cannot be substituted, such a case would set the Group at risk of potential illiquidity. This indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2012	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 Years**
Borrowings	156,281,503	16,248,695	18,264,384	-
Trade and other payables	431,119	-	-	-
Other financial liabilities (Note 20)	2,652,271	-	-	-
Total	159,364,893	16,248,695	18,264,384	-
At 31 December 2011	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 Years**
Borrowings	157,989,213	1,450,286	29,583,315	-
Trade and other payables	425,354	-	-	-
Other financial liabilities (Note 20)	-	2,670,255	-	-
Total	158,414,567	4,120,541	29,583,315	-

d) Capital Risk Management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders (if free cash is available for dividend declaration), return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. The Group's intention is to maintain the gearing ratio below 75%>

3. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

(d) Capital risk management (continued)

The gearing ratios at 31 December 2012 and 2011 were as follows:

	CHF 2012	CHF 2011
Total borrowings (Note 18)	185,805,697	187,618,703
Less: cash and cash equivalents	(1,567,409)	(2,450,028)
Net debt	184,238,288	185,168,675
Total equity	35,799,742	66,796,898
Total capital	220,038,030	251,965,573
Gearing ratio	83.73%	73.49%

The gearing ratio of 83.73% has exceeded the Group's target of 75% due to the substantial reduction in total equity in the year ended 31 December 2012 and the factors mentioned in Note 3.1 (c).

3.2 Fair value estimation

The table below provides disclosure of fair value measurements at 31 December by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

2012	NOTE	Level 1	Level 2	Level 3	Total
Liabilities					
Financial liabilities at fair value through profit or loss					
-Other financial liabilities	20	-	-	2,652,271	2,652,271
-Option fair value	16	-	-	-	-
Total liabilities		-	-	2,652,271	2,652,271

2011	NOTE	Level 1	Level 2	Level 3	Total
Liabilities					
Financial liabilities at fair value through profit or loss					
-Other financial liabilities	20	-	-	2,670,255	2,670,255
-Option fair value	16	-	-	-	-
Total liabilities		-	-	2,670,255	2,670,255

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

For consistency purposes, the short term cash deposits of CHF 30 million and short term credit facility of CHF 30 million have been reclassified to loan receivable and borrowings respectively, based on additional consideration of the Group.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

3. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

3.2 Fair value estimation (continued)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting values discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Refer to Note 16 and Note 20 for additional disclosure about level 3 instruments.

The following table presents the changes in level 3 instruments for the year ended 31 December 2012:

	Other financial liabilities	Options	Total balance
At 31 December 2010	3,227,755	-	3,227,755
Additions	-	-	-
Gains and losses recognised in income statement or foreign exchange	(557,500)	-	(557,500)
Settlements	-	-	-
At 31 December 2011	2,670,255	-	2,670,255
Additions	-	-	-
Gains and losses recognised in income statement or foreign exchange.	(17,984)	-	(17,984)
Settlements			
At 31 December 2012	2,652,271	-	2,652,271

3.3 Other risk factors

The Group is exposed to property price and market rental risks. Wherever possible the Group builds into the terms of its leases indexation linked to consumer price indices, in order to manage its market rental risk.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstance. The Group makes estimates and assumptions concerning the future. By definition, the resulting accounting estimates may not equal the related actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are described below.

(a) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making this judgment, the Group considers information from a variety of sources including:

i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(b) Principal assumptions for management's estimations of fair value

If information on current or recent prices or assumptions underlying the discounted cash flow approach investment properties are not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market.

The Group relies on valuations produced by qualified independent valuation companies. Were the discounted rate used in preparing the independent valuation reports to differ by 5% compared to the rate used by the independent valuer, the net effect of the carrying amount of investment properties after deferred taxation would be an estimated CHF 7.3 million lower or CHF 8.1 million higher.

The expected future market rentals are determined based on the specific terms of the rental contracts. However, were rental income to differ by 10% to the amount in the current rental contract the net effect of the carrying amount of investment properties after deferred taxation would be an estimated CHF 15.4 million higher or lower. Management has assumed that the current rent being received in respect of its investment property will be maintained on expiry of the lease. This is a material assumption in supporting the valuation of the investment property on each valuation date.

(c) Treatment of property acquisition in 2007

In December 2007, the Group acquired a 94.9% interest in a partnership owning 4 investment properties in Leipzig, Germany. This acquisition has been accounted for as an asset acquisition which comprises a group of assets without significant processes and activities and not as a business combination under IFRS 3. The acquired property did not constitute a business as defined by IFRS.

(d) Lease classification

The Group has determined that its lease is an operating leases. The key factor in making the classification between finance leases and operating leases is the estimated life of the property. The Group estimated the life of the buildings between 70 years and 75 years. The lease period is approximately 20 years.

(e) Impairment of investments in associates.

In the process of its impairment assessment, the Group makes certain assumptions regarding the recoverable amount of associate's net assets. These assumptions include recoverability of the associates assets and liabilities not held at fair value, such as deferred tax. A sensitivity analysis has been performed to ascertain the sensitivity of the value of the Group's holding in PSPI to fluctuations in the fair value of items on its balance sheet. This determined that a 5% increase in the value of the Investment Properties held by PSPI would result in a CHF 1.0 million movement in the fair value of the Group's holding. Were this to be a downwards movement this would result in a potential impairment of CHF 0.7 million as at 31 December 2012.

5. FOREIGN EXCHANGE RATES

	Balance Sheet		**Income Statement and Cash Flow Statement**	
	2012 CHF	**2011 CHF**	**average 2012 CHF**	**average 2011 CHF**
GBP	0.67790	0.6887	0.67332	0.70568
USD	1.09490	1.0643	1.06710	1.13225
EUR	0.82830	0.8219	0.82983	0.81269

6. a) ADMINISTRATIVE EXPENSES

	2012 CHF	2011 CHF
Professional fees and other costs	723,099	1,137,367
Audit fees	137,342	199,691
Property rent, maintenance and sundry expenses	407,654	665,638
Management fees	1,193,425	1,572,059
	2,461,520	3,574,755

Included in property rent, maintenance and sundry expenses are repairs of CHF 309,464 (2011 – CHF 244,536) in respect of investment properties generating rental income. These costs were incurred in respect of investment properties where the Group is responsible for structural and roof repairs. There were no repairs and maintenance costs incurred in respect of investment properties that did not generate rental income.

b) OTHER INCOME

	2012 CHF	2011 CHF
Fair value adjustment through income statement	-	612,325
	-	612,325

The above balance represents the fair value adjustment charged to the income statement in relation to the liability from the put option. For further information refer to Note 20.

7. FINANCE INCOME

	2012 CHF	2011 CHF
Interest income	190,405	393,144
	190,405	393,144

8. FINANCE COSTS

	2012 CHF	2011 CHF
Interest costs		
- Interest on notes	2,075,231	2,263,478
- Interest on mortgages	7,969,441	7,021,641
- Amortisation of debt issue costs	156,321	2,608,412
- Other interest and borrowing expenses	1,008,797	386,198
- Net foreign exchange losses	77,853	946,596
- Interest expense on put option	123,307	58,071
	11,410,950	13,284,396

9. EARNINGS PER SHARE

Basic (loss) / earnings per share (EPS) is calculated by dividing the net (loss) / profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the period.

	2012 CHF	2011 CHF
Net profit / (loss) attributable to shareholders	(30,939,399)	(18,231,992)
Weighted average number of ordinary shares outstanding	969,629	969,629
Basic and diluted loss per share (CHF per share)	**(31.91)**	**(18.80)**

In January 2004, the Company issued CHF 7 million of 4% Senior Unsecured Pre-IPO Notes due in 2011. Each noteholder received warrants attached to the notes which may be exercised up to two years after a public offering of the Company's shares. The warrants entitle the noteholders to subscribe for the Company's shares at a discount to the public offering of shares between 5% - 20% depending on the timing of a public flotation of the Company's shares. As at 31 December 2012, CHF Nil (2011- CHF Nil) of 4% Senior Unsecured Pre-IPO Notes were outstanding. New warrants entitling the holders to 42,505 shares were issued at an exercise price of CHF 152.20 per share. These warrants were cash settled by the Company up to the expiry date of 31 October 2010.

In July 2005, the Company approved a stock option plan for management. The plan allows for options of up to 6% of the issued number of shares to be awarded to management at an exercise price of CHF 161.91 per share since inception. Up to 31 December 2012, no options had been awarded nor had conditional capital been granted for this purpose since inception of the plan.

In October 2006, the Company issued CHF 15 million of 3.5% subordinated Convertible Notes due in 2011 that are unconditionally and irrevocably guaranteed by, and convertible into registered shares of the Company. During 2010, the Company issued CHF 13,215,200 of 4.0% subordinated Convertible Notes due in 2015. Of these, CHF 9,914,000 were converted from the CHF 15 million Notes due in 2011. In 2011, a further CHF 2.7 million were converted into the new notes issued in 2010 with the balance being repaid.

Management has estimated that the maximum number of additional ordinary shares that could be issued at 31 December 2012 as 132,368 (2011 – 132,368). However due to the loss in the year these have an anti-dilutive effect and have not been considered in the calculation of diluted earnings per share.

10. DIVIDENDS

No dividends were paid in 2012 or 2011.

11. INVESTMENT PROPERTY

	2012 CHF	2011 CHF
As at 1 January	194,327,850	208,230,163
Net (losses) / gains on fair value adjustment	(9,839,365)	(9,037,887)
Net change in fair value due to exchange differences	(1,535,449)	(4,864,426)
As at 31 December	182,953,036	194,327,850
Fire insurance value	118,592,297	119,515,756

Bank borrowings of the group are secured on investment property as outlined in Note 18.

On 21 December 2007, the Group acquired a 94.9% interest in a partnership which owns 4 investment properties in Leipzig, Germany. These were acquired for a purchase price of €166 million which, in part, was funded by senior debt of €121 million (See Note 18).

Valuation of the investment properties was made as at 31 December 2012 by Botta Management AG, ("Botta") an independent Property Consultant. A discounted cash flow method was used to calculate market value assuming an 8 year calculation period and a terminal value. This resulted in a gross capital valuation of €151.54 million (2011 - €159.71 million).

The fire insurance value is set at €98.23 million (2011 - €98.23 million).

Further information required in accordance with the SIX Swiss Exchange's Additional Rules for the Listing of Real Estate Companies can be found on pages 50 to 52. This information is part of the notes to the consolidated financial statements.

Included in property rent, maintenance and office expenses as detailed in Note 6 (a), are repairs of CHF 309,464 (2011 – CHF 244,536) in respect of investment properties generating rental income. There were no repairs and maintenance costs incurred in respect of investment properties that did not generate rental income.

USI Group Holdings AG has a contractual obligation to perform certain repairs and maintenance on the investment properties in Leipzig.

12. INVESTMENTS IN ASSOCIATES

	2012 CHF	2011 CHF
As at 1 January	33,614,870	39,077,184
Share of loss	(16,345,652)	(4,360,167)
Impairment of associate	(1,889,002)	-
Exchange differences	417,907	(69,440)
Dividends received	-	(2,050,599)
Scrip dividend participation	-	737,595
Share of cash flow hedging reserve	(371,784)	280,297
As at 31 December	15,426,339	33,614,870

The Group's shareholding in its associate has been pledged as security for loans as outlined in Note 18.

12. INVESTMENTS IN ASSOCIATES (CONTINUED)

The Group's share of results of its associates and its share of the assets and liabilities are as follows:

Name	Country of Incorporation	Assets CHF	Liabilities CHF	Revenues CHF	Profits CHF	% Interest Held
	2012					
Public Service Properties Investments Limited	British Virgin Islands	36,606,294	19,290,953	3,578,020	(16,345,652)	20.28%
	2011					
	British Virgin Islands	83,147,866	49,534,957	4,972,806	(4,360,167)	20.28%

Also, included in PSPI's 2012 financial statements are both discontinued operations due to disposals of segments in the US and Switzerland, as well as assets held for sale as of the balance sheet date. Key figures included

- Loss for the year from discontinued operations GBP 5.9 million
- Assets of disposal group classified as held for sale GBP 22.8 million
- Liabilities of disposal group classified as held for sale GBP 20.5 million

For the purposes of equity accounting, the Group's share of losses as well as disclosure of the Group's portion of revenue is derived from totals for the year from continuing and discontinued operations. For the purposes of disclosure, the Group's share of assets and liabilities is derived from total assets and liabilities including disposal groups classified as held for sale.

In November 2011, PSPI issued new shares as a result of a scrip dividend payment, 2,925,653 new shares were issued at a price of £0.634 taking total shares in issue to 105,365,717. Of these shares the Group was issued with 810,675 shares taking its total holding to 21,369,413 shares (20.28%).

For the year ended 31 December 2011, PSPI chose to early adopt IAS 12 'Deferred Tax: Recovery of Underlying Assets'. The amendment affects investment properties measured at fair value. The adoption included retrospective application in PSPI's financial statements in accordance with the amendments and IAS 8 "Accounting policies, changes in estimates and errors". This has resulted in the restatement of the value of USI's holding at 31 December 2011. The effect on the financial statements was as follows:

Period ending	**31 December 2011**
Investment in associates presented in these financial statements	33,614,870
Investment in associates if IAS12 amendments were not early adopted	31,270,591
Total change	2,344,279
Impact to share of profits for the period ending	(491,830)
Impact to translation reserve in year	(8,756)
Impact to historical retained earnings	2,844,865
Total	2,344,279
Adjustment to basic EPS	(0.507)

The amendment has no impact on the statement of cash flows as the amendment affected non-cash balances only.

The market price of shares in Public Service Properties Investments Limited ("PSPI") at 31 December 2012 was 14.25 (2011 – 60.50) pence per share. This results in a value of £3,045,141 (CHF 4,497,065) (2011: £12,928,495) for the Group's holding of 21,369,413 shares (2011: 21,369,413). PSPI is listed on the AIM Stock Exchange, London.

Impairment Test of Carrying Value

In accordance with IAS 36, "Impairment of Assets" an annual test has been performed to compare the recoverable amount with the carrying value to ascertain if any impairment has occurred.

12. INVESTMENTS IN ASSOCIATES (CONTINUED)

It has been assumed that any sale of PSPI would be performed at fair value. Consequently, all items on the balance sheet of PSPI as at 31 December 2012 have been compared on a line by line basis to their deemed fair value at the same date, less selling costs of 5%.

This indicated that the recoverable amount was CHF 1,889,002 below the carrying value and as such an impairment has been recognised.

Additionally, a sensitivity analysis has been performed to ascertain the sensitivity of the value of the Group's holding in PSPI to fluctuations in the fair value of items on its balance sheet. This determined that a 5% increase in the value of the Investment Properties held by PSPI would result in a CHF 1.0 million (2011 - CHF 2.8 million) movement in the fair value of the Group's holding. Were this to be a downwards movement this would result in a potential impairment of CHF 0.7 million (2011 - CHF 2.7 million) as at 31 December 2012, including the impact of deferred taxation.

In addition, related to the Group's investment in PSPI, PSPI's investment property assets are substantially financed by concentrated debt facilities. As per the debt agreements, £10.6 million (approximately 32%) of the total borrowings are scheduled to be repaid in December 2013 to a sole lender. Additional repayments totalling £1.7 million of the total borrowings are also classified as current as at 31 December 2012 and payable in 2013. In addition, as per the debt agreements £5.5 million (approximately 17%) of the total borrowings are scheduled to be repaid in February 2014 to a sole lender. A three year refinancing of the debt facility due in February 2014 was concluded in April 2013 with the same institution which provided the debt facility due in December 2013. Management expect the existing debt facility will be renewed with the same lender prior to December 2013. Alternatively, PSPI will seek other lenders to arrange a repayment, although there is a risk that this may not be completed by December 2013. PSPI and the Group will monitor the situation.

13. FINANCIAL INSTRUMENTS BY CATEGORY

Assets as per balance sheet 2012	Notes	Assets at fair value through the profit and loss designated	Available for sale	Loan receivable	Derivatives used for hedging	Total
		CHF	CHF	CHF	CHF	CHF
Loan and other receivables	15	-	-	33,402,782	-	33,402,782
Cash and cash equivalents		-	-	1,567,409	-	1,567,409
Total		-	-	34,970,191	-	34,970,191

Cash and cash equivalents is denominated in the following currencies:

Pounds Sterling	32,408
Euro	1,179,366
Swiss Francs	355,635
	1,567,409

Liabilities as per balance sheet 2012		Liabilities – Fair value through the profit and loss designated	Other financial liabilities	Derivatives used for hedging	Total
		CHF	CHF	CHF	CHF
Borrowings	18	-	185,805,697	-	185,805,697
Other financial liabilities	20	2,652,271	-	-	2,652,271
Trade and other payables		-	431,119	-	431,119
Total		2,652,271	186,236,816	-	188,889,087

13. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Assets as per balance sheet 2011	Notes	Assets at fair value through the profit and loss designated	Available for sale	Loan receivable	Derivatives used for hedging	Total
		CHF	CHF	CHF	CHF	CHF
Loan and other receivables	15	-	-	33,614,646	-	33,614,646
Cash and cash equivalents		-	-	2,450,028	-	2,450,028
Total		-	-	36,064,674	-	36,064,674

Cash and cash equivalents is denominated in the following currencies:

Pounds Sterling	118,120
Euro	1,042,163
Swiss Francs	1,289,745
	2,450,028

Liabilities as per balance sheet 2011		Liabilities – Fair value through the profit and loss designated	Other financial liabilities	Derivatives used for hedging	Total
		CHF	CHF	CHF	CHF
Borrowings	18	-	187,618,703	-	187,618,703
Other financial liabilities	20	2,670,255	-	-	2,670,255
Trade and other payables		-	425,354	-	425,354
Total		2,670,255	188,044,057	-	190,714,312

14. INVESTMENTS IN SUBSIDIARIES

The subsidiaries of the Group are :	Country of Incorporation	Ownership Percentage 2012	Ownership Percentage 2011
USIGH Limited	BVI	100%	100%
USI AG+	Switzerland	100%	100%
USIGH II Investments Limited *	BVI	100%	100%
USI III Investments Holdings Limited	BVI	100%	100%
USI IV Investments Holdings Limited*	BVI	100%	100%
USI Germany Limited	BVI	100%	100%
USI Leipzig Limited	BVI	100%	100%
USI Verwaltungszentrum Leipzig GbR	Germany	94.9%	94.9%
USIEC Limited+	BVI	50.0%	50.0%
Holdings in associated undertakings:			
Public Service Properties Investments Limited	BVI	20.28%	20.28%

*- Dissolved on 12 March 2013
+- Dormant company

15. RECEIVABLES AND PREPAYMENTS

	2012 CHF	2011 CHF
Non-current		
Loan receivable	-	3,079,949
Current		
Loan and other receivables	33,402,782	30,534,697
Prepayments	66,776	166,450
	33,469,558	33,781,096

Included in Loans and other receivables is an amount of CHF 30 million (€25 million) which is held on short term deposit as collateral for the €25 million credit facility outlined in Note 18.

Included in Loans and other receivables is a loan at a nominal amount of €2 million, which was lent on 31 March 2008 to Ridgemont Holdings Limited, a subsidiary company of RP&C Inc. Interest of CHF 144,672 (2011 – CHF 151,200) has been accrued in the year on this balance and is included in Loans and other receivables. This balance is due in May 2013 and no allowance was deemed necessary.

16. DERIVATIVE FINANCIAL INSTRUMENTS

The call option attached to the convertible bonds issued in 2011 and 2012 (see Note 18) has been valued at zero and, as such not separated from the host instrument. However, the valuation of the instrument may change in future periods and as such will be revalued as required.

17. SHARE CAPITAL

	2012 CHF	2011 CHF
Authorised, allotted, called up and fully paid:		
Equity interests:		
985,298 (2011 – 985,298) Ordinary shares of CHF 68.85 (2011 – 68.85) each	67,837,767	67,837,767

	Number of shares	Ordinary shares CHF	Share premium CHF	Total CHF
At 31 December 2011 and 31 December 2012	985,298	67,837,767	11,617,985	79,455,752

17. SHARE CAPITAL (CONTINUED)

There were no movements in share capital in 2012 or 2011.

Authorised share capital

The share capital may be increased by a maximum amount of up to CHF 33,918,884 until 26 June 2014 through the issuance of up to 492,649 fully paid in additional registered shares with a nominal value of CHF 68.85 each.

Conditional share capital

The share capital may be increased by a maximum of CHF 33,918,884 through the issuance of up to 492,649 registered shares with a nominal value of CHF 68.85 each in respect of conditional capital for management, advisors, bondholders and creditors.

As at 31 December 2012, the Group held 15,669 shares (31 December 2011 – 15,669 shares).

Treasury Shares	**2012 shares**	**2011 shares**	**2012 CHF**	**2011 CHF**
Balance at 1 January and 31 December	15,669	15,669	1,811,769	1,811,769

18. BORROWINGS

	2012 CHF	**2011 CHF**
Non-current		
Notes	31,478,055	31,079,822
	31,478,055	31,079,822
Current		
Mortgages	149,818,610	153,294,463
Other loans	4,509,032	3,244,418
Notes	-	-
	154,327,642	156,538,881
Total borrowings	185,805,697	187,618,703

Total borrowings include secured liabilities (Mortgages and other borrowings) of CHF 124,145,341 (2011 – CHF 126,121,554). These borrowings are secured by the assets of the Group. There are various pledges and covenants included in the loan agreements of the Group which are regularly reviewed and tested to ensure compliance at least annually.

Notes

Notes consist of CHF 15.9 million convertible bonds due in 2015. The bonds have a principal amount of CHF 1,000, a cash coupon of 4.0%, a yield to maturity (including redemption premium) of 6.25% and a conversion price of CHF 120.00. During 2010, holders of pre-existing CHF 15 million convertible bonds were given the option to convert into the new notes issued. Of the CHF 15 million, CHF 9.9 million of the note holders converted to the new notes (for CHF 11.1 million new notes including accrued interest to date) leaving CHF 5.1 million of old notes due in 2011. Additionally CHF 2.2 million of new cash subscriptions were received for the new notes. In total CHF 13.2 million of new notes were issued. During 2011, upon maturity of the notes due in 2011 CHF 2.7 million converted into the new notes issued in 2010 with the balance being repaid in cash, giving a total of CHF 15.9 million.

In addition, the notes issued in 2010 and 2011 contained a conversion option that was determined to be a multi-element arrangement. At the time of issuance, the fair value of the notes was determined to be equal to the book value of the debt, and as such, no equity component was recognized. Also, the new notes contain a call option on behalf of the Company. Refer to Note 16 for consideration of this call option.

During 2009 the Group secured €11.5 million (CHF 13.9 million) of second mortgage funding. These take the form of a number of loan notes to third parties. They are secured against the property in Leipzig, Germany, run for a five year term to May 2014 and attract 7.0% interest and 2.0% fees over this period. During 2011 an additional €1.0 million (CHF 1.2 million) was secured which attracts 9.0% interest and 5.0% fees.

18. BORROWINGS (CONTINUED)

Mortgages

During 2008, the funding of the acquisition of the investment properties in Leipzig, Germany was concluded. The acquisition was funded by the utilisation of €121 million of senior debt, with the balance being paid from existing cash resources of the Group. The senior debt runs for a three year term with a one year extension at the option of the borrower. Interest is payable quarterly at the Euribor rate plus a margin of 120 bps per annum. The senior debt is securitised by first ranking and fully enforceable land charges over the property acquired. The cost of arranging the financing totalled €3,343,786 and will be amortised over the initial term of the loan. On the same date an interest rate swap was executed for a principal sum to match that of the senior debt which fixed the interest rate payable over the 3 year term at 4.52% and provided a 100% hedge throughout its duration.

During 2009, the Group repaid €14.6 million of the above senior debt of €121 million. This was done in order to remedy the covenant breach for the period ending 31 December 2008 and to bring the loan to value back within the 70% prescribed in the facility agreement. As a result of the repayment a waiver of the applicable debt covenant was obtained for 2010.

As a result of the above repayment, the Group also terminated a proportionate amount of the interest rate swap associated with the borrowings. This resulted in a cash loss to the Group of CHF 978,942, based on the mark to market prices at the time of the transaction. On 20 October 2010 the loan facility expired and the associated interest rate swap lapsed. The loan was renewed for a six month term to 20 April 2011 at a margin of 300bps over Euribor to 20 December 2010 and then 400bps over Euribor to maturity. The final formal extension ended on 16 December 2011, and as such the debt is currently in default. In the course of negotiations with the lenders, additional extensions have been obtained up to July 2012.

In addition, the Group's investment property asset is substantially financed by one senior debt facility, which came due in 2011 and is in default. Since the due date in 2011, the Group has been obtaining short-term extensions on the loan repayment date from the lender, of which the final extension ended in December 2011. In 2012, the Group continued to search for refinancing opportunities or alternative refinancing but was unsuccessful due to a change in members of the senior debt facility syndicate. In the fourth quarter of 2012, an agreement was signed transferring a majority of the outstanding debt in the syndicate to a new debtor. The transfer of the debt left significantly unchanged the commitments, contingencies, and obligations of the senior credit facility. In November 2012, a standstill agreement was formalised by the Board of Directors and provided to the lender for approval. The standstill agreement would allow time for the Group to raise additional capital and secure a long-term lease agreement to stabilise future cash flows. The standstill extends the full repayment of the debt facility until 31 December 2014, subject to several restrictive terms and conditions placed by the lenders. The agreement has not been signed by the lender.

The borrowings in respect of the Leipzig properties have been included in current liabilities in both 2011 and 2012.

On 30 November 2007, the Group entered into a one year agreement for a CHF 30 million (€25 million) credit facility. The full amount was drawn down on 3 January 2008 and renewed on 3 January 2009, 2010, 2011 and 2012 for a further year. The average interest rate charged in 2011 was 0.84% (2010 – 0.96%) whilst the current interest rate is 0.75%.

Other Loans

During 2011 a new loan with Green Street Global Investments was entered into for an amount of CHF 3,158,866. This amount attracts 15% interest and was originally due to mature in July 2012 until subsequently extended. During 2012 a further loan of CHF 274,761 was granted from the same loan facility. The shares of PSPI were pledged to secure this loan. Additional loans of CHF 457,705 were entered into under the same facility, which were assigned to RPC International Guernsey Limited. The Green Street Global Investments loan agreement, which is scheduled to mature on 31 March 2013, has not been extended and is not expected to be paid as of the maturity date.

18. BORROWINGS (CONTINUED)

The maturity of non-current is as follows:

	2012 CHF	2011 CHF
Between 1 and 2 years	15,029,562	-
Between 2 and 5 years	16,448,493	31,079,776
Over 5 years	-	-
Non-current borrowings	31,478,055	31,079,776

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amounts		Fair values	
	2012 CHF	2011 CHF	2012 CHF	2011 CHF
Notes	31,478,055	31,079,776	32,120,301	31,742,507
	31,478,055	31,076,776	32,120,301	31,742,507

The fair values are based on cash flows discounted using a rate based upon a borrowings rate of 6.25% to 9.0% (2011 – 6.25% to 9.0%).

The carrying amounts of the Group's total borrowings are denominated in the following currency:

	2012 CHF	2011 CHF
Swiss francs	16,448,493	16,002,282
US dollars	4,509,032	3,244,418
Euros	164,848,172	168,372,003
	185,805,697	187,618,703

19. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2012 CHF	2011 CHF
Deferred tax liabilities to be recovered after more than 12 months	-	-

The gross movement on the deferred income tax account is as follows:

	2012 CHF	2011 CHF
Beginning of the year	-	81,673
Income statement charge (Note 21)	-	(83,637)
Net changes due to exchange differences	-	1,964
End of the year	-	-

In prior years, deferred taxation has been provided on the fair value gains on investment property (see Note 11) at a rate of 15.83%. The fair value of the investment property is now below the acquisition price (see values in Note 11), however no deferred tax asset has been recognised as the Group is uncertain as to its future recovery (See Note 21).

20. OTHER FINANCIAL LIABILITIES

	2012 CHF	2011 CHF
Liability from put option	2,652,271	2,670,255
	2,652,271	2,670,255

The above financial liability relates to the minority holding of 5.1% in the acquired partnership USI Verwaltungszentrum GbR, therefore no minority is disclosed within equity.

The seller has an irrevocable right (put option) to sell its 5.1% holding at a value based on a pre-determined formula within the option agreement to USI during a specified period, the earliest date being 1 March 2013. In addition, included within the liability is the fair value of a 5.1% profit share arrangement implicit within the partnership agreement with the holder of the put option.

The Group (buyer) has an irrevocable right (call option) to buy the 5.1% holding at a value based on a pre-determined formula within the option agreement from the seller during a specified period, the earliest date being 1 March 2013.

The parties agree that the purchase for the shares corresponds to their market value which will be calculated on the basis of the following formula: 5.1% of the average net annual basic rent paid for the lease object in the years 2008 – 2012 (or in the 5 years preceding the year in which the purchase or sales option was executed, if not executed in the year 2013) (inclusive) x 4.2.

21. INCOME TAXES

	2012 CHF	2011 CHF
Current tax	-	(62,832)
Deferred tax (Note 19)	-	83,637
	-	20,805

The tax on the Group's profit before tax is based on the applicable tax rate of the parent company of 7.83% (2011 - 7.83%).

	2012 CHF	2011 CHF
Loss before tax per consolidated income statement	(30,939,399)	(18,252,797)
Tax calculated at domestic tax rates applicable to profits in the respective countries	2,422,555	1,429,194
Tax losses for which no deferred tax asset was recognised	(2,775,430)	(1,250,145)
(Expenses) not tax deductible / income not taxable	(266,037)	(686,320)
Local tax rate different to parent tax rate	618,912	528,076
Tax charge	-	20,805

As at 31 December 2012, the Group had unused tax losses of CHF 112.3 million (2011 - CHF 80.3 million), which expires between 2013 and 2018. These losses were not capitalised as it is unlikely that they will be utilised by the Group. The expenses not tax deductible / income not taxable includes companies in jurisdictions without any income tax. The tax rate for Germany was 16%, which is significantly higher than that of the parent company.

22. ACCRUALS

	2012 CHF	2011 CHF
Payable to RP&C	3,238,958	1,941,214
Payable to the Estate of Dr. iur. V Lanfranconi	987,216	1,790,931
Deferred income	899,305	906,307
Loan interest	2,575,210	558,339
Audit fees	172,656	123,167
Other accrued expenses	854,168	1,342,676
	8,727,513	6,662,634

23. RELATED PARTY TRANSACTIONS

Dr. iur. V. Lanfranconi was the majority beneficial owner of the Group's issued share capital, these shares are now held in the name of Mrs B. Lanfranconi. David Quint and Dr. Doraiswamy Srinivas are directors of RP&C International Inc (RP&C), the Group and some of its subsidiaries. William Vanderfelt is also a non-executive director of RP&C and the Group. RP&C is the parent company of RP&C International (Guernsey) Limited which held 3.73% of the issued ordinary share capital of the Group at 31 December 2012 (31 December 2011 – 6.47%).

The Group was charged CHF 1,193,425 (2011 – CHF 1,572,059) for management fees for services rendered by RP&C.

At 31 December 2012, RP&C was owed CHF 3,132,638 (2011 – CHF 1,941,214) for management fees by the Group. The estate of Dr. iur. V. Lanfranconi was owed CHF 987,216 (2011 – CHF 1,790,930) for management related expenses.

For the year ended 31 December 2012, the Group was charged CHF Nil (2011 – CHF 138,742) for office, secretarial and related expenses by the estate Dr. iur. V. Lanfranconi.

For the year ended 31 December 2012, the Group was charged CHF Nil (2011 – CHF 106,320) other charges and expenses by RP&C.

During the year ended 31 December 2008, a loan of CHF 2,434,180 (€2 million) was made to Ridgemont Holdings Limited, a wholly owned subsidiary of RP&C International Inc. Interest totalling CHF 144,608 has been accrued during the year on this loan (2011 – CHF 147,657).

During the year ended 31 December 2010, a loan of CHF 1,655,910 (£1,139,996) was made by RP&C International Inc to the Group. During 2011, £902,567 (CHF 1,265,575) of this amount was offset against amounts owed to the estate of Dr. Lanfranconi leaving a principle amount outstanding of £237,430 (CHF 344,751).

During the year ended 31 December 2011, a loan of CHF 3,158,865 was made by Green Street, an entity wholly owned by a subsidiary of RP&C, further loans totalling CHF 274,761 were made in 2012, in addition to a further CHF 457,705 which was assigned to RPC International (Guernsey) Limited. Interest totalling CHF 532,146 had been accrued during the year on this loan. In addition, the shares of PSPI were pledged to secure this loan.

During 2012, five of the Directors made working capital loans of £20,000 (CHF 29,289) each to the Group. These are interest free and total CHF 146,446 as at 31 December 2012. The Directors in question were Mr William Vanderfelt, Dr. Volkert Klaucke, Mr. Armin Hilti, Mr. David Quint and Dr. Doraiswamy Srinivas.

23. RELATED PARTY TRANSACTIONS (CONTINUED)

The following directors' fees were recognised in 2012 and 2011. Of these amounts, CHF 90,000 (2011 – CHF 120,000) was outstanding at the year end.

	2012 CHF	2011 CHF
Dr. Robert Bider (resigned 26 June 2012)	15,000	30,000
Mr. Armin Hilti (resigned 26 June 2012)	15,000	30,000
Dr. Volkert Klaucke	30,000	30,000
Mr. William Vanderfelt	30,000	30,000

The total compensation of key management are only directors fees in the total amount of CHF 90,000 (2011 – CHF 120,000) (Note 27).

24. EMPLOYEES

The Company had no employees at 31 December 2012 (2011 – none).

25. FINANCIAL COMMITMENTS

The Company had no financial commitments at 31 December 2012 (2011 – none).

26. SUBSEQUENT EVENTS

On 8 February 2013, the Group borrowed $1.2 million from Venus Global Macro Fund Limited for working capital purposes. The loan is repayable on 31 December 2014 and bears interest at a rate of 7% per annum. The loan is guaranteed by the Company. USIGH Limited has agreed to repay the loan, together with all accrued interest thereon, by procuring that the Company will issue to the lender shares of the Company at the volume-weighted average price at which the shares have traded for the 60 days prior to the date on which conversion was agreed, equivalent in value to the loan and all accrued interest. Such issue of shares is subject to all necessary approvals being first obtained.

On 5 April 2013, the Group exited a credit facility in the amount of CHF 30 million (€25 million) and also other receivables in the amount of CHF 30 million (€25 million) which was held on short term deposit as collateral for the credit facility.

27. DISCLOSURE OF COMPENSATION AND PARTICIPATIONS OF BOARD OF DIRECTORS AND GROUP MANAGEMENT (As required by Art. 663b bis and Art. 663c. Swiss Code of Obligations)

All amounts in CHF	**Basic remuneration 2012**		**Basic remuneration 2011**	
Board of Directors	Fee	Total	Fee	Total
Dr. Robert Bider	15,000	15,000	30,000	30,000
Mr. Armin Hilti	15,000	15,000	30,000	30,000
Dr. Volkert Klaucke	30,000	30,000	30,000	30,000
Mr. William Vanderfelt	30,000	30,000	30,000	30,000
Mr. David Quint	-	-	-	-
Dr. Doraiswamy Srinivas	-	-	-	-
Total	**90,000**	**90,000**	**120,000**	**120,000**
Group Management				
RP&C International Inc.	1,193,425	1,193,425	1,572,059	1,572,059
Total	**1,193,425**	**1,193,425**	**1,692,059**	**1,692,059**

Basic remuneration of Group Management relates to payments made by the Group in accordance with the asset management agreement. No variable remuneration or options were paid.

On 31 December 2012, there were no loans or credit provided by the Group to individual members of the Board of Directors.

As at 31 December, the following numbers of participations were held by the Board of Directors and the Group Management (including persons closely related to these members):

	Shares 2012	**Shares 2011**
Board of Directors		
The Estate of Dr. iur V. Lanfranconi	541,565	541,565
Dr. Robert Bider (resigned 26 June 2012)	N/A	-
Mr. Armin Hilti (resigned 26 June 2012)	N/A	1,992
Dr. Volkert Klaucke	-	-
Mr. William Vanderfelt	44,365	17,365
Mr. David Quint	-	-
Dr. Doraiswamy Srinivas	-	-
Total	**585,930**	**560,922**
Group Management		
RP&C International Inc.	36,739	63,739
Total	**36,739**	**63,739**

28. SEGMENT INFORMATION

Year ended 31 December 2012	Investments in Government Tenanted Property CHF	Investments in Associated Undertakings CHF	Reconciling Central Costs CHF	Total CHF
Revenue	10,816,685	-	-	10,816,685
Net loss on fair value movement on investment properties	(9,839,365)	-	-	(9,839,365)
Share of loss of associates	-	(16,345,652)	-	(16,345,652)
Impairment of associate	-	(1,889,002)	-	(1,889,002)
Loss profit after tax	(8,880,773)	(18,234,654)	(3,823,972)	(30,939,399)
Assets				
Investment properties (Note 11)	182,953,036	-	-	182,953,036
Investments in associates (Note 12)	-	15,426,339	-	15,426,339
Cash	1,178,130	-	389,279	1,567,409
Segment assets for reportable segments	184,131,166	15,426,339	389,279	199,946,784
Liabilities				
Total borrowings (Note 18)	134,665,871	-	51,139,826	185,805,697
Segment liabilities for reportable segments	134,665,871	-	51,139,826	185,805,697
Year ended 31 December 2011	**CHF**	**CHF**	**CHF**	**CHF**
Revenue	10,998,939	-	-	10,998,939
Net loss on fair value movement on investment properties	(9,037,887)	-	-	(9,037,887)
Share of loss of associates	-	(4,360,167)	-	(4,360,167)
Loss profit after tax	(9,066,516)	(4,360,167)	(4,805,309)	(18,231,992)
Assets				
Investment properties (Note 11)	194,327,850	-	-	194,327,850
Investments in associates (Note 12)	-	33,614,870	-	33,614,870
Cash	1,478,263	-	971,765	2,450,028
Segment assets for reportable segments	195,806,113	33,614,870	971,765	230,392,748
Liabilities				
Total borrowings (Note 18)	137,954,816	-	49,663,887	187,618,703
Segment liabilities for reportable segments	137,954,816	-	49,663,887	187,618,703

All revenue derived from Investments in Government Tenanted Property is derived from one external customer in Germany. The column Reconciling Central Costs represents expenses, assets and liabilities that relate to the Group and cannot be separately allocated between segments.

28. SEGMENT INFORMATION (CONTINUED)

Reportable segments' assets are reconciled to total assets as follows:

Year ended 31 December	**2012 CHF**	**2011 CHF**
Total reportable segment assets	199,946,784	230,392,748
Receivables and prepayments (Note 15)	33,469,558	33,781,096
Total assets per balance sheet	233,416,342	264,173,844

Reportable segments' liabilities are reconciled to total liabilities as follows:

Year ended 31 December	**2012 CHF**	**2011 CHF**
Total reportable segment liabilities	185,805,697	187,618,703
Other financial liability (Note 20)	2,652,271	2,670,255
Trade payables and accruals	9,158,632	7,087,988
Total liabilities per balance sheet	197,616,600	197,376,946

29. ASSESSMENT OF RISK (as required by Art. 663b bis Par 12, Swiss Code of Obligations)

Financial risk assessment and management is an integral part of the USI Group Holdings AG Group-wide enterprise risk management and is governed by policies reviewed by the Board of Directors. The policies provide guidance on operational risk limits, types of authorized financial instruments and monitoring procedures. Such monitoring procedures contain regular review of accounting policy assessment including changes in accounting policy, significant accounting matters, and items requiring significant management judgment and estimates. The implementation of the accounting policy, the adherence to the regulation and the monitoring on a day-to-day risk basis are carried out by the relevant accounting and treasury functions. Regular reporting on the review of the financial risk management is performed by the relevant accounting and controlling functions.

The Group has established a yearly process driven by management evaluating in detail financial risk assessment in the areas of accounting complexity, control environment, market dynamics, cultural and individual parameters.
The major financial risks identified and therefore the most critical accounting policies consist of revenue recognition, accounting for acquisitions and strategic alliances, intangible assets and Impairments, accounting for associates, foreign exchange risk, equity based compensation and contingencies.

The major financial risks in the area of control environment consist of information systems complexity, outsourcing of critical processes, timely review of results, and the robustness of the documentation of processes. The major financial risks identified in the area of market dynamics consist of the local customs and practices, country specific risks and overall market dynamics.

30. BOARD APPROVAL

The consolidated financial statements on pages 8 to 42 are subject to approval by the AGM and have been authorised by the board of directors on 22 April 2013 and were signed on its behalf by:

pwc

Report of the statutory auditor
to the general meeting of
USI Group Holdings AG
Zurich

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of USI Group Holdings AG , which comprise the balance sheet, income statement and notes (pages 45 to 48), for the year ended 31 December 2012.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 judgment, 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 the internal control system relevant to the entity's preparation of the financial statements 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall 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.

Opinion

In our opinion, the financial statements for the year ended 31 December 2012 comply with Swiss law and the company's articles of incorporation.

Emphasis of matter

We draw attention to Note 8 "Financial and other risk management" to these financial statements, where disclosures by management are made regarding the fact that USI Group Holdings AG's investment property asset is primarily financed by one senior debt facility, which is past due and is

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich
Telephone: +41 58 792 44 00, Facsimile: +41 58 792 44 10, www.pwc.ch

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currently in default, and that short term loans as well as interest payments on USIGH III Investments Holdings Limited notes cannot be repaid by their contractual due dates.

If the term of the senior debt facilities, short-term loans and debt is not extended or if the financing cannot be substituted, such a case would set USI Group Holdings AG at risk of potential illiquidity. This indicates the existence of a material uncertainty which may cast significant doubt about the ability of USI Group Holdings AG to continue as a going concern, due to its outstanding intercompany receivables. Our opinion is not qualified in respect of this matter.

In addition, the above mentioned issue may cause concerns that the accumulated deficit exceeds the share capital in relation to article 725 paragraph 2 Swiss Code of Obligations and the Board of Directors would need to comply with the corresponding regulations.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Furthermore we draw to your attention that the accumulated deficit exceeds one half of the share capital and legal reserves (Article 725 paragraph 1 of the Swiss Code of Obligations).

PricewaterhouseCoopers AG

Patrick Balkanyi Audit expert Auditor in charge	Michael Ruble

Zurich, 22 April 2013

Enclosures:

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of accumulated deficit

BALANCE SHEET
USI Group Holding AG

	31.12.2012 CHF	31.12.2011 CHF
ASSETS		
Cash and cash equivalents	7,979	1,174,127
Receivables third parties	1,939	116,634
Intercompany receivables	35,903,180	64,794,573
Marketable securities – treasury shares	237,310	565,808
Total current assets	**36,150,408**	**66,651,142**
Investments in subsidiaries	4,327,978	4,327,978
Total non-current assets	**4,327,978**	**4,327,978**
TOTAL ASSETS	**40,478,386**	**70,979,120**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Due to shareholders	4,486,474	4,008,764
Accrued expenses	192,170	173,458
Total liabilities	**4,678,644**	**4,182,222**
Share capital	67,837,767	67,837,767
Legal reserves from capital contributions	56,295,292	56,295,292
Reserves for treasury shares from capital contributions	1,811,769	1,811,769
Other legal reserves	(19,283,462)	(19,283,462)
		-
Accumulated deficit	(70,861,624)	(39,864,468)
Balance carried forward from prior year	*(39,864,468)*	*(24,438,599)*
Annual loss	*(30,997,156)*	*(15,425,869)*
Total shareholders' equity	**35,799,742**	**66,796,898**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**40,478,386**	**70,979,120**

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INCOME STATEMENT
USI Group Holding AG

1 January – 31 December

	2012 CHF	2011 CHF
Other income	-	-
Directors' fees	(90,000)	(90,000)
Professional fees	(18,185)	(25,695)
Tax consultancy	(32,292)	(2,882)
Audit fees	(96,000)	(134,651)
Listing fees	(12,876)	(13,894)
Insurance	(21,158)	(18,962)
Management charges	(1,193,425)	(1,572,059)
Capital tax expenses, maintenance and general administration	(79,175)	(368,357)
Impairment provision of treasury shares	(328,498)	(1,245,961)
Impairment provision of intercompany receivables	(29,104,209)	(11,882,278)
Loss before financial items	**(30,975,818)**	**(15,354,739)**
Finance expenses	(4,847)	(19,852)
Foreign exchange losses	(16,546)	(51,435)
Finance income	55	157
Loss before income tax expenses	**(30,997,156)**	**(15,425,869)**
Income tax expense	-	-
Loss for financial items	**(30,997,156)**	**(15,425,869)**

NOTES
USI Group Holding AG
To the financial statements at 31 December 2012

Disclosures required by Swiss law:

1) Company information

There were no movements in share capital in 2012 or 2011.

