



USI GROUP HOLDINGS AG

ANNUAL REPORT AND ACCOUNTS

**FOR THE YEAR ENDED
31 MARCH 2015**



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**USI GROUP HOLDINGS AG
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015**



CHAIRMAN'S STATEMENT

The Company is pleased to report its financial results for the year ended 31 March 2015.

Overall