Authorised share capital

The share capital may be increased by a maximum amount of up to CHF 33,918,884 until 26 June 2014 through the issuance of up to 492,649 fully paid in additional registered shares with a nominal value of CHF 68.85 each.

Conditional share capital

The share capital may be increased by a maximum of CHF 33,918,884 through the issuance of up to 492,649 registered shares with a nominal value of CHF 68.85 each in respect of conditional capital for management, advisors, bondholders and creditors.

2) Significant shareholders

At the year end, the following significant shareholders were listed in the share register with shareholdings in excess of 5% of issued share capital.

	31.12.12	**31.12.11**
The Estate of Dr Victor Lanfranconi and Mrs Beatrix Lanfranconi Spaeti	54.97%	54.97%
Esquire Consolidated Limited	5.78%	5.78%
RP&C International (Guernsey) Limited	3.73%	6.47%

3) Guarantees

The Company has granted a guarantee for USIGH Limited in the amount of EUR 25 million.

4) Significant investments

Company name	**Domicile**	**Share capital**	**Shares held**	**Type of shares and nominal value**	**Owner-ship**
USI AG	Switzerland	CHF 15,000,000	150,000	Ordinary CHF 100	100%
USIGH Limited	British Virgin Islands	$0.02	2	Ordinary USD 0.01	100%

The companies are holding and finance companies.

5) Treasury shares

Treasury shares	**2012 Shares**	**2011 Shares**	**2012 CHF**	**2011 CHF**
Balance at 1 January	15,669	15,669	565,808	1,811,769
Impairment of shares	-	-	(328,498)	(1,245,961)
Sale of shares	-	-	-	-
Balance at 31 December	15,669	15,669	237,310	565,808

6) Assessment of risk (art. 663b bis para. 12 CO)

USI Group Holdings AG, as ultimate parent company of the Group, prepares a centralised risk management system for the Group (including USI AG). This risk management system separates strategic risks from operative risks. All identified risks are quantified according to their realisation, probability and impact. These risks are the objective of an annual discussion process in the Group's Board of Directors and Audit Committee meetings. The identification and remediation of risks is a key management objective.

Risks that arise from the accounting and financial reporting process are included in the risk assessment process. The Internal Control System framework over financial reporting includes relevant control measures, which reduce the overall financial reporting risk. Non-financial reporting risks are categorised depending on their possible impact (low, average and high) and appropriately monitored.

7) DISCLOSURE OF COMPENSATION AND PARTICIPATIONS OF BOARD OF DIRECTORS AND GROUP MANAGEMENT (As required by Art. 663b and Art. 663c. Swiss Code of Obligations)

Refer to Note 27 of the consolidated financial statements.

8) Financial and other risk management

Due to the significant outstanding intercompany receivable balances due from subsidiaries, risks to these subsidiaries, and the Group as a whole, have been considered in relation to the stand-alone entity.

In addition, the Group's investment property asset is substantially financed by one senior debt facility, which came due in 2011 and is in default. Since the due date in 2011, the Group has been obtaining short-term extensions on the loan repayment date from the lender, of which the final extension ended in December 2011. In 2012, the Group continued to search for refinancing opportunities or alternative refinancing but was unsuccessful due to a change in members of the senior debt facility syndicate. In the fourth quarter of 2012, an agreement was signed transferring a majority of the outstanding debt in the syndicate to a new debtor. The transfer of the debt left significantly unchanged the commitments, contingencies, and obligations of the senior credit facility. In November 2012, a standstill agreement was formalised by the Board of Directors and provided to the lender for approval. The standstill agreement would allow time for the Group to raise additional capital and secure a long-term lease agreement to stabilise future cash flows. The standstill extends the full repayment of the debt facility until 31 December 2014, subject to several restrictive terms and conditions placed by the lenders. The agreement has not been signed by the lender.

The Group also pays interest to its USIGH III Investments Holdings Limited loan note holders on a quarterly basis, with the next payment due on the last day of April 2013. The Group is not forecasted to have available cash to fully repay this interest. The Board has proposed to offer loan note holders to maintain their current position and accrue interest until a refinancing of the investment property can be established, or to accept conversion of their loan notes into equity of the Group. The Group is also considering the issuance of additional equity at a discount to the current share price as well as convertible notes to achieve additional working capital and to partially repay outstanding loans.

The Group also currently has outstanding a loan from Green Street Global Investments in the sum of CHF 4.5 million, including accrued interest, which matured in March 2013. The Group is not forecasted to have available cash to fully repay this principal. The Board has proposed an extension on the loan to maintain their current position or to accept conversion of their loan notes into equity of the Group.

The Group also currently has outstanding accrued liabilities on the balance sheet, which are past due or require payment within 0 to 90 days. The Group is not forecasted to have available cash to fully repay these amounts upon their due dates. In order to repay these balances, the Group has entered into discussions with the counter-parties to convert such debt amounts to equity or to reduce the outstanding fees.

In February 2013, the Group borrowed USD 1.2 million from Venus Global Macro Fund Limited for short term wording capital purposes. The loan is repayable on 31 December 2014 and bears interest at a rate of 7% per annum. The loan is guaranteed by the Company. If the lender requests, USIGH Limited has agreed to repay the loan, together with accrued interest thereon, by procuring that the Company issues to the lender shares of the Company at an issue price of CHF 10 per share, equivalent in value to the loan and all accrued interest. Such issue of shares is subject to all necessary approvals being first obtained.

If the term of the senior debt facilities, short-term loans and accrued debt is not extended, reduced, or if the financing cannot be substituted, such a case would set the Group at risk of potential illiquidity. This indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern.

The Company has lost more than half of its share capital and legal reserves. However, as there is sufficient share capital and legal reserves at 31 December 2012 against which retained losses may be offset through a capital reduction at any time upon a resolution of the shareholders' meeting, the Board of Directors did not consider necessary to call an extraordinary shareholders meeting for proposing reorganisation measures according to article 725 para.1 of the Swiss Code of Obligations.

Proposal of the Board of Directors for appropriation of accumulated deficit at 31 December 2012

in CHF	
Accumulated deficit	
Accumulated deficit at 1 January 2012	(39,864,468)
Offsetting balance of accumulated deficit carry forward with legal reserve on general meeting of shareholders on 7 June 2013	-
Balance after general meeting of shareholders on 7 June 2013	(39,864,468)
Loss for 2012	(30,997,156)
Accumulated deficit	
Offsetting balance of accumulated deficit carry forward with legal reserve	-
Accumulated deficit carried forward	(70,861,624)

Additional Rules for the Listing of Real Estate Companies of the SIX Swiss Exchange

General Information

Property Details

Name, address	*Owner* [1]	*Ownership status* [2]	*Approximate Year of construction*	*Year of renovation*	*% of leased usable space*	*As % of Investment Properties Portfolio*	*Gross lettable area M*[3]
<u>Germany</u> **Office Building - Behördenzentrum, Free State of Saxony, Schongauerstrasse 1-17, 04328, Leipzig, Germany.**	USI GbR	FH	1995	-	100	100	50,707

1 USI Gbr = USI Verwaltungszentrum Leipzig GbR
2 FH = Freehold (100%)
3 Gross lettable area comprises 49,879 sqm of three office buildings plus 828 sqm single-storey facilities.

Significant lessees of USI Group owned properties

Name of Lessee	**Location**	**Details of leased properties**	**Lease period expiry date**	**Aggregate annual lease payments**	**Percentage of total lease payments to the USI Group:**
Free State of Saxony	Leipzig, Germany	3 four-storey office buildings and 1 single-storey building.	March 2020	€ 8,976,010 (CHF 10,816,685*)	100.00%

Equity Ownership of the Company and/or the USI Group in Real Estate Companies

Other than the subsidiaries disclosed above, the Company and/or the USI Group do not own equity interests in any other real estate companies.

* Exchange rate based on EUR: CHF = 0.82983

Independent appraisal firms and valuation methods

The USI Group has commissioned Botta Management AG for the purpose of estimating the fair value of the real estate holdings owned by the USI Group.

Valuation method of Botta Management AG ("Botta")

The valuation method of Botta is the discounted cash flow analysis. This method stems from the calculation of the capitalised income value of an undertaking. Thereby all future profits are converted into present cash value.

Capitalised Value of Property: With respect to the calculation of a property, all future estimated earnings and expenses (without interest on capital accounts and amortisation) are - as is the case when evaluating an undertaking - being collected. The difference between the respective earnings and expenses results in the cash flow. The cash flow can be positive or negative. This future cash flow is recalculated to the present value by using a cash equivalent factor. The later - expressed in years - this cash flow accrues, the lower the present value of such a cash flow is. Since properties represent very durable values, most properties still show a significant residual value after the examination period (normally 10 years) has expired. Thus, the residual value of the property has to be calculated at the end of the examination period. The residual value will then also be recalculated expressing the present cash value. The sum of all present cash values from the annual earnings and the cash value of the residual value results in the present capitalised income value of the property (DCF-value).

The sum of all cash values over a certain period of time and a possible residual value result in the capitalised income value of the undertaking.

The following basic data needs to be defined when applying this method:

i) Object: name of the property.

ii) Initial year: determination of the point in time, on which the calculation will be conducted. Normally this will be the present year.

iii) Examination period: as examination period as the duration of the lease – which means until 2020. Over this period exact information relating to the future earnings and expenses can normally be given. After the expiration of the lease, a residual value will be calculated and will be discounted.

iv) Discount factor: The discount factor is the interest rate by which future earnings are being discounted to the present value. Starting point for the determination of the interest rate is normally the actual sustainable interest rate for 10 year German Government Bonds. A risk premium is charged additionally. Thereby market risks relating to the property are accounted for. The risk premium varies for a normal customary property between 0.5% and 1.5%. Main factors are the location of the property with respect to the use and the risk of renting out. For purposes of valuing the Leipzig Property, a risk premium of 1.5% / 1.7% is applied. That is a very conservative assumption in view of the quality of the property. A discount factor of 4.2% was used for the valuation at 31 December 2012 (2011 – 4.3%).

v) Capitalisation factor, calculation of residual value: With this interest rate the residual value of the property can be calculated. The capitalisation factor is, depending on the examination period and the condition of the property, 0.7% higher than the discount factor at 4.9% (2011 – 5.0%).

vi) For the calculation of the annual amounts, the effective rental income is reduced by costs of the lessor such as insurance, real estate tax and maintenance. These were assumed to be at 4.7% of rental income (2011 – 3.7%).

vii) General increase in renting costs: Thereby future general increase in prices with respect to earnings in connection with a property can be recorded.

viii) General increase in costs: Thereby future general increases in prices with respect to expenses in connection with a property can be recorded.

ix) Adjustment Amount: Extraordinary expenses can be recorded.

x) Rental growth rate assumed by Botta of 1.2% (2011 – 1.4%) and inflation rate assumed by Botta of 2.0% (2011 – 2.2%).

Market Value

With regard to the above, Botta are of the opinion that the Market Value of the subject property as at 31 December 2012 is **EUR 151,540,000** (2011: €159,705,000).

Neither the Company nor any member of the USI Group has any relationship with this appraisal firm.

pwc

Report of the statutory auditor
to the general meeting of
USI Group Holdings AG
Zurich

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of USI Group Holdings AG, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in shareholders' equity and notes to the consolidated financial statements (on pages 8 to 43 and 51 to 53), for the year ended 31 December 2011.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), Article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2011 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and Swiss law.

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich
Telephone: +41 58 792 44 00, Facsimile: +41 58 792 44 10, www.pwc.ch

Emphasis of matter

We draw attention to Note 3 "Financial and Other Risk Management" to these consolidated financial statements, where disclosures by management are made regarding the fact that the Group's investment property asset is primarily financed by one senior debt facility, which is past due and is currently in default, and that short term loans as well as interest payments on USIGH III Investments Holdings Limited notes cannot be repaid by their contractual due dates.

We further draw attention to Note 12 "Investment in Associates" to these consolidated financial statements, where disclosures by management are made regarding the fact that the Group has an equity investment in Public Service Properties Investments Ltd., which has investment property assets that are financed by concentrated debt facilities, of which a significant portion is scheduled to be repaid in September 2012 to a sole lender.

If the term of the senior debt facilities, short-term loans and debt is not extended or if the financing cannot be substituted, such a case would set the Group at risk of potential illiquidity. This indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. Our opinion is not qualified in respect of this matter.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Patrick Balkanyi
Audit expert
Auditor in charge

Michael Ruble

Zurich, 30 April 2012

Enclosure:

- Consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in shareholders' equity and notes to the consolidated financial statements

USI GROUP HOLDINGS AG
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTE	2011 CHF	2010 CHF (restated)
Revenue		10,998,939	12,269,009
Fair value (loss) / gain on investment properties	11	(9,037,887)	(23,196,125)
Administrative expenses	6a	(3,574,755)	(3,986,178)
Other income	6b	612,325	64,235
Net financial income	7	393,144	341,219
Operating profit		(608,234)	(14,507,840)
Net finance costs	8	(13,284,396)	(16,326,993)
Share of (loss) / profit of associates	12	(4,360,167)	911,303
Exceptional loss on disposal of associate	12	-	(5,470,872)
Loss before income tax		(18,252,797)	(35,394,402)
Income tax expense	21	20,805	3,658,961
Loss for the year		(18,231,992)	(31,735,441)
Attributable to:			
Equity holders of the Company		(18,231,992)	(31,735,441)
		CHF per share	**CHF per share**
Basic and diluted loss per share	9	(18.80)	(32.73)

The notes on pages 13 to 43 form part of these financial statements.

	2011 CHF	**2010 CHF (restated)**
Loss for the year	(18,231,992)	(31,735,441)
Other comprehensive income		
Cash flow hedges	338,453	5,918,721
Tax relating to cash flow hedges	(54,152)	(946,994)
Currency translation differences	(666,915)	(16,971,280)
Other comprehensive income for the year	(382,614)	(11,999,553)
Total comprehensive income for the year	(18,614,606)	(43,734,994)
Attributable to:		
Equity holders of the Company	(18,614,606)	(43,734,994)

The notes on pages 13 to 43 form part of these financial statements.

USI GROUP HOLDINGS AG
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTE	2011 CHF	2010 CHF (restated)	1 January 2010 CHF (restated)
ASSETS				
Non-current assets				
Investment property	11	194,327,850	208,230,163	273,479,102
Investments in associates	12	33,614,870	39,077,184	46,685,201
Receivables and prepayments	15	3,079,949	2,492,833	2,974,862
		231,022,669	249,800,180	323,139,164
Current assets				
Receivables and prepayments	15	30,701,147	33,247,124	41,316,247
Cash and cash equivalents		2,450,028	3,759,092	8,279,390
		33,151,175	37,006,216	49,595,637
TOTAL ASSETS		264,173,844	286,806,396	372,734,802
EQUITY				
Capital and reserves				
Share capital	17	67,837,767	67,837,767	67,837,767
Share premium	17	11,617,985	11,617,985	11,617,985
Treasury shares	17	(1,811,769)	(1,811,769)	(1,144,164)
Cash flow hedging reserve		221,446	(62,856)	(5,034,582)
Translation reserve		(42,450,124)	(41,783,209)	(24,811,929)
Retained earnings		31,381,593	49,613,585	81,349,026
TOTAL EQUITY		66,796,898	85,411,503	129,814,103
LIABILITIES				
Non-current liabilities				
Borrowings	18	31,079,822	26,997,899	32,889,802
Derivative financial instruments	16	-	-	3,127
Deferred taxation	19	-	81,637	3,261,836
Other financial liability	20	2,670,255	3,227,755	3,729,137
		33,750,077	30,307,291	39,883,902
Current liabilities				
Trade and other payables	22	425,354	1,713,330	58,556
Accruals	23	6,662,634	3,755,776	3,778,457
Borrowings	18	156,538,881	165,618,496	193,442,602
Derivative financial instruments	16	-	-	5,757,182
		163,626,869	171,087,602	203,036,797
TOTAL LIABILITIES		197,376,946	201,394,893	242,920,699
TOTAL EQUITY AND LIABILITIES		264,173,844	286,806,396	372,734,802

The notes on pages 13 to 43 form part of these financial statements.

USI GROUP HOLDINGS AG
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTE	2011 CHF	2010 CHF
Cash flow from operating activities			
Cash generated by operations	24	10,970,815	6,466,834
Interest paid		(9,890,128)	(11,765,574)
Income tax paid		(62,832)	(52,198)
Net cash used in operating activities		1,017,855	(5,350,938)
Cash flow from investing activities			
Dividends received	12	1,313,004	2,067,134
Interest received		245,956	168,792
Net cash used in investing activities		1,558,960	2,235,926
Cash flow from financing activities			
Proceeds from borrowings		4,458,073	2,150,000
Payments in relation to borrowings		(912,520)	-
Purchase of treasury shares - net		-	(667,605)
Repayment of borrowings		(7,345,223)	(2,680,494)
Net cash (used) / generated by financing activities		(3,799,670)	(1,198,099)
Net increase / (decrease) in cash and cash equivalents		(1,222,855)	(4,313,111)
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of year		3,759,092	8,279,390
Net increase / (decrease)		(1,222,855)	(4,313,111)
Foreign currency translation adjustments		(86,209)	(207,187)
Cash and cash equivalents at end of year		2,450,028	3,759,092

The notes on pages 13 to 43 form part of these financial statements.

USI GROUP HOLDINGS AG
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTE	Attributable to equity holders of the Company						
		Share capital	Share premium	Treasury Shares	Translation reserve	Retained Earnings	Cash flow hedging reserve	Total Equity
		CHF	CHF	CHF	CHF	CHF	CHF	CHF
Balance as of 1 January 2010 before adoption of IAS 12		67,837,767	11,617,985	(1,144,164)	(25,226,134)	78,051,712	(5,034,582)	126,102,584
Impact of early adoption of IAS 12 amended	12	-	-	-	414,205	3,297,314	-	3,711,519
Balance as of 1 January 2010 after adoption of IAS 12		67,837,767	11,617,985	(1,144,164)	(24,811,929)	81,349,026	(5,034,582)	129,814,103
Profit / (loss) for the year		-	-	-	-	(31,735,441)	-	(31,735,441)
Other comprehensive income								
Foreign currency translation		-	-	-	(16,971,280)	-	-	(16,971,280)
Cash flow hedges – net of tax		-	-	-	-	-	4,971,726	4,971,726
Total comprehensive income		-	-	-	(16,971,280)	(31,735,441)	4,971,726	(43,734,995)
Transactions with owners								
Purchase of own shares		-	-	(667,605)	-	-	-	(667,605)
Balance as of 31 December 2010		**67,837,767**	**11,617,985**	**(1,811,769)**	**(41,783,209)**	**49,613,585**	**(62,856)**	**85,411,503**
Balance as of 1 January 2011								
Profit / (loss) for the year		-	-	-	-	(18,231,992)	-	(18,231,992)
Other comprehensive income								
Foreign currency translation		-	-	-	(666,915)	-	-	(666,915)
Cash flow hedges – net of tax		-	-	-	-	-	284,302	284,302
Total comprehensive income		-	-	-	(666,915)	(18,231,992)	284,302	(18,614,606)
Transactions with owners								
Purchase of own shares		-	-	-	-	-	-	
Balance as of 31 December 2011		**67,837,767**	**11,617,985**	**(1,811,769)**	**(42,450,124)**	**31,381,593**	**221,446**	**66,796,898**

The cashflow hedging reserve represents the Group's share of the Cash Flow hedging reserves of associated companies, specifically PSPI and the interest rate swap referred to in Note 16.

The notes on pages 13 to 43 form part of these consolidated financial statements.

1. GENERAL INFORMATION

USI Group Holdings AG (the "Company"), domiciled in Switzerland with its registered office at Bahnhofstrasse 106, CH-8001, Zürich, Switzerland, is the ultimate parent company of the USI Group. The Company and its subsidiaries (together the "Group"), is an investment property Group with a direct and indirect interest in portfolios in Continental Europe, the UK and the USA. It is principally involved in leasing real estate assets where the rental income is primarily generated directly or indirectly from governmental sources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB) and comply with the requirements of the SIX Swiss Exchange's Listing Rules and the Additional Rules for the Listing of Real Estate Companies. The consolidated financial statements are reported in Swiss Francs unless otherwise stated and are based on the annual accounts of the individual subsidiaries at 31 December 2011 and 2010 which have been prepared up according to uniform Group accounting principles.

The financial information included in this document has been prepared on a consistent basis and using the same accounting policies of the audited financial statements for the year ended 31 December 2011 and 2010.

The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties, other financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results can differ from those estimates (Note 4).

The Group has adopted the following new standards, amendments to standards and interpretations which are mandatory for the financial year ended 31 December 2011.

Amendments to IAS 12 'Deferred Tax: Recovery of Underlying Assets' (effective 1 January 2012, early application permitted). The amendment affects investment properties measured at fair value. The recognition of deferred taxes in relation to those investment properties is based on an expected recovery through a sales transaction. The SIC-21 guidance has been included in the standard. The Group has elected to early adopt the amendment before the effective date. The amendment had a material impact on the financial statements, with adjustments impacting prior year profit attributable to shareholders and retained earnings. The amendment was applied retrospectively, refer to Note 12 for relevant adjustments.

Amendments to IAS 32 'Financial Instruments: Presentation' (Classification of rights issues; effective as from 1 February 2010, early application permitted). The amendment implies that rights issues are now required to be classified as equity if they are issued for a fixed amount of cash regardless of the currency in which the exercise price is denominated provided they are offered on a pro rata basis to all owners of the same class of equity. The amendment did not have a material impact on the financial statements.

IFRIC 19 'Extinguishing financial liabilities with equity instruments' (effective 1 July 2010, retrospective application from beginning of the earliest comparative period, early application permitted). IFRIC 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (referred to as a "debt for equity swap"). The interpretation requires a gain or loss to be recognised in profit or loss when a liability is settled through the issuance of the entity's own equity instruments. Furthermore, it provides guidance on the calculation of those gains or losses. The amendment did not have a material impact on the financial statements.

2.1 Basis of preparation (continued)

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2011 and have not been early adopted:

Amendments to IFRS 7 'Disclosures - Transfers of financial assets' (effective on 1 July 2011, early application permitted). The amendments require additional disclosures in respect of risk exposures arising from transferred financial assets (e.g. factoring, securitisation), any associated liabilities and it includes additional disclosure requirements in respect to those transfers. The Group has not elected to adopt the amendment before the effective date. The amendment is not expected to have a material impact on the financial statements.

IFRS 9 'Financial Instruments' (effective 1 January 2015, retrospective application, early application permitted). IFRS 9 comprises two measurement categories for financial assets: amortised cost and fair value. All equity instruments are measured at fair value. Management has an option to present in other comprehensive income unrealised and realised fair value gains and losses on equity investments that are not held for trading. A debt instrument is at amortised cost only if it is the entity's business model to hold the financial asset to collect contractual cash flows and the cash flows represent principal and interest. It will otherwise need to be considered at fair value through profit or loss. The Group has not elected to adopt the standard before the effective date. The amendment could have an impact if changes in assessments of existing financial assets are made.

Amendments to IFRS 9, 'Financial instruments' (effective 1 January 2015, retrospective application, early application permitted). The amendment includes guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39 without change, except for financial liabilities that are designated at fair value through profit or loss. Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in OCI. There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity. The Group has not elected to adopt the amendment before the effective date. The amendment could have an impact if changes in assessments of existing financial liabilities are made.

IFRS 10, 'Consolidated financial statements', (effective for annual periods beginning on or after 1 January 2013, retrospective application, earlier application permitted if together with IFRS 11, IFRS 12, IAS 27R and IAS 28R). IFRS 10 replaces all of the guidance on control and consolidation in IAS 27 and SIC-12. IAS 27 is renamed and continues to be a standard dealing solely with separate financial statements.

The key changes are as follows:

- Definition of control: focus on the need to have both power and variable returns before control is present and power is the current ability to direct the activities that significantly influence returns. As a SIC-12 criterion no longer exists, existing relationships are in the scope of this standard;
- De facto control: It is now embedded in the standard, however not a new concept, but now there is application guidance explicit in the standard;
- Principal-agent relationships: new factors for an entity to consider in determining if it is acting as a principal or an agent, which has a direct impact on the decision who has control;
- Potential voting rights: Only substantive potential voting rights have to be considered.

The Group has not elected to adopt the standard before the effective date. The amendment is not expected to have a material impact on the financial statements.

IFRS 11, 'Joint arrangements', (effective for annual periods beginning on or after 1 January 2013, earlier application permitted if together with IFRS 10, IFRS 12, IAS 27R and IAS 28R) The definition of joint control is unchanged, but the new standard introduces new terminology – joint arrangements is now the umbrella term used to describe all of the arrangements, and there exist only two types i.e. joint operations and joint ventures. The classification is purely based on substance not on legal form. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting according to IAS 28 is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today. The Group has not elected to adopt the standard before the effective date. The amendment is not expected to have a material impact on the financial statements.

2.1 Basis of preparation (continued)

IFRS 12, ‘Disclosure of interests in other entities’, (effective for annual periods beginning on or after 1 January 2013, earlier application permitted). IFRS 12 sets out the required disclosures for entities reporting under the two new standards, IFRS 10 and IFRS 11 and replaces the disclosure requirements currently found in IAS 28 ‘Investments in associates’. IFRS 12 requires entities to disclose information about the nature, risks and financial effects associated with the entity’s interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. IFRS 12 sets out the required disclosures for entities reporting under the two new standards, IFRS 10 and IFRS 11 and replaces the disclosure requirements currently found in IAS 28 ‘Investments in associates’. IFRS 12 requires entities to disclose information about the nature, risks and financial effects associated with the entity’s interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The Group has not elected to adopt the standard before the effective date. The amendment is not expected to have a material impact on the financial statements.

IFRS 13, ‘Fair value measurement’, (effective prospective for annual periods beginning on or after 1 January 2013, early application permitted). IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures; it does not say when to measure fair value or require additional fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The fair value of a liability therefore reflects non-performance risk (that is, own credit risk). The Group has not elected to adopt the standard before the effective date. The amendment is not expected to have a material impact on the financial statements.

Amendments to IAS 1 'Presentation of items of other comprehensive income', (effective for annual periods beginning on or after 1 July 2012, early application permitted). The amendment requires entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled such as revaluation gains on PP&E or remeasurements of net pension assets or liabilities will be presented separately from items that may be recycled in the future, such as deferred gains and losses on cash flow hedges. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The Group has not elected to adopt the standard before the effective date. The amendment is not expected to have a material impact on the financial statements.

2.2 Principles of consolidation

The results of subsidiary undertakings, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Group and they cease to be consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. All intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

2.3 Segmental reporting

Segmental reporting has been prepared in accordance with IFRS 8 (Segment Reporting).

The chief operating decision maker has been identified as the board of directors, who review the Group’s internal reporting and management information in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

It has been determined that the board of directors reviews management information, considers the business and makes decisions based on the nature of the underlying business. As such, the Group has been organised into the following segments:

- Investments in Government Tenanted Property
- Investments in Associated Undertakings
- Central Corporate Costs

The board of directors assess the performance of the business using a number of measures; however particular emphasis is placed on net profit.

Total segment assets and liabilities excludes certain assets and liabilities which are managed on a central basis, these form the reconciliation to total balance sheet assets.

2.4 Foreign currency transactions and translation

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Swiss Francs, which is the Company's presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except where deferred in equity as qualifying cash flow hedges.

Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet are translated at the closing rate at the date of the balance sheet.
(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates in which case income and expenses are translated at the dates of the transactions); and
(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign entity is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

The translation rates used are disclosed in Note 5 in the notes to the consolidated financial statements.

2.5 Investment property

Property held for long-term rental yields or for capital appreciation or both and not occupied by the Group is classified as investment property.

Investment property comprises freehold land and buildings. Investment property is initially recognised at historic cost including related transaction costs. After initial recognition investment property is held at fair value. Fair value is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed in accordance with guidance issued by the International Valuation Standard Committee and are reviewed annually by external valuers.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is charged to the asset’s carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Changes in fair values are recorded in the income statement. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement, when necessary.

2.6 Leases

Finance lease

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Operating lease

See Notes 2.10 and 2.19.

Lease classification

See Note 4 (d)

2.7 Loans and receivables

Loans are classified as non-current assets unless management has the express intention of holding the loans for less than 12 months from the balance sheet date, in which case they are included in current assets. The directors determine the classification of the loans at initial recognition and re-evaluate the designation at every reporting date.

Purchases and sales of loans are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Loans are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of loans. In the case of loans, the financial position of the underlying companies and their ability to repay the preference share capital is considered in determining whether the loans are impaired.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement. Loans are derecognised when the rights to receive cash flows from the loans have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. When investments are sold the resulting gains and losses are included in the income statement as gains and losses from loans.

2.8 Impairment of non-financial assets

The recoverable amount of assets such as intangible assets and loans and receivables are estimated whenever there is an indication that the asset may be impaired. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price and value in use, determined by discounting the future expected cash flows generated by the related asset.

The carrying amount of the Group's holding in associated undertakings is tested annually for impairment. The recoverable amount is calculated on the assumption that any sale would be made at fair value, consequently a test is performed to ascertain the value in use of the shareholding to ensure this exceeds the carrying amount. If the value in use is less than the carrying amount, an impairment is recognised.

2.9 Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recognised in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place).

However, if the forecast transaction that is hedged results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the costs of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Put options that contain an obligation to purchase own equity instruments are recognised as a financial liability for the discounted, expected redemption amount. The liability is disclosed as Other Financial Liabilities (see Note 20). Call options that contain an option of the Company to repurchase own debt instruments, are recognized as a financial liability for the expected conversion amount. The liability is disclosed as Options (see Note 16).

2.10 Accounting for leases

The Group currently treats all of its investment property leases as operating leases, however this classification is considered by the directors for each property on acquisition. An operating lease is a lease in which substantially all the risks and rewards of the asset (investment property) remain with the lessor and as such these assets remain in the Group's balance sheet. Lease payments from the lessee are recognised as rental income and as such disclosed in the income statement on a straight-line basis over the period of the lease.

2.11 Trade receivables and prepayments

Trade receivables and prepayments are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of the trade receivables. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

2.12 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand; deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings under current liabilities.

2.13 Share capital

Ordinary shares are classified as equity. Any transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.

2.14 Trade payables and other payables

Trade payables and other payables are recognised initially at fair value.

2.15 Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are approved by the Company’s shareholders.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Interest on borrowings is charged to the income statement.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as an interest expense.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred income tax is recognised, using the liability method, on temporary timing differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Due to the tax jurisdictions of the Group companies no tax impact is anticipated.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.19 Revenue recognition

Revenue consists of minimum lease rentals payable over the terms of the operating leases, recognised on a straight line basis, and incremental lease rentals payable under rent escalation clauses in the leases recognised as they arise. Operating lease agreements are based on long-term leasing contracts.

2.20 Investments in associates

Investments in associates are accounted for using the equity method of accounting. These are entities in which the Group has significant influence and which are neither subsidiaries nor joint ventures. Significant influence is the power to participate in the financial and operating policy decisions of the acquired company but is not control or joint control over those policies (usually 20-50% of voting rights). Under the equity method, the investment in an associate is initially recognized at cost (including goodwill on acquisition) and the carrying amount is increased or decreased to recognize the Group’s share of profit or loss of the acquired company after the acquisition date. In order to apply the equity method the most recent available financial statements of an associate are used. The net assets and results from associates are adjusted, if necessary, to comply with the Group's accounting policies.

2.20 Investments in associates (continued)

The Group's share of equity in associated companies, consolidated using the equity method, is shown in the balance sheet as "Investments in associates" and its share of the results of operations for the year is shown in the income statement as "Share of profit of associates".

Associates acquired during the year are accounted for as "Investments in associates" from the date on which significant influence over the acquired company is transferred to the Group, and derecognized from that position as of the date the Group ceases to have significant influence over an associate.

2.21 Accruals

Accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

3. FINANCIAL AND OTHER RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency and price risk, cash flow and fair value interest rate risk), credit risk and liquidity rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the senior management of the asset manager under policies approved by the board of directors. Senior management identifies, evaluates and hedges financial risks. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and Pound Sterling. Limited foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. However, most operating entities have limited exposure to exchange risk outside their functional currencies.

The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations in Continental Europe are managed primarily through borrowings denominated in the relevant foreign currencies, although the directors monitor and permit currency exposure in this regard as an element of its financing strategy.

Historically the Group has not entered into any currency hedging transactions in respect of the net assets of subsidiaries denominated in currencies other than Swiss Francs. The Group will review this policy from time to time.

At 31 December 2011, if the Swiss Franc had increased by a three year average movement of 11.4% (2010 – 13.2%) against the Pound Sterling with all other variables held constant, profit for the year would have increased by CHF 13,471 (2010 - CHF 22,748) different, mainly as a result of foreign exchange losses on translation of Pound Sterling denominated cash balances.

At 31 December 2011, if the Swiss Franc had increased by three year average movement of 9.0% (2010 – 6.7%) against the Euro with all other variables held constant, profit for the year would have increased by CHF 6,216 (2010 – CHF 5,428) different due to foreign exchange losses on translation of Euro denominated cash balances.

Exchange rate volatility is calculated on the basis of historic price movements.

3. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

(ii) Cash flow and fair value interest rate risk

The Group's interest-rate risk mainly arises from long-term borrowings, derivative financial instruments and to a limited extent, from cash and cash equivalents. Borrowings issued at variable rates expose the Group to cashflow interest-rate risk. Borrowings issued at fixed rates and derivative financial instruments expose the Group to fair value interest-rate risk. Group policy is to maintain a significant percentage of its borrowings in fixed rate instruments. The board regularly meet to review levels of fixed and variable borrowings and takes appropriate action as required.

The table below shows the sensitivity of profit and equity to movements in market interest rates for continued business:

	CHF 2011	**CHF 2010**
Shift in basis points	0.5	0.5
Profit impact of increase	(706,821)	(802,596)
Profit impact of decrease	706,821	802,596
Equity impact of increase	0	0
Equity impact of decrease	0	0

(b) Credit risk

Credit risk arises from cash, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to rental customers, including outstanding receivables. The table below shows the credit limit and balance of the three major bank counterparties at the balance sheet date.

Counterparty	**2011 Rating**	**2010 Rating**	**2011 Balance**	**2010 Balance**
Bank A	A+	A+	1,346,260	898,464
Bank B	BB	B	123,456	177,798
Bank C	A	A	971,765	2,669,585

Bank B is Allied Irish Bank (UK) plc which is a wholly owned subsidiary of Allied Irish Banks plc ("AIB"). In October 2010, Standard and Poor's downgraded AIB. In December 2010, AIB was effectively nationalised by the Irish Government.

The Group's concentration of credit risk with non financial institutions is primarily with its rental customers. Management has assessed that the credit risk is low as the rental contracts are granted to, directly or indirectly, governmental customers with good credit history and due to the good record of recovery of receivables. As a result, the Group has not incurred any significant losses.

Other receivables of CHF 31 million (€25 million) are held on short term deposit as collateral for a €25 million credit facility outlined in Note 18, these balances are held with Bank A.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

In addition, the Group's investment property asset is substantially financed by one senior debt facility, which came due in 2011 and is in default. Since the due date in 2011, the Group has been obtaining short-term extensions on the loan repayment date from the lender, of which the last formal extension was approved up to 16 December 2011, with additional extensions up to July 2012 obtained during the course of negotiations with lenders. The Group has held discussions with the lender during the year and has considered other financing sources. The Group has obtained verbal confirmation from one of the lenders on a refinancing opportunity, which awaits both signing by both parties and approval of other lenders. This refinancing would substantially replace the existing senior debt facility and would be repayable over an 8 year period. The additional financing is expected to be completed by May 2012.

Also, the Group currently has outstanding a loan from Green Street Global Investments in the sum of CHF 3.2 million, including accrued interest, which matures in July 2012. The Group is not forecasted to have available cash to fully repay this loan upon maturity. The Group also pays interest to its USIGH III Investments Holdings Limited note holders on a quarterly basis, with the next payment due on the last day of April 2012. The Group is not forecasted to have available cash to fully repay this interest.

3. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

Finally, the Group currently has outstanding accrued liabilities on the balance sheet, which are past due or require payment within 0 to 90 days. The Group is not forecasted to have available cash to fully repay these amounts upon their due dates. In order to repay these balances, the Group has entered into discussions with the counter-parties to convert such debt amounts to equity and has entered into discussions with external third parties to raise additional capital through a capital increase. The additional capital raise is expected to be completed by May 2012.

If the term of the senior debt facilities, short-term loans and debt is not extended or if the financing cannot be substituted, such a case would set the Group at risk of potential illiquidity. This indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. The Group will monitor the situation.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2011	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 Years**
Borrowings	157,989,213	1,450,286	29,583,315	-
Trade and other payables (Note 22)	425,354	-	-	-
Other financial liabilities (Note 20)	-	2,670,255	-	-
Total	158,414,567	4,120,541	29,583,315	-
At 31 December 2010	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 Years**
Borrowings	172,225,426	1,587,383	30,514,960	-
Trade and other payables (Note 22)	1,713,330	-	-	-
Other financial liabilities (Note 20)	-	-	3,227,755	-
Total	173,938,756	1,587,383	33,742,715	-

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. The Group's intention is to maintain the gearing ratio below 75%.

3. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

(d) Capital risk management (continued)

The gearing ratios at 31 December 2011 and 2010 were as follows:

	CHF 2011	CHF 2010 (restated)
Total borrowings (Note 18)	187,618,703	192,616,395
Less: cash and cash equivalents	(2,450,028)	(3,759,092)
Net debt	185,168,675	188,857,303
Total equity	66,796,898	85,411,503
Total capital	251,965,573	274,268,806
Gearing ratio	73.49%	68.86%

3.2 Fair value estimation

The table below provides disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

2011	NOTE	Level 1	Level 2	Level 3	Total
Assets					
- Short term cash deposits		-	30,417,326	-	30,417,326
Total assets		-	30,417,326	-	30,417,326
Liabilities					
Financial liabilities at fair value through profit or loss					
-Other financial liabilities	20	-	-	2,670,255	2,670,255
-Short term credit facility		-	30,417,326	-	30,417,326
-Option fair value	16	-	-	-	-
Total liabilities		-	30,417,326	2,670,255	33,087,581

2010	NOTE	Level 1	Level 2	Level 3	Total
Assets					
- Short term cash deposits		-	31,160,413	-	31,160,413
Total assets		-	31,160,413	-	31,160,413
Liabilities					
Financial liabilities at fair value through profit or loss					
-Other financial liabilities	20	-	-	3,227,755	3,227,755
-Short term credit facility		-	31,160,413	-	31,160,413
-Option fair value	16	-	-	-	-
Total liabilities		-	31,160,413	3,227,755	34,388,168

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

3. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

3.2 Fair value estimation (continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting values discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Refer to Note 20 for additional disclosure about level 3 instruments.

The following table presents the changes in level 3 instruments for the year ended 31 December 2011:

	Other financial liabilities	Options	Warrants	Total balance
At 31 December 2010	3,227,755	-	-	3,227,755
Additions	-	-	-	-
Gains and losses recognised in income statement or foreign exchange.	(557,500)	-	-	(557,500)
Settlements	-	-	-	-
At 31 December 2011	2,670,255	-	-	2,670,255

3.3 Other risk factors

The Group is exposed to property price and market rental risks. Wherever possible the Group builds into the terms of its leases indexation linked to consumer price indices, in order to manage its market rental risk.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstance. The Group makes estimates and assumptions concerning the future. By definition, the resulting accounting estimates may not equal the related actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are described below.

(a) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making this judgment, the Group considers information from a variety of sources including:

i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(b) Principal assumptions for management's estimations of fair value

If information on current or recent prices or assumptions underlying the discounted cash flow approach investment properties are not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market.

Management relies on valuations produced by qualified independent valuation companies. Were the discounted rate used in preparing the independent valuation reports to differ by 5% compared to the rate used by the independent valuer, the net effect of the carrying amount of investment properties after deferred taxation would be an estimated CHF 7.8 million lower or CHF 8.6 million higher.

The expected future market rentals are determined based on the specific terms of the rental contracts. However, were rental income to differ by 10% to the amount in the current rental contract the net effect of the carrying amount of investment properties after deferred taxation would be an estimated CHF 16.4 million higher or lower. Management has assumed that the current rent being received in respect of its investment property will be maintained on expiry of the lease. This is a material assumption in supporting the valuation of the investment property on each valuation date.

(c) Treatment of property acquisition in 2007

In December 2007, the Group acquired a 94.9% interest in a partnership owning 4 investment properties in Leipzig, Germany. This acquisition has been accounted for as an asset acquisition which comprises a group of assets without significant processes and activities and not as a business combination under IFRS 3. The acquired business did not constitute a business as defined by IFRS.

(d) Lease classification

The Group determines the classification of leases on each asset having regard to whether substantially all risks and rewards incidental to ownership of the asset is transferred to the lessee. Other than the long-term business lease described in Note 2.6, the Group has no operating leases.

(e) Impairment of investments in associates.

A sensitivity analysis has been performed to ascertain the sensitivity of the value of the Group's holding in PSPI to fluctuations in the fair value of items on its balance sheet. This determined that a 5% movement in the value of the Investment Properties held by PSPI would result in a CHF 2.8 million movement in the fair value of the Group's holding. Were this to be a downwards movement this would result in a potential impairment of CHF 2.7 million as at 31 December 2011.

5. FOREIGN EXCHANGE RATES

	Balance Sheet		**Income Statement and Cash Flow Statement**	
	2011 CHF	**2010 CHF**	**average 2011 CHF**	**average 2010 CHF**
GBP	0.6887	0.6874	0.70568	0.62175
USD	1.0643	1.0632	1.13225	0.96145
EUR	0.8219	0.8023	0.81269	0.72469

6. a) ADMINISTRATIVE EXPENSES

	2011 CHF	2010 CHF
Professional fees and other costs	1,137,367	670,433
Abort costs	-	33,208
Audit fees	199,691	154,057
Property rent, maintenance and sundry expenses	665,638	813,799
Management fees	1,572,059	2,314,681
	3,574,755	3,986,178

Included in property rent, maintenance and sundry expenses are repairs of CHF 244,536 (2010 – CHF 178,101) in respect of investment properties generating rental income. These costs were incurred in respect of investment properties where the group is responsible for structural and roof repairs. There were no repairs and maintenance costs incurred in respect of investment properties that did not generate rental income.

b) OTHER INCOME

	2011 CHF	2010 CHF
Fair value adjustment through income statement	612,325	64,235
	612,325	64,235

The above balance represents the fair value adjustment charged to the income statement in relation to the liability from the put option. For further information refer to Note 20.

7. NET FINANCE INCOME

	2011 CHF	2010 CHF
Interest income	393,144	333,376
- Net gain / (loss) from fair value adjustment of options and warrants (Note 16)	-	7,843
	393,144	341,219

8. NET FINANCE COSTS

	2011 CHF	2010 CHF
Interest costs		
- Interest on notes	2,263,478	2,248,508
- Interest on mortgages	7,021,641	8,330,923
- Amortisation of debt issue costs	2,608,412	2,798,545
- Other interest and borrowing expenses	386,198	612,369
- Net foreign exchange losses	946,596	2,280,285
- Interest expense on put option	58,071	56,363
	13,284,396	16,326,993

9. EARNINGS PER SHARE

Basic (loss) / earnings per share (EPS) is calculated by dividing the net (loss) / profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the period.

	2011 CHF	2010 CHF
Net profit / (loss) attributable to shareholders	(18,231,992)	(31,735,441)
Weighted average number of ordinary shares outstanding	969,629	969,629
Basic and diluted loss per share (CHF per share)	**(18.80)**	**(32.73)**

In January 2004, the Company issued CHF 7 million of 4% Senior Unsecured Pre-IPO Notes due in 2011. Each noteholder received warrants attached to the notes which may be exercised up to two years after a public offering of the Company's shares. The warrants entitle the noteholders to subscribe for the Company's shares at a discount to the public offering of shares between 5% - 20% depending on the timing of a public flotation of the Company's shares. As at 31 December 2011, CHF nil (2010- CHF nil) of 4% Senior Unsecured Pre-IPO Notes were outstanding. New warrants entitling the holders to 42,505 shares were issued at an exercise price of CHF 152.20 per share. These warrants were cash settled by the Company up to the expiry date of 31 October 2010.

In July 2005, the Company approved a stock option plan for management. The plan allows for options of up to 6% of the issued number of shares to be awarded to management at an exercise price of CHF 161.91 per share. At 31 December 2011, no options had been awarded nor had conditional capital been created for this purpose.

In October 2006, the Company issued CHF 15 million of 3.5% subordinated Convertible Notes due in 2011 that are unconditionally and irrevocably guaranteed by, and convertible into registered shares of the Company. During 2010, the Company issued CHF 13,215,200 of 4.0% subordinated Convertible Notes due in 2015. Of these, CHF 9,914,000 were converted from the CHF 15 million Notes due in 2011. In 2011, a further CHF 2.7 million were converted into the new notes issued in 2010 with the balance being repaid.

Management has estimated that the maximum number of additional ordinary shares that could be issued at 31 December 2011 as 132,368 (2010 – 134,937). However due to the loss in the year these have an anti-dilutive effect and have not been considered in the calculation of diluted earnings per share.

10. DIVIDENDS

No dividends were paid in 2011 or 2010.

11. INVESTMENT PROPERTY

	2011 CHF	2010 CHF
As at 1 January	208,230,163	273,479,102
Net (losses) / gains on fair value adjustment	(9,037,887)	(23,196,125)
Net changes in fair value adjustments due to exchange differences	(4,864,426)	(42,052,814)
As at 31 December	194,327,850	208,230,163
Fire Insurance Value	119,515,756	122,435,498

On 21 December 2007, the Group acquired a 94.9% interest in a partnership which owns 4 investment properties in Leipzig, Germany. These were acquired for a purchase price of €166 million which, in part, was funded by senior debt of €121 million (See Note 18).

Valuation of the investment properties was made as at 31 December 2011 by Botta Management AG, ("Botta") an independent Property Consultant. A discounted cash flow method was used to calculate market value assuming an 9 year calculation period and a terminal value. This resulted in a gross capital valuation of €159.71 million (2010 - €167.05 million).

The fire insurance value is set at €98.23 million (2010 - €98.23 million).

Further information required in accordance with the SIX Swiss Exchange's Additional Rules for the Listing of Real Estate Companies can be found on pages 51 to 53. This information is part of the notes to the consolidated financial statements.

Included in property rent, maintenance and office expenses as detailed in Note 6 (a), are repairs of CHF 244,536 (2010 – CHF 178,108) in respect of investment properties generating rental income. There were no repairs and maintenance costs incurred in respect of investment properties that did not generate rental income.

USI Group Holdings AG has a contractual obligation to perform certain repairs and maintenance on the investment properties in Leipzig.

12. INVESTMENTS IN ASSOCIATES

	2011 CHF	2010 CHF (restated)
As at 1 January	39,077,184	46,685,201
Share of (loss)/profits	(4,360,167)	911,303
Exchange differences	(69,440)	(5,212,177)
Dividends received	(2,050,599)	(2,067,134)
Scrip dividend participation	737,595	-
Purchase of new shares	-	4,267,599
Exceptional loss on disposal	-	(5,470,872)
Share of cashflow hedging reserve	280,297	(36,736)
As at 31 December	33,614,870	39,077,184

12. INVESTMENTS IN ASSOCIATES (continued)

The Group's share of results of its associates and its share of the assets and liabilities are as follows:

Name	Country of Incorporation	Assets CHF	Liabilities CHF	Revenues CHF	Profits CHF	% Interest Held
Public Service Properties Investments Limited	British Virgin Islands	83,147,866	49,534,957	4,972,806	(4,360,167)	20.28%

On 14 April 2010, the Group purchased a further 3.75 million shares in PSPI at CHF 1.14 (£0.70) per share as part of an Open Offer to existing shareholders. The purchase was offset by existing loans. PSPI raised CHF 40.7 million (£25 million) through the offer, which left the Group owning 20.07% of the enlarged capital base as part of a rights issue of a total of 35,631,326 shares by PSPI Limited. Each Share cost £0.70, thereby totalling £2,625,000 (or CHF 4,267,599). This kept USI's shareholding in PSPI at above 20.00% (20.07%) and retained its status as an associated undertaking.

The exceptional loss effectively represents a partial disposal as the date of the rights issue by PSPI as USI's shareholding decreased from 25.16% to 20.07%. It represents the difference between USI's share of the "old equity" pre-capital raise after the share purchase at 25.16% and its share of the newly enlarged PSPI equity at its new shareholding of 20.07%.

In November 2011, PSPI issued new shares as a result of a scrip dividend payment, 2,925,653 new shares were issued at a price of £0.634 taking total shares in issue to 105,365,717. Of these shares the Group was issued with 810,675 shares taking its total holding to 21,369,413 shares (20.28%).

For the year ended 31 December 2011, PSPI has chosen to early adopt IAS 12 'Deferred Tax: Recovery of Underlying Assets'. The amendment affects investment properties measured at fair value. The adoption included retrospective application in PSPI's financial statements in accordance with the amendments and IAS 8 "Accounting policies, changes in estimates and errors. This has resulted in the restatement of the value of USI's holding at 31 December 2010. The effect on the financial statements is as follows:

Period ending	**31 December 2011**	**31 December 2010**	**31 December 2009**
Investment in associates presented in these financial statements	33,614,870	39,077,184	46,685,201
Investment in associates if IAS12 amendments were not early adopted	31,270,591	35,888,448	42,973,682
Total change	2,344,279	3,188,736	3,711,519
Impact to share of profits for the period ending	(491,830)	(174,069)	120,883
Impact to translation reserve in year	(8,756)	(735,384)	414,205
Impact to historical retained earnings	2,844,865	4,098,189	3,176,431
Total	2,344,279	3,188,736	3,711,519
Adjustment to basic EPS	(0.507)	(0.180)	0.125

The amendment has no impact on the statement of cash flows as the amendment affected non-cash balances only.

The market price of shares in Public Service Properties Investments Limited ("PSPI") at 31 December 2011 was 60.50 (2010 – 73.75) pence per share. This results in a value of £12,928,495 (CHF 18,779,932) (2010: £15,162,069) for the Group's holding of 21,369,413 shares (2010: 20,558,738). PSPI is listed on the AIM Stock Exchange, London.

Impairment Test of Carrying Value

In accordance with IAS 36, "Impairment of Assets" an annual test has been performed to compare the recoverable amount with the carrying value to ensure that no impairment has occurred.

12. INVESTMENTS IN ASSOCIATES (continued)

It has been assumed that any sale of PSPI would be performed at fair value. Consequently, all items on the balance sheet of PSPI as at 31 December 2011 have been compared on a line by line basis to their deemed fair value at the same date, less selling costs of 5%.

This has indicated that the recoverable amount of the holding in the associate is not significantly less than its carrying value (CHF 0.1 million) and as such no impairment has occurred or been recognised in the financial statements.

Additionally, a sensitivity analysis has been performed to ascertain the sensitivity of the value of the Group's holding in PSPI to fluctuations in the fair value of items on its balance sheet. This revealed that a 5% movement in the value of the Investment Properties held by PSPI would result in a CHF 2.8 million movement in the fair value of the Group's holding. Were this to be a downwards movement this would result in a potential impairment of CHF 2.7 million as at 31 December 2011.

In addition, the Group holds an equity investment in PSPI. PSPI's investment property assets are substantially financed by concentrated debt facilities. As per the debt agreements, CHF 118 million (£81.3 million, approximately 50%) of the total borrowings are scheduled to be repaid in September 2012 to a sole lender. Additional repayments totaling CHF 16.3 million (£11.2 million) of the total borrowings are also classified as current as at 31 December 2011 and payable in 2012. A refinancing of these debt facilities is expected to be completed before the repayment date and various opportunities have been considered.

If the term of the debt facilities is not extended or if the financing cannot be substituted, such a case would set the Group at risk of potential illiquidity. This indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Both PSPI and USI will monitor the situation.

13. FINANCIAL INSTRUMENTS BY CATEGORY

Assets as per balance sheet 2011	Notes	Assets at fair value through the profit and loss designated	Available for sale	Loans and receivables	Derivatives used for hedging	Total
		CHF	CHF	CHF	CHF	CHF
Loans and receivables	15	-	-	33,614,646	-	33,614,646
Cash and cash equivalents		-	-	2,450,028	-	2,450,028
Total		-	-	36,064,674	-	36,064,674

Cash and cash equivalents is denominated in the following currencies:

Pounds Sterling	118,120
Euro	1,042,163
Swiss Francs	1,289,745
	2,450,028

Liabilities as per balance sheet 2011		Liabilities – Fair value through the profit and loss designated	Other financial liabilities	Derivatives used for hedging	Total
		CHF	CHF	CHF	CHF
Borrowings	18	-	187,618,703	-	187,618,703
Other financial liabilities	20	2,670,255	-	-	2,670,255
Trade and other payables	22	-	425,354	-	425,354
Total		2,670,255	188,044,057	-	190,714,312

13. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

Assets as per balance sheet 2010	Notes	Assets at fair value through the profit and loss designated	Available for sale	Loans and receivables	Derivatives used for hedging	Total
		CHF	CHF	CHF	CHF	CHF
Loans and receivables	15	-	-	35,465,647	-	35,465,647
Cash and cash equivalents		-	-	3,759,092	-	3,759,092
Total		-	-	39,224,739	-	39,224,739

Cash and cash equivalents is denominated in the following currencies:

Pounds Sterling	172,330
Euro	2,750,597
Swiss Francs	836,165
	3,759,092

Liabilities as per balance sheet 2010		Liabilities – Fair value through the profit and loss designated	Other financial liabilities	Derivatives used for hedging	Total
		CHF	CHF	CHF	CHF
Borrowings	18	-	192,616,395	-	192,616,395
Other financial liabilities	20	3,227,755	-	-	3,227,755
Trade and other payables	22	-	1,713,330	-	1,713,330
Total		3,227,755	194,329,725	-	197,557,480

14. INVESTMENTS IN SUBSIDIARIES

The subsidiaries of the Group are :	Country of Incorporation	Ownership Percentage 2011	2010
USIGH Limited	BVI	100%	100%
USI AG	Switzerland	100%	100%
USIGH II Investments Limited	BVI	100%	100%
USI III Investments Holdings Limited	BVI	100%	100%
USI IV Investments Holdings Limited	BVI	100%	100%
USI Germany Limited	BVI	100%	100%
USI Leipzig Limited	BVI	100%	100%
USI Verwaltungszentrum Leipzig GbR	Germany	94.9%	94.9%
Holdings in associated undertakings:			
Public Service Properties Investments Limited (formerly USI Group Holdings Limited)	BVI	20.28%	20.07%

15. RECEIVABLES AND PREPAYMENTS

	2011 CHF	2010 CHF
Non current		
Loans and receivables	3,079,949	2,492,833
Current		
Other receivables	30,534,697	32,972,814
Prepayments	166,450	274,310
	33,781,096	35,739,957

Included in Other Receivables is an amount of CHF 31 million (€25 million) which is held on short term deposit as collateral for the €25 million credit facility outlined in Note 18.

Included in Loans and receivables is an amount of CHF 3,079,949 (2010 – CHF 2,492,833) at a nominal amount of €2 million, which was lent on 31 March 2008 to Ridgemont Holdings Limited, a subsidiary company of RP&C Inc. Interest of CHF 151,200 (2010 – CHF 171,923) has been accrued in the year on this balance and is included in Other Receivables. This balance is due in May 2013.

16. DERIVATIVE FINANCIAL INSTRUMENTS

Option fair value
The option attached to the convertible note as described in Note 18 has been treated as an embedded derivative and has been recognised at fair value. The net change in fair value of this option has been recognised through the income statement.

The methodology is a Trinomial Model as used by Tsiveriotis and Fernandes which values the component of the value attributable to the possibility of the convertible bond ending up as equity separately from the component of the value attributed to the possibility of the bond ending up as debt. The approach is described by Hull in his book Options, Futures, and Other Derivatives. The valuation uses a risk free interest rate of nil% (2010 – 2.50%), credit spread rate of nil% (2010 – 3.0%) and a volatility of nil% (2010 – 12.0%).

The call option attached to the convertible bonds issued in 2010 and 2011 (see Note 18) has been valued at zero and, as such, not separated from the host instrument. However, the valuation of the instrument may change in future periods and as such will be revalued as required.

Interest rate swap
The notional principle amount of the interest rate swap at 31 December 2011 was €nil (2010 - €nil). The interest rate swap agreement was cancelled upon the extension of the associated mortgage in October 2010 as outlined in Note 18.

Warrant fair value
The warrants expired on 31 October 2010 with an exercise price of CHF 152.20. The Black Scholes model was used in calculating the fair value of the warrant using a volatility rate of 15% in 2009.

17. SHARE CAPITAL

	2011 CHF	2010 CHF
Authorised, allotted, called up and fully paid:		
Equity interests:		
985,298 (2010 – 985,298) Ordinary shares of CHF 68.85 (2010 – 68.85) each	67,837,767	67,837,767

	Number of shares	Ordinary shares CHF	Share premium CHF	Total CHF
At 1 January 2010, 31 December 2010 and 31 December 2011	**985,298**	**67,837,767**	**11,617,985**	**79,455,752**

17. SHARE CAPITAL (CONTINUED)

There were no movements in share capital in 2011 or 2010.

Authorised share capital

The share capital may be increased by a maximum amount of up to CHF 17,996,357 until 26 May 2013 through the issuance of up to 261,385 fully paid in additional registered shares with a nominal value of CHF 68.85 each.

Conditional share capital

The share capital may be increased by a maximum of CHF 33,918,884 through the issuance of up to 492,649 registered shares with a nominal value of CHF 68.85 each in respect of conditional capital for management, advisors, bondholders and creditors.

The declaration of the capital contributions as included in the financial statements has been filed, but confirmation from the tax authorities approving the allocation has not been received as of the date of the financial statements

During the period 2010, the Group purchased 13,652 of its own shares for CHF 1,591,671 and sold 7,898 for CHF 924,066, which are shown as treasury shares in the balance sheet. As at 31 December 2011, the company held 15,669 shares (31 December 2010 – 15,669 shares).

Treasury Shares	**2011 shares**	**2010 shares**	**2011 CHF**	**2010 CHF**
Balance at 1 January	**15,669**	**9,915**	**1,811,769**	**1,144,164**
Purchase of shares	-	13,652	-	1,591,671
Capital reinvestment	-	-	-	-
Par value capital reduction	-	-	-	-
Sale of shares	-	(7,898)	-	(924,066)
Balance at 31 December	**15,669**	**15,669**	**1,811,769**	**1,811,769**
Average price of shares purchased - CHF	**-**	**116.59**		
Average price of shares sold - CHF	**-**	**117.00**		

18. BORROWINGS

	2011 CHF	**2010 CHF**	**2009 CHF**
Non-current			
Notes	31,079,822	26,997,899	32,889,802
	31,079,822	26,997,899	32,889,802
Current			
Mortgages	153,294,463	159,839,546	193,442,602
Other loans	3,244,418	-	-
Notes	-	5,778,950	-
	156,538,881	165,618,496	193,442,602
Total borrowings	187,618,703	192,616,395	226,332,404

18. BORROWINGS (Continued)

Notes consist of CHF 15.9 million convertible bonds due in 2015. The bonds have a principal amount of CHF 1,000, a cash coupon of 4.0%, a yield to maturity (including redemption premium) of 6.25% and a conversion price of CHF 120.00. During 2010, holders of pre-existing CHF 15 million convertible bonds were given the option to convert into the new notes issued. Of the CHF 15 million, CHF 9.9 million of the note holders converted to the new notes (for CHF 11.1 million new notes including accrued interest to date) leaving CHF 5.1 million of old notes due in 2011. Additionally CHF 2.2 million of new cash subscriptions were received for the new notes. In total CHF 13.2 million of new notes were issued. During 2011, upon maturity of the notes due in 2011 CHF 2.7 million converted into the new notes issued in 2010 with the balance being repaid in cash.

In addition, the notes issued in 2010 and 2011 contained a conversion option that was determined to be a multi-element arrangement. At the time of issuance, the fair value of the notes was determined to be equal to the book value of the debt, and as such, no equity component was recognized. Also, the new notes contain a call option on behalf of the Company. Refer to Note 16 for consideration of this call option.

During 2009 the Group secured €11.5 million of second mortgage funding. These take the form of a number of loan notes to third parties. They are secured against the property in Leipzig, Germany, run for a five year term to May 2014 and attract 7.0% interest and 2.0% fees over this period. During 2011an additional €1.0 million was secured which attracts 9.0% interest and 5.0% fees.

During 2008, the funding of the acquisition of the investment properties in Leipzig, Germany was concluded. The acquisition was funded by the utilisation of €121 million of senior debt, with the balance being paid from existing cash resources of the Group. The senior debt runs for a three year term with a one year extension at the option of the borrower. Interest is payable quarterly at the Euribor rate plus a margin of 120 bps per annum. The senior debt is securitised by first ranking and fully enforceable land charges over the property acquired. The cost of arranging the financing totalled €3,343,786 and will be amortised over the initial term of the loan. On the same date an interest rate swap was executed for a principal sum to match that of the senior debt which fixed the interest rate payable over the 3 year term at 4.52% and provided a 100% hedge throughout its duration.

During 2009, the Group repaid €14.6 million of the above senior debt of €121 million. This was done in order to remedy the covenant breach for the period ending 31 December 2008 and to bring the loan to value back within the 70% prescribed in the facility agreement. As a result of the repayment a waiver of the applicable debt covenant was obtained for 2010.

As a result of the above repayment, the Group also terminated a proportionate amount of the interest rate swap associated with the borrowings. This resulted in a cash loss to the Group of CHF 978,942, based on the mark to market prices at the time of the transaction. On 20 October 2010 the loan facility expired and the associated interest rate swap lapsed. The loan was renewed for a six month term to 20 April 2011 at a margin of 300bps over Euribor to 20 December 2010 and then 400bps over Euribor to maturity. The final formal extension ended on 16 December 2011, and as such the debt is currently in default. In the course of negotiations with the lenders, additional extensions have been obtained up to July 2012.

Since the due date in 2011, the Group has been obtaining short-term extensions on the loan repayment date from the lender. The Group has held discussions with the lender during the year and has considered other financing sources. The Group has obtained verbal confirmation from one of the lenders on a refinancing opportunity, which awaits both signing by both parties and approval of other lenders. This refinancing would substantially replace the existing senior debt facility and would be repayable in 8 years. The additional financing is expected to be completed by the end of 2012.

The borrowings in respect of the Leipzig properties have been included in current liabilities in both 2010 and 2011.

On 30 November 2007, the Group entered into a one year agreement for a CHF 31 million (€25 million) credit facility. The full amount was drawn down on 3 January 2008 and renewed on 3 January 2009, 2010 and 2011 for a further year. The average interest rate charged in 2011 was 0.96% (2010 – 0.84%) whilst the current interest rate is 1.12%.

During 2011 a new loan with Green Street Global Investments was entered into for an amount of CHF 3,158,866. This amount attracts 15% interest and is due to mature in July 2012. The shares of PSPI were pledged to secure this loan.

18. BORROWINGS (CONTINUED)

The maturity of non-current is as follows:

	2011 CHF	2010 CHF
Between 1 and 2 years	-	-
Between 2 and 5 years	31,079,776	26,997,899
Over 5 years	-	-
Non-current borrowings	31,076,776	26,997,899

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amounts		Fair values	
	2011 CHF	2010 CHF	2011 CHF	2010 CHF
Notes	31,079,776	26,997,899	31,742,507	25,875,105
	31,076,776	26,997,899	31,742,507	25,875,105

The fair values are based on cash flows discounted using a rate based upon a borrowings rate of 6.25% to 9.0% (2010 – 6.0% to 9.0%).

The carrying amounts of the Group's total borrowings are denominated in the following currency:

	2011 CHF	2010 CHF
Swiss francs	16,002,282	18,648,127
US dollars	3,244,418	-
Euros	168,372,003	173,968,268
	187,618,703	192,616,395

19. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2011 CHF	2010 CHF
Deferred tax liabilities to be recovered after more than 12 months	-	81,673

The gross movement on the deferred income tax account is as follows:

	2011 CHF	2010 CHF
Beginning of the year	81,673	3,261,836
Income statement charge (Note 21)	(83,637)	(3,711,159)
Settlement of deferred tax asset	-	789,954
Net changes due to exchange differences	1,964	(258,958)
End of the year	-	81,673

In prior years, deferred taxation has been provided on the fair value gains on investment property (see Note 11) at a rate of 15.83%. The fair value of the investment property is now below the acquisition price (see values in Note 11), however no deferred tax asset has been recognised as the Group is uncertain as to its future recovery.

20. OTHER FINANCIAL LIABILITIES

	2011 CHF	2010 CHF
Liability from put option	2,670,255	3,227,755
	2,670,255	3,227,755

The above financial liability relates to the minority holding of 5.1% in the acquired partnership USI Verwaltungszentrum GbR, therefore no minority is disclosed within equity.

The seller has an irrevocable right (put option) to sell its 5.1% holding at a value based on a pre-determined formula within the option agreement to USI during a specified period, the earliest date being 1 March 2013. In addition, included within the liability is the fair value of a 5.1% profit share arrangement implicit within the partnership agreement with the holder of the put option.

The Group (buyer) has an irrevocable right (call option) to buy the 5.1% holding at a value based on a pre-determined formula within the option agreement from the seller during a specified period, the earliest date being 1 March 2013.

The parties agree that the purchase for the shares corresponds to their market value which will be calculated on the basis of the following formula: 5.1% of the average net annual basic rent paid for the lease object in the years 2008 – 2012 (or in the 5 years preceding the year in which the purchase or sales option was executed, if not executed in the year 2013) (inclusive) x 4.2.

21. INCOME TAXES

	2011 CHF	2010 CHF
Current tax	(62,832)	(52,198)
Deferred tax (Note 19)	83,637	3,711,159
	20,805	3,658,961

The tax on the Group's profit before tax is based on the applicable tax rate of the parent company of 7.83% (2010 - 7.83%).

	2011 CHF	2010 CHF (restated)
Loss before tax per consolidated income statement	(18,252,797)	(35,394,402)
Tax calculated at domestic tax rates applicable to profits in the respective countries	1,429,194	2,771,382
Tax losses for which no deferred tax asset was recognised	(1,250,145)	(304,704)
(Expenses) not tax deductible / income not taxable	(686,320)	(546,227)
Local tax rate different to parent tax rate	528,076	1,738,510
Tax charge	20,805	3,658,961

As at 31 December 2011, the Group had unused tax losses of CHF 80.3 million (2010 - CHF 60.5 million), which expires between 2012 and 2018. These losses were not capitalised as it is unlikely that they will be utilised by the Group. The expenses not tax deductible / income not taxable includes companies in jurisdictions without any income tax. The tax rate for Germany was 16% which is significantly higher than that of the parent company.

22. TRADE AND OTHER PAYABLES

	2011 CHF	2010 CHF
Other payables	425,354	1,713,330
	425,354	1,713,330

23. ACCRUALS

	2011 CHF	2010 CHF
Payable to RP&C	1,941,214	601,004
Payable to the Estate of Dr. iur. V Lanfranconi	1,790,931	300,502
Deferred Income	906,307	928,448
Loan Interest	558,339	977,348
Audit Fees	123,167	113,464
Other accrued expenses	1,342,676	835,010
	6,662,634	3,755,776

24. CASH GENERATED FROM OPERATIONS

	NOTE	2011 CHF	2010 CHF
Loss for the year attributable to equity holders:		(18,231,992)	(31,735,441)
Adjustments for:			
- Interest expenses and other finance expenses		13,284,396	16,119,806
- Net foreign exchange losses		-	-
- Interest income	7	(393,144)	(341,219)
- Tax		(18,806)	(3,659,182)
Changes in working capital			
- Changes in fair value of investment property/loans	11	9,037,887	23,196,125
- Changes in other liabilities		(488,699)	57,673
- Exceptional loss on disposal of associate	12	-	5,470,872
- Changes in receivables and prepayments		97,387	111,537
- Changes in fair value of options and warrants		-	(7,843)
- Changes in accruals		3,323,619	(1,834,191)
- Loss / (profit) from associate	12	4,360,167	(911,303)
Cash generated / (used) by operations		10,970,815	6,466,834

25. RELATED PARTY TRANSACTIONS

Dr. iur. V. Lanfranconi was a director of the Group and also of some of the subsidiaries. Dr. iur. V. Lanfranconi was the majority beneficial owner of the Group's issued share capital, these shares are now held in the name of Mrs B. Lanfranconi. David Quint and Dr. Doraiswamy Srinivas are directors of RP&C International Inc (RP&C), the Group and some of its subsidiaries. William Vanderfelt is also a non executive director of RP&C and the Group. RP&C is the parent company of RP&C International (Guernsey) Limited which held 6.47% of the issued ordinary share capital of the Group at 31 December 2011 (31 December 2010 – 6.47%).

The Group was charged CHF 1,572,059 (2010 – CHF 2,314,681) management fees for services rendered by RP&C.

At 31 December 2011, RP&C was owed CHF 1,941,213 (2010 – CHF 901,506) by the Group. The estate of Dr. iur. V. Lanfranconi was owed CHF 1,790,930 (2010 – CHF 300,502).

For the year ended 31 December 2011, the Group was charged CHF 138,742 (2010 – CHF 306,350) for office, secretarial and related expenses by Dr. iur. V. Lanfranconi.

For the year ended 31 December 2011, the Group was charged CHF 106,320 (2010 – CHF 243,671) other charges and expenses by RP&C.

During the year ended 31 December 2008, a loan of CHF 2,434,180 (€2,000,000) was made to Ridgemont Holdings Limited, a wholly owned subsidiary of RP&C International Inc. Interest totalling CHF 147,657 has been accrued during the year on this loan (2010 – CHF 171,293).

During the year ended 31 December 2010, a loan of CHF 1,655,910 (£1,139,996) was made by RP&C International Inc to the Group. During 2011, £902,567 (CHF 1,265,575) of this amount was offset against amounts owed to Dr. Lanfranconi leaving a principle amount outstanding of £237,430 (CHF 344,751)

During the year ended 31 December 2009, a loan of CHF 2,008,200 (€1,650,000) was made to Public Service Properties Investments Limited, a company in which the Group had a 25.16% shareholding; this loan was repaid during 2010. Interest totalling CHF Nil (2010 – CHF 39,392) has been accrued in the year on this loan.

During the year ended 31 December 2011, a loan of CHF 3,158,865 was made by Green Street, an entity wholly owned by a subsidiary of RP&C. Interest totalling CHF 85,553 had been accrued during the year on this loan. In addition, the shares of PSPI were pledged to secure this loan.

The following directors' fees were recognised in 2011 and 2010. Of these amounts, CHF 120,000 (2010 – CHF 42,278) was outstanding at the year end.

	2011 CHF	**2010 CHF**
Dr. Robert Bider	30,000	30,000
Mr. Armin Hilti	30,000	30,000
Dr. Volkert Klaucke	30,000	30,000
Mr. William Vanderfelt	30,000	30,000

The total compensation of key management are only directors fees in the total amount of CHF 120,000 (2010 – CHF 120,000) (Note 29).

26. EMPLOYEES

The Company had no employees at 31 December 2011 (2010 – none).

27. FINANCIAL COMMITMENTS

The Company had no financial commitments at 31 December 2011 (2010 – none).

28. SUBSEQUENT EVENTS

Tentative agreement has now been reached with the RBS syndicate which will allow USI to refinance the Leipzig Properties in a manner that will involve a reduction in the amount of senior debt. One of the syndicate banks will continue to be a member of the new lending group while remaining banks will exit. New sources of finance for the remaining indebtedness have been identified and negotiations with the new lenders are presently underway. The Board expects to conclude new financing arrangements within the next 90 days.

29. DISCLOSURE OF COMPENSATION AND PARTICIPATIONS OF BOARD OF DIRECTORS AND GROUP MANAGEMENT (As required by Art. 663b bis and Art. 663c. Swiss Code of Obligations)

2011	Basic Remuneration		Variable Remuneration		**Total**
All amounts in CHF					
Board of Directors (BoD)	Cash	Equities/ Options	Cash	Equities/ Options	
Dr. iur. V. Lanfranconi	-	-	-	-	-
Dr. Robert Bider	30,000	-	-	-	30,000
Mr. Armin Hilti	30,000	-	-	-	30,000
Dr. Volkert Klaucke	30,000	-	-	-	30,000
Mr. William Vanderfelt	30,000	-	-	-	30,000
Mr. David Quint	-	-	-	-	-
Dr. Doraiswamy Srinivas	-	-	-	-	-
Total BoD	**120,000**	**-**	**-**	**-**	**120,000**
Group Management (GM)					
RP&C International Inc.	1,572,059	-	-	-	1,572,059
Total GM	**1,692,059**	**-**	**-**	**-**	**1,692,059**

Basic remuneration of Group Management relates to payments made by the Group in accordance with the asset management agreement.

On 31 December 2011, there were no loans or credit to individual members of the Board of Directors.

As at 31 December 2011, the following numbers of participations were held by the Board of Directors and the Group Management (including persons closely related to these members):

All amounts in CHF	**Shares**
Board of Directors (BoD)	
The Estate of Dr. iur V. Lanfranconi	541,565
Dr. Robert Bider	-
Mr. Armin Hilti	1,992
Dr. Volkert Klaucke	-
Mr. William Vanderfelt	17,365
Mr. David Quint	-
Dr. Doraiswamy Srinivas	-
Total BoD	**560,922**
Group Management (GM)	
RP&C International Inc.	63,739
Total GM	**63,739**

29. DISCLOSURE OF COMPENSATION AND PARTICIPATIONS OF BOARD OF DIRECTORS AND GROUP MANAGEMENT (As required by Art. 663b bis and Art. 663c. Swiss Code of Obligations) (CONTINUED)

2010	Basic Remuneration		Variable Remuneration		**Total**
All amounts in CHF					
Board of Directors (BoD)	Cash	Equities/ Options	Cash	Equities/ Options	
Dr. iur. V. Lanfranconi	-	-	-	-	-
Dr. Robert Bider	30,000	-	-	-	30,000
Mr. Armin Hilti	30,000	-	-	-	30,000
Dr. Volkert Klaucke	30,000	-	-	-	30,000
Mr. William Vanderfelt	30,000	-	-	-	30,000
Mr. David Quint	-	-	-	-	-
Dr. Doraiswamy Srinivas	-	-	-	-	-
Total BoD	**120,000**	**-**	**-**	**-**	**120,000**
Group Management (GM)					
RP&C International Inc.	2,314,680	-	-	-	2,314,680
Total GM	**2,314,680**	**-**	**-**	**-**	**2,314,680**

Basic remuneration of Group Management relates to payments made by the Group in accordance with the asset management agreement.

On 31 December 2010, there were no loans or credit to individual members of the Board of Directors.

As at 31 December 2010, the following numbers of participations were held by the Board of Directors and the Group Management (including persons closely related to these members):

All amounts in CHF	**Shares**
Board of Directors (BoD)	
Dr. iur V. Lanfranconi	541,565
Dr. Robert Bider	-
Mr. Armin Hilti	1,992
Dr. Volkert Klaucke	-
Mr. William Vanderfelt	17,365
Mr. David Quint	-
Dr. Doraiswamy Srinivas	-
Total BoD	**560,922**
Group Management (GM)	
RP&C International Inc.	63,739
Total GM	**63,739**

30. SEGMENT INFORMATION

Year ended 31 December 2011	Investments in Government Tenanted Property CHF	Investments in Associated Undertakings CHF	Central Corporate Costs CHF	Total CHF
Revenue	10,998,939	-	-	10,998,939
Net gain/(loss) on fair value movement on investment properties	(9,037,887)	-	-	(9,037,887)
Share of loss of associates	-	(4,360,167)	-	(4,360,167)
(Loss)/profit after tax	(9,066,516)	(4,360,167)	(4,805,309)	(18,231,992)
Assets				
Investment properties (Note 11)	194,327,850	-	-	194,327,850
Investments in associates (Note 12)	-	33,614,870	-	33,614,870
Cash	1,478,263	-	971,765	2,450,028
Segment assets for reportable segments	195,806,113	33,614,870	971,765	230,392,748
Liabilities				
Total borrowings (Note 18)	137,954,816	-	49,663,887	187,618,703
Segment liabilities for reportable segments	137,954,816	-	49,663,887	187,618,703
Year ended 31 December 2010	**CHF**	**CHF**	**CHF**	**CHF**
Revenue	12,269,009	-	-	12,269,009
Net gain/(loss) on fair value movement on investment properties	(23,196,125)	-	-	(23,196,125)
Share of profit of associates	-	911,303	-	911,303
Profit after tax	(19,755,584)	(4,559,569)	(7,420,288)	(31,735,441)
Assets				
Investment properties (Note 11)	208,230,163	-	-	208,230,163
Investments in associates (Note 12)	-	39,077,184	-	39,077,184
Cash	2,669,747	-	1,089,345	3,759,092
Segment assets for reportable segments	210,899,910	39,077,184	1,089,345	251,066,439
Liabilities				
Total borrowings (Note 18)	142,807,994	-	49,808401	192,616,395
Segment liabilities for reportable segments	142,807,994	-	49,808,401	192,616,395

All revenue derived from Investments in Government Tenanted Property is derived from one external customer in Germany.

30.SEGMENT INFORMATION (CONTINUED)

Reportable segments’ assets are reconciled to total assets as follows:

Year ended 31 December	**2011 CHF**	**2010 CHF**
Total reportable segment assets	230,392,748	251,066,439
Receivables and prepayments (Note 15)	33,781,096	35,739,957
Total assets per balance sheet	264,173,844	286,806,396

Reportable segments’ liabilities are reconciled to total liabilities as follows:

Year ended 31 December	**2011 CHF**	**2010 CHF**
Total reportable segment liabilities	187,618,703	192,616,395
Derivative financial instruments (Note 16)	-	-
Other financial liability (Note 20)	2,670,255	3,227,755
Deferred taxation (Note 19)	-	81,637
Trade payables and accruals (Note 22 and 23)	7,087,988	5,469,106
Total liabilities per balance sheet	197,376,946	201,394,893

31. ASSESSMENT OF RISK (as required by Art. 663b bis Par 12, Swiss Code of Obligations)

Financial risk assessment and management is an integral part of the USI Group Holdings AG Group-wide enterprise risk management and is governed by policies reviewed by the Board of Directors. The policies provide guidance on operational risk limits, types of authorized financial instruments and monitoring procedures. Such monitoring procedures contain regular review of accounting policy assessment including changes in accounting policy, significant accounting matters, and items requiring significant management judgment and estimates. The implementation of the accounting policy, the adherence to the regulation and the monitoring on a day-to-day risk basis are carried out by the relevant accounting and treasury functions. Regular reporting on the review of the financial risk management is performed by the relevant accounting and controlling functions.

The Group has established a yearly process driven by management evaluating in detail financial risk assessment in the areas of accounting complexity, control environment, market dynamics, cultural and individual parameters.
The major financial risks identified and therefore the most critical accounting policies consist of revenue recognition, accounting for acquisitions and strategic alliances, intangible assets and Impairments, accounting for associates, foreign exchange risk, equity based compensation and contingencies.

The major financial risks in the area of control environment consist of information systems complexity, outsourcing of critical processes, timely review of results, and the robustness of the documentation of processes.
The major financial risks identified in the area of market dynamics consist of the local customs and practices, country specific risks and overall market dynamics.

32. BOARD APPROVAL

The consolidated financial statements on pages 7 to 43 are subject to approval by the AGM and have been authorised by the board of directors on 30 April 2012 and were signed on its behalf by:

Dr. Volkert Klaucke, Chairman

Report of the statutory auditor
to the general meeting of
USI Group Holdings AG
Zurich

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of USI Group Holdings AG , which comprise the balance sheet, income statement and notes (pages 46 to 49), for the year ended 31 December 2011.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 judgment, 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 the internal control system relevant to the entity's preparation of the financial statements 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall 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.

Opinion

In our opinion, the financial statements for the year ended 31 December 2011 comply with Swiss law and the company's articles of incorporation.

Emphasis of matter

We draw attention to Note 8 "Financial and Other Risk Management" to these financial statements, where disclosures by management are made regarding the fact that USI Group Holdings AG's investment property asset is primarily financed by one senior debt facility, which is past due and is currently

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich
Telephone: +41 58 792 44 00, Facsimile: +41 58 792 44 10, www.pwc.ch

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in default, and that short term loans as well as interest payments on USIGH III Investments Holdings Limited notes cannot be repaid by their contractual due dates.

We further draw attention to Note 8 “Financial and Other Risk Management” to these financial statements, where disclosures by management are made regarding the fact that USI Group Holdings AG has an equity investment in Public Service Properties Investments Ltd., which has investment property assets that are financed by concentrated debt facilities, of which a significant portion is scheduled to be repaid in September 2012 to a sole lender.

If the term of the senior debt facilities, short-term loans and debt is not extended or if the financing cannot be substituted, such a case would set USI Group Holdings AG at risk of potential illiquidity. This indicates the existence of a material uncertainty which may cast significant doubt about the ability of USI Group Holdings AG to continue as a going concern, due to its outstanding intercompany receivables. Our opinion is not qualified in respect of this matter.

In addition, the above mentioned issue may cause concerns that the accumulated deficit exceeds the share capital in relation to article 725 paragraph 2 Swiss Code of Obligations and the Board of Directors would need to comply with the corresponding regulations.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Patrick Balkanyi
Audit expert
Auditor in charge

Michael Ruble

Zurich, 30 April 2012

Enclosures:

- Financial statements (balance sheet, income statement and notes)

BALANCE SHEET
USI Group Holding AG

	31.12.2011 CHF	31.12.2010 CHF
ASSETS		
Cash and cash equivalents	1,174,127	821,723
Receivables third parties	116,634	1,385,557
Intercompany receivables	64,794,573	75,109,224
Marketable securities – treasury shares	565,808	1,811,769
Total current assets	**66,651,142**	**79,128,273**
Investments	4,327,978	4,327,978
Total non-current assets	**4,327,978**	**4,327,978**
TOTAL ASSETS	**70,979,120**	**83,456,251**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Due to shareholders	38,022	38,022
Accrued expenses	4,144,200	1,195,462
Total liabilities	**4,182,222**	**1,233,484**
Share capital	67,837,767	67,837,767
Legal reserves from capital contributions	56,295,292	-
Reserves for treasury shares from capital contributions	1,811,769	1,811,769
Other legal reserves	(19,283,462)	23,823,595
Free reserves	-	13,188,235
Accumulated deficit	(39,864,468)	(24,438,599)
Balance carried forward from prior year	*(24,438,599)*	-
Annual loss	*(15,425,869)*	*(24,438,599)*
Total shareholders' equity	**66,796,898**	**82,222,767**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**70,979,120**	**83,456,251**

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INCOME STATEMENT
USI Group Holding AG

1 January – 31 December

	2011 CHF	2010 CHF
Other income	-	-
Other income		
Directors' fees	(90,000)	(84,555)
Professional fees	(25,695)	(246,753)
Tax consultancy	(2,882)	(43,793)
Audit fees	(134,651)	(107,600)
Listing fees	(13,894)	(11,304)
Insurance	(18,962)	(15,949)
Management charges	(1,572,059)	(2,314,680)
Capital tax expenses, reclaims and rent, maintenance and general administration	(368,357)	(546,205)
Impairment provision of treasury shares	(1,245,961)	-
Impairment provision of intercompany receivables	(11,882,278)	(20,598,622)
EBIT	**(15,354,739)**	**(23,969,461)**
Financial expenses	(19,852)	(52,709)
Foreign exchange losses	(51,435)	(417,293)
Financial income	157	864
Loss before income tax expenses	**(15,425,869)**	**(24,438,599)**
Income tax expense	-	-
NET LOSS	**(15,425,869)**	**(24,438,599)**

Disclosures required by Swiss law:

1) Company information

There were no movements in share capital in 2011 or 2010.

Authorised share capital

The share capital may be increased by a maximum amount of up to CHF 17,996,357 until 26 May 2013 through the issuance of up to 261,385 fully paid in additional registered shares with a nominal value of CHF 68.85 each.

Conditional share capital

The share capital may be increased by a maximum of CHF 33,918,884 through the issuance of up to 492,649 registered shares with a nominal value of CHF 68.85 each in respect of conditional capital for management, advisors, bondholders and creditors.

The declaration of the capital contributions as included in the financial statements has been filed, but confirmation from the tax authorities approving the allocation has not been received as of the date of the financial statements

2) Significant shareholders

At the year end, the following significant shareholders were listed in the share register with shareholdings in excess of 5% of issued share capital.

	31.12.11	**31.12.10**
Mrs Beatrix Lanfranconi	54.96%	54.96%
Monkwell Investments Ltd (formerly USI Limited)	4.92%	4.92%
Esquire Banque Privėe (Suisse) SA	5.78%	5.78%

3) Guarantees

The Company has granted a guarantee for USIGH Limited in the amount of EUR 25 million and a joint surety for Healthcare Properties Etzelgut Ltd. in the amount of CHF 6 million.

4) Significant investments

Company name	**Domicile**	**Share capital**	**Shares held**	**Type of shares and nominal value**	**Owner-ship**
USI AG	Switzerland	CHF 15,000,000	150,000	Ordinary CHF 100	100%
USIGH Limited	British Virgin Islands	$0.02	2	Ordinary USD 0.01	100%

The companies are holding and finance companies.

5) Treasury shares

Treasury shares	**2011 Shares**	**2010 Shares**	**2011 CHF**	**2010 CHF**
Balance at 1 January	**15,669**	**9,915**	**1,811,769**	**1,144,164**
Purchase of shares	-	13,652	-	1,591,671
Capital reinvestment	-	-	-	-
Par value capital reduction	-	-	-	-
Impairment of shares	-	-	(1,245,961)	-
Sale of shares	-	(7,898)	-	(924,066)
Balance at 31 December	**15,669**	**15,669**	**565,808**	**1,811,769**
Average price of shares purchased - CHF	**-**	**116.59**		
Average price of shares sold - CHF	**-**	**117.00**		

6) Assessment of risk (art. 663b bis para. 12 CO)

USI Group Holdings AG, as ultimate parent company of the Group, prepares a centralised risk management system for the Group (including USI AG). This risk management system separates strategic risks from operative risks. All identified risks are quantified according to their realisation, probability and impact. These risks are the objective of an annual discussion process in the Group's Board of Directors and Audit Committee meetings. The identification and remediation of risks is a key management objective.

Risks that arise from the accounting and financial reporting process are included in the risk assessment process. The Internal Control System framework over financial reporting includes relevant control measures, which reduce the overall financial reporting risk. Non-financial reporting risks are categorised depending on their possible impact (low, average and high) and appropriately monitored.

7) DISCLOSURE OF COMPENSATION AND PARTICIPATIONS OF BOARD OF DIRECTORS AND GROUP MANAGEMENT (As required by Art. 663b and Art. 663c. Swiss Code of Obligations)

Refer to Note 29 of the consolidated financial statements.

8) Financial and other risk management

Due to the significant outstanding intercompany receivable balances due from subsidiaries, risks to these subsidiaries, and the Group as a whole, have been considered in relation to the stand alone entity.

The Group's investment property asset is substantially financed by one senior debt facility, which came due in 2011 and is in default. Since the due date in 2011, the Group has been obtaining short-term extensions on the loan repayment date from the lender, of which the last formal extension was approved up to 16 December 2011, with additional extensions up to July 2012 obtained during the course of negotiations with the lenders. The Group has held discussions with the lender during the year and has considered other financing sources. The Group has obtained verbal confirmation from one of the lenders on a refinancing opportunity, which awaits both signing by both parties and approval of other lenders. This refinancing would substantially replace the existing senior debt facility and would be repayable over an 8 year period. The additional financing is expected to be completed by May 2012.

Also, the Group currently has outstanding a loan from Green Street Global Investments in the sum of CHF 3.2 million, including accrued interest, which matures in July 2012. The Group is not forecasted to have available cash to fully repay this loan upon maturity. The Group also pays interest to its USIGH III Investments Holdings Limited note holders on a quarterly basis, with the next payment due on the last day of April 2012. The Group is not forecasted to have available cash to fully repay this interest. Finally, the Group currently has outstanding accrued liabilities on the balance sheet, which are past due or require payment within 0 to 90 days. The Group is not forecasted to have available cash to fully repay these amounts upon their due dates. In order to repay these balances, the Group has entered into discussions with the counter-parties to convert such debt amounts to equity and has entered into discussions with external third parties to raise additional capital through a capital increase. The additional capital raise is expected to be completed by May 2012.

If the term of the senior debt facilities, short-term loans and debt is not extended or if the financing cannot be substituted, such a case would set the Group at risk of potential illiquidity. This indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. The Group will monitor the situation.

In addition, the Group holds an equity investment in PSPI. PSPI's investment property assets are substantially financed by concentrated debt facilities. As per the debt agreements, CHF 118 million (£81.3 million, approximately 50%) of the total borrowings are scheduled to be repaid in September 2012 to a sole lender. Additional repayments totaling CHF 16.3 million (£11.2 million) of the total borrowings are also classified as current as at 31 December 2011 and payable in 2012. A refinancing of these debt facilities is expected to be completed before the repayment date and various opportunities have been considered.

If the term of the debt facilities is not extended or if the financing cannot be substituted, such a case would set the Group at risk of potential illiquidity. This indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Both PSPI and USI will monitor the situation.

Proposal of the Board of Directors for appropriation of accumulated deficit at 31 December 2011

in CHF	
Accumulated deficit	
Accumulated deficit at 1 January 2011	(24,438,599)
Offsetting balance of accumulated deficit carry forward with legal reserve on general meeting of shareholders on 26 May 2011	-
Balance after general meeting of shareholders on 26 May 2011	(24,438,599)
Net loss 2011	(15,425,869)
Accumulated deficit	(39,864,468)
Offsetting balance of accumulated deficit carry forward with legal reserve	-
Accumulated deficit carried forward	(39,864,468)

Additional Rules for the Listing of Real Estate Companies of the SIX Swiss Exchange

General Information

Property Details

Name, address	*Owner* [1]	*Ownership status* [2]	*Approximate Year of construction*	*Year of renovation*	*% of leased usable space*	*As % of Investment Properties Portfolio*	*Gross lettable area M*[3]
Germany **Office Building - Behördenzentrum, Free State of Saxony, Schongauerstrasse 1-17, 04328, Leipzig, Germany.**	USI GbR	FH	1995	-	100	100	50,707

1 USI Gbr = USI Verwaltungszentrum Leipzig GbR
2 FH = Freehold (100%)
3 Gross lettable area comprises 49,879 sqm of three office buildings plus 828 sqm single-storey facilities.

Significant lessees of USI Group owned properties

Name of Lessee	Location	Details of leased properties	Lease period expiry date	Aggregate annual lease payments	Percentage of total lease payments to the USI Group:
Free State of Saxony	Leipzig, Germany	3 four-storey office buildings and 1 single-storey building.	March 2020	€ 8,938,728 (CHF 10,998,939*)	100.00%

Equity Ownership of the Company and/or the USI Group in Real Estate Companies

Other than the subsidiaries disclosed above, the Company and/or the USI Group do not own equity interests in any other real estate companies.

* Exchange rate based on EUR: CHF = 0.81269

Independent appraisal firms and valuation methods

The USI Group has commissioned Botta Management AG for the purpose of estimating the fair value of the real estate holdings owned by the USI Group.

Valuation method of Botta Management AG ("Botta")

The valuation method of Botta is the discounted cash flow analysis. This method stems from the calculation of the capitalised income value of an undertaking. Thereby all future profits are converted into present cash value.

Capitalised Value of Property: With respect to the calculation of a property, all future estimated earnings and expenses (without interest on capital accounts and amortisation) are - as is the case when evaluating an undertaking - being collected. The difference between the respective earnings and expenses results in the cash flow. The cash flow can be positive or negative. This future cash flow is recalculated to the present value by using a cash equivalent factor. The later - expressed in years - this cash flow accrues, the lower the present value of such a cash flow is. Since properties represent very durable values, most properties still show a significant residual value after the examination period (normally 10 years) has expired. Thus, the residual value of the property has to be calculated at the end of the examination period. The residual value will then also be recalculated expressing the present cash value. The sum of all present cash values from the annual earnings and the cash value of the residual value results in the present capitalised income value of the property (DCF-value).

The sum of all cash values over a certain period of time and a possible residual value result in the capitalised income value of the undertaking.

The following basic data needs to be defined when applying this method:

i) Object: name of the property.

ii) Initial year: determination of the point in time, on which the calculation will be conducted. Normally this will be the present year.

iii) Examination period: as examination period as the duration of the lease – which means until 2020. Over this period exact information relating to the future earnings and expenses can normally be given. After the expiration of the lease, a residual value will be calculated and will be discounted.

iv) Discount factor: The discount factor is the interest rate by which future earnings are being discounted to the present value. Starting point for the determination of the interest rate is normally the actual sustainable interest rate for 10 year German Government Bonds. A risk premium is charged additionally. Thereby market risks relating to the property are accounted for. The risk premium varies for a normal customary property between 0.5% and 1.5%. Main factors are the location of the property with respect to the use and the risk of renting out. For purposes of valuing the Leipzig Property, a risk premium of 1.5% / 1.7% is applied. That is a very conservative assumption in view of the quality of the property. A discount factor of 4.3% was used for the valuation at 31 December 2011 (2010 – 4.7%).

v) Capitalisation factor, calculation of residual value: With this interest rate the residual value of the property can be calculated. The capitalisation factor is - depending on the examination period and the condition of the property – 0.7% higher than the discount factor at 5.0% (2010 – 4.9%).

vi) For the calculation of the annual amounts, the effective rental income is reduced by costs of the lessor such as insurance, real estate tax and maintenance. These were assumed to be at 3.7% of rental income (2010 – 3.4%).

vii) General increase in renting costs: Thereby future general increase in prices with respect to earnings in connection with a property can be accounted for.

viii) General increase in costs: Thereby future general increases in prices with respect to expenses in connection with a property can be accounted for.

ix) Adjustment Amount: Here extraordinary expenses can be accommodated.

x) Rental growth rate assumed by Botta of 1.4% (2010 – 1.2%) and inflation rate assumed by Botta of 2.2% (2010 – 2.0%)

Market Value

With regard to the above, Botta are of the opinion that the Market Value of the subject property as at 31 December 2011 is **EUR 159,705,000 (**One Hundred and Fifty Nine Million, Seven Hundred and Five Thousand Euros) (2010: €167,050,000).

Neither the Company nor any member of the USI Group has any relationship with this appraisal firm.

PricewaterhouseCoopers AG
Birchstrasse 160
8050 Zurich
Phone +41 58 792 44 00
Fax +41 58 792 44 10
www.pwc.ch

Report of the statutory auditors
to the general meeting of
USI Group Holdings AG
Zurich

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of USI Group Holdings AG, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in shareholders' equity and notes to the consolidated financials statements on pages 7 to 42 and 48 to 50, for the year ended 31 December 2010.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), Article 13 of the Additional Rules for the Listing of Real Estate Companies of the SIX Swiss Exchange and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2010 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Article 13 of the Additional Rules for the Listing of Real Estate Companies of the SIX Swiss Exchange and Swiss law.

Emphasis of matter
We draw attention to Note 3 "Financial and Other Risk Management" to these consolidated financial statements, where disclosures by management are made regarding the fact that the Group's investment property asset is primarily financed by one senior debt facility, which is scheduled to be repaid in 2011. If the term of the senior debt facility is not extended or if the financing can not be substituted, such a case would set the Group at risk of potential illiquidity. This indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. Our opinion is not qualified in respect of this matter.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

PricewaterhouseCoopers AG

Patrick Balkanyi
Audit expert
Auditor in charge

Michael Ruble

Zurich, 28 April 2011

USI GROUP HOLDINGS AG
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTE	2010 CHF	2009 CHF
Revenue		12,269,009	13,350,031
Fair value (loss) / gain on investment properties	11	(23,196,125)	2,203,940
Administrative expenses	6a	(3,986,178)	(4,719,993)
Other income	6b	64,235	225,596
Net financial income	7	341,219	499,709
Operating profit		(14,507,840)	11,559,283
Net finance costs	8	(16,326,993)	(16,741,486)
Share of profit of associates	12	342,089	2,533,881
Exceptional loss on disposal of associate	12	(4,793,080)	-
Loss before income tax		(35,285,824)	(2,648,322)
Income tax expense	21	3,658,961	(352,630)
Loss for the year		(31,626,863)	(3,000,952)
Attributable to:			
Equity holders of the Company		(31,626,863)	(3,000,952)
		CHF per share	**CHF per share**
Basic loss per share	9	(32.62)	(3.50)
Diluted loss per share	9	(32.62)	(3.50)

The notes on pages 12 to 42 form part of these financial statements.

USI GROUP HOLDINGS AG
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 CHF	2009 CHF
Loss for the period	(31,626,863)	(3,000,952)
Other comprehensive income		
Cash flow hedges	5,918,721	582,736
Tax relating to cash flow hedges	(946,995)	(93,654)
Currency translation differences	(16,557,075)	2,387,134
Other comprehensive income for the period	(11,585,349)	2,876,216
Total comprehensive income for the period	(43,212,212)	(124,736)
Attributable to:		
Equity holders of the Company	(43,212,212)	(124,736)

The notes on pages 12 to 42 form part of these financial statements.

USI GROUP HOLDINGS AG
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTE	2010 CHF	2009 CHF
ASSETS			
Non-current assets			
Investment property	11	208,230,163	273,479,102
Investments in associates	12	35,888,448	42,973,682
Receivables and prepayments	15	2,492,833	2,974,862
		246,611,444	319,427,646
Current assets			
Receivables and prepayments	15	33,247,124	41,316,247
Cash and cash equivalents		3,759,092	8,279,390
		37,006,216	49,595,637
TOTAL ASSETS		283,617,660	369,023,283
EQUITY			
Capital and reserves			
Share capital	17	67,837,767	67,837,767
Share premium	17	11,617,985	11,617,985
Treasury shares	17	(1,811,769)	(1,144,164)
Cash flow hedging reserve		(62,856)	(5,034,582)
Translation reserve		(41,783,209)	(25,226,134)
Retained earnings		46,424,849	78,051,712
TOTAL EQUITY		82,222,767	126,102,584
LIABILITIES			
Non-current liabilities			
Borrowings	18	26,997,899	32,889,802
Derivative financial instruments	16	-	3,127
Deferred taxation	19	81,637	3,261,836
Other financial liability	20	3,227,755	3,729,137
		30,307,291	39,883,902
Current liabilities			
Trade and other payables	22	1,713,330	58,556
Borrowings	18	165,618,496	193,442,602
Accruals	23	3,755,776	3,778,457
Derivative financial instruments	16	-	5,757,182
		171,087,602	203,036,797
TOTAL LIABILITIES		201,394,893	242,920,699
TOTAL EQUITY AND LIABILITIES		283,617,660	369,023,283

The notes on pages 12 to 42 form part of these financial statements.

USI GROUP HOLDINGS AG
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTE	2010 CHF	2009 CHF
Cash flow from operating activities			
Cash generated by operations	24	6,466,834	3,180,982
Interest paid		(11,765,574)	(12,544,904)
Income tax paid		(52,198)	(5,165)
Net cash used in operating activities		(5,350,938)	(9,369,087)
Cash flow from investing activities			
Dividends received	12	2,067,134	1,724,962
Interest received		168,792	411,420
Net cash used in investing activities		2,235,926	2,136,382
Cash flow from financing activities			
Proceeds from borrowings		2,150,000	17,533,161
Payments in relation to borrowings		-	(220,028)
Purchase of treasury shares - net		(667,605)	(479,631)
Repayment of borrowings		(2,680,494)	(22,152,909)
Payment of swap breakage costs	8	-	(978,942)
Capital increases	17	-	16,959,359
New issue costs	17	-	(417,367)
Par value capital reduction	17	-	(7,396,986)
Net cash (used) / generated by financing activities		(1,198,099)	2,846,657
Net Increase / (decrease) in cash and cash equivalents		(4,313,111)	(4,386,048)
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of year		8,279,390	12,797,029
Net increase / (decrease)		(4,313,111)	(4,386,048)
Foreign currency translation adjustments		(207,187)	(131,591)
Cash and cash equivalents at end of year		3,759,092	8,279,390

The notes on pages 12 to 42 form part of these financial statements.

USI GROUP HOLDINGS AG
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTE	Attributable to equity holders of the Company						
		Share capital	Share premium	Treasury Shares	Translation reserve	Retained Earnings	Cash flow hedging reserve	Total Equity
		CHF	CHF	CHF	CHF	CHF	CHF	CHF
Balance as of 1 January 2009		64,619,736	5,691,010	(664,533)	(27,613,268)	81,052,664	(5,523,664)	117,561,945
Profit / (loss) for the year		-	-	-	-	(3,000,952)	-	(3,000,952)
Other comprehensive income								
Foreign currency translation		-	-	-	2,387,134	-	-	2,387,134
Cash flow hedges – net of tax		-	-	-	-	-	489,082	489,082
Total comprehensive income		-	-	-	2,387,134	(3,000,952)	489,082	(124,736)
Transactions with owners								
Purchase of own shares	17	-	-	(479,631)	-	-	-	(479,631)
Par value capital reduction	17	(7,396,986)	-	-	-	-	-	(7,396,986)
Issue of new shares	17	10,615,017	6,344,342	-	-	-	-	16,959,359
New issue costs	17	-	(417,367)	-	-	-	-	(417,367)
Balance as of 31 December 2009		**67,837,767**	**11,617,985**	**(1,144,164)**	**(25,226,134)**	**78,051,712**	**(5,034,582)**	**126,102,584**
Balance as of 1 January 2010								
Profit / (loss) for the year		-	-	-	-	(31,626,863)	-	(31,626,863)
Other comprehensive income								
Foreign currency translation		-	-	-	(16,557,075)	-	-	(16,557,075)
Cash flow hedges – net of tax		-	-	-	-	-	4,971,726	4,971,726
Total comprehensive income		-	-	-	(16,557,075)	(31,626,863)	4,971,726	(43,212,212)
Transactions with owners								
Purchase of own shares		-	-	(667,605)	-	-	-	(667,605)
Balance as of 31 December 2010		**67,837,767**	**11,617,985**	**(1,811,769)**	**(41,783,209)**	**46,424,849**	**(62,856)**	**82,222,767**

The cashflow hedging reserve represents the Group's share of the Cash Flow hedging reserves of associated companies, specifically PSPI and the interest rate swap referred to in Note 16.

The notes on pages 12 to 42 form part of these consolidated financial statements.

1. GENERAL INFORMATION

USI Group Holdings AG (the "Company"), domiciled in Switzerland with its registered office at Bahnhofstrasse 106, CH-8001, Zürich, Switzerland, is the ultimate parent company of the USI Group. The Company and its subsidiaries (together the Group), is an investment property Group with a direct and indirect interest in portfolios in Continental Europe, the UK and the USA. It is principally involved in leasing real estate assets where the rental income is primarily generated directly or indirectly from governmental sources.

In March 2007, the Group disposed of 74.84% of its shareholding in Public Services Properties Investments Limited ("PSPI"). As the Group retains a significant influence its remaining shareholding has been accounted for using the equity method as an associated undertaking.

In December 2007, the Group acquired a 94.9% interest in a partnership owning 4 investment properties in Leipzig, Germany.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB) and comply with the requirements of the SIX Swiss Exchange's Listing Rules and the Additional Rules for the Listing of Real Estate Companies. The consolidated financial statements are reported in Swiss Francs unless otherwise stated and are based on the annual accounts of the individual subsidiaries at 31 December 2009 and 2010 which have been prepared up according to uniform Group accounting principles.

The financial information included in this document has been prepared on a consistent basis and using the same accounting policies of the audited financial statements for the year ended 31 December 2010 and 2009.

The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties, other financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results can differ from those estimates (Note 4).

The Group has adopted the following new standards, amendments to standards and interpretations which are mandatory for the financial year ended 31 December 2010.

Amendments to IFRS 3 - Business combinations (applicable to business combinations occurring in accounting periods beginning or after 1 July 2009, prospective application. Early application permitted if IAS 27R also adopted). The amendment entails several changes in the application of the acquisition method. Subsequent changes to the purchase price which depend on future events are recognised in profit or loss (when a liability) instead of goodwill. A step acquisition will result in re-measurement of the previous investment to fair value, through the income statement. All transaction costs will be expensed. The amendment had no impact on the financial statements for the financial year ended 31 December 2010.

Amendments to IAS 27 - Consolidated and separate financial statements (effective as from 1 July 2009, prospective for measurement of non-controlling interest. Early application is permitted if IFRS 3R is also adopted. Choice of whether to account for non-controlling interest at time of a business combination at fair value (i.e. incl. goodwill) or based on their proportionate share of the net assets (i.e. excl. goodwill). The amendment requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control ("economic entity model"). When control over a previous subsidiary is lost. Any remaining non-controlling interest in the entity is re-measured to fair value and the resulting gain or loss is recognised in the income statement. The amendment had no impact on the financial statements for the financial year ended 31 December 2010.

2.1 Basis of preparation (continued)

IAS 38 (amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the Group will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the Grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment had no material impact on the financial statements for the financial year ended 31 December 2010.

IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). The interpretation is part of the IASB's annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non- cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The standard had no impact on the financial statements for the financial year ended 31 December 2010.

IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The amendment had no impact on the financial statements for the financial year ended 31 December 2010.

IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The amendment had no material impact on the financial statements for the financial year ended 31 December 2010.

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2010 and have not been early adopted:

Amendments to IFRS 7 'Disclosures - Transfers of financial assets' (effective on 1 July 2011, early application permitted). The amendments require additional disclosures in respect of risk exposures arising from transferred financial assets (e.g. factoring, securitisation), any associated liabilities and it includes additional disclosure requirements in respect to those transfers. The Group has not elected to adopt the amendment before the effective date. The amendment is not expected to have a material impact on the financial statements.

IFRS 9 'Financial Instruments' (effective 1 January 2013, retrospective application, early application permitted). IFRS 9 comprises two measurement categories for financial assets: amortised cost and fair value. All equity instruments are measured at fair value. Management has an option to present in other comprehensive income unrealised and realised fair value gains and losses on equity investments that are not held for trading. A debt instrument is at amortised cost only if it is the entity's business model to hold the financial asset to collect contractual cash flows and the cash flows represent principal and interest. It will otherwise need to be considered at fair value through profit or loss. The Group has not elected to adopt the standard before the effective date. The amendment is not expected to have a material impact on the financial statements.

2.1 Basis of preparation (continued)

Amendments to IFRS 9, 'Financial instruments' (effective 1 January 2013, retrospective application, early application permitted) The amendment includes guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39 without change, except for financial liabilities that are designated at fair value through profit or loss. Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in OCI. There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity. The Group has not elected to adopt the amendment before the effective date. The amendment is not expected to have a material impact on the financial statements.

Amendments to IAS 12 'Deferred Tax: Recovery of Underlying Assets' (effective 1 January 2012, early application permitted). The amendment affects investment properties measured at fair value. The recognition of deferred taxes in relation to those investment properties is based on an expected recovery through a sales transaction. The SIC 21 guidance has been included in the standard. The Group has not elected to adopt the amendment before the effective date. The amendment is expected to have a material impact on the financial statements; however the impact of the change cannot be reasonably estimated as of the reporting date.

Amendments to IAS 32 'Financial Instruments: Presentation' (Classification of rights issues; effective as from 1 February 2010, early application permitted). The amendment implies that rights issues are now required to be classified as equity if they are issued for a fixed amount of cash regardless of the currency in which the exercise price is denominated provided they are offered on a pro rata basis to all owners of the same class of equity. The Group has not elected to adopt the amendment before the effective date. The amendment is not expected to have a material impact on the financial statements.

IFRIC 19 'Extinguishing financial liabilities with equity instruments' (effective 1 July 2010, retrospective application from beginning of the earliest comparative period, early application permitted). IFRIC 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (referred to as a "debt for equity swap"). The interpretation requires a gain or loss to be recognised in profit or loss when a liability is settled through the issuance of the entity's own equity instruments. Furthermore, it provides guidance on the calculation of those gains or losses. The Group has not elected to adopt the amendment before the effective date. The amendment is not expected to have a material impact on the financial statements.

2.2 Principles of consolidation

The results of subsidiary undertakings, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Group and they cease to be consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. All intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

2.3 Segmental reporting

Segmental reporting has been prepared in accordance with IFRS 8 (Segment Reporting).

The chief operating decision maker has been identified as the board of directors, who review the Group's internal reporting and management information in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

It has been determined that the board of directors reviews management information, considers the business and makes decisions based on the nature of the underlying business. As such, the Group has been organised into the following segments:

- Investments in Government Tenanted Property
- Investments in Associated Undertakings
- Central Corporate Costs

The board of directors assess the performance of the business using a number of measures; however particular emphasis is placed on net profit.

2.4 Foreign currency transactions and translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Swiss Francs, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except where deferred in equity as qualifying cash flow hedges.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet are translated at the closing rate at the date of the balance sheet.
(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates in which case income and expenses are translated at the dates of the transactions); and
(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign entity is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

The translation rates used are disclosed in Note 5 in the notes to the consolidated financial statements.

2.5 Investment property

Property held for long-term rental yields or for capital appreciation or both and not occupied by the Group is classified as investment property.

Investment property comprises freehold land and buildings. Investment property is initially recognised at historic cost including related transaction costs. After initial recognition investment property is held at fair value. Fair value is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed in accordance with guidance issued by the International Valuation Standard Committee and are reviewed annually by external valuers.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is charged to the asset’s carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Changes in fair values are recorded in the income statement. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement, when necessary.

2.6 Leases

Finance lease

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Operating lease

See Notes 2.10 and 2.19.

Lease classification

See Note 4 (d)

2.7 Loans and receivables

Loans are classified as non-current assets unless management has the express intention of holding the loans for less than 12 months from the balance sheet date, in which case they are included in current assets. The directors determine the classification of the loans at initial recognition and re-evaluate the designation at every reporting date.

Purchases and sales of loans are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Loans are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of loans. In the case of loans, the financial position of the underlying companies and their ability to repay the preference share capital is considered in determining whether the loans are impaired.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement. Loans are derecognised when the rights to receive cash flows from the loans have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. When investments are sold the resulting gains and losses are included in the income statement as gains and losses from loans.

2.8 Impairment of assets

The recoverable amount of assets such as intangible assets and loans and receivables are estimated whenever there is an indication that the asset may be impaired. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price and value in use, determined by discounting the future expected cash flows generated by the related asset.

The carrying amount of the Group's holding in associated undertakings is tested annually for impairment. The recoverable amount is calculated on the assumption that any sale would be made at fair value, consequently an exercise is performed to ascertain the value in use of the shareholding to ensure this exceeds the carrying amount. If the value in use is less than the carrying amount, an impairment is recognised.

2.9 Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recognised in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place).

However, if the forecast transaction that is hedged results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the costs of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Put options that contain an obligation to purchase own equity instruments are recognised as a financial liability for the discounted, expected redemption amount. The liability is disclosed as Other Financial Liabilities (see Note 20). Call options that contain an option of the Company to repurchase own debt instruments, are recognized as a financial liability for the expected conversion amount. The liability is disclosed as Options (see Note 20).

2.10 Accounting for leases and accrued income

The Group currently treats all of its investment property leases as operating leases, however this classification is considered by the directors for each property on acquisition. An operating lease is a lease in which substantially all the risks and rewards of the asset (investment property) remain with the lessor and as such these assets remain in the Group's balance sheet. Lease payments from the lessee are recognised as rental income and as such disclosed in the income statement on a straight-line basis over the period of the lease.

Accrued income is provided to recognise guaranteed future income over the period of the lease. Accrued income is recognised under non-current assets for all amounts not released to the income statement within 12 months of the balance sheet date, and not receivable within 12 months. Amounts due to be released within 12 months of the balance sheet date are recognised in receivables under current assets.

2.11 Trade receivables and prepayments

Trade receivables and prepayments are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of the trade receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

2.12 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand; deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings under current liabilities.

2.13 Share capital

Ordinary shares are classified as equity.

Any transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.

Both reductions in the nominal value of, and reinvestments in, the registered shares are recorded within equity.

2.14 Trade payables and other payables

Trade payables and other payables are recognised initially at fair value.

2.15 Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Interest on borrowings is charged to the income statement.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as an interest expense.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.17 Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary timing differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Due to the tax jurisdictions of the Group companies no tax impact is anticipated.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.19 Revenue recognition

Revenue consists of minimum lease rentals payable over the terms of the operating leases, recognised on a straight line basis, and incremental lease rentals payable under rent escalation clauses in the leases recognised as they arise. Every investment property is accounted for individually. Operating lease agreements are based on long-term leasing contracts.

2.20 Investments in associates

Investments in associates are accounted for using the equity method of accounting. These are entities in which the Group has significant influence and which are neither subsidiaries nor joint ventures. Significant influence is the power to participate in the financial and operating policy decisions of the acquired company but is not control or joint control over those policies (usually 20-50% of voting rights). Under the equity method, the investment in an associate is initially recognized at cost (including goodwill on acquisition) and the carrying amount is increased or decreased to recognize the Group's share of profit or loss of the acquired company after the acquisition date. In order to apply the equity method the most recent available financial statements of an associate are used. The net assets and results from associates are adjusted, if necessary, to comply with the Group's accounting policies.

The Group's share of equity in associated companies, consolidated using the equity method, is shown in the balance sheet as "Investments in associates" and its share of the results of operations for the year is shown in the income statement as "Share of profit of associates".

Associates acquired during the year are accounted for as "Investments in associates" from the date on which significant influence over the acquired company is transferred to the Group, and derecognized from that position as of the date the Group ceases to have significant influence over an associate.

2.21 Accruals

Accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

3. FINANCIAL AND OTHER RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency and price risk, cash flow and fair value interest rate risk), credit risk and liquidity rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the senior management of the asset manager under policies approved by the board of directors. Senior management identifies, evaluates and hedges financial risks. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and Pound Sterling. Limited foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. However, most operating entities have limited exposure to exchange risk outside their functional currencies.

The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations in Continental Europe are managed primarily through borrowings denominated in the relevant foreign currencies, although the directors monitor and permit currency exposure in this regard as an element of its financing strategy.

Historically the Group has not entered into any currency hedging transactions in respect of the net assets of subsidiaries denominated in currencies other than Swiss Francs. The Group will review this policy from time to time.

At 31 December 2010, if the Swiss Franc had increased by a three year average movement of 13.2% (2009 – 12.0%) against the Pound Sterling with all other variables held constant, profit for the year would have increased by CHF 22,748 (2009 CHF 48,910) different, mainly as a result of foreign exchange losses on translation of Pound Sterling denominated cash balances.

At 31 December 2010, if the Swiss Franc had increased by three year average movement of 6.7% (2009 – 4.5%) against the Euro with all other variables held constant, profit for the year would have increased by CHF 5,428 (2009 – CHF 12,061) different due to foreign exchange losses on translation of Euro denominated cash balances.

Exchange rate volatility is calculated on the basis of historic price movements.

3. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

(ii) Cash flow and fair value interest rate risk

The Group's interest-rate risk mainly arises from long-term borrowings, derivative financial instruments and to a limited extent, from cash and cash equivalents. Borrowings issued at variable rates expose the Group to cashflow interest-rate risk. Borrowings issued at fixed rates and derivative financial instruments expose the Group to fair value interest-rate risk. Group policy is to maintain a significant percentage of its borrowings in fixed rate instruments. The board regularly meet to review levels of fixed and variable borrowings and takes appropriate action as required.

The table below shows the sensitivity of profit and equity to movements in market interest rates for continued business:

	CHF 2010	CHF 2009
Shift in basis points	0.5	0.5
Profit impact of increase	(802,596)	(919,810)
Profit impact of decrease	802,596	919,810
Equity impact of increase	0	(532,000)
Equity impact of decrease	0	532,000

(b) Credit risk

Credit risk arises from cash, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to rental customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A-' (as per Standard and Poors ratings) are accepted. The table below shows the credit limit and balance of the three major bank counterparties at the balance sheet date.

Counterparty	2010 Rating	2009 Rating	2010 Balance	2009 Balance
Bank A	A+	A+	898,464	4,693,335
Bank B	BB-	A-	177,798	414,005
Bank C	A	A	2,669,585	2,970,349

Bank B is Allied Irish Bank (UK) plc which is a wholly owned subsidiary of Allied Irish Banks plc ("AIB"). In October 2010, Standard and Poor's downgraded AIB. In December 2010, AIB was effectively nationalised by the Irish Government.

The Group's concentration of credit risk with non financial institutions is primarily with its rental customers. Management has assessed that the credit risk is low as the rental contracts are granted to, directly or indirectly, governmental customers with good credit history and due to the good record of recovery of receivables. As a result, the Group has not incurred any significant losses.

Other receivables of CHF 31 million (€25 million) are held on short term deposit as collateral for a €25 million credit facility outlined in Note 18, these balances are held with Bank A.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

In addition, the Group's investment property asset is substantially financed by one senior debt facility, which is scheduled to be repaid by 30 June 2011. The Group has signed a non-binding agreement with a new financier who has committed to funding the outstanding balance of the existing senior debt facility pending final execution of the agreement. This refinancing will include a senior credit facility of € 81.5 million which will be reduced by annual amortization with the final balance repayable in 9 years and a subordinated loan of € 28.0 million repayable in 18 months with an option to extend for an additional six months. The additional financing is expected to be completed by the end of June 2011.

If the term of the existing senior debt facility is not extended or if the financing can not be substituted, there is a material uncertainty about the Group's ability to continue as a going concern with respect to liquidity. The Group will monitor the situation.

3. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2010	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 Years**
Borrowings	172,225,426	1,587,383	30,514,960	-
Trade and other payables (Note 22)	1,713,330	-	-	-
Derivative financial instruments (Note 16)	-	-	-	-
Other financial liabilities (Note 20)	-	-	3,227,755	-
Total	173,938,756	1,587,383	33,742,715	-
At 31 December 2009	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 Years**
Borrowings	208,782,745	19,284,052	20,821,327	-
Trade and other payables (Note 22)	58,556	-	-	-
Derivative financial instruments (Note 16)	5,752,466	-	-	-
Other financial liabilities (Note 20)	-	-	3,729,137	-
Total	214,593,767	19,284,052	24,550,464	-

(d) Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. The Group's intention is to maintain the gearing ratio below 75%.

The gearing ratios at 31 December 2010 and 2009 were as follows:

	CHF 2010	**CHF 2009**
Total borrowings (Note 18)	192,616,395	226,332,404
Less: cash and cash equivalents	(3,759,092)	(8,279,390)
Net debt	188,857,303	218,053,014
Total equity	82,222,767	126,102,584
Total capital	271,080,070	344,155,598
Gearing ratio	69.67%	63.36%

3. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

3.2 Fair value estimation

Effective 1 January 2009, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

2010	NOTE	Level 1	Level 2	Level 3	Total
Assets					
- Investments in associates	12	35,888,448	-	-	35,888,448
- Short term cash deposits		-	31,160,413	-	31,160,413
Total assets		35,888,448	31,160,413	-	67,048,861
Liabilities					
Financial liabilities at fair value through profit or loss					
-Other financial liabilities	20	-	-	3,227,755	3,227,755
-Short term credit facility		-	31,160,413	-	31,160,413
-Option fair value	16	-	-	-	-
Total liabilities		-	31,160,413	3,227,755	34,388,168

2009	NOTE	Level 1	Level 2	Level 3	Total
Assets					
- Investments in associates	12	42,973,682	-	-	42,973,682
- Short term cash deposits	15	-	37,185,781	-	37,185,781
Total assets		42,973,682	37,185,781	-	80,159,463
Liabilities					
Financial liabilities at fair value through profit or loss					
-Derivatives financial instruments	16	-	5,752,466	-	5,752,466
-Other financial liabilities	20	-	-	3,729,137	3,729,137
-Short term credit facility	18	-	37,185,781	-	37,185,781
-Option fair value	16	-	-	3,127	3,127
-Warrant fair value	16	-	-	4,716	4,716
Total liabilities		-	42,938,247	3,736,980	46,675,227

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily FTSE 100 equity investments classified as trading securities or available-for sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting values discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Refer to Note 20 for additional disclosure about level 3 instruments.

3. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

3.2 Fair value estimation

The following table presents the changes in level 3 instruments for the year ended 31 December 2010:

	Other financial liabilities	Options	Warrants	Total balance
At 31 December 2009	3,729,137	3,127	4,716	3,736,980
Additions	-	-	-	-
Gains and losses recognised in income statement or foreign exchange.	(501,382)	(3,127)	-	(504,509)
Settlements	-	-	(4,716)	(4,716)
At 31 December 2010	3,227,755	-	-	3,227,755

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstance. The Group makes estimates and assumptions concerning the future. By definition, the resulting accounting estimates may not equal the related actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are described below.

(a) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making this judgement, the Group considers information from a variety of sources including:

i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows.

(b) Principal assumptions for management's estimations of fair value

If information on current or recent prices or assumptions underlying the discounted cash flow approach investment properties are not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market.

Management relies on valuations produced by qualified independent valuation companies. Were the discounted rate used in preparing the independent valuation reports to differ by 5% to the rate used by the independent valuer, the net effect of the carrying amount of investment properties after deferred taxation would be an estimated CHF 8.3 million lower or CHF 9.2 million higher.

The expected future market rentals are determined based on the specific terms of the rental contracts. However, were rental income to differ by 10% to the amount in the current rental contract the net effect of the carrying amount of investment properties after deferred taxation would be an estimated CHF 17.5 million higher or lower.

Management has assumed that the current rent being received in respect of its investment property will be maintained on expiry of the lease. This is a material assumption in supporting the valuation of the investment property on each valuation date.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Treatment of property acquisition in 2007

In December 2007, the Group acquired a 94.9% interest in a partnership owning 4 investment properties in Leipzig, Germany. This acquisition has been accounted for as an asset acquisition which comprises a group of assets without significant processes and activities and not as a business combination under IFRS 3. The acquired business did not constitute a business as defined by IFRS.

(d) Lease classification

The Group determines the classification of leases on each asset having regard to whether substantially all risks and rewards incidental to ownership of the asset is transferred to the lessee. Other than the long-term business lease described in Note 2.6, the Group has no operating leases.

(e) Impairment of investments in associates.

A sensitivity analysis has been performed to ascertain the sensitivity of the value of the Group's holding in PSPI to fluctuations in the fair value of items on its balance sheet. This revealed that a 5% movement in the value of the Investment Properties held by PSPI would result in a CHF 5.05 million movement in the fair value of the Group's holding. Were this to be a downwards movement this would result in a potential impairment of CHF 1.30 million as at 31 December 2010.

5. FOREIGN EXCHANGE RATES

	Balance Sheet		Income Statement and Cash Flow Statement	
	2010 CHF	2009 CHF	average 2010 CHF	average 2009 CHF
GBP	0.6874	0.6050	0.62175	0.59064
USD	1.0632	0.9636	0.96145	0.92362
EUR	0.8023	0.6723	0.72469	0.66245

6. a) ADMINISTRATIVE EXPENSES

	2010 CHF	2009 CHF
Professional fees and other costs	670,433	1,353,652
Abort costs	33,208	241,962
Audit fees	154,057	179,808
Property rent, maintenance and sundry expenses	813,799	560,179
Capital tax expense	-	41,304
Management fees	2,314,681	2,343,088
	3,986,178	4,719,993

Included in property rent, maintenance and sundry expenses are repairs of CHF 178,101 (2009 – CHF 143,318) in respect of investment properties generating rental income. These costs were incurred in respect of investment properties where the group is responsible for structural and roof repairs. There were no repairs and maintenance costs incurred in respect of investment properties that did not generate rental income.

b) OTHER (INCOME) / EXPENSES

	2010 CHF	2009 CHF
Fair value adjustment through income statement	(64,235)	(225,596)
	(64,235)	(225,596)

The above balance represents the fair value adjustment charged to the income statement in relation to the liability from the put option. For further information refer to Note 20.

7. NET FINANCE INCOME / (EXPENSES)

	2010 CHF	2009 CHF
Interest income	333,376	518,147
Other income / (expenses)		
- Net gain / (loss) from fair value adjustment of options and warrants (Note 16)	7,843	110,605
- Net foreign exchange losses	-	(129,043)
	341,219	499,709

8. NET FINANCE COSTS

	2010 CHF	2009 CHF
Interest costs		
- Interest on notes	2,248,508	1,533,503
- Interest on mortgages	8,330,923	11,393,057
- Amortisation of debt issue costs	2,798,545	1,952,551
- Other interest and borrowing expenses	612,369	764,454
- Swap breakage costs	-	978,942
- Net foreign exchange losses	2,280,285	-
- Interest expense on put option	56,363	118,979
	16,326,993	16,741,486

9. EARNINGS PER SHARE

Basic (loss) / earnings per share (EPS) is calculated by dividing the net (loss) / profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the period.

	2010 CHF	2009 CHF
Net profit / (loss) attributable to shareholders	(31,626,863)	(3,000,952)
Weighted average number of ordinary shares outstanding	969,629	857,304
Basic loss per share (CHF per share)	**(32.62)**	**(3.50)**

For diluted EPS, the weighted average number of shares outstanding is adjusted to assume conversion of all potentially dilutive shares arising on USI shares.

	2010 CHF	2009 CHF
Total		
Net dilutive profit / (loss) attributable to shareholders	(31,626,863)	(3,000,952)
Weighted average number of ordinary shares outstanding for dilutive earnings	969,629	857,304
Diluted loss per share (CHF per share)	**(32.62)**	**(3.50)**

9. EARNINGS PER SHARE (CONTINUED)

In January 2004, the Company issued CHF 7 million of 4% Senior Unsecured Pre-IPO Notes due in 2011. Each noteholder received warrants attached to the notes which may be exercised up to two years after a public offering of the Company's shares. The warrants entitle the noteholders to subscribe for the Company's shares at a discount to the public offering of shares between 5% - 20% depending on the timing of a public flotation of the Company's shares. As at 31 December 2010, CHF nil (2009- CHF nil) of 4% Senior Unsecured Pre-IPO Notes were outstanding. New warrants entitling the holders to 42,505 shares were issued at an exercise price of CHF 152.20 per share. These warrants were cash settled by the Company up to the expiry date of 31 October 2010.

In July 2005, the Company approved a stock option plan for management. The plan allows for options of up to 6% of the issued number of shares to be awarded to management at an exercise price of CHF 161.91 per share. At 31 December 2010, no options had been awarded nor had conditional capital been created for this purpose.

In October 2006, the Company issued CHF 15 million of 3.5% subordinated Convertible Notes due in 2011 that are unconditionally and irrevocably guaranteed by, and convertible into registered shares of the Company. During 2010, the Company issued CHF 13,215,200 of 4.0% subordinated Convertible Notes due in 2015. Of these CHF 9,914,000 were converted from the CHF 15 million Notes due in 2011.

Management has estimated that the maximum number of additional ordinary shares that could be issued at 31 December 2010 as 134,937 (2009 – 115,676). However due to the loss in the year these have an anti-dilutive effect and have not been considered in the calculation of diluted earnings per share.

10. DIVIDENDS

No dividends were paid in 2010 or 2009.

In August 2009, the Company completed a capital distribution to shareholders, whilst in October 2009 a rights issue and private share placement were completed as described in Note 17.

11. INVESTMENT PROPERTY

	2010 CHF	2009 CHF
As at 1 January	273,479,102	271,428,571
Net (losses) / gains on fair value adjustment	(23,196,125)	2,203,940
Net changes in fair value adjustments due to exchange differences	(42,052,814)	(153,409)
As at 31 December	208,230,163	273,479,102
Fire Insurance Value	122,435,498	146,110,367

On 21 December 2007, the Group acquired a 94.9% interest in a partnership which owns 4 investment properties in Leipzig, Germany. These were acquired for a purchase price of €166 million which, in part, was funded by senior debt of €121 million (See Note 18).

Valuation of the investment properties was made as at 31 December 2010 by Botta Management AG, ("Botta") an independent Property Consultant. A discounted cash flow method was used to calculate market value assuming an 11 year calculation period and a terminal value. This resulted in a gross capital valuation of €167.05 million (2009 - €183.86 million).

The fire insurance value is set at €98.23 million (2009 - €98.23 million).

Further information required in accordance with the SIX Swiss Exchange's Additional Rules for the Listing of Real Estate Companies can be found on pages 48 to 50. This information is part of the notes to the consolidated financial statements.

Included in property rent, maintenance and office expenses as detailed in Note 6 (a), are repairs of CHF 178,108 (2009 – CHF 143,318) in respect of investment properties generating rental income. There were no repairs and maintenance costs incurred in respect of investment properties that did not generate rental income.

12. INVESTMENTS IN ASSOCIATES

	2010 CHF	2009 CHF
As at 1 January	42,973,682	39,855,735
Share of profits	342,089	2,533,881
Exchange differences	(4,797,972)	2,240,771
Dividends received	(2,067,134)	(1,724,962)
Purchase of new shares	4,267,599	-
Exceptional loss on disposal	(4,793,080)	-
Share of cashflow hedging reserve	(36,736)	68,257
As at 31 December	35,888,448	42,973,682

The Group's share of results of its associates and its share of the assets and liabilities are as follows:

Name	Country of Incorporation	Assets CHF	Liabilities CHF	Revenues CHF	Profits CHF	% Interest Held
Public Service Properties Investments Limited	British Virgin Islands	90,217,471	54,329,024	6,790,553	342,089	20.07%

On 14 April 2010, the Group purchased a further 3.75 million shares in PSPI at CHF 1.14 (£0.70) per share as part of an Open Offer to existing shareholders. The purchase was offset by existing loans. PSPI raised CHF 40.7 million (£25 million) through the offer, which left the Group owning 20.07% of the enlarged capital base as part of a rights issue of a total of 35,631,326 shares by PSPI Limited. Each Share cost £0.70, thereby totalling £2,625,000 (or CHF 4,267,599). This kept USI's shareholding in PSPI at above 20.00% (20.07%) and retained its status as an associated undertaking.

The exceptional loss effectively represents a partial disposal as the date of the rights issue by PSPI as USI's shareholding decreased from 25.16% to 20.07%. It represents the difference between USI's share of the "old equity" pre-capital raise after the share purchase at 25.16% and its share of the newly enlarged PSPI equity at its new shareholding of 20.07%.

The market price of shares in Public Service Properties Investments Limited ("PSPI") at 31 December 2010 was 73.75 (2009 – 70.00) pence per share. This results in a value of £15,162,069 (CHF 22,066,876) (2009: £11,766,117) for the Group's holding of 20,558,738 shares (2009: 16,808,738). PSPI is listed on the AIM Stock Exchange, London.

Impairment Test of Carrying Value

In accordance with IAS 36, "Impairment of Assets" an annual test has been performed to compare the recoverable amount with the carrying value to ensure that no impairment has occurred.

It has been assumed that any sale of PSPI would be performed at fair value. Consequently, all items on the balance sheet of PSPI as at 31 December 2010 have been compared on a line by line basis to their deemed fair value at the same date, less selling costs of 5%.

This has indicated that the recoverable amount of the holding in the associate exceeds its carrying value by CHF 1.9 million and as such no impairment has occurred or been recognised in the financial statements.

Additionally, a sensitivity analysis has been performed to ascertain the sensitivity of the value of the Group's holding in PSPI to fluctuations in the fair value of items on its balance sheet. This revealed that a 5% movement in the value of the Investment Properties held by PSPI would result in a CHF 5.05 million movement in the fair value of the Group's holding. Were this to be a downwards movement this would result in a potential impairment of CHF 1.3 million as at 31 December 2010.

13. FINANCIAL INSTRUMENTS BY CATEGORY

Assets as per balance sheet 2010	Notes	Assets at fair value through the profit and loss designated	Available for sale	Loans and receivables	Derivatives used for hedging	Total
		CHF	CHF	CHF	CHF	CHF
Receivables and prepayments	15	-	-	35,739,957	-	35,739,957
Cash and cash equivalents		-	-	3,759,092	-	3,759,092
Total		-	-	39,499,049	-	39,499,049

Cash and cash equivalents is denominated in the following currencies:

Pounds Sterling	172,330
Euro	2,750,597
Swiss Francs	836,165
	3,759,092

Liabilities as per balance sheet 2010		Liabilities – Fair value through the profit and loss designated	Other financial liabilities	Derivatives used for hedging	Total
		CHF	CHF	CHF	CHF
Borrowings	18	-	192,616,395	-	192,616,395
Other financial liabilities	20	3,227,755	-	-	3,227,755
Derivative financial instruments	16	-	-	-	-
Total		3,227,755	192,616,395	-	195,844,150

Assets as per balance sheet 2009	Notes	Assets at fair value through the profit and loss designated	Available for sale	Loans and receivables	Derivatives used for hedging	Total
		CHF	CHF	CHF	CHF	CHF
Receivables and prepayments	15	-	-	44,291,109	-	44,291,109
Cash and cash equivalents		-	-	8,279,390	-	8,279,390
Total		-	-	52,570,499	-	52,570,499

Cash and cash equivalents is denominated in the following currencies:

Pounds Sterling	407,480
Euro	3,238,331
Swiss Francs	4,633,579
Total	8,279,390

13. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

Liabilities as per balance sheet 2009		Liabilities – Fair value through the profit and loss account designated	Other financial liabilities	Derivatives used for hedging	Total
		CHF	CHF	CHF	CHF
Borrowings	18	-	226,332,404	-	226,332,404
Other financial liabilities	20	3,729,137	-	-	3,729,137
Derivative financial instruments	16	4,716	-	-	4,716
Derivative financial instruments	16	5,755,593	-	-	5,755,593
Total		9,489,446	226,332,404	-	235,821,850

14. INVESTMENTS IN SUBSIDIARIES

The subsidiaries of the Group are :	Country of Incorporation	Ownership Percentage 2010	2009
USIGH Limited	BVI	100%	100%
USI AG	Switzerland	100%	100%
USIGH II Investments Limited	BVI	100%	100%
USI III Investments Holdings Limited	BVI	100%	100%
USI IV Investments Holdings Limited	BVI	100%	100%
USI Germany Limited	BVI	100%	100%
USI Leipzig Limited	BVI	100%	100%
USI Verwaltungszentrum Leipzig GbR	Germany	94.9%	94.9%
Holdings in associated undertakings:			
Public Service Properties Investments Limited (formerly USI Group Holdings Limited)	BVI	20.07%	25.16%

15. RECEIVABLES AND PREPAYMENTS

	2010 CHF	2009 CHF
Non current		
Loans and receivables	2,492,833	2,974,862
Current		
Other receivables	32,972,814	41,275,318
Prepayments	274,310	40,929
	35,739,957	44,291,109

Included in Other Receivables is an amount of CHF 31,0160,413 (€25 million) which is held on short term deposit as collateral for the €25 million credit facility outlined in Note 18.

Included in Loans and receivables is an amount of CHF 2,492,833 (€2 million) which was lent on 31 March 2008 to Ridgemont Holdings Limited, a subsidiary company of RP&C Inc. Interest of CHF 171,293 (2009 – CHF180,823) has been accrued in the year on this balance and is included in Other Receivables. This balance is due in May 2013.

Included in Other Receivables for 2009 is an amount of CHF 2.48 million (€1.65 million) which was lent during 2009 to Public Service Investment Properties Limited. This amount was repaid in 2010.

16. DERIVATIVE FINANCIAL INSTRUMENTS

Non-current liabilities	**2010**		**2009**	
	Assets CHF	**Liabilities CHF**	**Assets CHF**	**Liabilities CHF**
Option fair value	-	-	-	3,127

Option fair value
The option attached to the convertible note as described in Note 18 has been treated as an embedded derivative and has been recognised at fair value. The net change in fair value of this option has been recognised through the income statement.

The methodology is a Trinomial Model as used by Tsiveriotis and Fernandes which values the component of the value attributable to the possibility of the convertible bond ending up as equity separately from the component of the value attributed to the possibility of the bond ending up as debt. The approach is described by Hull in his book Options, Futures, and Other Derivatives. The valuation uses a risk free interest rate of 2.50% (2009 – 2.50%), credit spread rate of 3.0% (2009 – 3.00%) and a volatility of 12.0% (2009 – 18.5%).

The call option attached to the convertible bonds issued in 2010 (see Note 18) has been valued at zero and, as such, not separated from the host instrument. However, the valuation of the instrument may change in future periods and as such will be revalued as required.

Interest rate swap
The notional principle amount of the interest rate swap at 31 December 2010 was € nil (2009 - €106.4 million). The interest rate swap agreement was cancelled upon the extension of the associated mortgage in Ocotber 2010 as outlined in Note 18.

The interest rate swap was classified as non-current as the Group has no automatic right to cancel the instrument.

Current liabilities	**2010**		**2009**	
	Assets CHF	**Liabilities CHF**	**Assets CHF**	**Liabilities CHF**
Warrant fair value	-	-	-	4,716
Interest rate swaps – cashflow hedges	-	-	-	5,752,466
	-	-	-	5,757,182

Warrant fair value
The warrants expired on 31 October 2010 with an exercise price of CHF 152.20. The Black Scholes model was used in calculating the fair value of the warrant using a volatility rate of 15% in 2009.

17. SHARE CAPITAL

	2010 CHF	**2009 CHF**
Authorised:		
Equity interests:		
985,298 (2009 – 985,298) Ordinary shares of CHF 68.85 (2009 – 68.85) each	67,837,767	67,837,767
Allotted, called up and fully paid:		
Equity interests:		
985,298 (2009 – 985,298) Ordinary shares of CHF 68.85 (2009 – 68.85) each	67,837,767	67,837,767

17. SHARE CAPITAL (CONTINUED)

	Number of shares	Ordinary shares CHF	Share premium CHF	Total CHF
At 1 January 2009	**831,122**	**64,619,736**	**5,691,010**	**70,310,746**
Par value capital reduction	-	(7,396,986)	-	(7,396,986)
Issue of new shares	154,176	10,615,017	6,344,342	16,959,359
New issue costs	-	-	(417,367)	(417,367)
At 31 December 2009	**985,298**	**67,837,767**	**11,617,985**	**79,455,752**
Par value capital reduction	-	-	-	-
Issue of new shares	-	-	-	-
New issue costs	-	-	-	-
At 31 December 2010	**985,298**	**67,837,767**	**11,617,985**	**79,455,752**

Under the articles of association, share capital may be increased by a maximum of CHF 30,763,557 through the issuance of up to 446,820 registered shares with a nominal value of CHF 68.85 each in respect of conditional capital for advisors, bondholders and creditors.

Under the articles of association, the board of directors may increase share capital in the amount of up to CHF 17,996,357 until 26 May 2011 through the issuance of up to 261,385 fully paid in additional registered shares with a nominal value of CHF 68.85 each.

Capital reduction and reinvestment

During 2009, a capital distribution of CHF 8.90 per share took place that reduced the share capital of USI Group Holdings AG from CHF 64,619,736 (831,122 with a nominal value of CHF 77.75 each) to CHF 57,222,750 (831,122 shares with a nominal value of CHF 68.85 each). Additionally a reinvestment of CHF 3,098,319 (45,001 shares at par value of CHF 68.85) took place with a subscription price of CHF 110.00 per share.

Rights Issue and Private Placement

On 29 September 2009, the Group completed a rights offering during which 59,695 new registered shares were validly subscribed at a subscription price of CHF 110.00 and a nominal value of CHF 68.85 each. This increased the share capital of the Group by CHF 4,110,001 (59,695 shares with a nominal value of CHF 68.85). 86,325 shares for which subscription rights were not duly exercised during the rights exercise period were offered in a private placement.

On 21 October 2009, the Group placed 49,480 registered shares under the private placement at a subscription price of CHF 110.00 per share and a nominal value of CHF 68.85 each. This increased the share capital of the Group by CHF 3,406,698 (49,480 shares with a nominal value of CHF 68.85).

Treasury Shares	2010 shares	2009 shares	2010 CHF	2009 CHF
Balance at 1 January	**9,915**	**4,727**	**1,144,164**	**664,533**
Purchase of shares	13,652	6,353	1,591,671	721,857
Capital reinvestment	-	647	-	71,170
Par value capital reduction	-	-	-	(74,894)
Sale of shares	(7,898)	(1,812)	(924,066)	(238,502)
Balance at 31 December	**15,669**	**9,915**	**1,811,769**	**1,144,164**
Average price of shares purchased - CHF	**116.59**	**113.29**		
Average price of shares sold - CHF	**117.00**	**131.62**		

18. BORROWINGS

	2010 CHF	2009 CHF
Non-current		
Notes	26,997,899	32,889,802
	26,997,899	32,889,802
Current		
Mortgages	159,839,546	193,442,602
Notes	5,778,950	-
	165,618,496	193,442,602
Total borrowings	192,616,395	226,332,404

Notes consist of CHF 15 million convertible bonds due in 2011. The bonds have a principal amount of CHF 1,000, a cash coupon of 3.5%, a yield to maturity (including redemption premium) of 6.25% and a conversion price of CHF 175.26. During the year new notes due in 2015 were issued with a principal amount of CHF 100, a cash coupon of 4.0%, a yield to maturity (including redemption premium) of 6.25% and a conversion price of CHF 120.00. Holders of the pre-existing CHF 15 million convertible bonds were given the option to convert into the new notes issued. Of the CHF 15 million, CHF 9.914 million of the note holders converted to the new notes (for CHF 11.065 million new notes including accrued interest to date) leaving CHF 5.086 million of old notes due in 2011. Additionally CHF 2.15 million of new cash subscriptions were received for the new notes. In total CHF 13.215 million of new notes were issued.

In addition, the newly issued notes contained a conversion option that was determined to be a multi-element arrangement. At the time of issuance, the fair value of the notes was determined to be equal to the book value of the debt, and as such, no equity component was recognized. Also, the new notes contain a call option on behalf of the Company. Refer to Note 16 for consideration of this call option

During 2009 the Group secured €11.5 million of second mortgage funding. These take the form of a number of loan notes to third parties. They are secured against the property in Leipzig, Germany, run for a five year term to May 2014 and attract 7.0% interest and 2.0% fees over this period.

During 2008, the funding of the acquisition of the investment properties in Leipzig, Germany was concluded. The acquisition was funded by the utilisation of €121 million of senior debt, with the balance being paid from existing cash resources of the Group. The senior debt runs for a three year term with a one year extension at the option of the borrower. Interest is payable quarterly at the Euribor rate plus a margin of 120 bps per annum. The senior debt is securitised by first ranking and fully enforceable land charges over the property acquired. The cost of arranging the financing totalled €3,343,786 and will be amortised over the initial term of the loan. On the same date an interest rate swap was executed for a principal sum to match that of the senior debt which fixed the interest rate payable over the 3 year term at 4.52% and provided a 100% hedge throughout its duration.

During 2009, the Group repaid €14.6 million of the above senior debt of €121 million. This was done in order to remedy the covenant breach for the period ending 31 December 2008 and to bring the loan to value back within the 70% prescribed in the facility agreement. As a result of the repayment a waiver of the applicable debt covenant was obtained for 2010.

As a result of the above repayment, the Group also terminated a proportionate amount of the interest rate swap associated with the borrowings. This resulted in a cash loss to the Group of CHF 978,942, based on the mark to market prices at the time of the transaction (see Note 8). On 20 October 2010 the loan facility expired and the associated interest rate swap lapsed. The loan was renewed for a six month term to 20 April 2011 at a margin of 300bps over Euribor to 20 December 2010 and then 400bps over Euribor to maturity.

The borrowings in respect of the Leipzig properties have been included in current liabilities in both 2009 and 2010.

On 30 November 2007, the Group entered into a one year agreement for a CHF 31 million (€25 million) credit facility. The full amount was drawn down on 3 January 2008 and renewed on 3 January 2009 and 2010 for a further year. The average interest rate charged in 2010 was 0.84% (2009 – 1.09%) whilst the current interest rate is 1.12%.

18. BORROWINGS (CONTINUED)

The maturity of non-current is as follows:

	2010 CHF	2009 CHF
Between 1 and 2 years	-	-
Between 2 and 5 years	26,997,899	32,889,802
Over 5 years	-	-
Non-current borrowings	26,997,899	32,889,781

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amounts		Fair values	
	2010 CHF	2009 CHF	2010 CHF	2009 CHF
Notes	26,997,899	32,889,802	25,875,105	33,947,090
	26,997,899	32,889,802	25,875,105	33,947,090

The fair values are based on cash flows discounted using a rate based upon a borrowings rate of 6.0% to 9.0% (2009 – 6.25% - 9.00%).

The carrying amounts of the Group's total borrowings are denominated in the following currency:

	2010 CHF	2009 CHF
Swiss francs	18,648,127	16,004,372
Euros	173,968,268	210,328,032
	192,616,395	226,332,404

19. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2010 CHF	2009 CHF
Deferred tax liabilities to be recovered after more than 12 months	81,673	3,261,836

The gross movement on the deferred income tax account is as follows:

	2010 CHF	2009 CHF
Beginning of the year	3,261,836	2,817,594
Income statement charge (Note 21)	(3,711,159)	352,630
Settlement of deferred tax asset	789,954	98,286
Net changes due to exchange differences	(258,958)	(6,674)
End of the year	81,673	3,261,836

In prior years, deferred taxation has been provided on the fair value gains on investment property (see Note 11) at a rate of 15.83%.

20. OTHER FINANCIAL LIABILITIES

	2010 CHF	2009 CHF
Liability from put option	3,227,755	3,729,137
	3,227,755	3,729,137

The above financial liability relates to the minority holding of 5.1% in the acquired partnership USI Verwaltungszentrum GbR, therefore no minority is disclosed within equity.

The seller has an irrevocable right (put option) to sell its 5.1% holding at a value based on a pre-determined formula within the option agreement to USI during a specified period, the earliest date being 1 March 2013. In addition, included within the liability is the fair value of a 5.1% profit share arrangement implicit within the partnership agreement with the holder of the put option.

The Group (buyer) has an irrevocable right (call option) to buy the 5.1% holding at a value based on a pre-determined formula within the option agreement from the seller during a specified period, the earliest date being 1 March 2013.

The parties agree that the purchase for the shares corresponds to their market value which will be calculated on the basis of the following formula: 5.1% of the average net annual basic rent paid for the lease object in the years 2008 – 2012 (or in the 5 years preceding the year in which the purchase or sales option was executed, if not executed in the year 2013) (inclusive) x 4.2.

21. INCOME TAXES

	2010 CHF	2009 CHF
Current tax	(52,198)	-
Deferred tax (Note 19)	3,711,159	(352,630)
	3,658,961	(352,630)

The tax on the Group's profit before tax is based on the applicable tax rate of the parent company of 7.83% (2009 - 7.83%).

	2010 CHF	2009 CHF
Loss before tax per consolidated income statement	(35,285,824)	(2,648,322)
Tax calculated at domestic tax rates applicable to profits in the respective countries	2,762,880	207,364
Tax losses for which no deferred tax asset was recognised	(304,704)	(298,156)
(Expenses) not tax deductible / income not taxable	(546,227)	(97,427)
Local tax rate different to parent tax rate	1,747,012	(164,411)
Tax charge	3,658,961	(352,630)

As at 31 December 2010, the Group had unused tax losses of CHF 34.9 million (2009 - CHF 22.7 million), which expires between 2011 and 2017. These losses were not capitalised as it is unlikely that they will be utilised by the Group. The expenses not tax deductible / income not taxable includes companies in jurisdictions without any income tax. The tax rate for Germany was 16% which is significantly higher than that of the parent company.

22. TRADE AND OTHER PAYABLES

	2010 CHF	2009 CHF
Other payables	1,713,330	58,556
	1,713,330	58,556

23. ACCRUALS

	2010 CHF	2009 CHF
Other accrued expenses including interest	3,755,776	3,778,457
	3,755,776	3,778,457

24. CASH GENERATED FROM OPERATIONS

	NOTE	2010 CHF	2009 CHF
Loss for the year attributable to equity holders:		(31,626,863)	(3,000,952)
Adjustments for:			
- Interest expenses and other finance expenses		16,119,806	16,741,486
- Net foreign exchange losses		-	129,043
- Interest income	7	(341,219)	(518,147)
- Tax		(3,659,182)	443,257
- Changes in fair value of investment property/loans	11	23,196,125	(2,203,940)
- Changes in other liabilities		57,673	29,690
- Exceptional loss on disposal of associate	12	4,793,080	-
- Changes in receivables and prepayments		111,537	(3,600,618)
- Changes in fair value of options and warrants		(7,843)	(110,605)
- Changes in accruals		(1,834,191)	(2,194,351)
- Loss / (profit) from associate	12	(342,089)	(2,533,881)
Cash generated / (used) by operations		6,466,834	3,180,982

25. RELATED PARTY TRANSACTIONS

Dr. iur. V. Lanfranconi is a director of the Group and also of some of the subsidiaries. Dr. iur. V. Lanfranconi is the majority beneficial owner of the Group's issued share capital. David Quint and Dr. Doraiswamy Srinivas are directors of RP&C International Inc (RP&C), the Group and some of its subsidiaries. William Vanderfelt is also a non executive director of RP&C and the Group. RP&C is the parent company of RP&C International (Guernsey) Limited which held 6.47% of the issued ordinary share capital of the Group at 31 December 2010 (31 December 2009 – 6.47%).

The Group was charged CHF 2,314,681 (2009 – CHF 2,343,088) management fees for services rendered by RP&C. One third of these fees received have been re-allocated to Dr. iur. V. Lanfranconi.

At 31 December 2010, RP&C was owed CHF 901,506 (2009 – CHF 199,546) by the Group of which Dr. iur. V. Lanfranconi was owed CHF 300,502 (2009 – CHF 66,515).

For the year ended 31 December 2010, the Group was charged CHF 306,350 (2009 – CHF 284,550) for office, secretarial and related expenses by Dr. iur. V. Lanfranconi.

For the year ended 31 December 2010, the Group was charged CHF 243,671 (2009 – CHF 103,546) other charges and expenses by RP&C.

During the year ended 31 December 2008, a loan of CHF 2,492,833 (€2,000,000) was made to Ridgemont Holdings Limited, a wholly owned subsidiary of RP&C International Inc. Interest totalling CHF 171,293 has been accrued during the year on this loan (2009 – CHF 180,823).

During the year ended 31 December 2010, a loan of CHF 1,659,150 (£1,139,996) was made by RP&C International Inc to the Group.

During the year ended 31 December 2009, a loan of CHF 2,454,261 (€1,650,000) was made to Public Service Properties Investments Limited, a company in which the Group had a 25.16% shareholding, this loan was repaid during 2010. Interest totalling CHF 39,392 (2009 – CHF 6,960) has been accrued in the year on this loan.

All transactions with related parties were carried out on an arms length basis

The following directors' fees were recognised in 2010 and 2009. Of these amounts, CHF 42,278 (2009 – CHF Nil) was outstanding at the year end.

	2010 CHF	**2009 CHF**
Dr. Robert Bider	30,000	30,000
Mr. Armin Hilti	30,000	30,000
Dr. Volkert Klaucke	30,000	30,000
Mr. William Vanderfelt	30,000	30,000

The total compensation of key management are only directors fees in the total amount of CHF 120,000 (2009 – CHF 120,000) (Note 29).

26. EMPLOYEES

The Company had no employees at 31 December 2010 (2009 – none).

27. FINANCIAL COMMITMENTS

	2010 CHF	**2009 CHF**
Commitments for capital expenditure:		
Authorised and contracted for	nil	nil

28. SUBSEQUENT EVENTS

The Group's investment property asset is substantially financed by one senior debt facility, which is scheduled to be repaid by 30 June 2011. The Group has signed a non-binding agreement with a new financier who has committed to funding the outstanding balance of the existing senior debt facility pending final execution of the agreement. This refinancing will include a senior credit facility of € 81.5 million which will be reduced by annual amortization with the final balance repayable in 9 years and a subordinated loan of € 28.0 million repayable in 18 months with an option to extend for an additional six months. The additional financing is expected to be completed by the end of June 2011.

If the term of the existing senior debt facility is not extended or if the financing can not be substituted, there is a material uncertainty about the Group's ability to continue as a going concern with respect to liquidity. This loan has currently been extended to June 2011 and the Group will monitor the situation.

29. DISCLOSURE OF COMPENSATION AND PARTICIPATIONS OF BOARD OF DIRECTORS AND GROUP MANAGEMENT (As required by Art. 663b bis and Art. 663c. Swiss Code of Obligations)

2010	Basic Remuneration		Variable Remuneration		**Total**
All amounts in CHF					
Board of Directors (BoD)	Cash	Equities/ Options	Cash	Equities/ Options	
Dr. iur. V. Lanfranconi	-	-	-	-	-
Dr. Robert Bider	30,000	-	-	-	30,000
Mr. Armin Hilti	30,000	-	-	-	30,000
Dr. Volkert Klaucke	30,000	-	-	-	30,000
Mr. William Vanderfelt	30,000	-	-	-	30,000
Mr. David Quint	-	-	-	-	-
Dr. Doraiswamy Srinivas	-	-	-	-	-
Total BoD	**120,000**	**-**	**-**	**-**	**120,000**
Group Management (GM)					
RP&C International Inc.	2,314,680	-	-	-	2,314,680
Total GM	**2,314,680**	**-**	**-**	**-**	**2,314,680**

Basic remuneration of Group Management relates to payments made by the Group in accordance with the asset management agreement.

On 31 December 2010, there were no loans or credit to individual members of the Board of Directors.

As at 31 December 2010, the following numbers of participations were held by the Board of Directors and the Group Management (including persons closely related to these members):

All amounts in CHF	**Shares**
Board of Directors (BoD)	
Dr. iur V. Lanfranconi	541,565
Dr. Robert Bider	-
Mr. Armin Hilti	1,992
Dr. Volkert Klaucke	-
Mr. William Vanderfelt	17,365
Mr. David Quint	-
Dr. Doraiswamy Srinivas	-
Total BoD	**560,922**
Group Management (GM)	
RP&C International Inc.	63,739
Total GM	**63,739**

29. DISCLOSURE OF COMPENSATION AND PARTICIPATIONS OF BOARD OF DIRECTORS AND GROUP MANAGEMENT (As required by Art. 663b bis and Art. 663c. Swiss Code of Obligations) (CONTINUED)

2009	Basic Remuneration		Variable Remuneration		**Total**
All amounts in CHF					
Board of Directors (BoD)	Cash	Equities/ Options	Cash	Equities/ Options	
Dr. iur. V. Lanfranconi	-	-	-	-	-
Dr. Robert Bider	30,000	-	-	-	30,000
Mr. Armin Hilti	30,000	-	-	-	30,000
Dr. Volkert Klaucke	30,000	-	-	-	30,000
Mr. William Vanderfelt	30,000	-	-	-	30,000
Mr. David Quint	-	-	-	-	-
Dr. Doraiswamy Srinivas	-	-	-	-	-
Total BoD	**120,000**	**-**	**-**	**-**	**120,000**
Group Management (GM)					
RP&C International Inc.	2,343,088	-	-	-	2,343,088
Total GM	**2,343,088**	**-**	**-**	**-**	**2,343,088**

Basic remuneration of Group Management relates to payments made by the Group in accordance with the asset management agreement.

On 31 December 2009, there were no loans or credit to individual members of the Board of Directors.

As at 31 December 2009, the following numbers of participations were held by the Board of Directors and the Group Management (including persons closely related to these members):

All amounts in CHF	**Shares**
Board of Directors (BoD)	
Dr. iur. V. Lanfranconi	541,565
Dr. Robert Bider	-
Mr. Armin Hilti	1,992
Dr. Volkert Klaucke	-
Mr. William Vanderfelt	17,365
Mr. David Quint	-
Dr. Doraiswamy Srinivas	-
Total BoD	**560,922**
Group Management (GM)	
RP&C International Inc.	63,739
Total GM	**63,739**

30. SEGMENT INFORMATION

Year ended 31 December 2010	Investments in Government Tenanted Property CHF	Investments in Associated Undertakings CHF	Central Corporate Costs CHF	Total CHF
Revenue	12,269,009	-	-	12,269,009
Profit after tax	(19,755,584)	(4,450,991)	(7,420,288)	(31,626,863)
Assets				
Investment properties (Note 11)	208,230,163	-	-	208,230,163
Investments in associates (Note 12)	-	35,888,448	-	35,888,448
Cash	2,669,747	-	1,089,345	3,759,092
Segment assets for reportable segments	210,899,910	35,888,448	1,089,345	247,877,703
Liabilities				
Total borrowings (Note 18)	142,807,994	-	49,808401	192,616,395
Segment liabilities for reportable segments	142,807,994	-	49,808,401	192,616,395

Year ended 31 December 2009	Investments in Government Tenanted Property CHF	Investments in Associated Undertakings CHF	Central Corporate Costs CHF	Total CHF
Revenue	13,350,031	-	-	13,350,031
Profit after tax	(158,619)	2,533,881	(5,376,214)	(3,000,952)
Assets				
Investment properties (Note 11)	273,479,102	-	-	273,479,102
Investments in associates (Note 12)	-	42,973,682	-	42,973,682
Cash	2,970,349	-	5,309,041	8,279,390
Segment assets for reportable segments	276,449,451	42,973,682	5,309,041	324,732,174
Liabilities				
Total borrowings (Note 18)	173,142,230	-	53,190,174	226,332,404
Segment liabilities for reportable segments	173,142,230	-	53,190,174	226,332,404

All revenue derived from Investments in Government Tenanted Property is derived from one external customer in Germany.

30.SEGMENT INFORMATION (CONTINUED)

Reportable segments' assets are reconciled to total assets as follows:

Year ended 31 December	2010 CHF	2009 CHF
Total reportable segment assets	247,877,703	324,732,174
Receivables and prepayments (Note 15)	35,739,957	44,291,109
Total assets per balance sheet	283,617,660	369,023,283

Reportable segments' liabilities are reconciled to total liabilities as follows:

Year ended 31 December	2010 CHF	2009 CHF
Total reportable segment liabilities	192,616,395	226,332,404
Derivative financial instruments (Note 16)	-	5,760,309
Other financial liability (Note 20)	3,227,755	3,729,137
Deferred taxation (Note 19)	81,637	3,261,836
Trade payables and accruals (Note 22 and 23)	5,469,106	3,827,013
Total liabilities per balance sheet	201,394,893	242,920,699

31. ASSESSMENT OF RISK (as required by Art. 663b bis Par 12, Swiss Code of Obligations)

Financial risk assessment and management is an integral part of the USI Group Holdings AG Group-wide enterprise risk management and is governed by policies reviewed by the Board of Directors. The policies provide guidance on operational risk limits, types of authorized financial instruments and monitoring procedures. Such monitoring procedures contain regular review of accounting policy assessment including changes in accounting policy, significant accounting matters, and items requiring significant management judgement and estimates. The implementation of the accounting policy, the adherence to the regulation and the monitoring on a day-to-day risk basis are carried out by the relevant accounting and treasury functions. Regular reporting on the review of the financial risk management is performed by the relevant accounting and controlling functions.

The Group has established a yearly process driven by management evaluating in detail financial risk assessment in the areas of accounting complexity, control environment, market dynamics, cultural and individual parameters.
The major financial risks identified and therefore the most critical accounting policies consist of revenue recognition, accounting for acquisitions and strategic alliances, intangible assets and Impairments, accounting for associates, foreign exchange risk, equity based compensation and contingencies.

The major financial risks in the area of control environment consist of information systems complexity, outsourcing of critical processes, timely review of results, and the robustness of the documentation of processes. The major financial risks identified in the area of market dynamics consist of the local customs and practices, country specific risks and overall market dynamics.

32. BOARD APPROVAL

The consolidated financial statements on pages 7 to 42 are subject to approval by the AGM and have been authorised by the board of directors on 28 April 2011 and were signed on its behalf by:

Dr. iur. V. Lanfranconi, Chairman **Mr. Armin Hilti, Director**

PricewaterhouseCoopers AG
Birchstrasse 160
8050 Zurich
Phone +41 58 792 44 00
Fax +41 58 792 44 10
www.pwc.ch

Report of the statutory auditor
to the general meeting of
USI Group Holdings AG
Zurich

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of USI Group Holdings AG, which comprise the balance sheet, income statement and notes on pages 44 to 47, for the year ended 31 December 2010.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 judgment, 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 the internal control system relevant to the entity's preparation of the financial statements 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall 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.

Opinion
In our opinion, the financial statements for the year ended 31 December 2010 comply with Swiss law and the company's articles of incorporation.

Emphasis of matter
We draw attention to Note 8 "Financial Risk Management" to these financial statements, where disclosures by management are made regarding the fact that USI Group Holdings AG investment property asset is primarily financed by one senior debt facility, which is scheduled to be repaid in 2011. If the term of the senior debt facility is not extended or if the financing can not be substituted, such a case would set USI Group Holdings AG at risk of potential illiquidity. This indicates the existence of a material uncertainty which may cast significant doubt about the ability of USI Group Holdings AG to continue as a going concern. Our opinion is not qualified in respect of this matter.

In addition, the above mentioned issue may cause concerns that the accumulated deficit exceeds the share capital in relation to article 725 para. 2 Swiss Code of Obligations and the company would need to comply with corresponding regulations.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Patrick Balkanyi	Michael Ruble
Audit expert	
Auditor in charge	

Zurich, 28 April 2011

BALANCE SHEET
USI Group Holding AG

	31.12.2010 CHF	31.12.2009 CHF
ASSETS		
Cash and cash equivalents	821,723	4,626,926
Receivables third parties	1,385,557	1,334,340
Prepaid expenses	-	-
Inter-company	75,109,224	95,561,526
Marketable securities	1,811,769	1,144,164
Total current assets	**79,128,273**	**102,666,956**
Investments	4,327,978	4,327,978
Total non-current assets	**4,327,978**	**4,327,978**
TOTAL ASSETS	**83,456,251**	**106,994,934**
LIABILITIES		
Other current liabilities		
Shareholders	38,022	38,022
Accrued expenses	1,195,462	295,546
Total liabilities	**1,233,484**	**333,568**
Share capital	67,837,771	67,837,771
Legal reserves	23,823,595	27,555,231
Free reserves	13,188,231	13,855,838
Treasury Shares	1,811,769	1,144,162
Accumulated deficit	(24,438,599)	(3,731,636)
Balance carried forward from prior year	-	-
Annual loss	*(24,438,599)*	*(3,731,636)*
Total shareholders' equity	**82,222,767**	**106,661,366**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**83,456,251**	**106,994,934**

INCOME STATEMENT
USI Group Holding AG

1 January – 31 December

	2010 CHF	2009 CHF
Other income	-	-
Other income		
Directors' fees	(84,555)	(84,557)
Professional fees	(246,753)	(409,092)
Tax consultancy	(43,793)	(11,621)
Audit fees	(107,600)	(132,563)
Listing fees	(11,304)	(8,958)
Insurance	(15,949)	(19,502)
Abort costs	-	(69,462)
Management charges	(2,314,680)	(2,343,088)
Formation, capital raising and organisational costs		
Capital tax expenses, reclaims and rent, maintenance and general administration	(546,205)	(477,205)
Impairment provision	(20,598,622)	-
EBIT	**(23,969,461)**	**(3,556,048)**
Financial expenses	(52,709)	(80,255)
Foreign exchange losses	(417,293)	(96,955)
Financial income	864	1,622
Loss before income tax expenses	**(24,438,599)**	**(3,731,636)**
Income tax expense	-	-
NET LOSS	**(24,438,599)**	**(3,731,636)**

NOTES
USI Group Holding AG

To the financial statements at 31 December 2010

Disclosures required by Swiss law:

1) Company information

There were no movements in share capital in 2010.

Capital reduction and reinvestment

During 2009, a capital distribution of CHF 8.90 per share took place that reduced the share capital of USI Group Holdings AG from CHF 64,619,739 (831,122 with a nominal value of CHF 77.75 each) to CHF 57,223,613 (831,122 shares with a nominal value of CHF 68.85 each). Additionally a reinvestment of CHF 3,098,319 (45,001 shares at par value of CHF 68.85) took place with a subscription price of CHF 110.00.

Rights issue and private placement

On 29 September 2009, the Company completed a rights offering during which 59,695 new registered shares were validly subscribed at a subscription price of CHF 110.00 and a nominal value of CHF 68.85 each. This increased the share capital of the company by CHF 4,110,001 (59,695 shares with a nominal value of CHF 68.85). 86,325 shares for which subscription rights were not duly exercised during the rights exercise period were offered in a private placement.

On 21 October 2009, the Company placed 49,480 registered shares under the private placement at a subscription price of CHF 110.00 per share and a nominal value of CHF 68.85 each. This increased the share capital of the company by CHF 3,406,698 (49,480 shares with a nominal value of CHF 68.85)

Authorised share capital

The share capital may be increased by a maximum amount of up to CHF 17,996,357 until 26 May 2011 through the issuance of up to 261,385 fully paid in additional registered shares with a nominal value of CHF 68.85 each.

Conditional share capital

The share capital may be increased by a maximum of CHF 30,763,557 through the issuance of up to 446,820 registered shares with a nominal value of CHF 68.85 each in respect of conditional capital for management, advisors, bondholders and creditors.

During 2009, a reinvestment of 45,001 shares in the amount of CHF 3,098,319 took place.

2) Significant shareholders

At the year end, the following significant shareholders were listed in the share register with shareholdings in excess of 3% of issued share capital.

	31.12.10	**31.12.09**
Dr. iur V Lanfranconi	54.96%	54.96%
Monkwell Investments Ltd (formerly USI Limited)	4.92%	4.92%
USI USA II	3.45%	3.45%
Esquire Banque Privèe (Suisse) SA	5.78%	5.78%

3) Guarantees

The Company has granted a guarantee for USIGH Limited in the amount of EUR 25 million and a joint surety for Healthcare Properties Etzelgut Ltd. in the amount of CHF 6 million.

4) Significant investments

Company name	**Domicile**	**Share capital**	**Shares held**	**Type of shares and nominal value**	**Owner-ship**
USI AG	Switzerland	CHF 15,000,000	150,000	Ordinary CHF 100	100%
USIGH Limited	British Virgin Islands	$0.02	2	Ordinary USD 0.01	100%

The companies are holding and finance companies.

5) Treasury shares

Treasury shares (in number of shares)	2010 Shares	2009 Shares	2010 CHF	2009 CHF
Balance at 1 January	**9,915**	**4,727**	**1,144,164**	**664,533**
Purchase of shares	13,652	6,353	1,591,671	721,857
Capital reinvestment	-	647	-	71,170
Par value capital reduction	-	-	-	(74,894)
Sale of shares	(7,898)	(1,812)	(924,066)	(238,502)
Balance at 31 December	**15,669**	**9,915**	**1,811,769**	**1,144,164**
Average price of shares purchased - CHF	**116.59**	**113.29**		
Average price of shares sold - CHF	**117.00**	**131.62**		

6) Assessment of risk (art. 663b bis para. 12 CO)

USI Group Holdings AG, as ultimate parent Company of the group, prepares a centralised risk management system for the Group (including USI AG). This risk management system separates strategic risks from operative risks. All identified risks are quantified according to their realisation, probability and impact. These risks are the objective of an annual discussion process in the Group's Board of Directors and Audit Committee meetings. The identification and remediation of risks is a key management objective.

Risks that arise from the accounting and financial reporting process are included in the risk assessment process. The Internal Control System framework over financial reporting includes relevant control measures, which reduce the overall financial reporting risk. Non-financial reporting risks are categorised depending on their possible impact (low, average and high) and appropriately monitored.

7) DISCLOSURE OF COMPENSATION AND PARTICIPATIONS OF BOARD OF DIRECTORS AND GROUP MANAGEMENT (As required by Art. 663b and Art. 663c. Swiss Code of Obligations)

Refer to Note 29 of the consolidated financial statements.

8) Financial risk management

The Group's investment property asset is substantially financed by one senior debt facility, which is scheduled to be repaid by 30 June 2011. The Group has signed a non-binding agreement with a new financier who has committed to funding the outstanding balance of the existing senior debt facility pending final execution of the agreement. This refinancing will include a senior credit facility of € 81.5 million which will be reduced by annual amortization with the final balance repayable in 9 years and a subordinated loan of € 28.0 million repayable in 18 months with an option to extend for an additional six months. The additional financing is expected to be completed by the end of June 2011.

If the term of the existing senior debt facility is not extended or if the financing can not be substituted, there is a material uncertainty about the Group's ability to continue as a going concern with respect to liquidity. The Group will monitor the situation.

Proposal of the Board of Directors for appropriation of accumulated deficit at 31 December 2010

in CHF	
Accumulated deficit	
Accumulated deficit at 1 January 2010	(3,731,636)
Offsetting balance of accumulated deficit carry forward with legal reserve on general meeting of shareholders on 25 May 2010	3,731,636
Balance after general meeting of shareholders on 25 May 2010	-
Net loss 2010	(24,438,599)
Accumulated deficit	(24,438,599)
Offsetting balance of accumulated deficit carry forward with legal reserve	-
Accumulated deficit carried forward	(24,438,599)

Additional Rules for the Listing of Real Estate Companies of the SIX Swiss Exchange

General Information

Property Details

Name, address	*Owner* [1]	*Ownership status* [2]	*Approximate Year of construction*	*Year of renovation*	*% of leased usable space*	*As % of Investment Properties Portfolio*	*Gross lettable area M*[3]
Germany **Office Building - Behördenzentrum, Free State of Saxony, Schongauerstrasse 1-17, 04328, Leipzig, Germany.**	USI GbR	FH	1995	-	100	100	50,707

1 USI Gbr = USI Verwaltungszentrum Leipzig GbR
2 FH = Freehold (100%)
3 Gross lettable area comprises 49,879 sqm of three office buildings plus 828 sqm single-storey facilities.

Significant lessees of USI Group owned properties

Name of Lessee	Location	Details of leased properties	Lease period expiry date	Aggregate annual lease payments	Percentage of total lease payments to the USI Group:
Free State of Saxony	Leipzig, Germany	3 four-storey office buildings and 1 single-storey building.	March 2020	€ 8,938,728 (CHF 12,334,554*)	100.00%

Equity Ownership of the Company and/or the USI Group in Real Estate Companies

Other than the subsidiaries disclosed above, the Company and/or the USI Group do not own equity interests in any other real estate companies.

* Exchange rate based on EUR: CHF = 0.72469.

Independent appraisal firms and valuation methods

The USI Group has commissioned Botta Management AG for the purpose of estimating the fair value of the real estate holdings owned by the USI Group.

Valuation method of Botta Management AG ("Botta")

The valuation method of Botta is the discounted cash flow analysis. This method stems from the calculation of the capitalised income value of an undertaking. Thereby all future profits are converted into present cash value.

Capitalised Value of Property: With respect to the calculation of a property, all future estimated earnings and expenses (without interest on capital accounts and amortisation) are - as is the case when evaluating an undertaking - being collected. The difference between the respective earnings and expenses results in the cash flow. The cash flow can be positive or negative. This future cash flow is recalculated to the present value by using a cash equivalent factor. The later - expressed in years - this cash flow accrues, the lower the present value of such a cash flow is. Since properties represent very durable values, most properties still show a significant residual value after the examination period (normally 10 years) has expired. Thus, the residual value of the property has to be calculated at the end of the examination period. The residual value will then also be recalculated expressing the present cash value. The sum of all present cash values from the annual earnings and the cash value of the residual value results in the present capitalised income value of the property (DCF-value).

The sum of all cash values over a certain period of time and a possible residual value result in the capitalised income value of the undertaking.

The following basic data needs to be defined when applying this method:

i) Object: name of the property.

ii) Initial year: determination of the point in time, on which the calculation will be conducted. Normally this will be the present year.

iii) Examination period: as examination period as the duration of the lease – which means until 2020. Over this period exact information relating to the future earnings and expenses can normally be given. After the expiration of the lease, a residual value will be calculated and will be discounted.

iv) Discount factor: The discount factor is the interest rate by which future earnings are being discounted to the present value. Starting point for the determination of the interest rate is normally the actual sustainable interest rate for 10 year German Government Bonds. A risk premium is charged additionally. Thereby market risks relating to the property are accounted for. The risk premium varies for a normal customary property between 0.5% and 1.5%. Main factors are the location of the property with respect to the use and the risk of renting out. For purposes of valuing the Leipzig Property, a risk premium of 1.5% / 1.7% is applied. That is a very conservative assumption in view of the quality of the property. A discount factor of 4.7% was used for the valuation at 31 December 2010 (2009 – 4.8%).

v) Capitalisation factor, calculation of residual value: With this interest rate the residual value of the property can be calculated. The capitalisation factor is - depending on the examination period and the condition of the property – 0.2% higher than the discount factor at 4.9% (2009 – 5.0%)

vi) For the calculation of the annual amounts, the effective rental income is reduced by costs of the lessor such as insurance, real estate tax and maintenance. These were assumed to be at 3.4% of rental income (2009 – 3.4%)

vii) General increase in renting costs: Thereby future general increase in prices with respect to earnings in connection with a property can be accounted for.

viii) General increase in costs: Thereby future general increases in prices with respect to expenses in connection with a property can be accounted for.

ix) Adjustment Amount: Here extraordinary expenses can be accommodated.

x) Growth rate assumed by Botta of 2.0%.

Market Value

With regard to the above, Botta are of the opinion that the Market Value of the subject property as at 31 December 2010 is **EUR 167,050,000 (**in words: One Hundred and Sixty Seven Million and Fifty Thousand Euros) (2009: €183,860,000)

Neither the Company nor any member of the USI Group has any relationship with this appraisal firm.

CLIENT'S COPY

BEAUFORT OVERSEAS TRADING PTE LTD
(Company Registration Number 200720570C)

AND

FORTUNE TOP INVESTMENT PTE LTD
(Company Registration Number 200517485D)

(Incorporated in Singapore)

COMBINED REPORTS & AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED ON 31ST DECEMBER 2010, 2011 AND 2012

BEAUFORT OVERSEAS TRADING PTE LTD AND FORTUNE TOP INVESTMENT PTE LTD

(Incorporated in Singapore)

CORPORATE INFORMATION

(at date of this report)

Member	:	SKYWEST INTERNATIONAL LIMITED - BVI
Directors	:	Ashishkumar Chhajed Kalyanasundaram Maran Rakesh Jain Sarup Chand
Secretary	:	Kalyanasundaram Maran
Registered Office	:	7500A Beach Road 08-313 The Plaza Singapore 199591
Place of business	:	20 Maxwell Road 08-01N Maxwell House Singapore 068113

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BEAUFORT OVERSEAS TRADING PTE LTD AND FORTUNE TOP INVESTMENT PTE LTD

(Incorporated in Singapore)

REPORT OF THE DIRECTORS

The directors' submit their report to the member together with the combined audited financial statements of the Beaufort Overseas Trading Pte Ltd and Fortune Top Investment Pte Ltd for the financial years ended 31st December 2010, 2011 and 2012.

1. DIRECTORS OF THE COMPANY'S

The directors of the Company in office at the date of this report are:-

ASHISHKUMAR CHHAJED (APPT. ON 22ND JULY 2011)
KALYANASUNDARAM MARAN
RAKESH JAIN SARUP CHAND

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits through the acquisition of shares and debentures of the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the Register of Directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50, the directors of the Company holding office at the end of the financial year had an interest in the shares of the Company and related corporation as

	Holdings in the name of the director, spouse or infant children			
	As at 01/01/2010	**As at 31/12/2010**	**As at 31/12/2011**	**As at 31/12/2012**
Shares registered in name of				
Ashishkumar Chhajed	-	-	-	-
Kalayanasundaram Maran	2	2	-	-
Rakesh Jain Sarup Chand	99,999	99,999	-	-
Kochar Praful Prakash (Resigned on 15/07/2010)	100,000	100,000	-	-
Holding Company				
Contacta Management Ltd - BVI	400,000	400,000	-	-
Skywest International Limited - BVI	-	-	600,000	600,000
Director who has interest in Skywest International Limited – BVI	**% of shareholding**			
Ashishkumar Chhajed	-	-	100%	100%
Kalyanasundaram Maran	-	-	-	-
Rakesh Jain Sarup Chand	-	-	-	-

The above directors are having an interest in the Company "Skywest International Limited", a Company incorporated in British Virgin Islands. The immediate & ultimate holding Company of the Company is "Skywest International Limited", a Company incorporated in British Virgin Islands.

REPORT OF THE DIRECTORS
(continued)

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

Except as disclosed in this report, no director who held office at the end of financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year. As on the date of issuance of this special purpose financial statements the immediate holding Company is Royal Venture Pte Ltd and ultimate holding company of the Company is Goldlink United Ltd (BVI).

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

4. SHARE OPTIONS

During the financial year, no option to take up unissued shares of the Company was granted, no shares of the Company were issued by virtue of the exercise of an option to take up unissued shares and there were no unissued shares under option.

5. AUDITORS

Stamford Associates LLP, Public Accountants and Chartered Accountants, Singapore have expressed their willingness to accept re-appointment.

On behalf of the Board,

....	K. Maran ....
Ashishkumar Chhajed	**Kalyanasundaram Maran**
Director	**Director**

SINGAPORE

Dated: 2nd August 2013

BEAUFORT OVERSEAS TRADING PTE LTD AND FORTUNE TOP INVESTMENT PTE LTD

(Incorporated in Singapore)

STATEMENT BY THE DIRECTORS

In the opinion of the directors of **BEAUFORT OVERSEAS TRADING PTE LTD AND FORTUNE TOP INVESTMENT PTE LTD.**

(a) the accompanying combined statement of financial position, combined statement of comprehensive income, combined statement of changes in equity and combined statement of cash flows together with the notes thereto set out on pages 5- 33 are drawn up so as to give a true and fair view of the state of affairs of the companies as at 31st December 2010, 2011 and 2012 and of the results of the business, changes in the equity and cash flows of the Company for the financial year ended 31st December 2010, 2011 and 2012; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board

....	K. Maran ....
Ashishkumar Chhajed	**Kalyanasundaram Maran**
Director	**Director**

SINGAPORE

Dated: 2nd August 2013

STAMFORD ASSOCIATES LLP
Certified Public Accountants
(UEN No: T07LL0683E)

INDEPENDENT AUDITOR'S REPORT
TO: THE MEMBERS OF
BEAUFORT OVERSEAS TRADING PTE. LTD. (REGN. NO. 200720570C) AND FORTUNE TOP INVESTMENTS PTE LTD. (REGN. NO. 200517485D)
(Incorporated in the Republic of Singapore)

Report on the Financial Statements

We have audited the accompanying Combined Financial Statements of the Company, which comprise the Combined Statement of Financial Position as at 31st December 2010, 2011 and 2012 and the Combined Statement of Comprehensive income, Combined Statement of changes in equity and Combined Cash flow statement for the years then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 33.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of Combined Financial Statements that give a true and fair view in accordance with the provisions of the International Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair Combined Statement of Comprehensive income accounts and Combines Statement of Financial Positions and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these Combined Financial Statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Combined Financial Statements are free from material misstatement.

Scope of the audit of the Combined Financial Statements

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 judgment, including the assessment of the risks of material misstatement of the Combined Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Combined Financial Statements 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 made by management, as well as evaluating the overall 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.

Opinion

In our opinion:-

the Combined Financial Statements are properly drawn up in accordance with the International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31st December 2010, 2011 and 2012 and the Combined Results, Combined Changes in Equity and Combined Cash flows of the Company for the financial years ended on that date;

Restriction of use

These Combined Financial Statements were prepared solely for inclusion with a prospectus to be established in connection with the offering of shares and listing of those shares noted in the prospectus on the SIX Swiss Exchange. The Combined Financial Statements and related auditor's report may not be suitable for another purpose.

STAMFORD ASSOCIATES LLP
Public Accountants and
Chartered Accountants, Singapore

SINGAPORE
DATE: 2nd August 2013

7500A Beach Road #08-313 The Plaza Singapore 199591 Tel: (65) 6298 2241 Fax: (65) 6298 1213
www.stamfordllp.com

BEAUFORT OVERSEAS TRADING PTE LTD AND FORTUNE TOP INVESTMENT PTE LTD

(Incorporated in Singapore)

COMBINED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010, 2011 AND 2012

	Note	2012	2011	2010
CAPITAL AND RESERVES				
Share capital	3	436,394	436,394	436,394
Accumulated profit		842,645	591,525	386,629
		1,279,039	**1,027,919**	**823,023**
NON-CURRENT ASSETS		-	-	-
CURRENT ASSETS				
Trade and other receivables	4	36,663,518	3,537,900	4,355,140
Amount due from Holding Company	18	509,682	526,199	-
Cash and cash equivalents	5	5,295	6,253	4,910
		37,178,495	**4,070,352**	**4,360,050**
CURRENT LIABILITIES				
Trade and other payables	6	31,734,368	1,082,509	3,507,343
Loans and Advances	19	4,147,176	1,939,606	-
Provision for Taxation	12	17,912	20,318	29,684
		35,899,456	**3,042,433**	**3,537,027**
NET CURRENT ASSETS		**1,279,039**	**1,027,919**	**823,023**
NON-CURRENT LIABILITY				
Deferred taxation	11	-	-	-
NET ASSETS		**1,279,039**	**1,027,919**	**823,023**

The annexed notes form an integral part of these financial statements

BEAUFORT OVERSEAS TRADING PTE LTD AND FORTUNE TOP INVESTMENT PTE LTD

(Incorporated in Singapore)

COMBINED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2010, 2011 AND 2012

	Note	2012	2011	2010
Sales	7	53,665,754	41,810,362	35,457,337
Cost of Sales	8	(53,314.874)	(41,522,656)	(35,240,331)
Gross Profit		**350,880**	**287,706**	**217,006**
Other Income		1	5	160
Administrative expense		(16,258)	(17,076)	(13,953)
Income from operations	9	**334,623**	**270,635**	**203,213**
Finance costs	9.a	(68,484)	(60,402)	-
Income before taxation		266,139	210,233	203,213
Taxation	12	(14,988)	(17,216)	(16,632)
Deferred taxation	11	-	-	-
Income from continuing operations		**251,151**	**193,017**	**186,581**
Income from discontinued operation		-	-	-
Total Income		**251,151**	**193,017**	**186,581**
Other comprehensive income		-	-	-
Total comprehensive Income		**251,151**	**193,017**	**186,581**

The annexed notes form an integral part of these financial statements

BEAUFORT OVERSEAS TRADING PTE LTD AND FORTUNE TOP INVESTMENT PTE LTD

(Incorporated in Singapore)

COMBINED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2010, 2011 AND 2012

	Share Capital	Retained earnings	Total
	US$	US$	US$
Balance as at 31st December 2009	436,394	200,048	636,442
Total comprehensive income for the financial year	-	186,581	186,581
Balance as at 31st December 2010	**436,394**	**386,629**	**823,023**
Prior year over provision for tax	-	11,879	11,879
Total comprehensive income for the	-	193,017	193,017
Balance as at 31st December 2011	**436,394**	**591,525**	**1,027,919**
Prior year under provision for tax	-	(31)	(31)
Total comprehensive income for the	-	251,151	251,151
Balance as at 31st December 2012	**436,394**	**842,645**	**1,279,039**

The annexed notes form an integral part of these financial statements

BEAUFORT OVERSEAS TRADING PTE LTD AND FORTUNE TOP INVESTMENT PTE LTD

(Incorporated in Singapore)

COMBINED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2010, 2011 AND 2012

	Note	2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit from Operating Activities Before Tax		266,139	210,233	203,213
Adjustments for:-		-		
Finance Cost	9.a	-	-	-
Dividend Income		-	-	-
Interest expenses paid		68,484	60,402	-
Operating Profit before working capital changes		**334,623**	**270,635**	**203,213**
(Increase)/decrease in working capital:-				
Trade and other receivables	4	(33,125,618)	817,240	12,632,726
Trade payables and accruals	6	30,651,859	(2,424,834)	(12,841,732)
Amount due from holding company	17	16,517	(526,199)	-
		(2,457,242)	**(2,133,793)**	**(209,006)**
Cash generated from operations		**(2,122,619)**	**(1,863,158)**	**(5,793)**
Income tax paid	12	(17,425)	(14,703)	-
Net cash outflow from operating activities		**(2,140,044)**	**(1,877,861)**	**(5,793)**
Cash Flows From Investing Activities		-	-	-
Cash Flows From Financing Activities				
Interest paid		(68,484)	(60,402)	-
Loans & Advances	18	2,207,570	1,939,606	-
Net cash inflow from financing activities		**2,139,086**	**1,879,204**	-
Net increase / (decrease) in cash and cash equivalents		**(958)**	**1,343**	**(5,793)**
Cash and cash equivalents at beginning of the financial year		6,253	4,910	10,703
Cash and cash equivalents at end of the financial year	5	**5,295**	**6,253**	**4,910**

The annexed notes form an integral part of these financial statements

COMBINED NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED ON 31ST DECEMBER 2010, 2011 AND 2012

1. DOMICILE AND PRINCIPAL ACTIVITIES

BEAUFORT OVERSEAS TRADING PTE LTD AND FORTUNE TOP INVESTMENT PTE LTD. (Reg.No.200518060C) is a Company incorporated in Singapore with its registered office at 7500A Beach Road, #08-313 The Plaza, Singapore 199591. The principal place of business is 20 Maxwell Road, #08-01N Maxwell House, Singapore 069113. The principal activities of the Company are to carry on the business of general wholesale trade (including importers & exporters) investment & investment holding Company. There have been no significant changes in the nature of these activities during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below. The preparation of financial statements in conformity with IFRS requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The area involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in accounting policies and notes.

(b) (i) Adoption of new IFRS and INT IFRS

On 1st January 2010, the Company adopted the new or amended IFRS and Interpretations to IFRS ("INT IFRS") that are mandatory for application from that date. Changes to the Company accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and INT IFRS.

The adoption of these new or amended IFRS and INT IFRS did not result in substantial changes to the Company accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the early adoption of the amendments to IFRS 12, of which the effects are disclosed below:

The Company has early adopted the amendment to IFRS 12 Deferred Tax: Recovery of Underlying Assets on 1st January 2010. The amended IFRS 12 has introduced a presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1st January 2010 with early adoption permitted.

Previously, the Company accounted for deferred tax on fair value gains on investment property on the basis that the asset would be recovered through use. Upon adoption of the amendment, such deferred tax is measured on the basis of recovery through sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) (i) Adoption of new FRS and INT FRS (continued)

Statement of Financial Position

	31/12/2012	Increase / (decrease) 31/12/2011	1/1/2010
	US$	US$	US$
Deferred income tax liabilities	-	-	-
Retained profits	-	-	-

Statement of Comprehensive Income

	Increase / (decrease)	
	31/12/2012	31/12/2010
	US$	US$
Income tax expense	-	-
Profit attributable to :		
Equity holders of the Company	-	-

The adoption of amended IFRS 12 does not have any material impact on the basic and fully diluted EPS of the Company.

The Company has also adopted the amendments to IFRS 1 Presentation of Items of Other Comprehensive Income on 1st January 2010. The amendment is applicable retrospectively to annual periods beginning on or after 1st July 2012 with early adoption permitted. It requires items presented in other comprehensive income ("OCI") to be separated into two groups, based on whether or not they may be recycled to profit or loss in the future.

An additional Statement of Financial Position and related notes at the beginning of the earliest comparative period is not presented as there is no impact on the Statement of Financial Position.

(ii) New or Revised accounting standards and interpretation effective for annual periods beginning on or after 1st January 2013

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the Group's accounting periods beginning on or after 1st January 2010 or later periods and which the Group has not early adopted:

-IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on or after 1st January 2014).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) (II) New or Revised accounting standards and Interpretation effective for annual periods beginning on or after 1st January 2013 (continued)

IFRS 10 replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess. The Company and the Group has yet to assess the full impact of IFRS 10 and intends to apply the standard from 1st January 2014.

-IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1st January 2014)

IFRS 11 introduces a number of changes. The "types" of joint arrangements have been reduced to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated and equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations currently.

The Company and the Group has yet to assess the full impact of IFRS 11 and intends to adopt the standard from 1st January 2014.

-IFRS 12 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1st January 2014)

-IFRS 12 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities. The Company and the Group has yet to assess the full impact of IFRS 12 and intends to adopt the standard from 1st January 2014.

-IFRS 13 Fair Value Measurement (effective for annual periods beginning on or after 1st January 2013)

-IFRS 13 provides consistent guidance across IFRSs on how fair value should be determined and which disclosures should be made in the financial statements. The Company and the Group has yet to assess the full impact of IFRS13 and intends to adopt the standard from 1st January 2013.

(c) Plant and equipment

(a) Measurement

(i) Plant and equipment

Plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Plant and equipment (continued)

(II) Components of costs

The cost of an item of plant and equipment initially recognized includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition.

(b) Depreciation

Depreciation of plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives.

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognized in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure on plant and equipment that has already been recognized is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognized in profit or loss when incurred.

(d) Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within 'Other (losses)/gains – net'. Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

(d) Financial Assets

(a) Classification

(i) Financial assets, at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial Assets (continued)

(i) Financial assets, at fair value through profit or loss (continued)

Company's investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the statement of financial position date.

(ii) Loans and receivables (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the Statement of Financial Position date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the Statement of Financial Position. .

(iii) Financial assets, held-to-maturity

Financial assets, held-to-maturity, are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the Statement of Financial Position date which are presented as current assets.

(iv) Financial assets, available-for-sale

Financial assets, available-for-sale, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the statement of comprehensive income. Any amount in the fair value reserve relating to that asset is transferred to statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial Assets (continued)

(b) Recognition and de-recognition (continued)

Trade receivables that are factored out to banks and other financial institutions with recourse to the Company are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit and loss are recognised immediately in statement of comprehensive income.

(d) Subsequent measurement

Financial assets, both available-for-sale and at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and financial assets, held-to-maturity are subsequently carried at amortised cost using the effective interest method. Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in statement of comprehensive income when the changes arise. Interest and dividend income on financial assets, available-for-sale are recognised separately in statement of comprehensive income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in statement of comprehensive income and the other changes are recognized in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables / financial assets, held to maturity

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired. The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial Assets (continued)

(i) Loans and receivables / financial assets, held to maturity (continued)

When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in statement of comprehensive income. The allowance for impairment loss account is reduced through statement of comprehensive income in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

(ii) Financial assets, available-for-sale

Significant or prolonged declines in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired. The cumulative loss that was recognised in the fair value reserve is transferred to statement of comprehensive income. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised in statement of comprehensive income on debt securities. The impairment losses recognised in statement of comprehensive income on equity securities are not reversed through statement of comprehensive income.

(e) Financial Liabilities

Financial liabilities include trade payables, other amounts payable and interest-bearing loans. Financial liabilities are recognised on the Statement of Financial Position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in statement of comprehensive income when the liabilities are derecognised as well as through the amortization process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

(f) Revenue Recognition

Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognized when goods are delivered at the customers' premises, which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Functional and Foreign Currencies

Functional currency

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company ("functional currency"). The financial statements are presented in United States dollars, which is the functional currency of the Company.

Foreign currencies

Transactions in foreign currencies are translated into the functional currency using the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated into the functional currency at the rates ruling at the date. All exchange differences are taken to statement of comprehensive income.

(h) Income Tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the statement of financial position date, to recover or settle the carrying amounts of its assets and liabilities Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Cash and Cash Equivalents

Cash and cash equivalents comprise bank balances with financial institutions.

(j) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, which is probable of resulting in a future outflow of economic benefits that can be measured reliably.

(k) Related Parties

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

(l) Trade and Other Receivables

Trade receivables and other receivables are classified and accounted for as loans and receivables under *IAS 39 Financial Instruments: Recognition and Measurement (IAS 39)*. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is recognised in statement of comprehensive income.

(m) Employee Benefits

Mandatory contributions to defined contribution retirement benefit plans (the "CPF Scheme") are recognized as an expense in the statement of comprehensive income as they fall due. Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date. No provision for the estimated liability for annual leave was made during current financial year, as the amount was not material.

(n) Leases

Finance leases

Leases of assets in which the Company assumes substantially the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired through finance leases are capitalized at the inception of the lease at the lower of its fair value and the present value of the minimum lease payments. Subsequent to the initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payment are apportioned between the finance charges and reducing of the lease liability so as to achieve rate if interest on the remaining balance of the liability. Finance charges are charged to statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Leases (continued)

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(o) Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

(p) Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised in statement of comprehensive income if the carrying value of an asset or its cash generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

3. SHARE CAPITAL

	2012 US$	2011 US$	2010 US$
Issued & fully paid			
600,000 Ordinary shares	436,394	436,394	436,394

The Company has only one class of shares and the holders of these ordinary shares are entitled to receive dividends as and when declared by the Company. All shares rank equally with regard to the Company's residual assets. Ordinary shares have no par value. The Company is not exposed to any externally imposed capital requirements and there are no restrictions to issue shares.

BEAUFORT OVERSEAS TRADING PTE LTD AND
FORTUNE TOP INVESTMENT PTE LTD
(Incorporated in Singapore)

COMBINED NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED ON 31ST DECEMBER 2010, 2011 AND 2012

4. TRADE & OTHER RECEIVABLES

	Note	2012 US$	2011 US$	2010 US$
Trade receivables	4.(a)	34,077,528	951,910	-
Other receivables	4.(b)	-	-	4,355,140
Loans and Advances (Holding Company)	4.(b)	2,585,990	2,585,990	-
		36,663,518	**3,537,900**	**4,355,140**

4. (a) Trade receivables

	US$	US$	US$
Trade receivables	34,077,528	951,910	-
Less:			
Provision for doubtful debts	-	-	-
Current year provision	-	-	-
Provision written back during the year	-	-	-
Balance at 31 December	**34,077,528**	**951,910**	**-**

The trade and other receivable approximate its fair value. The credit period of trade receivables is from 30-90 days.

The Trade Debtors are denominated in following currencies.

Currencies	2012 US$	2011 US$	2010 US$
United States Dollars	34,077,528	951,910	-
Total	**34,077,528**	**951,910**	**-**

4. TRADE & OTHER RECEIVABLES (CONTINUED)

4. (b) Other receivables & Loans and Advances

	2012 US$	2011 US$	2010 US$
Other receivables	-	-	4,355,140
Loans and Advances (holding Company)	2,585,990	2,585,990	-
	2,585,990	**2,585,990**	**4,355,140**

The amount due from related Company is converted to working capital loan given to a related party which is unsecured, bearing fixed interest at 3% per annum and the principal amount is repayable upon demand and the interest is payable within one year from the end of the present financial year. Other receivable are denominated in US Dollars.

5. CASH & CASH EQUVALENTS

	2012 US$	2011 US$	2010 US$
Cash at Banks	5,295	6,253	4,910
	5,295	**6,253**	**4,910**

The cash & cash equivalents are denominated in following currencies.

Currencies	2012 US$	2011 US$	2010 US$
United States Dollars	3,311	4,828	3,623
Singapore Dollars	1,984	1,425	1,287
Total	**5,295**	**6,253**	**4,910**

COMBINED NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED ON 31ST DECEMBER 2010, 2011 AND 2012

6. TRADE & OTHER PAYABLES

	2012 US$	2011 US$	2010 US$
Trade payables	30,747,756	563,118	916,928
Other payables			
Other creditors	978,018	512,318	2,586,277
Amount due to related party	-	-	-
Accrued operating expenses	8,594	7,073	4,138
	986,612	519,391	2,590,415
	31,734,368	**1,082,509**	**3,507,343**

Trade and other payables approximate its fair value as at balance sheet date. The average credit period of trade payables is 30-240 days. Other creditors represents working capital loan taken from a third party. This is unsecured, interest free repayable on demand. Amount due to related party is unsecured, interest free and repayable on demand.

The Trade & other payables are denominated in following currencies.

Currencies	2012 US$	2011 US$	2010 US$
United States Dollars	31,725,774	1,075,436	3,503,205
Singapore Dollars	8,594	7,073	4,138
Total	**31,734,368**	**1,082,509**	**3,507,343**

7. REVENUE

Revenue represents the invoiced value of goods and services rendered net of discount and are recognized at the point of invoicing when the risk & rewards of the ownership of goods are shifted to buyer.

8. COST OF SALES

	2012 US$	2011 US$	2010 US$
Purchases	53,314,874	41,522,656	35,240,331
	53,314,874	**41,522,656**	**35,240,331**

9. INCOME FROM CONTINUING OPERATIONS

	2012 US$	2011 US$	2010 US$
Profit from operations is arrived after charging :			
Auditors remuneration	5,162	4,276	3,364
Accounting charges	4,273	4,274	3,022
Bank charges	2,626	4,389	6,122
Late payment penalty	228	-	-
Professional fees	3,659	3,935	1,445

9 a. FINANCE COSTS

	2012 US$	2011 US$	2010 US$
Interest on loan	68,484	60,402	-

10. STAFF COSTS

	2012 US$	2011 US$	2010 US$
Staff salaries and bonus	-	-	-
Contributions to defined contribution plans	-	-	-
	-	-	-

Directors' remuneration (key management personnel compensation) not recognised within staff
costs is as follows: -

	2012 US$	2011 US$	2010 US$
Remuneration & fees	-	-	-
Contributions to defined contribution plans	-	-	-
	-	-	-

11. DEFERRED TAXATION

	2012 US$	2011 US$	2010 US$
Balance at 1st January	-	-	-
Current taxation	-	-	-
Prior year's (over) / under provision	-	-	-
Balance at 31st December	-	-	-

12. TAXATION

(a) INCOME TAX EXPENSE

	2012 US$	2011 US$	2010 US$
Based on profit for the financial year:			
Balance at 1st January	20,318	29,684	13,052
Current taxation	17,912	17,216	16,632
Prior year's (over) provision	(2,893)	(11,879)	-
Tax paid during the year	(17,425)	(14,703)	-
Balance at 31st December	**17,912**	**20,318**	**29,684**

(b) The tax expense on the profit for the year differs from the tax expense that would arise by applying Singapore standard income tax rate to profit before tax due to the following:-

	2012 US$	2011 US$	2010 US$
Profit before income tax	266,139	210,233	203,213
Tax expense @ 17%	45,244	35,740	34,546
Tax effect of items that are not deductible / (allowable) in determining taxable profit	47	-	-
Partial tax exemption & rebates	(27,379)	(18,524)	(17,914)
Prior year's (over) provision	(2,924)	-	-
Income tax expense charged to PL A/c	**14,988**	**17,216**	**16,632**

13. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, there were the following significant transactions with related parties: -

	2012	2011	2010
	US$	US$	US$
Related companies:			
Other receivables	2,585,990	2,585,990	4,355,140
Trade other payables	-	-	-
Sales	-	-	-
Purchases	-	-	-
	2,585,990	2,585,990	4,355,140

14. COMMITMENTS

As at 31st December, the Company had the following outstanding commitment in respect of lease rental as follows: -

	2012	2011	2010
	US$	US$	US$
Payable within one year	-	-	-
Payable after one year	-	-	-

15. FINANCIAL INSTRUMENTS AND FAIR VALUES

(a) Financial risk management objectives and policies

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risk occurring and the cost of managing the risks. The management continuously monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

(b) Credit risk

Financial asset that are potentially subject to concentration of credit risk and failures by counterparties to discharge their obligation consist principally of cash, cash equivalents and trade and other accounts receivable. Credit risk on cash balances and derivative financial instruments

15. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(b) Credit risk (continued)

is limited because the counter parties are banks with high credit ratings.

The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. As part of the process of setting customer credit limits, different external credit reference are used, according to the country of the customer.

The average credit period generally granted to non-related party trade receivable customers is about 30-180 days. The table below illustrates the financial assets aging analysis:

Trade Receivables	2012 US$	2011 US$	2010 US$
30 to 180 days	34,077,528	951,910	-
Above 180 days	-	-	-

Concentration of non-related party trade receivable customers:

The Company's top three customer's sales during the financial year are as follows:

Top customer 1	53,665,754	41,810,362	35,457,337
Top customer 2	-	-	-
Top customer 3	-	-	-

(c) Interest rate risk

The interest rate risk exposure is mainly on financial liabilities and financial assets. These financial instruments are both at fixed rate and floating rates.

15. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(c) Interest rate risk (continued)

The following table analyses the breakdown of the financial assets and liabilities (excluding derivatives) by the type of interest rate:

	2012	2011	2010
	US$	US$	US$
Financial assets:			
Fixed rate (note 4b)	2,585,990	-	-
Floating rate	-	-	-
	2,585,990	-	-

	2012	2011	2010
	US$	US$	US$
Financial liabilities:			
Fixed rate (note 6)	4,147,176	-	-
Floating rate	-	-	-
	4,147,176	-	-

Interest rate sensitivity

The sensitivity is estimated that an increase/decrease of 100 basis point in interest rate at the reporting date would lead to an increase/reduction in the profit before tax by approximately.

	2012	2011	2010
Increase of 100 basis points	Impact	Impact	Impact
Financial assets:	US$	US$	US$
Profit or (loss)	-	-	-
Other equity	-	-	-
	-	-	-

	2012	2011	2010
	Impact	Impact	Impact
	US$	US$	US$
Financial liabilities:			
Profit or (loss)	-	-	-
Other equity	-	-	-
	-	-	-

15. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(c) Interest rate risk (continued)

Interest rate sensitivity

A decrease in the basis point in the interest rate would have an equal but opposite effect which is.

Decrease of 100 basis points	2012 Impact	2011 Impact	2010 Impact
Financial assets:	US$	US$	US$
Profit or (loss)	-	-	-
Other equity	-	-	-
	-	-	-

	2012 Impact	2011 Impact	2010 Impact
	US$	US$	US$
Financial liabilities:			
Profit or (loss)	-	-	-
Other equity	-	-	-
	-	-	-

Interest rate Sensitivity Analysis is not applicable as Company does not have any interest bearing financial assets and liabilities

(d) Foreign currency risk

The Company has limited exposure to foreign currency risk as part of its normal business. The functional currency of the Company is in US Dollars. As such the Company's sales and purchase transacted in US Dollars are hedged naturally. Analysis of amount denominated in non-functional currency:

Financial assets:

	Cash & cash equivalents	Trade receivables	Other receivables	Total
	US$	US$	US$	US$
Singapore Dollar	1,984	-	-	1,984
	1,984	-	-	1,984

15. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(d) Foreign currency risk (continued)

Financial liabilities:

	Borrowings	Trade & other payables	Total
	US$	US$	US$
Singapore Dollar	-	8,594	8,594
	-	**8,594**	**8,594**

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Company. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where they gave rise to an impact on the Company's profit or loss and/ or equity.

If the relevant foreign currency strengthens by 10% against the functional currency of the Company, profit or loss and other equity will increase/ (decrease) by:

	2012 Impact US$	2011 Impact US$	2010 Impact US$
Financial assets:			
Profit or (loss)	198	143	129
Other equity	-	-	-
	198	143	129

	2012 Impact US$	2011 Impact US$	2010 Impact US$
Financial liabilities:			
Profit or (loss)	(860)	(707)	(414)
Other equity	-	-	-
	(860)	(707)	(414)

15. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(d) Foreign currency risk (continued)

If the relevant foreign currency weakens by 10% against the functional currency of the Company, profit or loss and other equity will increase/ (decrease) by:

	2012 Impact US$	2011 Impact US$	2010 Impact US$
Financial assets:			
Profit or (loss)	(198)	(143)	(129)
Other equity	-	-	-
	(198)	(143)	(129)

	2012 Impact US$	2011 Impact US$	2010 Impact US$
Financial liabilities:			
Profit or (loss)	860	707	414
Other equity	-	-	-
	860	707	414

(e) Liquidity risk

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities.

The following table analyses financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	2012 US$	2011 US$	2010 US$
Maturity within 1 year	35,881,544	3,022,115	3,507,343
Maturity 2 - 5 years	-	-	-
	35,881,544	3,022,115	3,507,343
Variable interest rate	NIL	NIL	NIL

It is expected that all the liabilities will be paid at their contractual maturity. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents, deemed adequate by management to finance Company's operations and mitigate the effect of fluctuation in cash flows.

15. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(f) Capital risk

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on the gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	2012	2011	2010
	US$	US$	US$
Net Debt	35,876,249	3,015,862	3,502,433
Total Equity	1,279,039	1,027,919	823,023
Total Capital	37,155,288	4,043,781	4,325,456
Gearing ratio	97%	75%	81%

The Borrowers leverage ratio is calculated as total liability of the Company divided by tangible net worth of the Company.

	2012	2011	2010
	US$	US$	US$
Total liability of the Company	35,899,456	3,042,433	3,537,027
Total net worth of the Company	1,279,039	1,027,919	823,023
Company's Leverage ratio	**28.06 times**	**2.96 times**	**4.29 times**

(g) Estimation of fair values

The following table presents the Company's assets and liabilities that are measured at fair value at 31st December 2010, 31st December 2011 and 31st December 2012.

15. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(g) Estimation of fair values (continued)

2010	Level 1	Level 2	Level 3	Total
Financial Assets at fair value	-	-	-	-
Total Assets	-	-	-	-
Financial Liabilities at fair value	-	-	-	-
Total Liabilities	-	-	-	-

2011	Level 1	Level 2	Level 3	Total
Financial Assets at fair value	-	-		-
Total Assets	-	-	-	-
Financial Liabilities at fair value	-	-	-	-
Total Liabilities	-	-	-	-

2012	Level 1	Level 2	Level 3	Total
Financial Assets at fair value	-	-		-
Total Assets	-	-	-	-
Financial Liabilities at fair value	-	-	-	-
Total Liabilities	-	-	-	-

- **Investment in equity and debt securities**

  The fair value of financial assets and fair value through profit and loss, held-to maturity investments and available for sale financial assets is determined by reference to their quoted bid prices at the reporting date. The fair value of held-to maturity investments is determined for disclosure purposes only.

(i) Non-derivatives financial liabilities

Fair value which is determined for disclosure purpose is calculated based on the present value of future principal and interest cash flows discounted at the market rate of interest at the reporting date. For finance lease, the market rate of interest is determined by reference to similar lease agreement.

16. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(g) Estimation of fair values (continued)

(ii) Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year including trade and other receivables, cash and cash equivalents, trade and other payables are assumed to approximate their fair value because of the short period to maturity. All the financial assets and liabilities are discounted to determine their fair value.

16. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgments as to whether there is observable data indicating that there has been a significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgments as to whether an impairment loss should be recorded as an expenses. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have known significant risks of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are none, other than the above stated.

BEAUFORT OVERSEAS TRADING PRIVATE LIMITED & FORTUNE TOP INVESTMENTS PTE LTD
(Incorporated in Singapore)

DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010, 2011 & 2012

	2012		2011		2010	
	US$	US$	US$	US$	US$	US$
REVENUE						
Sales		53,665,754		41,810,362		35,457,337
COSTS						
Cost of Revenue		(53,314,874)		(41,522,656)		(35,240,331)
Gross Profit		350,880		287,706		217,006
Add: Other Income						
Crew Engagement Cost	-					
Crew Social Allowance	-					
Discount Received	-					
Miscellaneous Income	1		5		19	
Exchange gain	-				141	
MBMF Contribution	-					
Other Receipts	-	1		5		160
Total Income		350,881		287,711		217,165
Less : Administrative expenses						
Accounting Charges	4,274		4,274		3,022	
Auditors' Remuneration	5,162		4,277		3,365	
Exchange Loss	308		107		-	
Unrealised Exchange Loss	-		94		-	
Medical expenses	228		-		-	
Professional Charges	3,659	(13,631)	3,935	(12,687)	1,445	(7,831)
Less: Finance costs						
Bank charges	2,626		4,308		6,122	
Finance costs	68,484	(71,110)	60,482	(64,790)	-	(6,122)
Income before taxation		266,140		210,233		203,212
Taxation	14,988		17,216		16,632	
Deferred Tax	-	(14,988)	-	(17,216)	-	(16,632)
Income after taxation		251,152		193,017		186,580
Other comprehensive income		-		-		-
Total comprehensive income		251,152		193,017		186,580

(This schedule does not form part of the audited financial statements)

CLIENT'S COPY

ROYAL VENTURE PTE LTD

(ACRA REGISTRATION NO. 200007852N)

(Incorporated in the Republic of Singapore)

REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31ST DECEMBER 2010, 2011 AND 2012

ROYAL VENTURE PTE LTD
(Incorporated in the Republic of Singapore)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31ST DECEMBER 2010, 2011 AND 2012

CONTENTS

ROYAL VENTURE PTE LTD
(Incorporated in the Republic of Singapore)

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements of the Company for the financial years ended on 31st December 2010, 2011 and 2012.

DIRECTORS

The directors of the Company in office at the date of this report are:-

Ashishkumar Chhajed (Appointed on 6th May 2010)
Kalyanasundaram Maran
Chordiya Vijay Kantilal (Resigned on 29th June 2011)

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the accompanying financial statements, since the end of previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a Company in which the director has a substantial financial interest.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter. 50 (the "Act"), particulars of interests of directors who held office at the beginning and end of the financial year in shares of the Company and related corporations are as follows:-

ROYAL VENTURE PTE LTD
(Incorporated in the Republic of Singapore)

REPORT OF THE DIRECTORS (CONT'D)

	Holdings in the name of the director, spouse or infant children			
Shares registered in name of	**At 01/01/2010 S$**	**At end 31/12/2010 S$**	**At end 31/12/2011 S$**	**At end 31/12/2012 S$**
Kalyanasundaram Maran	1	1	-	-
Ashishkumar Chhajed	-	-	-	-
Chordiya Vijay Kantilal	2,050,000	2,050,000	-	-
Riverlink Enterprises Limited - BVI	1,000,000	1,000,000	3,050,001	3,050,001
Skywest International Limited - BVI	2,000,000	2,000,000	2,000,000	2,000,000
Director who has interest in the Riverlink Enterprises Limited - BVI				
Kalyanasundaram Maran	-	-	-	-
Ashishkumar Chhajed	-	-	-	-
Chordiya Vijay Kantilal	100%	100%	100%	100%
Director who has interest in the Skywest International Limited – BVI				
Kalyanasundaram Maran	-	-	-	-
Ashishkumar Chhajed	-	-	100%	100%

The above directors are having an interest in the companies "Riverlink Enterprises Limited" and "Skywest International Limited", companies which are incorporated in British Virgin Islands. The immediate and ultimate holding Company of the Company at the date of Statement of Financial Position is "Riverlink Enterprises Limited", a Company incorporated in British Virgin Islands and as on the date of issuance of this special purpose financial statements the immediate and ultimate holding company is "Goldlink United Ltd", a Company incorporated in British Virgin Islands.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

AUDITORS

STAMFORD ASSOCIATES LLP, Public Accountants and Chartered Accountants, Singapore have expressed their willingness to accept re - appointment.

On behalf of the Board

.... K. Maran ....

ASHISHKUMAR CHHAJED
Director

KALYANASUNDARAM MARAN
Director

SINGAPORE
Date: 2nd August 2013

ROYAL VENTURE PTE LTD
(Incorporated in the Republic of Singapore)

STATEMENT BY THE DIRECTORS

In the opinion of the directors of **ROYAL VENTURE PTE LTD,**

(a) the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes thereto as set out on pages 5 to 37, are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st December 2010, 2011 and 2012 and of the results of the business, changes in the equity and cash flows of the Company for the financial years ended 31st December 2010, 2011 and 2012; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board

K. Maran

ASHISHKUMAR CHHAJED
Director

KALYANASUNDARAM MARAN
Director

SINGAPORE
Date: 2nd August 2013

STAMFORD ASSOCIATES LLP
Certified Public Accountants
(UEN No: T07LL0683E)

INDEPENDENT AUDITOR'S REPORT
TO: THE MEMBERS OF ROYAL VENTURE PTE LTD
(Incorporated in the Republic of Singapore)
(REGISTRATION NO. 200007852N)

Report on the Financial Statements

We have audited the accompanying Financial Statements of the Company, which comprise the Statement of Financial Position as at 31st December 2010, 2011 and 2012 and the Statement of Comprehensive income, Statement of changes in equity and Cash flow statement for the years then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 37.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the provisions of the International Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair Statement of Comprehensive income accounts and Statement of Financial Positions and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

Scope of the audit of the Financial Statements

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 judgment, 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 relevant to the entity's preparation and fair presentation of the Financial Statements 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 made by management, as well as evaluating the overall 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.

Opinion

In our opinion:-

the Financial Statements are properly drawn up in accordance with the International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31st December 2010, 2011 and 2012 and the results, changes in Equity and cash flows of the Company for the financial years ended on that date;

Restriction of use

These Financial Statements were prepared solely for inclusion with a prospectus to be established in connection with the offering of shares and listing of those shares noted in the prospectus on the SIX Swiss Exchange. The Financial Statements and related auditor's report may not be suitable for another purpose.

STAMFORD ASSOCIATES LLP
Public Accountants and Chartered Accountants, Singapore

SINGAPORE
DATE: 2nd August 2013

7500A Beach Road #08-313 The Plaza Singapore 199591 Tel : (65) 6298 2241 Fax : (65) 6298 1213
www.stamfordllp.com

ROYAL VENTURE PTE LTD
(Incorporated in the Republic of Singapore)

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2010, 2011 AND 2012

	Note	2012 US$	2011 US$	2010 US$
CAPITAL AND RESERVES				
Share capital	3	3,659,420	3,659,420	3,659,420
Accumulated profit		1,577,713	1,324,127	1,066,157
Fair value reserve		657,655	1,855,448	3,256,447
		5,894,788	6,838,995	7,982,024
NON-CURRENT ASSETS				
Investment - Available for sale (Quoted)	9	1,806,670	3,004,463	4,405,462
CURRENT ASSETS				
Trade and other receivables	6	18,280,291	10,335,567	12,494,799
Fixed Deposit – Bank	5	2,987,619	2,991,580	2,634,412
Cash and cash equivalents	4	23,439	78,814	22,430
		21,291,349	13,405,961	15,151,641
CURRENT LIABILITIES				
Trade and other payables	10	(8,836,201)	(1,545,836)	(4,559,631)
Borrowings	11	(8,350,000)	(8,000,000)	(7,000,000)
Provision for Taxation	18	(17,030)	(25,593)	(15,448)
		(17,203,231)	(9,571,429)	(11,575,079)
NET CURRENT ASSETS		4,088,118	3,834,532	3,576,562
NON-CURRENT LIABILITY				
Deferred taxation	17	-	-	-
NET ASSETS		5,894,788	6,838,995	7,982,024

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

ROYAL VENTURE PTE LTD
(Incorporated in the Republic of Singapore)

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31ST DECEMBER 2010, 2011 AND 2012

	Note	2012 US$	2011 US$	2010 US$
Sales	12	61,798,535	53,243,533	42,126,686
Cost of Sales	13	(60,978,828)	(52,528,877)	(41,569,220)
Gross Profit		819,707	714,656	557,466
Other Income	14	47,591	78,325	51,302
Administrative expense		(126,887)	(102,303)	(93,007)
Income from operations	15	740,411	690,678	515,761
Finance costs	15	(476,392)	(408,898)	(330,340)
Income before taxation		264,019	281,780	185,421
Taxation	18	(10,433)	(23,810)	(15,448)
Deferred taxation	17	-	-	-
Income from continuing operations		253,586	257,970	169,973
Income from discontinued operation		-	-	-
Total Income		253,586	257,970	169,973
Other comprehensive income		-	-	-
Total comprehensive income		**253,586**	**257,970**	**169,973**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

ROYAL VENTURE PTE LTD
(Incorporated in the Republic of Singapore)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31ST DECEMBER 2010, 2011 AND 2012

	Share Capital US$	Fair Value Reserve US$	Retained Earnings US$	Total US$
Balance as at 31st December 2009	3,659,420	1,329,810	902,650	5,891,880
Prior year under provision for tax	-	-	(6,466)	(6,466)
Fair value gain during the financial year	-	1,926,637	-	1,926,637
Total comprehensive income for the financial year	-	-	169,973	169,973
Balance as at 31st December 2010	**3,659,420**	**3,256,447**	**1,066,157**	**7,982,024**
Fair value (loss) during the financial year	-	(1,400,999)	-	(1,400,999)
Total comprehensive income for the financial year	-	-	257,970	257,970
Balance as at 31st December 2011	**3,659,420**	**1,855,448**	**1,324,127**	**6,838,995**
Fair value (loss) during the financial year	-	(1,197,793)	-	(1,197,793)
Total comprehensive income for the financial year	-	-	253,586	253,586
Balance as at 31st December 2012	**3,659,420**	**657,655**	**1,577,713**	**5,894,788**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

ROYAL VENTURE PTE LTD
(Incorporated in the Republic of Singapore)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31ST DECEMBER 2010, 2011 AND 2012

	Note	2012 US$	2011 US$	2010 US$
Profit from Operating Activities Before Tax		264,019	281,780	185,421
Adjustments for:-				
Finance Cost	15	476,392	374,641	330,340
Dividend Income	14	(15,052)	(46,459)	-
Interest on Fixed deposit	14	(32,539)	(31,866)	(46,156)
Operating Loss before working capital changes		692,820	578,096	469,605
(Increase)/decrease in working capital:-				
Trade and other receivables	6	(7,944,724)	2,159,232	(3,911,254)
Trade payables and accruals	10	7,290,365	(3,013,795)	3,232,978
		(654,359)	(854,563)	(678,276)
Cash generated from operations				
Income tax paid	18	(18,996)	(13,665)	(54,559)
Net cash outflow from operating activities		19,465	(290,132)	(263,230)
Cash Flows From Investing Activities		-	-	-
Cash Flows From Financing Activities				
Fixed Deposits	5	3,961	(357,168)	(446,156)
Borrowings	11	350,000	1,000,000	1,000,000
Finance Cost	15	(476,392)	(374,641)	(330,340)
Dividend Income		15,052	46,459	-
Interest on Fixed deposit		32,539	31,866	46,156
Net cash inflow from financing activities		(74,840)	346,516	269,660
Net Increase in cash and cash equivalents		(55,375)	56,384	6,430
Cash and cash equivalents at beginning of financial year		78,814	22,430	16,000
Cash and cash equivalents at end of financial year	4	**23,439**	**78,814**	**22,430**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

ROYAL VENTURE PTE LTD
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31ST DECEMBER 2010, 2011 AND 2012

1. GENERAL

ROYAL VENTURE PTE LTD. (Reg.No.200007852N) is a Company incorporated in Singapore with its registered office at 20 Maxwell Road, #08-01N Maxwell House, Singapore 069113.

The principal activities of the Company are those of trading in Gold Jewellery, wholesale import and export of steel & non ferrous metals. There have been no significant changes in the nature of these activities during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below. The preparation of financial statements in conformity with IFRS requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The area involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in accounting polices and notes.

(b) (i) Adoption of new IFRS and INT IFRS

On 1st January 2010, the Company adopted the new or amended IFRS and Interpretations to IFRS ("INT IFRS") that are mandatory for application from that date. Changes to the Company accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and INT FRS.

The adoption of these new or amended IFRS and INT IFRS did not result in substantial changes to the Company accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the early adoption of the amendments to IFRS 12, of which the effects are disclosed below:

The Company has early adopted the amendment to IFRS 12 *Deferred Tax: Recovery of Underlying Assets* on 1st January 2010. The amended IFRS 12 has introduced a presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1st January 2010 with early adoption permitted.

ROYAL VENTURE PTE LTD
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31ST DECEMBER 2010, 2011 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) (i) Adoption of new IFRS and INT IFRS (Continued)

Previously, the Company accounted for deferred tax on fair value gains on investment property on the basis that the asset would be recovered through use. Upon adoption of the amendment, such deferred tax is measured on the basis of recovery through sale.

The effects on adoption are as follows:

Statement of Financial Position

	Increase/(Decrease)		
	At 31st December 2012	At 31st December 2011	At 1st January 2010
	US$	US	US$
Deferred income tax liabilities	-	-	-
Retained profits	-	-	-

Statement of Comprehensive Income for year ended 31 December

	Increase/(Decrease)		
	2012	2011	2010
	US$	US$	US$
Income tax expense	-	-	-
Profit attributable to:			
Equity holders of the Company	-	-	-

The adoption of amended IFRS 12 does not have any material impact on the basic and fully diluted EPS of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) (i) Adoption of new FRS and INT FRS (continued)

The Company has also adopted the amendments to IFRS 1 Presentation of Items of Other Comprehensive Income on 1st January 2010. The amendment is applicable retrospectively to annual periods beginning on or after 1st July 2012 with early adoption permitted. It requires items presented in other comprehensive income ("OCI") to be separated into two groups, based on whether or not they may be recycled to profit or loss in the future.

An additional Statement of Financial Position and related notes at the beginning of the earliest comparative period is not presented as there is no impact on the Statement of Financial Position.

(b) (ii) New or Revised accounting standards and interpretation effective for annual periods beginning on or after 1st January 2013

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the Group's accounting periods beginning on or after 1st January 2013 or later periods and which the Group has not early adopted:

-IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on or after 2014)
IFRS 10 replaces all of the guidance on control and consolidation in IFRS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation-Special Purpose Entities". The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess. The Company and the Group has yet to assess the full impact of IFRS 10 and intends to apply the standard from 1st January 2014 if it is applicable.

-IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1st January 2014)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) (ii) New or Revised accounting standards and interpretation effective for annual periods beginning on or after 1st January 2013 (Continued)

IFRS 11 introduces a number of changes. The "types" of joint arrangements have been reduced to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated and equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations currently. The Company and the Group has yet to assess the full impact of IFRS 11 and intends to adopt the standard from 1st January 2014 if it is applicable.

-IFRS 12 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1st January 2014)

IFRS 12 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities. The Company and the Group has yet to assess the full impact of IFRS 12 and intends to adopt the standard from 1st January 2014 if it is applicable.

-IFRS 13 Fair Value Measurement (effective for annual periods beginning on or after 1st January 2013)

IFRS 13 provides consistent guidance across IFRSs on how fair value should be determined and which disclosures should be made in the financial statements. The Company and the Group has yet to assess the full impact of IFRS 13 and intends to adopt the standard from 1st January 2013 if it is applicable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Plant and equipment

(a) Measurement

(i) Plant and equipment

Plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of plant and equipment initially recognized includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition.

(b) Depreciation

Depreciation of plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives.

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognized in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure plant and equipment that has already been recognized is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognized in profit or loss when incurred.

(d) Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognized in profit or loss within 'Other (losses)/gains – net'. Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Assets

(a) Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The designation of financial assets at fair value through profit or loss is irrevocable.

(i) Financial assets, at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Company investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the statement of financial position date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the statement of financial position date which are presented as non current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the statement of financial position.

(iii) Financial assets, held-to-maturity

Financial assets, held-to-maturity, are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the statement of financial position date which are presented as current assets.

ROYAL VENTURE PTE LTD
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31ST DECEMBER 2010, 2011 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Assets (continued)

(iv) Financial assets, available-for-sale

Financial assets, available-for-sale, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose off the assets within 12 months after the statement of financial position date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognized in the income statement. Any amount in the fair value reserve relating to that asset is transferred to the income statement. Trade receivables that are factored out to banks and other financial institutions with recourse to the Company are not derecognized until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Initial measurement

Financial assets are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognized at fair value. Transaction costs for financial assets at fair value through statement of comprehensive income are recognized immediately in statement of comprehensive income account.

(d) Subsequent measurement

Financial assets, both available-for-sale and at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and financial assets, held-to-maturity are subsequently carried at amortised cost using the effective interest method. Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognized in statement of comprehensive income account when the changes arise. Interest and dividend income on financial assets, available-for-sale are recognized separately in statement of

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Assets (continued)

(d) Subsequent measurement (continued)

comprehensive income account. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognized in statement of comprehensive income account and the other changes are recognized in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognized in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables / financial assets, held to maturity

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired. The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized against the same line item in the income statement. The allowance for impairment loss account is reduced through the income statement in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognized in prior periods.

(ii) Financial assets, available-for-sale

Significant or prolonged declines in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired. The cumulative loss that was recognized

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Assets (continued)

(e) Impairment (continued)

(ii) Financial assets, available-for-sale (continued)

in the fair value reserve is transferred to statement of comprehensive income account. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognized in statement of comprehensive income account on debt securities. The impairment losses recognized in statement of comprehensive income account on equity securities are not reversed through statement of comprehensive income account.

(e) Financial Liabilities

Financial liabilities include trade payables, other amounts payable and interest-bearing loans. Financial liabilities are recognized on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognized at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognized in statement of comprehensive income account when the liabilities are derecognized as well as through the amortization process. The liabilities are derecognized when the obligation under the liability is discharged or cancelled or expired.

(f) Revenue Recognition

Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognized when goods are delivered at the customers' premises, which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership.

(g) Functional and Foreign Currencies

Functional currency

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Functional and Foreign Currencies (continued)

relevant to the Company. The financial statements are presented in United States dollars, which is the functional currency of the Company.

Foreign currencies

Transactions in foreign currencies are translated into the functional currency using the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into the functional currency at the rates ruling at the date. All exchange differences are taken to statement of comprehensive income account.

(h) Income Tax

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. A deferred income tax liability is recognized on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the statement of financial position date, to recover or settle

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Income Tax (continued)

the carrying amounts of its assets and liabilities Current and deferred income taxes are recognized as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognized directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(i) Cash and Cash Equivalents

Cash and cash equivalents comprise bank balances with financial institutions.

(j) Provisions

Provisions for warranty, restructuring costs and legal claims are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

(k) Related Parties

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

(l) Trade and Other Receivables

Trade receivables and other receivables are classified and accounted for as loans and receivables under *IFRS 39 Financial Instruments: Recognition and Measurement (IFRS 39)*. They are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is recognized in statement of comprehensive income account.

(m) Employee Benefits

Mandatory contributions to defined contribution retirement benefit plans (the "CPF Scheme") are recognized as an expense in the statement of comprehensive income account as they fall due. Employee entitlements to annual leave are

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Employee Benefits (continued)

recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date. No provision for the estimated liability for annual leave was made during current financial year, as the amount was not material.

(n) Leases

Finance leases

Leases of assets in which the Company assumes substantially the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired through finance leases are capitalized at the inception of the lease at the lower of its fair value and the present value of the minimum lease payments. Subsequent to the initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payment are apportioned between the finance charges and reducing of the lease liability so as to achieve rate if interest on the remaining balance of the liability. Finance charges are charged to statement of comprehensive income account.

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to statement of comprehensive income account on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

(o) Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized in statement of comprehensive income account if the carrying value of an asset or its cash generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

(q) Borrowings

Borrowings are initially recognized at fair valc (net of transaction costs) and subsequently carried at amortized cost. Any difference between the proceeds (net transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer for at least 12 months after the statement of financial position date.

3. SHARE CAPITAL

	2012	2011	2010
	US$	US$	US$
Issued and fully paid			
5,050,001 Ordinary Shares	**3,659,420**	**3,659,420**	**3,659,420**

The Company has only one class of shares and the holders of these ordinary shares are entitled to receive dividends as and when declared by the Company. All shares rank equally with regard to the Company's residual assets. Ordinary shares have no par value. The Company is not exposed to any externally imposed capital requirements and there are no restrictions to issue shares.

4. CASH AND CASH EQUIVALENTS

	2012	2011	2010
	US$	US$	US$
Cash in Hand	-	-	
Cash at Banks	23,439	78,814	22,430
Cash and cash equivalents in statement of cash flows	**23,439**	**78,814**	**22,430**

4. CASH AND CASH EQUIVALENTS (CONT'D)

The cash and cash equivalents are denominated in following currencies:

	2012 US$	2011 US$	2010 US$
Currencies			
Singapore Dollars	2,521	10,532	9,269
United States Dollars	20,918	68,282	13,161
	23,439	**78,814**	**22,430**

5. FIXED DEPOSIT - BANK

	2012 US$	2011 US$	2010 US$
Fixed Deposit – IOB	561,578	555,858	551,729
Fixed Deposit – BOI	2,426,041	2,435,722	2,082,683
	2,987,619	**2,991,580**	**2,634,412**

The above fixed deposits are pledged to banks as security against various credit facilities granted by the banks (Note 11). The fixed deposits are denominated in US dollars. The interest rate on fixed deposit is 0.75% to 1.75% p.a.

6. TRADE AND OTHER RECEIVABLES

	Note	2012 US$	2011 US$	2010 US$
Trade debtors	7	17,645,304	10,139,615	11,675,774
Other Receivables	8	634,987	195,952	819,025
		18,280,291	**10,335,567**	**12,494,799**

The trade and other debtors approximate its fair value as on the statement of financial position date.

The trade and other debtors are denominated in the following currencies:

	2012 US$	2011 US$	2010 US$
Currencies			
United States Dollars	18,279,662	10,334,990	11675,774
Singapore Dollars	629	577	819,025
	18,280,291	**10,335,567**	**12,494,799**

7. TRADE DEBTORS

	2012 US$	2011 US$	2010 US$
Trade debtors	17,645,304	10,139,615	11,675,774
Less:- Provision for doubtful debts	-	-	-
Current year provision	-	-	-
Provision written back during the financial year	-	-	-
Balance at 31st December	-	-	-
	17,645,304	**10,139,615**	**11,675,774**

The approximate credit period of trade receivables is 30-90 days.

8. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	2012 US$	2011 US$	2010 US$
Amount due from shareholders - Non Trade	634,358	195,375	-
Amount due from Outside parties - Non Trade	-	-	818,509
Deposits	629	577	516
	634,987	**195,952**	**819,025**

The amounts due from shareholders are interest free, repayable upon demand; it is denominated in United States Dollars.

9. INVESTMENT - AVAILABLE FOR SALE (QUOTED)

	2012 US$	2011 US$	2010 US$
Investment (Available for Sales)			
Quoted equity shares – At cost	1,149,015	1,149,015	1,149,015
Add : Fair value gain	657,655	1,855,448	3,256,447
	1,806,670	**3,004,463**	**4,405,462**

As per the applicable IFRS, AFS Investments are marked to market as on the statement of financial position date with respect to price and prevailing exchange rate. The investments in AFS (quoted) are denominated in Indian rupees. The approximate fair value of the above Investment AFS (quoted) as at the current date is estimated to be US$974,820/-.

10. TRADE AND OTHER PAYABLES

	2012	2011	2010
	US$	US$	US$
Trade creditors	8,830,928	701,383	4,554,356
Other Payables:			
Amount due to Related Parties	-	741,000	-
Amount due to Non-related Parties	-	100,000	-
Accruals	5,273	3,453	5,275
	8,836,201	**1,545,836**	**4,559,631**

The trade and other payables approximate its fair value as on the statement of financial position date.

The trade and other payables are denominated in the following currencies; credit period is 30-90 days.

Currencies	2012 US$	2011 US$	2010 US$
United States Dollars	8,830,928	1,542,383	4,554,356
Singapore Dollars	5,273	3,453	5,275
	8,836,201	**1,545,836**	**4,559,631**

11. BORROWINGS

	2012	2011	2010
	US$	US$	US$
Bills / TR payables – IOB	2,350,000	2,000,000	2,000,000
Bills / TR payables – BOI	6,000,000	6,000,000	5,000,000
	8,350,000	**8,000,000**	**7,000,000**

The average interest rate on Bills / TR payable range from SIBOR / LIBOR + 2.00% p.a to 5% p.a. The average maturity period of bills / TR is 90 days.

Borrowing are secured by fixed deposit held under bank's lien (refer Note 5) and personal guarantee of Director Mr. Ashishkumar Chhajed and Mr. Chordiya Vijay Kantilal and Corporate guarantees of the Holding Companies – M/s Skywest International Limited, BVI and M/s Riverlink Enterprises Limited, BVI. Borrowings are denominated in United States Dollars.

12. REVENUE

Revenue represents the invoiced value of goods and services rendered net of discount and are recognized at the point of invoicing when the risk & rewards of the ownership of goods are shifted to the buyer.

13. COST OF SALES

The cost of sales comprises of following:

	2012 US$	2011 US$	2010 US$
Cost of Sales			
Purchases/ CIF	60,978,828	52,528,877	41,569,220
	60,978,828	**52,528,877**	**41,569,220**

14. OTHER INCOME

	2012 US$	2011 US$	2010 US$
Dividend Income	15,052	46,459	-
Exchange gain	-	-	1,287
Interest – Fixed Deposit	32,539	31,866	46,156
Other income	-	-	3,859
	47,591	78,325	51,302

15. INCOME FROM CONTINUING OPERATIONS

	2012 US$	2011 US$	2010 US$
Income from operations is arrived after charging:-			
Auditor's remuneration	3,004	2,058	1,682
Telephone, fax & internet	9,279	7,711	5,967
Rent – Guest House	27,991	31,317	28,365
Finance Costs :			
Bank charges	53,078	34,258	33,575
Bank Interest	102	-	-
Interest on Trust receipts	416,118	374,640	296,765
Commission on Trust receipts	7,094	-	-
	476,392	408,898	330,340

16. STAFF COSTS

	2012 US$	2011 US$	2010 US$
Staff salaries and bonus	72,288	47,721	42,587
Contributions to defined contribution plans	-	-	-
	72,288	47,721	42,587

16. STAFF COSTS (CONT'D)

Directors' remuneration (key management personnel compensation) recognized within staff costs is as follows: -

	2012	2011	2010
	US$	US$	US$
Salaries and bonuses and fees	72,288	47,721	42,587
Contributions to defined - -contribution plans	-	-	-
	72,288	47,721	42,587

17. DEFERRED TAXATION

	2012	2011	2010
	US$	US$	US$
Balance at 1st January	-	-	-
Current year provision	-	-	-
Overprovision of deferred tax	-	-	-
Balance at 31st December	-	-	-

18. TAXATION

	2012	2011	2010
	US$	US$	US$
Based on profit for the financial year			
Balance at 31st December	25,593	15,448	48,093
Current taxation	17,030	23,810	15,448
Previous year (over) / under provision	(6,597)	-	6,466
Tax paid during the year	(18,996)	(13,665)	(54,559)
	17,030	25,593	15,448

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable rate is as follows:-

	2012	2011	2010
	US$	US$	US$
Comprehensive income before taxation	264,019	281,780	185,421
Tax at applicable tax rate of 17%	44,883	47,903	31,521
Tax effect of expenses that are not deductible in determining taxable profit	262	371	-
Tax exemptions and rebates	(28,115)	(24,464)	(16,073)
Prior year's (over) / under provision	(6,597)		-
Tax effect on loss & capital Allowances	-	-	-
Tax expense charged to P&L A/c	10,433	23,810	15,448

19. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, there were the following significant transactions with related parties: -

	2012 US$	2011 US$	2010 US$
Trade receivables	-	-	-
Trade payables	-	-	-
Non-trade receivables	634,358	195,375	818,509
Non-trade payables	-	741,000	-
Sales	-	-	-
Purchase	-	-	-
Key Management Personnel Compensation	72,288	47,721	42,587

20. FINANCIAL INSTRUMENTS AND FAIR VALUES

(a) Financial risk management objectives and policies

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risk occurring and the cost of managing the risks. The management continuously monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

(b) Credit risk

Financial asset that are potentially subject to concentration of credit risk and failures by counterparties to discharge their obligation consist principally of cash, cash equivalents and trade and other accounts receivable. Credit risk on cash balances and derivative financial instruments is limited because the counter parties are banks with high credit ratings. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. As part of the process of setting customer credit limits, different external credit reference are used, according to the country of the customer.

The average credit period generally granted to non-related party trade receivable customers is about 30-90 days. The table below illustrates the financial assets aging analysis:

20. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONT'D)

(b) Credit risk (continued)

	2012 US$	2011 US$	2010 US$
Trade receivables			
30 to 90 days	17,645,304	10,139,615	11,675,774
Above 90 days	-	-	-
	17,645,304	**10,139,615**	**11,675,774**

Concentration of non-related party trade receivable customers.

The Company's top three customer's sales during the year are as follows:

	2012 US$	2011 US$	2010 US$
Top Customer 1	61,798,535	53,243,533	42,126,686
Top Customer 2	-	-	-
Top Customer 3	-	-	-

(c) Interest rate risk

The interest rate risk exposure is mainly on financial liabilities and financial assets. These financial instruments are both at fixed rate and floating rates. The following table analyses the breakdown of the financial assets and liabilities (excluding derivatives) by the type of interest rate:

	2012 US$	2011 US$	2010 US$
Financial assets:			
Fixed Rate	-	-	-
Floating Rate	2,987,619	2,991,580	2,634,412
	2,987,619	**2,991,580**	**2,634,412**
Financial Liabilities:			
Fixed Rate	-	-	-
Floating Rate	8,350,000	8,000,000	7,000,000
	8,350,000	**8,000,000**	**7,000,000**

Variable interest rate SIBOR/LIBOR + 1.75% to 5% p.a .

20. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONT'D)

(c) Interest rate risk (continued)

Interest rate sensitivity

The sensitivity is estimated that an increase of 100 basis point in interest rate at the reporting date would lead to an increase/reduction in the profit before tax by approximately:

Increase of 100 basis point	**2012**	**2011**	**2010**
Financial assets:	Impact US$	Impact US$	Impact US$
Profit or (Loss)	29,876	29,916	26,344
Other equity	-	-	-
	29,876	**29,916**	**26,344**

	2012	**2011**	**2010**
Financial liability:	Impact US$	Impact US$	Impact US$
Profit or (Loss)	(83,500)	(80,000)	(70,000)
Other equity	-	-	-
	(83,500)	**(80,000)**	**(70,000)**

A decrease in the basis point in the interest rate would have an equal but opposite effect which is.

Decrease of 100 basis point	**2012**	**2011**	**2010**
Financial assets:	Impact US$	Impact US$	Impact US$
Profit or (Loss)	(29,876)	(29,916)	(26,344)
Other equity		-	-
	(29,876)	**(29,916)**	(26,344)

	2012	**2011**	**2010**
Financial liability:	Impact US$	Impact US$	Impact US$
Profit or (Loss)	83,500	80,000	70,000
Other equity	-	-	-
	83,500	**80,000**	**70,000**

20. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONT'D)

(d) Foreign currency risk

The Company has limited exposure to foreign currency risk as part of its normal business. The functional currency of the Company is in United States Dollars. As such the Company's sales and purchase transacted in United States Dollars are hedged naturally.

Analysis of amount denominated in non-functional currency:

Financial assets:	Cash and Cash Equivalent US$	Trade Receivables US$	Trade and Other Receivables US$	Total US$
Singapore Dollars	2,521	1,806,670	629	1,809,820
	2,521	1,806,670	629	1,809,820

Financial Liabilities:	Borrowings US$	Trade Payables US$	Other payables US$	Total US$
Singapore Dollars	-	-	5,273	5,273
	-	-	5,273	5,273

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Company. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where they gave rise to an impact on the Company's profit or loss and/ or equity.

If the relevant foreign currency strengthens by 10% against the functional currency of the Company, profit or loss and other equity will increase/ (decrease) by:

20. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONT'D)

(d) Foreign currency risk (continued)

Foreign currency sensitivity (continued)

Financial assets:	2012 Impact US$	2011 Impact US$	2010 Impact US$
Profit or (Loss)	180,982	301,557	523,375
Other equity	-	-	-
	180,982	301,557	523,375

Financial liability:	2012 Impact US$	2011 Impact US$	2010 Impact US$
Profit or (Loss)	(527)	(345)	(528)
Other equity	-	-	-
	(527)	(345)	(528)

If the relevant foreign currency weakens by 10% against the functional currency of the Company, profit or loss and other equity will increase/ (decrease) by:

Financial assets:	2012 Impact US$	2011 Impact US$	2012 Impact US$
Profit or (Loss)	(180,982)	(301,557)	(523,375)
Other equity	-	-	-
	(180,982)	(301,557)	(523,375)

Financial liability:	2012 Impact US$	2011 Impact US$	2012 Impact US$
Profit or (Loss)	527	345	528
Other equity	-	-	-
	527	345	528

20. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONT'D)

(e) Liquidity risk

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities.

The following table analyses financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

2012	**Borrowings US$**	**Trade Payables US$**	**Other Payables US$**	**Total US$**
Maturity Less than 1 year	7,000,000	4,554,356	-	11,554,356
Maturity 2 to 5 years	-	-	-	-
	7,000,000	**4,554,356**	**-**	**11,554,356**
Variable interest rate	SIBOR/LIBOR + 1.75% p.a to 5% p.a	Nil/-	Nil/-	

2011	**Borrowings US$**	**Trade Payables US$**	**Other Payables US$**	**Total US$**
Maturity Less than 1 year	8,400,000	701,383	844,453	9,945,836
Maturity 2 to 5 years	-	-	-	-
	8,400,000	**701,383**	**844,453**	**9,945,836**
Variable interest rate	SIBOR/LIBOR + 2.00% p.a to 5% p.a	Nil/-	Nil/-	

2010	**Borrowings US$**	**Trade Payables US$**	**Other Payables US$**	**Total US$**
Maturity Less than 1 year	8,350,000	8,830,928	5,273	17,186,201
Maturity 2 to 5 years	-	-	-	-
	8,350,000	**8,830,928**	**5,273**	**17,186,201**
Variable interest rate	SIBOR/LIBOR + 2.00% p.a to 5% p.a	Nil/-	Nil/-	

It is expected that all the liabilities will be paid at their contractual maturity. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

20. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONT'D)

(e) Liquidity risk (cont'd)

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents, deemed adequate by management to finance Company's operations and mitigate the effect of fluctuation in cash flows.

(f) Capital risk

The Company objective when managing capital is to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on the gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	2012 US$	2011 US$	2010 US$
Net debt	14,175,143	6,475,442	8,902,789
Total equity	5,894,788	6,838,995	7,982,024
Total capital	**20,069,931**	**13,314,437**	**16,884,813**
Gearing ratio	**71%**	**49%**	**52%**

The Borrowers Leverage Ratio is calculated as total liability of the Company divided by tangible net worth of the Company.

	2012 US$	2011 US$	2010 US$
Total Liability	17,203,231	9,571,429	11,575,079
Tangible net worth	5,894,788	6,838,995	7,982,024
Borrower's Leverage Ratio	**2.92 times**	**1.40 times**	**1.45 times**

20. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONT'D)

(g) Estimation of fair values

The following table presents the Company's assets and liabilities that are measured at fair value at 31st December 2010, 31st December 2011 and 31st December 2012.

2010	Level 1	Level 2	Level 3	Total
Financial Assets at fair value				
Investment –Available for sale	4,405,462	-	-	4,405,462
Total Assets	**4,405,462**	-	-	**4,405,462**
Financial Liabilities at fair value	-	-	-	-
Total Liabilities	-	-	-	-

2011	Level 1	Level 2	Level 3	Total
Financial Assets at fair value				
Investment –Available for sale	3,004,463	-	-	3,004,463
Total Assets	**3,004,463**	-	-	**3,004,463**
Financial Liabilities at fair value	-	-	-	-
Total Liabilities	-	-	-	-

2012	Level 1	Level 2	Level 3	Total
Financial Assets at fair value				
Investment –Available for sale	1,806,670	-	-	1,806,670
Total Assets	**1,806,670**	-	-	**1,806,670**
Financial Liabilities at fair value	-	-	-	-
Total Liabilities	-	-	-	-

20. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONT'D)

(g) Estimation of fair values

- **Investment in equity and debt securities**

  The fair value of financial assets and fair value through statement of comprehensive income, held-to maturity investments and available for sale financial assets is determined by reference to their quoted bid prices at the reporting date. The fair value of held-to maturity investments is determined for disclosure purposes only.

- **Non-derivatives financial liabilities**

  Fair value which is determined for disclosure purpose, is calculated based on the present value of future principal and interest cash flows discounted at the market rate of interest at the reporting date. For finance lease, the market rate of interest is determined by reference to similar lease agreement.

- **Other financial assets and liabilities**

  The notional amounts of financial assets and liabilities with a maturity of less than one year including trade and other receivables, cash and cash equivalents, trade and other payables are assumed to approximate their fair value because of the short period to maturity. All the financial assets and liabilities are discounted to determine their fair value.

21. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgment as to whether there is observable data indicating that there has been a significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

21. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

(a) Critical accounting estimates and assumptions

Impairment of loans and receivables

Where there is objective evidence of impairment, management makes judgments as to whether an impairment loss should be recorded as an expenses. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have known significant risks of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are none, other than the above stated.

(b) Critical judgments in applying the entity's accounting policies

The Company makes critical judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The critical judgments that have known significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are none.

22. SUBSEQUENT EVENTS

On 27th March 2013, the Company acquired 100% shareholdings in the following companies incorporated in the Republic of Singapore at valuation equal to fair value of shareholders funds as on 31st December 2012 :

Company Name	No.of ordinary shares acquired	Value of acquisition
Fortune Top Investments Pte Ltd.	500,000	US$ 818,715
Maxiwin International Pte Ltd.	1,400,000	US$ 1,431,818
Beaufort Overseas Trading Pte Ltd.	100,000	US$ 460,324

22. SUBSEQUENT EVENTS (CONT'D)

On 20th June 2013 Riverlink Enterprises Ltd (BVI) and Skywest International Ltd (BVI) Transferred 100% of its shares in Royal Venture Pte Ltd to Goldlink United Ltd (BVI). As on the date of issuance of this special purpose financial statements the immediate and ultimate holding company of the Company is Goldlink United Ltd (BVI).

23. AUTHORISATION OF THE FINANCIAL STATEMENTS

The above special purpose financial statements for the year ended 31st December 2010, 2011 and 2012 were authorised by the Board of Directors by a resolution passed on 2nd August 2013.

ROYAL VENTURE PTE LTD
(Incorporated in Singapore)

DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010, 2011 & 2012

	2012		2011		2010	
	US$	US$	US$	US$	US$	US$
REVENUE						
Sales		61,798,535		53,243,533		42,126,686
COSTS						
Cost of Revenue		(60,978,828)		(52,528,877)		(41,569,220)
Gross Profit		819,707		714,656		557,466
Add: Other Income						
Crew Engagement Cost	-					
Crew Social Allowance	-					
Discount Received	-					
Miscellaneous Income	47,591		78,325		50,015	
Exchange gain	-				1,287	
MBMF Contribution	-					
Other Receipts	-	47,591		78,325		51,302
Total Income		867,298		792,981		608,768
Less : Administrative expenses						
Accounting Charges	2,137		2,073		1,474	
Auditors' Remuneration	3,004		2,058		1,682	
Entertainment	-		231		-	
Fines & Penalties	-		57		-	
Director Remuneration	72,288		47,721		42,587	
Exchange Loss	1,540		2,124		-	
Guest House Accomodation	27,991		31,317		28,365	
Office Rental	7,391		7,183		6,611	
Power Supply	967		995		1,428	
Printing & Stationery	117		51		21	
Professional Charges	1,380		437		4,196	
Staff Refreshment	-		-		40	
Subscription & Periodicals	794		345		636	
Telecoms	9,279	(126,887)	7,711	(102,303)	5,967	(93,006)
Less: Finance costs						
Bank charges	53,078		34,258		33,575	
Bank interest	102		-		-	
Interest on trust receipts	416,118		374,641		296,765	
Commission on trust receipts	7,094	(476,392)	-	(408,899)	-	(330,340)
Income before taxation		264,019		281,779		185,422
Taxation	10,433		23,810		15,448	
Deferred Tax	-	(10,433)	-	(23,810)	-	(15,448)
Income after taxation		253,586		257,969		169,974
Other comprehensive income		-		-		-
Total comprehensive income		**253,586**		**257,969**		**169,974**

(This schedule does not form part of the audited financial statements)

CLIENT'S COPY

MAXIWIN INTERNATIONAL PTE LTD

(ACRA REGISTRATION NO. 200518060C)
(Incorporated in Singapore)

AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED ON 31ST DECEMBER 2010, 2011 AND 2012

MAXIWIN INTERNATIONAL PTE LTD
(Incorporated in Singapore)

CORPORATE INFORMATION
(at date of this report)

Member	:	RIVERLINK ENTERPRISES LIMITED - BVI
Directors	:	Ashishkumar Chhajed Kalyanasundaram Maran
Secretary	:	Kalyanasundaram Maran
Registered Office	:	20 Maxwell Road 08-01N Maxwell House Singapore 068113
Place of business	:	20 Maxwell Road 08-01N Maxwell House Singapore 068113

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MAXIWIN INTERNATIONAL PTE LTD

(Incorporated in Singapore)

REPORT OF THE DIRECTORS

The directors' submit their report to the member together with the audited financial statements of the Company for the years end 31 December 2010, 2011 and 2012.

1. DIRECTORS OF THE COMPANY

The directors of the Company in office at the date of this report are:-

ASHISHKUMAR CHHAJED (APPOINTED ON 6TH MAY 2010)
KALYANASUNDARAM MARAN
CHORDIYA VIJAY KANTILAL (RESIGNED ON 29TH JUNE 2011)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits through the acquisition of shares and debentures of the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the Register of Directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50, the directors of the Company holding office at the end of the financial year had an interest in the shares of the Company and related corporation as

	Holding in the name of the director, spouse of infant children			
Shares registered in name of	**As at 01/01/2010 S$**	**As at 31/12/2010 S$**	**As at 31/12/2011 S$**	**As at 31/12/2012 S$**
Ashishkumar Chhajed	-	-		
Kalayanasundaram Maran	1	1		
Chordiya Vijay Kantilal	1,399,999	1,399,999		
Holding Company				
Riverlink Enterprises Limited - BVI	-	-	1,400,000	1,400,000
Ashishkumar Chhajed	-	-	-	-
Kalyanasundaram Maran	-	-	-	-

The above directors are having an interest in the Company "Riverlink Enterprises Limited", a Company incorporated in British Virgin Islands. The immediate & ultimate holding Company of the Company is "Riverlink Enterprises Limited", a Company incorporated in British Virgin Islands.

REPORT OF THE DIRECTORS
(continued)

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

Except as disclosed in this report, no director who held office at the end of financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year. As on the date of issuance of this special purpose financial statements the immediate holding Company is Royal Venture Pte Ltd and ultimate holding company of the Company is Goldlink United Ltd (BVI).

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

4. SHARE OPTIONS

During the financial year, no option to take up unissued shares of the Company was granted, no shares of the Company were issued by virtue of the exercise of an option to take up unissued shares and there were no unissued shares under option.

5. AUDITORS

Stamford Associates LLP, Public Accountants and Chartered Accountants, Singapore, have expressed their willingness to accept re-appointment.

On behalf of the Board,

....	K·Maran ....
Ashishkumar Chhajed	**Kalyanasundaram Maran**
Director	**Director**

SINGAPORE
Dated: 2nd August 2013

MAXIWIN INTERNATIONAL PTE LTD

(Incorporated in Singapore)

STATEMENT BY THE DIRECTORS

In the opinion of the directors of **MAXIWIN INTERNATIONAL PTE LTD.**

(a) the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes thereto set out on pages 5 - 33 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st December 2010, 2011 and 2012 and of the results of the business, changes in the equity and cash flows of the Company for the financial year ended 31st December 2010, 2011 and 2012; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board

....	K. Maran ....
Ashishkumar Chhajed	**Kalyanasundaram Maran**
Director	**Director**

SINGAPORE
Dated: 2nd August 2013

STAMFORD ASSOCIATES LLP
Certified Public Accountants
(UEN No: T07LL0683E)

INDEPENDENT AUDITOR'S REPORT
TO: THE MEMBERS OF MAXIWIN INTERNATIONAL PTE LTD
(Incorporated in the Republic of Singapore)
(REGISTRATION NO. 200518060C)

Report on the Financial Statements

We have audited the accompanying Financial Statements of the Company, which comprise the Statement of Financial Position as at 31st December 2010, 2011 and 2012 and the Statement of Comprehensive income, Statement of changes in equity and Cash flow statement for the years then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 33.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the provisions of the International Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair Statement of Comprehensive income accounts and Statement of Financial Positions and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

Scope of the audit of the Financial Statements

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 judgment, 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 relevant to the entity's preparation and fair presentation of the Financial Statements 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 made by management, as well as evaluating the overall 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.

Opinion

In our opinion:-

the Financial Statements are properly drawn up in accordance with the International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31st December 2010, 2011 and 2012 and the results, changes in Equity and Cash flows of the Company for the financial years ended on that date;

Restriction of use

These Financial Statements were prepared solely for inclusion with a prospectus to be established in connection with the offering of shares and listing of those shares noted in the prospectus on the SIX Swiss Exchange. The Financial Statements and related auditor's report may not be suitable for another purpose.

STAMFORD ASSOCIATES LLP
Public Accountants and CPA
Chartered Accountants, Singapore

SINGAPORE
DATE: 2nd August 2013

7500A Beach Road #08-313 The Plaza Singapore 199591 Tel : (65) 6298 2241 Fax : (65) 6298 1213
www.stamfordllp.com

MAXIWIN INTERNATIONAL PTE LTD

(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2010, 2011 AND 2012

	Note	2012 US$	2011 US$	2010 US$
CAPITAL & RESERVES				
Share Capital	3	1,014,495	1,014,495	1,014,495
Accumulated profit		417,323	352,855	207,287
TOTAL EQUITY		**1,431,818**	**1,367,350**	**1,221,782**
CURRENT ASSETS				
Trade & other receivables	4	10,982,436	6,939,111	4,482,944
Cash & cash equivalents	5	1,726	7,123	1,745
		10,984,162	6,946,234	4,484,689
CURRENT LIABILITIES				
Trade & other payables	6	(9,548,561)	(5,564,685)	(3,258,060)
Provision for income tax	12	(3,783)	(14,199)	(4,847)
		(9,552,344)	(5,578,884)	(3,262,907)
NET CURRENT ASSETS		**1,431,818**	**1,367,350**	**1,221,782**
NON CURRENT LIABILITIES				
Deferred taxation	11	-	-	-
NET ASSETS		**1,431,818**	**1,367,350**	**1,221,782**

The annexed notes form an integral part of these financial statements.

MAXIWIN INTERNATIONAL PTE LTD
(Incorporated in Singapore)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEARS ENDED ON 31ST DECEMBER 2010, 2011 AND 2012

	Note	2012 US$	2011 US$	2010 US$
Sales	7	17,848,304	25,281,290	10,981,794
Cost of Sales	8	(17,636,709)	(25,112,548)	(10,914,600)
Gross Profit		211,595	168,742	67,194
Other Income		-	-	262
Administrative Expenses		(7,445)	(9,530)	(6,566)
Profit from operations	9	204,150	159,212	60,890
Finance costs	9 a	(136,705)	-	-
Profit before taxation		67,445	159,212	60,890
Deferred taxation	11	-	-	-
Taxation	12	(2,977)	(13,206)	(4,847)
Profit from continuing operations		64,468	146,006	56,043
Profit from discontinued operations		-	-	-
Total Income		64,468	146,006	56,043
Other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		**64,468**	**146,006**	**56,043**

The annexed notes form an integral part of these financial statements.

MAXIWIN INTERNATIONAL PTE LTD
(Incorporated in Singapore)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED ON
31ST DECEMBER 2010, 2011 AND 2012

	Share Capital	Retained earnings	Total
	US$	US$	US$
Balance as at 31 December 2009	1,014,495	148,254	1,162,749
Prior year adjustments :			
Over provision of Income Tax	-	2,990	2,990
Total comprehensive income for the year	-	56,043	56,043
Balance as at 31 December 2010	1,014,495	207,287	1,221,782
Prior year adjustments :			
(Under) provision of Income Tax	-	(438)	(438)
Total comprehensive income for the year	-	146,006	146,006
Balance as at 31 December 2011	1,014,495	352,855	1,367,350
Total comprehensive income for the year	-	64,468	64,468
Balance as at 31 December 2012	**1,014,495**	**417,323**	**1,431,818**

The annexed notes form an integral part of these financial statements.

MAXIWIN INTERNATIONAL PTE LTD
(Incorporated in Singapore)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED ON 31ST DECEMBER 2010, 2011 AND 2012

	Note	2012 US$	2011 US$	2010 US$
Cash flows from opeating activities				
Profit for the year before income tax		67,445	159,212	60,890
Adjustments:				
Interest on loan		136,705	-	-
Operating Profit before changes in working capital		204,150	159,212	60,890
Changes in working capital:-				
Trade & other receivables	4	(4,043,325)	(2,456,167)	2,124,128
Trade & other payables	6	3,983,876	2,306,625	(2,182,693)
		(59,449)	(149,542)	(58,565)
Cash generated from operations		144,701	9,670	2,325
Income tax paid	12	(13,393)	(4,292)	(6,596)
Net Cash Flow from Operating activities		131,308	5,378	(4,271)
Cash flow from Investing activities		-	-	-
Cash flow from financing activities		-	-	-
Interest on loan	6	(136,705)	-	-
Cash (used in) financing activities		(136,705)	-	-
Net (decrease) / increase in cash and cash equivalents		(5,397)	5,378	(4,271)
Cash and cash equivalent at beginning of the financial year		7,123	1,745	6,016
Cash and cash equivalents at end of the financial year		**1,726**	**7,123**	**1,745**

The annexed notes form an integral part of these financial statements.

1. DOMICILE AND PRINCIPAL ACTIVITIES

MAXIWIN INTERNATIONAL PTE LTD. (Reg.No.200518060C) is a Company incorporated in Singapore with its registered office at 20 Maxwell Road, #08-01N Maxwell House Singapore 068113. The principal activities of the Company are to carry on the business of general wholesale trade (including importers & exporters) investment & investment holding Company. There have been no significant changes in the nature of these activities during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below. The preparation of financial statements in conformity with IFRS requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The area involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in accounting policies and notes.

(b) (i) Adoption of new IFRS and INT IFRS

On 1st January 2010, the Company adopted the new or amended IFRS and Interpretations to IFRS ("INT IFRS") that are mandatory for application from that date. Changes to the Company accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and INT IFRS.

The adoption of these new or amended IFRS and INT IFRS did not result in substantial changes to the Company accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the early adoption of the amendments to IFRS 12, of which the effects are disclosed below:

The Company has early adopted the amendment to IFRS 12 Deferred Tax: Recovery of Underlying Assets on 1st January 2010. The amended IFRS 12 has introduced a presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1st January 2011 with early adoption permitted.

Previously, the Company accounted for deferred tax on fair value gains on investment property on the basis that the asset would be recovered through use. Upon adoption of the amendment, such deferred tax is measured on the basis of recovery through sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) (i) Adoption of new FRS and INT FRS (continued)

Statement of Financial Position

	31/12/2012	Increase / (decrease) 31/12/2011	1/1/2010
	US$	US$	US$
Deferred income tax liabilities	-	-	-
Retained profits	-	-	-

Statement of Comprehensive Income

	Increase / (decrease) 31/12/2012	31/12/2010
	US$	US$
Income tax expense	-	-
Profit attributable to :		
Equity holders of the Company	-	-

The adoption of amended IFRS 12 does not have any material impact on the basic and fully diluted EPS of the Company.

The Company has also adopted the amendments to IFRS 1 Presentation of Items of Other Comprehensive Income on 1st January 2012. The amendment is applicable retrospectively to annual periods beginning on or after 1st July 2012 with early adoption permitted. It requires items presented in other comprehensive income ("OCI") to be separated into two groups, based on whether or not they may be recycled to profit or loss in the future.

An additional Statement of Financial Position and related notes at the beginning of the earliest comparative period is not presented as there is no impact on the Statement of Financial Position.

(ii) New or Revised accounting standards and interpretation effective for annual periods beginning on or after 1st January 2013

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the Group's accounting periods beginning on or after 1st January 2012 or later periods and which the Group has not early adopted:

-IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on or after 1st January 2014).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) (ii) New or Revised accounting standards and interpretation effective for annual periods beginning on or after 1st January 2013 (continued)

IFRS 10 replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess. The Company and the Group has yet to assess the full impact of IFRS 10 and intends to apply the standard from 1st January 2014.

-IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1st January 2014)

IFRS 11 introduces a number of changes. The "types" of joint arrangements have been reduced to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated and equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations currently.

The Company has yet to assess the full impact of IFRS 11 and intends to adopt the standard from 1st January 2014.

-IFRS 12 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1st January 2014)

-IFRS 12 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities. The Company and the Group has yet to assess the full impact of IFRS 12 and intends to adopt the standard from 1st January 2014.

-IFRS 13 Fair Value Measurement (effective for annual periods beginning on or after 1st January 2013)

-IFRS 13 provides consistent guidance across IFRSs on how fair value should be determined and which disclosures should be made in the financial statements. The Company and the Group has yet to assess the full impact of FRS13 and intends to adopt the standard from 1st January 2013.

(c) Plant and equipment

(a) Measurement

(i) Plant and equipment

Plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Plant and equipment (continued)

(ii) Components of costs

The cost of an item of plant and equipment initially recognized includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition.

(b) Depreciation

Depreciation of plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives.

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognized in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure on plant and equipment that has already been recognized is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognized in profit or loss when incurred.

(d) Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within 'Other (losses)/gains – net'. Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

(d) Financial Assets

(a) Classification

(i) Financial assets, at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial Assets (continued)

(i) Financial assets, at fair value through profit or loss (continued)

Company's investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the statement of financial position date.

(ii) Loans and receivables (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the Statement of Financial Position date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the Statement of Financial Position.

(iii) Financial assets, held-to-maturity

Financial assets, held-to-maturity, are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the Statement of Financial Position date which are presented as current assets.

(iv) Financial assets, available-for-sale

Financial assets, available-for-sale, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the statement of comprehensive income. Any amount in the fair value reserve relating to that asset is transferred to statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial Assets (continued)

(b) Recognition and de-recognition (continued)

Trade receivables that are factored out to banks and other financial institutions with recourse to the Company are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit and loss are recognised immediately in statement of comprehensive income.

(d) Subsequent measurement

Financial assets, both available-for-sale and at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and financial assets, held-to-maturity are subsequently carried at amortised cost using the effective interest method. Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in statement of comprehensive income when the changes arise. Interest and dividend income on financial assets, available-for-sale are recognised separately in statement of comprehensive income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in statement of comprehensive income and the other changes are recognized in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables / financial assets, held to maturity

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired. The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial Assets (continued)

(i) Loans and receivables / financial assets, held to maturity (continued)

When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in statement of comprehensive income. The allowance for impairment loss account is reduced through statement of comprehensive income in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

(ii) Financial assets, available-for-sale

Significant or prolonged declines in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired. The cumulative loss that was recognised in the fair value reserve is transferred to statement of comprehensive income. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised in statement of comprehensive income on debt securities. The impairment losses recognised in statement of comprehensive income on equity securities are not reversed through statement of comprehensive income.

(e) Financial Liabilities

Financial liabilities include trade payables, other amounts payable and interest-bearing loans. Financial liabilities are recognised on the Statement of Financial Position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in statement of comprehensive income when the liabilities are derecognised as well as through the amortization process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

(f) Revenue Recognition

Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognized when goods are delivered at the customers' premises, which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Functional and Foreign Currencies

Functional currency

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company ("functional currency"). The financial statements are presented in United States dollars, which is the functional currency of the Company.

Foreign currencies

Transactions in foreign currencies are translated into the functional currency using the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated into the functional currency at the rates ruling at the date. All exchange differences are taken to statement of comprehensive income.

(h) Income Tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the statement of financial position date, to recover or settle the carrying amounts of its assets and liabilities Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Cash and Cash Equivalents

Cash and cash equivalents comprise bank balances with financial institutions.

(j) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, which is probable of resulting in a future outflow of economic benefits that can be measured reliably.

(k) Related Parties

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

(l) Trade and Other Receivables

Trade receivables and other receivables are classified and accounted for as loans and receivables under *IFRS 39 Financial Instruments: Recognition and Measurement (IFRS 39)*. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is recognised in statement of comprehensive income.

(m) Employee Benefits

Mandatory contributions to defined contribution retirement benefit plans (the "CPF Scheme") are recognized as an expense in the statement of comprehensive income as they fall due. Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date. No provision for the estimated liability for annual leave was made during current financial year, as the amount was not material.

(n) Leases

Finance leases

Leases of assets in which the Company assumes substantially the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired through finance leases are capitalized at the inception of the lease at the lower of its fair value and the present value of the minimum lease payments. Subsequent to the initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payment are apportioned between the finance charges and reducing of the lease liability so as to achieve rate if interest on the remaining balance of the liability. Finance charges are charged to statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Leases (continued)

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(o) Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

(p) Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised in statement of comprehensive income if the carrying value of an asset or its cash generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

3. SHARE CAPITAL

	2012 US$	2011 US$	2010 US$
Issued & fully paid			
1,400,000 Ordinary shares	1,014,495	1,014,495	1,014,495

The Company has only one class of shares and the holders of these ordinary shares are entitled to receive dividends as and when declared by the Company. All shares rank equally with regard to the Company's residual assets. Ordinary shares have no par value. The Company is not exposed to any externally imposed capital requirements and there are no restrictions to issue shares.

4. TRADE & OTHER RECEIVABLES

	Note	2012 US$	2011 US$	2010 US$
Trade receivables	4.(a)	8,684,936	3,960,611	505,517
Other receivables	4.(b)	2,297,500	2,978,500	3,977,427
		10,982,436	**6,939,111**	**4,482,944**

4.(a) Trade receivables

	2012 US$	2011 US$	2010 US$
Trade receivables	8,684,936	3,960,611	505,517
Less:			
Provision for doubtful debts	-	-	-
Current year provision	-	-	-
Provision written back during the year	-	-	-
Balance at 31 December	**8,684,936**	**3,960,611**	**505,517**

The trade receivable approximate its fair value. The credit period of trade receivables is from 30-180 days.

The Trade Debtors are denominated in following currencies.

Currencies	2012 US$	2011 US$	2010 US$
United States Dollars	8,684,936	3,960,611	505,517
Total	**8,684,936**	**3,960,611**	**505,517**

4. TRADE & OTHER RECEIVABLES (CONTINUED)

4.(b) Other receivables

	2012	2011	2010
	US$	US$	US$
Amount due from related parties	-	2,978,500	3,977,427
Loan given to related parties	2,297,500	-	-
	2,297,500	**2,978,500**	**3,977,427**

The amount due from related Company is converted to working capital loan given to a related party which is unsecured, bearing fixed interest at 3% per annum and the principal amount is repayable upon demand and the interest is payable within one year from the end of the present financial year. Other receivables are denominated in US Dollars.

5. CASH & CASH EQUVALENTS

	2012	2011	2010
	US$	US$	US$
Cash at Banks	1,726	7,123	1,745
	1,726	**7,123**	**1,745**

The cash & cash equivalents are denominated in following currencies.

Currencies	2012 US$	2011 US$	2010 US$
United States Dollars	1,065	6,840	1,108
Singapore Dollars	661	283	637
Total	**1,726**	**7,123**	**1,745**

6. TRADE & OTHER PAYABLES

	2012 US$	2011 US$	2010 US$
Trade payables	4,695,577	3,294,626	-
Other payables			
Other creditors	4,247,847	1,674,144	3,232,142
Amount due to related party	602,007	593,346	-
Accrued operating expenses	3,130	2,569	25,918
	4,852,984	2,270,059	3,258,060
	9,548,561	**5,564,685**	**3,258,060**

Trade and other payables approximate its fair value as at balance sheet date. The average credit period of trade payables is 30-180 days. Other creditors represents working capital loan taken from a third party. This is unsecured, bearing fixed interest at 2% per annum (note 9a) and repayable on demand. Amount due to related party is unsecured, interest free and repayable on demand.

The Trade & other payables are denominated in following currencies.

Currencies	2012 US$	2011 US$	2010 US$
United States Dollars	8,943,425	4,971,338	3,258,060
Singapore Dollars	605,136	593,347	-
Total	**9,548,561**	**5,564,685**	**3,258,060**

7. REVENUE

Revenue represents the invoiced value of goods and services rendered net of discount and are recognized at the point of invoicing when the risk & rewards of the ownership of goods are shifted to buyer.

8. COST OF SALES

Cost of Sales	2012 US$	2011 US$	2010 US$
Purchases	17,636,709	25,112,548	10,914,600
	17,636,709	**25,112,548**	**10,914,600**

MAXIWIN INTERNATIONAL PTE LTD

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED ON 31ST DECEMBER 2010, 2011 AND 2012

9. INCOME FROM CONTINUING OPERATIONS

	2012 US$	2011 US$	2010 US$
Profit from operations is arrived after charging :			
Auditors remuneration	2,043	2,057	1,682
Accounting charges	2,137	2,112	1,516
Bank charges	852	2,587	2,935
Late payment penalty	114	-	-
Professional fees	2,262	2,512	-
Exchange loss	37	262	-

9 a. FINANCE COSTS

	2012 US$	2011 US$	2010 US$
Interest on loan	136,705	-	-

10. STAFF COSTS

	2012 US$	2011 US$	2010 US$
Staff salaries and bonus	-	-	-
Contributions to defined contribution plans	-	-	-
	-	-	-

Directors' remuneration (key personnel compensation) not recognised within staff costs is as follows: -

	2012 US$	2011 US$	2010 US$
Remuneration & fees	-	-	-
Contributions to defined contribution plans	-	-	-
	-	-	-

11. DEFERRED TAXATION

	2012 US$	2011 US$	2010 US$
Balance at 1st January	-	-	-
Current taxation	-	-	-
Prior year's (over) / under provision	-	-	-
Balance at 31st December	-	-	-

12. TAXATION

(a) INCOME TAX EXPENSE

	2012 US$	2011 US$	2010 US$
Based on profit for the financial year:			
Balance at 1st January	14,199	4,847	9,586
Current taxation	3,783	13,206	4,847
Prior year's under/(over) provision	(806)	438	(2,990)
Tax paid during the year	(13,393)	(4,292)	(6,596)
Balance at 31st December	**3,783**	**14,199**	**4,847**

(b) The tax expense on the profit for the year differs from the tax expense that would arise by applying Singapore standard income tax rate to profit before tax due to the following:-

	2012 US$	2011 US$	2010 US$
Profit before income tax	67,445	159,212	60,890
Tax expense @ 17%	11,466	27,066	10,351
Tax effect of items that are not deductible / (allowable) in determining taxable profit	26	-	-
Partial tax exemption & rebates	(7,709)	(13,860)	(5,504)
Prior year's (over) provision	(806)	-	-
Income tax expense charged to PL A/c	**2,977**	**13,206**	**4,847**

13. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, there were the following significant transactions with related parties: -

	2012 US$	2011 US$	2010 US$
Related companies:			
Other receivables	681,000	2,978,500	3,977,427
Other payables	8,661	-	-
Sales	-	-	-
Purchases	-	-	-
	689,661	**2,978,500**	**3,977,427**

14. COMMITMENTS

As at 31st December, the Company had the following outstanding commitment in respect of lease rental as follows: -

	2012 US$	2011 US$	2010 US$
Payable within one year	-	-	-
Payable after one year	-	-	-

15. FINANCIAL INSTRUMENTS AND FAIR VALUES

(a) Financial risk management objectives and policies

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risk occurring and the cost of managing the risks. The management continuously monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

(b) Credit risk

Financial asset that are potentially subject to concentration of credit risk and failures by counterparties to discharge their obligation consist principally of cash, cash equivalents and trade and other accounts receivable. Credit risk on cash balances and derivative financial instruments

15. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(b) Credit risk (continued)

is limited because the counter parties are banks with high credit ratings.

The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. As part of the process of setting customer credit limits, different external credit reference are used, according to the country of the customer.

The average credit period generally granted to non-related party trade receivable customers is about 30-180 days. The table below illustrates the financial assets aging analysis:

Trade Receivables	**2012** US$	**2011** US$	**2010** US$
30 to 180 days	8,684,936	3,960,611	505,517
Above 180 days	-	-	-

Concentration of non-related party trade receivable customers:

The Company's top three customer's sales during the year are as follows:

	2012 US$	**2011** US$	**2010** US$
Top customer 1	17,848,304	25,281,290	10,981,794
Top customer 2	-	-	-
Top customer 3	-	-	-

(c) Interest rate risk

The interest rate risk exposure is mainly on financial liabilities and financial assets. These financial instruments are both at fixed rate and floating rates.

15. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(c) Interest rate risk (continued)

The following table analyses the breakdown of the financial assets and liabilities (excluding derivatives) by the type of interest rate:

	2012 US$	2011 US$	2010 US$
Financial assets:			
Fixed rate (note 4b)	2,297,500	-	-
Floating rate	-	-	-
	2,297,500	-	-

	2012 US$	2011 US$	2010 US$
Financial liabilities:			
Fixed rate (note 6)	4,247,847	-	-
Floating rate	-	-	-
	4,247,847	-	-

Interest rate sensitivity

The sensitivity is estimated that an increase/decrease of 100 basis point in interest rate at the reporting date would lead to an increase/reduction in the profit before tax by approximately.

Increase of 100 basis points	2012 Impact US$	2011 Impact US$	2010 Impact US$
Financial assets:			
Profit or (loss)	-	-	-
Other equity	-	-	-
	-	-	-

	2012 Impact US$	2011 Impact US$	2010 Impact US$
Financial liabilities:			
Profit or (loss)	-	-	-
Other equity	-	-	-
	-	-	-

15. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(c) Interest rate risk (continued)

Interest rate sensitivity

A decrease in the basis point in the interest rate would have an equal but opposite effect which is.

Decrease of 100 basis points	2012 Impact	2011 Impact	2010 Impact
Financial assets:	US$	US$	US$
Profit or (loss)	-	-	-
Other equity	-	-	-
	-	-	-

	2012 Impact	2011 Impact	2010 Impact
	US$	US$	US$
Financial liabilities:			
Profit or (loss)	-	-	-
Other equity	-	-	-
	-	-	-

Interest rate Sensitivity Analysis is **not applicable** as Company does not have any interest bearing financial assets and liabilities

(d) Foreign currency risk

The Company has limited exposure to foreign currency risk as part of its normal business. The functional currency of the Company is in US Dollars. As such the Company's sales and purchase transacted in US Dollars are hedged naturally. Analysis of amount denominated in non-functional currency:

Financial assets:

	Cash & cash equivalents	Trade receivables	Other receivables	Total
	US$	US$	US$	US$
Singapore Dollar	661	-	-	661
	661	-	-	661

15. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(d) Foreign currency risk (continued)

Financial liabilities:

	Borrowings	Bank overdraft	Trade & other payables	Total
	US$	US$	US$	US$
Singapore Dollar	-	-	605,137	605,137
	-	-	605,137	605,137

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Company. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where they gave rise to an impact on the Company's profit or loss and/ or equity.

If the relevant foreign currency strengthens by 10% against the functional currency of the Company, profit or loss and other equity will increase/ (decrease) by:

	2012 Impact US$	2011 Impact US$	2010 Impact US$
Financial assets:			
Profit or (loss)	66	28	64
Other equity	-	-	-
	66	28	64

	2012 Impact US$	2011 Impact US$	2010 Impact US$
Financial liabilities:			
Profit or (loss)	(60,514)	(59,335)	-
Other equity	-	-	-
	(60,514)	(59,335)	-

15. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(d) Foreign currency risk (continued)

If the relevant foreign currency weakens by 10% against the functional currency of the Company, profit or loss and other equity will increase/ (decrease) by:

Financial assets:	2012 Impact US$	2011 Impact US$	2010 Impact US$
Profit or (loss)	(66)	(28)	(64)
Other equity	-	-	-
	(66)	(28)	(64)

Financial liabilities:	2012 Impact US$	2011 Impact US$	2010 Impact US$
Profit or (loss)	60,514	59,335	-
Other equity	-	-	-
	60,514	59,335	-

(e) Liquidity risk

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities.

The following table analyses financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	2012 US$	2011 US$	2010 US$
Maturity within 1 year	9,548,561	5,564,685	3,258,060
Maturity 2 - 5 years	-	-	-
	9,548,561	5,564,685	3,258,060
Variable interest rate	NIL	NIL	NIL

It is expected that all the liabilities will be paid at their contractual maturity. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents, deemed adequate by management to finance Company's operations and mitigate the effect of fluctuation in cash flows.

15. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(f) Capital risk

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on the gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	2012	2011	2010
	US$	US$	US$
Net Debt	9,546,839	5,557,562	3,256,315
Total Equity	1,431,818	1,367,350	1,221,782
Total Capital	10,978,657	6,924,912	4,478,097
Gearing ratio	87%	80%	73%

The Borrowers leverage ratio is calculated as total liability of the Company divided by tangible net worth of the Company.

	2012	2011	2010
	US$	US$	US$
Total liability of the Company	9,552,344	5,578,884	3,262,907
Total net worth of the Company	1,431,818	1,367,350	1,221,782
Company's Leverage ratio	**6.67 times**	**4.08 times**	**2.67 times**

15. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(g) Estimation of fair values

The following table presents the Company's assets and liabilities that are measured at fair value at 31st December 2010, 31st December 2011 and 31st December 2012.

2010	Level 1	Level 2	Level 3	TOTAL
Financial Assets at fair value	-	-	-	-
Total Assets	-	-	-	-
Financial Liabilities at fair value	-	-	-	-
Total Liabilities	-	-	-	-

2011	Level 1	Level 2	Level 3	TOTAL
Financial Assets at fair value	-	-		-
Total Assets	-	-	-	-
Financial Liabilities at fair value	-	-	-	-
Total Liabilities	-	-	-	-

2012	Level 1	Level 2	Level 3	TOTAL
Financial Assets at fair value	-	-	-	-
Total Assets	-	-	-	-
Financial Liabilities at fair value	-	-	-	-
Total Liabilities	-	-	-	-

- **Investment in equity and debt securities**

  The fair value of financial assets and fair value through profit and loss, held-to maturity investments and available for sale financial assets is determined by reference to their quoted bid prices at the reporting date. The fair value of held-to maturity investments is determined for disclosure purposes only.

15. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(g) Estimation of fair values (continued)

(i) Non-derivatives financial liabilities

Fair value which is determined for disclosure purpose is calculated based on the present value of future principal and interest cash flows discounted at the market rate of interest at the reporting date. For finance lease, the market rate of interest is determined by reference to similar lease agreement.

(ii) Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year including trade and other receivables, cash and cash equivalents, trade and other payables are assumed to approximate their fair value because of the short period to maturity. All the financial assets and liabilities are discounted to determine their fair value.

16. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgments as to whether there is observable data indicating that there has been a significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgments as to whether an impairment loss should be recorded as an expenses. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

16. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

(a) Critical accounting estimates and assumptions (continued)

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have known significant risks of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are none, other than the above stated.

(b) Critical judgments in applying the entity's accounting policies

The Company makes critical judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The critical judgments that have known significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are none.

17. HOLDING COMPANY

The immediate and ultimate holding Company of Maxiwin International Pte Ltd is Riverlink Enterprises Limited, a Company incorporated in British Virgin Islands.

18 SUBSEQUENT EVENTS

On 27th March 2013, the holding Company namely Riverlink Enterprises Limited divested all its holdings of 1,400,000 ordinary shares. M/s Royal Venture Pte Ltd, a Company incorporated in the Republic of Singapore acquired all 1,400,000 ordinary shares in the Company at valuation equal to book value of shares as on 31 December 2012. As on the date of issuance of this special purpose financial statements the immediate holding Company is Royal Venture Pte Ltd and ultimate holding company of the Company is Goldlink United Ltd (BVI).

19. AUTHORISATION OF THE FINANCIAL STATEMENTS

The above special purpose financial statements for the financial years ended on 31st December 2010, 2011 and 2012 were authorised by the Board of Directors by a resolution passed on 2nd August 2013.

MAXIWIN INTERNATIONAL PTE LTD
(Incorporated in Singapore)

DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010, 2011 & 2012

	2012		2011		2010	
	US$	US$	US$	US$	US$	US$
REVENUE						
Sales		17,848,304		25,281,290		10,981,794
COSTS						
Cost of Revenue		(17,636,709)		(25,112,548)		(10,914,600)
Gross Profit		211,595		168,742		67,194
Add: Other Income						
Crew Engagement Cost	-					
Crew Social Allowance	-					
Discount Received	-					
Miscellaneous Income	-		-		-	
Exchange gain	-				262	
MBMF Contribution	-					
Other Receipts	-	-		-		262
Total Income		211,595		168,742		67,456
Less : Administrative expenses						
Accounting Charges	2,137		2,112		1,516	
Auditors' Remuneration	2,043		2,058		1,682	
Exchange Loss	37		62		-	
Unrealised Exchange Loss	-		200		-	
Medical expenses	-		-		30	
Misc expenses	-		-		144	
Printing & stationery	-		-		153	
Fines & Penalties	114		-		-	
Transport charges	-		-		106	
Professional Charges	2,262	(6,593)	2,512	(6,943)	-	(3,631)
Less: Finance costs						
Bank charges	852		2,507		2,935	
Finance costs	136,705	(137,557)	-	(2,507)	-	(2,935)
Income before taxation		67,445		159,212		60,890
Taxation	2,977		13,206		4,847	
Deferred Tax	-	(2,977)	-	(13,206)	-	(4,847)
Income after taxation		64,468		146,006		56,043
Other comprehensive income		-		-		-
Total comprehensive income		**64,468**		**146,006**		**56,043**

(This schedule does not form part of the audited financial statements)

Independent Practitioner's Assurance Report of the Completion of Pro Forma Financial Information Included in a Prospectus
to the Board of Directors of
USI Group Holdings AG
Zurich

We have completed our assurance engagement to report on the compilation of pro forma financial information of USI Group Holdings AG (the "Company") by the board of directors. The pro forma financial information consists of the pro forma balance sheet as at 31 December 2012, the pro forma income statement for the year ended 31 December 2012 and related notes as set out in Appendix 3, Index G, pages 1-8 of the prospectus issued by the Company. The applicable criteria on the basis of which the board of directors has compiled the pro forma financial information are specified in the SIX Swiss Exchange Directive on the Presentation of a Complex Financial History in the Listing Prospectus and as described in the notes.

The pro forma financial information has been compiled by the board of directors to illustrate the impact of the transactions set out in the notes, on the Company's financial position as at 31 December 2012 and its financial performance for the year ended 31 December 2012 as if the transactions had taken place at 1 January 2012. As part of this process, information about the Company's consolidated financial position and financial performance has been extracted by the board of directors from the Company's financial statements for the year ended 31 December 2012, on which an audit report has been published.

The Board of Directors' Responsibility for the Pro Forma Financial Information

The board of directors is responsible for compiling the pro forma financial information on the basis of the applicable criteria.

Practitioner's Responsibilities

Our responsibility is to express an opinion, as required by the SIX Swiss Exchange Directive on the Presentation of a Complex Financial History in the Listing Prospectus, about whether the pro forma financial information has been compiled, in all material respects, by the board of directors on the basis of the applicable criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the board of directors has compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria. For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telephone: +41 58 792 44 00, Facsimile: +41 58 792 44 10, www.pwc.ch

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 1 January 2012 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the board of directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the Company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria and such basis is consistent with the accounting policies of USI Group Holdings AG.

PricewaterhouseCoopers AG

Roger Kunz Audit expert Auditor in charge	Michael Ruble

Zurich, 16 September 2013

Enclosure: Unaudited Pro Forma Combined Financial Information, USI Group Holdings AG, 31 December 2012

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
USI Group Holdings AG
31 December 2012

Basis of Preparation of the Unaudited Pro Forma Combined Financial Information

The following unaudited pro forma combined financial information for USI Group Holdings AG (hereafter '**USI**') was prepared solely for the purpose of this Listing Prospectus in line with the requirements of the SIX Swiss Exchange 'Directive on the Presentation of a Complex Financial History in the Listing Prospectus' (DCFH). The pro forma combined financial information was not prepared in connection with an offering registered with the U.S. Securities and Exchange Commission ('SEC') and is not compliant with the SEC's rules on presentation of pro forma financial information.

The unaudited pro forma combined financial information includes a pro forma combined balance sheet as at 31 December 2012, a pro forma combined income statement for the year then ended and explanatory notes. It gives effect to the reverse acquisition (hereafter 'USI Reverse Acquisition') between **USI** and Goldlink United Limited (hereafter '**Goldlink**') as if it had been completed on 1 January 2012 for the purpose of the pro forma combined financial information as at 31 December 2012 and for the year then ended. In the USI Reverse Acquisition, **USI** legally acquired **Goldlink,** and **Goldlink** became a wholly owned subsidiary of **USI**. However for IFRS 3 accounting purposes, **Goldlink** acquired **USI**. As of the closing of the USI Reverse Acquisition, the shareholders of **Goldlink** were granted 74.38% of the shares of **USI**.

Further, the unaudited pro forma combined financial information gives effect to the capitalisation (hereafter 'Goldlink Capitalisation') of **Goldlink** by Royal Venture Pte Limited (hereafter '**Royal**'), which occurred prior to the USI Reverse Acquisition, as if it had been completed on 1 January 2012. In the Goldlink Capitalisation, **Goldlink** legally acquired **Royal,** and **Royal** became a wholly owned subsidiary of **Goldlink**. However for IFRS 3 accounting purposes, **Goldlink** was capitalized by **Royal**. As of the closing of the Goldlink Capitalisation, the shareholders of **Goldlink** were granted all shares of **Royal**.

Further, the unaudited pro forma combined financial information gives effect to the acquisitions by **Royal** of Maxiwin International Pte Limited (hereafter '**Maxiwin**'), Beaufort Overseas Trading Pte (hereafter '**Beaufort**') and Fortune Top Investments Limited (hereafter '**Fortune**'), which occurred subsequent to the Goldlink Capitalisation, as if they had been completed on 1 January 2012.

The unaudited pro forma combined financial information has been compiled from the following sources:

- the audited consolidated financial statements as at and for the year ended 31 December 2012 of **USI Group Holdings AG** prepared in accordance with IFRS;
- the audited financial statements as at and for the year ended 31 December 2012 of **Royal** prepared in accordance with IFRS;
- the audited financial statements as at and for the year ended 31 December 2012 of **Maxiwin** prepared in accordance with IFRS; and
- the audited combined financial statements as at and for the year ended 31 December 2012 of **Beaufort** and **Fortune** prepared in accordance with IFRS,

which are presented elsewhere in this Listing Prospectus.

The unaudited pro forma adjustments are based on current available information and assumptions that we believe to be reasonable.

The historical financial statements of **Goldlink**, the legal parent company of **Royal**, have not been included in the unaudited pro forma combined financial information, as **Goldlink** was established as a shell company in 2013 for the purpose of executing the transaction.

Prior to the USI Reverse Acquisition, **Royal** acquired additional assets, through the 90% acquisition of Praiseworth Infra Private Limited (hereafter **'Praiseworth')**, and Bright Natural Infra Private Limited (hereafter '**Bright Natural**') on 26 July 2013. In addition, real estate development rights in India were acquired through these entities on 2 September 2013. Further, Goldlink acquired an additional asset, an AFS equity investment through the acquisition of Tokyo Ventures Pte Limited (hereafter '**Tokyo**') on 20 June 2013. Historical financial statements for the year ended 31 December 2012 for **Praiseworth** and **Bright Natural** and **Tokyo** have not been included in the Listing Prospectus. The acquisitions of the real estate development rights and **Tokyo** net assets have been presented in the unaudited pro forma combined financial information and separate valuations for these acquired assets have been included in the Listing Prospectus.

The unaudited pro forma combined financial information is for illustrative purposes only and is not intended to be indicative of the results of operations or financial position that **USI** or the pro forma combined group would have reported had the USI Reverse Acquisition, the Goldlink Capitalisation and the acquisitions of; **Maxiwin**, **Beaufort**, **Fortune**, **Praiseworth**, **Bright Natural** and **Tokyo**, been completed as at 1 January 2012. It should further not be taken as indicative of the future consolidated results of operations or financial position. The actual results may differ significantly from those reflected in the unaudited pro forma combined financial information for a number of reasons, including but not limited to, differences between the assumptions used to prepare the unaudited pro forma combined financial information and actual amounts. As a result the unaudited pro forma combined financial information does not purport to be indicative of what the financial condition or results of operations would have been, had the acquisition been completed on 1 January 2012.

The unaudited pro forma combined financial information has been prepared assuming the USI Reverse Acquisition, the Goldlink Capitalisation and the acquisitions of; **Maxiwin**, **Beaufort**, **Fortune**, **Praiseworth**, **Bright Natural** and **Tokyo,** had been completed on 1 January 2012. For acquisitions meeting the definition of a business combination, the acquisition method of accounting is used. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The allocation of the purchase consideration as reflected in the unaudited pro forma combined financial information is provisional only and is based upon management's internally developed estimates of the fair values of assets acquired and liabilities assumed. This allocation of the purchase consideration depends upon certain estimates and assumptions, all of which are preliminary and have been made solely for the purpose of developing the unaudited pro forma combined financial information. The appraisals necessary to finalise the required allocation of the purchase consideration will be based on the fair values as at the actual closing date of the respective acquisitions. The final allocation may be different than that reflected in the pro forma allocation and those differences may be material.

The unaudited pro forma combined financial information should be read in conjunction with the Sections C – The Reverse Acquisition Transaction, D – Corporate Information on the Company, E – Business Activities of the Company and the USI Group, F – Capitalization and Use of Proceeds, H – The Listing, I - Risk Factors, and J – Taxation", and all of the historical financial statements and the notes thereto included elsewhere in this Listing Prospectus.

USI Group Holdings AG
Unaudited Pro Forma Combined Balance Sheet
As at 31 December 2012

in USD	**USI Group Holdings AG as at 31.12.12 audited**	**Royal Venture Ptd Limited as at 31.12.12 audited**	**Maxiwin International Pte Ltd as at 31.12.12 audited**	**Beaufort & Fortune as at 31.12.12 audited**	**USI Share Capital Reduction, Debt Reduction and Capital Increase Note 1 unaudited**	**Goldlink Capitalisation and Acquisitions of Maxiwin, Beaufort & Fortune Note 2 unaudited**	**Acquisition Development Rights of Praiseworth and Bright Natural and Tokyo Assets Note 3 unaudited**	**USI Reverse Acquisition Note 4 unaudited**	**Pro Forma Combined as at 31.12.12 unaudited**
ASSETS									
Investment property - Germany	200'189'338	0	0	0	0	0	0	0	200'189'338
Development rights	0	0	0	0	0	0	21'520'000	0	21'520'000
Investments - Available for sale	0	1'806'670	0	0	0	0	1'338'055	0	3'144'725
Investments in Associates	16'879'679	0	0	0	0	0	0	0	16'879'679
Total non-current assets	**217'069'017**	**1'806'670**	**0**	**0**	**0**	**0**	**22'858'055**	**0**	**241'733'742**
Receivables and prepayments	36'622'779	17'645'933	8'684'936	34'077'528	0	0	0	0	97'031'176
Receivables - Related parties	0	634'358	2'297'500	3'095'672	0	(4'883'490)	0	0	1'144'040
Cash and cash equivalents	1'715'077	3'011'058	1'726	5'295	9'865'062	0	0	0	14'598'218
Total current assets	**38'337'856**	**21'291'349**	**10'984'162**	**37'178'495**	**9'865'062**	**(4'883'490)**	**0**	**0**	**112'773'435**
Total assets	**255'406'874**	**23'098'019**	**10'984'162**	**37'178'495**	**9'865'062**	**(4'883'490)**	**22'858'055**	**0**	**354'507'177**
EQUITY									
Share capital	74'228'873	3'659'420	1'014'495	436'394	(31'842'387)	(1'450'889)	0	119'345'974	165'391'881
Share premium	12'712'534	0	0	0	10'286'795	0	0	100'006'066	123'005'394
Treasury shares	(1'982'459)	0	0	0	0	0	0	0	(1'982'459)
Fair value reserve	0	657'655	0	0	0	0	0	0	657'655
Cash flow hedging reserve	(156'206)	0	0	0	0	0	0	156'206	0
Translation reserve	(46'114'102)	0	0	0	0	0	0	46'114'102	0
Non-controlling interest	0	0	0	0	0	0	0	10'000	10'000
Retained earnings	483'854	1'577'713	417'323	842'645	62'538'753	(7'154'756)	0	(266'027'605)	(207'322'073)
Total equity	**39'172'494**	**5'894'788**	**1'431'818**	**1'279'039**	**40'983'161**	**(8'605'645)**	**0**	**(395'257)**	**79'760'398**
LIABILITIES									
Borrowings	34'443'654	0	0	0	(16'898'073)	0	0	395'257	17'940'837
Other payable - Related parties	0	0	0	0	0	3'511'533	21'520'000	0	25'031'533
Total non-current liabilities	**34'443'654**	**0**	**0**	**0**	**(16'898'073)**	**3'511'533**	**21'520'000**	**395'257**	**42'972'370**
Trade and other payables	471'735	8'836'201	4'698'707	26'609'174	(389'698)	0	0	0	40'226'119
Other payable - related parties	0		4'849'854	5'125'194	0	210'622	1'338'055	0	11'523'725
Income Tax Provision	0	17'030	3'783	17'912	0	0	0	0	38'725
Borrowings	168'867'099	8'350'000	0	4'147'176	(4'329'184)	0	0	0	177'035'091
Accruals	9'549'746	0	0	0	(9'501'144)	0	0	0	48'602
Other financial liability	2'902'146	0	0	0	0	0	0	0	2'902'146
Total current liabilities	**181'790'727**	**17'203'231**	**9'552'344**	**35'899'456**	**(14'220'026)**	**210'622**	**1'338'055**	**0**	**231'774'409**
Total liabilities	**216'234'380**	**17'203'231**	**9'552'344**	**35'899'456**	**(31'118'099)**	**3'722'155**	**22'858'055**	**395'257**	**274'746'779**
Total equity and liabilities	**255'406'874**	**23'098'019**	**10'984'162**	**37'178'495**	**9'865'062**	**(4'883'490)**	**22'858'055**	**0**	**354'507'177**

* **Royal's, Maxiwin's, and Beaufort & Fortune's** historical accounts have been reclassified to conform to **USI Group Holding AG's** presentation format. **USI Group Holding AG's** historical financial statements have been translated into US Dollars as described in the notes.

USI Group Holdings AG
Unaudited Pro Forma Combined Income Statement
For the year ended 31 December 2012

in USD	**USI Group Holdings AG** 2012 audited	**Royal Venture Pte Limited** 2012 audited	**Maxiwin International Ptd Ttd** 2012 audited	**Beaufort & Fortune** 2012 audited	**USI Share Capital Reduction, Debt Reduction and Capital Increase** Note 1 unaudited	**Goldlink Capitlisation and Acquisitions of Maxiwin, Beaufort & Fortune** Note 2 unaudited	**Acquisition Development Rights of Praiseworth and Bright Natural and Tokyo Assets** Note 3 unaudited	**USI Reverse Acquisition** Note 4 unaudited	**Pro Forma Combined** 2012 unaudited
Revenue	11'531'278	61'798'535	17'848'304	53'665'754	0	0	0	0	144'843'871
Cost of sales	0	(60'978'828)	(17'636'709)	(53'314'874)	0	0	0	0	(131'930'411)
Fair value loss on investment property	(10'489'393)	0	0	0	0	0	0	0	(10'489'393)
Administrative expenses	(2'624'138)	(126'887)	(7'445)	(16'258)	(984'508)	0	0	0	(3'759'236)
Other income	0	47'591	0	1	0	0	0	0	47'592
Finance income	202'984	0	0	0	0	0	0	0	202'984
Operating profit / (loss) from continued operations	**(1'379'268)**	**740'411**	**204'150**	**334'623**	**(984'508)**	**0**	**0**	**0**	**(1'084'592)**
Finance costs	(12'164'803)	(476'392)	(136'705)	(68'484)	2'301'980	0	0	98'814	(10'445'590)
Share of loss of associate	(17'425'511)	0	0	0	0	0	0	0	(17'425'511)
Impairment of associate	(2'013'797)	0	0	0	0	0	0	0	(2'013'797)
Negative goodwill	0	0	0	0	0	0	0	20'500'000	20'500'000
Profit / (loss) before income tax from continued operations	**(32'983'379)**	**264'019**	**67'445**	**266'139**	**1'317'472**	**0**	**0**	**20'598'814**	**(10'469'490)**
Income tax expense	0	(10'433)	(2'977)	(14'988)	0	0	0	0	(28'398)
Deferred taxation	0	0	0	0	0	0	0	0	0
Profit / (loss) for the year	**(32'983'379)**	**253'586**	**64'468**	**251'151**	**1'317'472**	**0**	**0**	**20'598'814**	**(10'497'888)**
Attributable to:									
Equity shareholders	(32'983'379)	253'586	64'468	251'151	1'317'472	0	0	20'598'814	(10'497'888)
Non-controlling interests	0	0	0	0	0	0	0	0	0
Profit / (loss) for the year	**(32'983'379)**	**253'586**	**64'468**	**251'151**	**1'317'472**	**0**	**0**	**20'598'814**	**(10'497'888)**

* **Royal's, Maxiwin's, and Beaufort & Fortune's** historical accounts have been reclassified to conform to **USI Group Holding AG's** presentation format. **USI Group Holding AG's** historical financial statements have been translated into US Dollars as described in the notes.

NOTES TO THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Historical USI Group Holdings AG

The historical financial information of **USI** is derived from the audited consolidated financial statements as at and for the year ended 31 December 2012 prepared in accordance with IFRS included elsewhere in this Listing Prospectus.

For the purposes of this unaudited pro forma combined financial information, the historical audited financial statements as at and for the year ended 31 December 2012 of USI Group Holdings AG have been translated into US Dollars for the purpose of preparing this unaudited pro forma combined financial information, as the reporting currency of **Royal**, the IFRS acquirer, is US Dollars. The following exchange rates have been used in the translation:

Balance sheet (closing rate):	0.91390 USD/CHF
Income statement (average rate):	0.93803 USD/CHF

Historical Royal and Maxiwin

The historical financial information of **Royal** and **Maxiwin** is derived from the respective audited financial statements as at and for the year ended 31 December 2012 prepared in accordance with IFRS included elsewhere in this Listing Prospectus.

For the purposes of this unaudited pro forma combined financial information, the historical audited financial statements as at and for the year ended 31 December 2012 of **Royal** and **Maxiwin** have been reclassified to conform to **USI Group Holdings AG's** presentation format.

Historical Combined Beaufort & Fortune

The historical combined financial information of **Beaufort & Fortune** is derived from the audited combined financial statements as at and for the year ended 31 December 2012 prepared in accordance with IFRS included elsewhere in this Listing Prospectus.

For the purposes of this unaudited pro forma combined financial information, the historical combined audited financial statements as at and for the year ended 31 December 2012 of **Beaufort & Fortune** have been reclassified to conform to **USI Group Holdings AG's** presentation format.

Pro-forma Adjustments

Note 1) USI Share Capital Reduction, Debt Reduction and Capital Increase

Prior to the reverse acquisition, **USI** will execute a Share capital reduction and a simultaneous capital increase, whereby the par value of outstanding shares will be reduced with the excess offsetting loss carry-forwards. In addition, certain notes, payables and accruals will be converted to equity of **USI**. The measures were approved at the Annual General Meeting of Shareholders 2013 (hereafter 'AGM 2013'), to be consummated simultaneously within a period of three months of the AGM 2013.

Share capital reduction: The Share capital will be reduced by CHF 57,984,787 by decreasing the nominal value of each of the 985'298 Shares to CHF 10. The amount of the reduction of the Share capital will be credited to the loss carried forward. In the unaudited pro forma combined financial information, the Share capital was reduced by USD 63.4M and Retained earnings was increased by USD 63.4M.

Share capital increase and debt reduction: The Share capital will be increased by CHF 28,884,030 by issuing 2,888,403 fully paid up new registered shares with a nominal value of CHF 10 each to the holders of A Notes, B Notes and C Notes, respectively, by way of set-off against each holder's claims under the Notes, at issue prices per registered share of the Company of CHF 13.5 (A Notes), CHF 18 (B Notes) and CHF 20 (C Notes), respectively. This includes the raising of new cash of CHF 10M for A Notes. In the unaudited pro forma combined financial information, Cash and cash equivalents will be increased by USD 9.9M, representing cash raised offset by payment of interest on some convertible notes before conversion, Borrowings current and non-current will be reduced by USD 21.5M, representing conversions of these liabilities, and Trade payables and Accruals will be reduced by USD 10.9M, representing conversions of these liabilities.

In addition, Retained earnings will be reduced by USD 1.0M, representing Administrative expenses related to the transaction that were replaced by convertible loan notes that will be executed as part of the transaction. This will be offset by an increase in Retained earnings of USD 2.3M of Finance costs that would not have been incurred in 2012 if such debt had been converted at the beginning of the year then ended. Also, Share capital will be increased by USD 31.6M representing the newly issued shares and Share premium will be increased by USD 10.3M representing the newly issued shares, less transaction success fees.

The related tax impact of the increase to net income is nil, as the entities in the **USI Group** that would benefit from the increase to taxable net income have uncapitalised net operating losses that could offset this increase to taxable net income.

Note 2) Goldlink Capitalisation and Acquisitions of Maxiwin, **Beaufort & Fortune**

In order to capitalize **Goldlink**, **Royal** was purchased by **Goldlink** on 20 June 2013. In addition, on 27 March 2013 **Royal** acquired the shares of **Maxiwin**, **Beaufort** and **Fortune**.

Capitalisation of **Goldlink**: The acquisition of **Royal** was recorded as a capitalisation of **Goldlink**, as **Goldlink** was a shell company and did not qualify as a business under IFRS 3. The net assets of **Goldlink** were determined to be USD 5.9M, representing a payable to the former shareholder of Royal. In the unaudited pro forma combined financial information, Retained earnings was reduced by USD 5.9M, representing **Goldlink's** liability and Other payable – Related parties to the former shareholder was recorded of USD 5.9M.

Acquisition of **Maxiwin** by **Royal**: The acquisition of **Maxiwin** was recorded as a business combination under IFRS 3. The net assets of **Maxiwin** were determined to be equal to its fair value, and **Maxiwin** was sold to **Royal** at book value. As such, there was no excess purchase price over net assets acquired. In the unaudited pro forma combined financial information, Share capital of USD 1.0M and Retained earnings of USD 0.4M was eliminated and Other payable – Related parties to the former shareholder was recorded of USD 1.4M.

Acquisition of **Beaufort** & **Fortune** by **Royal**: The acquisition of **Beaufort** & **Fortune** was recorded as a combination under common control, given the majority shareholder was the same as **Royal**. As such, the acquired assets and liabilities of **Beaufort** & **Fortune** have been recorded at historical cost. In the unaudited pro forma combined financial information, Share capital of USD 0.4M and Retained earnings of USD 0.9M was eliminated and Other payable – Related parties to the former shareholder was recorded of USD 1.3M.

Set-off of related party receivables and payables by **Maxiwin** and **Beaufort**: Subsequent to the acquisition by **Royal**, but prior to the USI Reverse Acquisition, **Maxiwin** and **Beaufort** entered into set-off agreements whereby receivables due from related parties were offset by payables to related parties. In addition, the repayment dates of the payables were extended to 30 September 2014. In the unaudited pro forma combined financial information, Receivables - related parties was reduced by USD 4.9M and Other payable - related parties was reduced by USD 4.9M. In addition, the related payables were reclassified to long term.

Note 3) Acquisition Development Rights of Praiseworth and Bright Natural and Tokyo Assets

Prior to the USI Reverse Acquisition, **Royal** acquired additional assets, through the 90% acquisition of **Praiseworth**, and **Bright Natural**. Subsequently, **Praiseworth** and **Bright Natural** acquired real estate development rights in India. Also, **Goldlink** acquired an additional asset, an AFS equity investment through the acquisition of **Tokyo**.

Non-controlling interest: Non-controlling interest was recorded on the asset acquisition, as Royal will acquire 90% of **Praiseworth** and **Bright Natural**. The non-controlling interest was calculated by multiplying the value of the net asset acquired of USD 100K, by the 10% non-controlling ownership. In the unaudited pro forma combined financial information, Non-controlling interest was recognized of USD 10K and a reduction of Retained earnings was recorded of the same amount.

Real estate development rights: The acquisitions of **Praiseworth** and **Bright Natural** were recorded as business combinations under IFRS 3, however the net assets acquired were not significant. Subsequent to these business combinations, real estate development rights in India were purchased by **Praiseworth** and **Bright Natural**. The assets were initially recorded at cost of USD 21.5M, which represents the agreed payment to the current owners of the development rights of USD 16M plus a fair value of estimate of future contingent consideration of 3% due to the current owners of USD 5.5M. The real estate development rights qualify as an intangible asset under IAS 38, however no related amortisation expense was recorded. In the unaudited pro forma combined financial information, Development rights was increased to USD 21.5M and Other payable – Related parties was increased to USD 21.5M.

Investment: The acquisition of **Tokyo** was recorded as an asset acquisition as **Tokyo** did not represent a business under IFRS 3. The investment was sold to **Goldlink** at fair value. In the unaudited pro forma combined financial information, Investments – Available for sale were recognized of USD 1.3M and a Payable to the former shareholder was recorded of USD 1.3M.

Note 4) USI Reverse Acquisition

Subsequent to the transactions described above, **USI** will execute a purchase agreement to acquire **Goldlink** and its legal subsidiaries. The transaction represents a reverse acquisition, in which the shareholders of **Goldlink** will be granted 74.38% of shares of **USI** at the closing of the transaction. In the unaudited pro forma combined financial information, the USI Reverse Acquisition is reflected as the continuation of the **Royal** financial statements, in which the legal Share capital of **Royal** is adjusted retroactively to reflect the legal capital of the **USI**.

In the accounting for the Reverse Acquisition under IFRS 3, the fair value of the consideration received from **Goldlink** is compared to the fair value of the net assets given up by **USI**. Management considers the most accurate determination of the fair value of the consideration received from **Goldlink,** as the fair value of **USI** shares as these shares are in an observable market. The calculation is as follows:

Before USI Reverse Acquisition	
Total shares of USI	3’873’701 shares
Share price of USI	CHF 13.50
Market capitalisation	CHF 52.3M
Fair value of the net assets of USI	CHF 71.5M (1)
Negative goodwill resulting from the USI Reverse Acquisition	**CHF 19.2M**

In the unaudited pro forma combined financial information, the resulting negative goodwill was recorded as a gain in the income statement of CHF 19.2M (USD 20.5M), with no related tax impact.

The calculated provisional goodwill represents the difference between the estimated purchase price and the reported fair value of the net assets of **USI** on 31 December 2012 plus estimated fair values. It should be noted that this amount is provisional only. Upon the acquisition all assets and liabilities will be subject to the assessment of their fair value as part of the purchase price allocation. Therefore the fair value for the acquired identifiable assets, liabilities and contingent liabilities, the estimated useful lives of the acquired intangible assets and the resulting goodwill ultimately recorded in **USI** financial statements may not correspond to the amounts presented above.

(1) The net assets of **USI** will be adjusted from book value to fair value in the USI Reverse Acquisition. In the unaudited pro forma combined financial information, Borrowings were increased to fair value by USD 0.4M, Retained earnings was correspondingly reduced by USD 0.4M. The income statement impact of USD 0.1M representing debt amortization expense that would not have been incurred was also included.

Legally and in accordance with **USI** articles of association, the USI Reverse Acquisition is recorded through the issuance of shares by **USI** to the shareholders of **Goldlink**. The Share capital will be increased by CHF 112,414,630 by issuing 11,241,463 fully paid up new registered shares with a nominal value of CHF 10 each to the shareholders of **Goldlink** against the contribution to the Company of all 40,000 **Goldlink** Shares, based on an issue price of CHF 20 per new registered share of the Company, and on a valuation of the contribution-in-kind of CHF 224,829,260 (USD 246M) in aggregate. The number of shares issued of 11,241,463 was determined by dividing the valuation of the contribution-in-kind of CHF 224,829,260 by an issue price of CHF 20 per new registered share.

	USD (millions)
Share capital (11,241,463 x CHF 10/share x CHF/USD)	123.0
Less elimination of **Royal** Share capital	(3.7)
Share capital increase	*119.3*
Share premium (11,241,463 x CHF 20/share x CHF/USD)	246.0
Less Share capital	(123.0)
Less elimination of **USI** Share premium	(23.0)
Share premium increase	*100.0*

Subsequent to the reverse merger accounting, balances included in the prior **USI** equity were eliminated to Retained earnings, including a reduction of Cash flow hedging reserve of USD 156K and a reduction of Translation reserve of USD 46M. Share capital and Treasury shares were not eliminated, as under the accounting for a reverse acquisition these balances will take the place of the former Share capital balances of **Royal**. The fair value reserve in **Royal** also remains, as **Royal** is the acquirer as detailed above.

Transaction Costs

The unaudited pro forma combined financial information does not include adjustments for non-recurring costs incurred or to be incurred after 31 December 2012 by both **USI** and **Goldlink** to complete the USI Reverse Acquisition and the Goldlink Capitalisation. Acquisition costs include fees payable for banking services, legal fees and accounting fees, such costs are expected to reduce share premium as incurred.

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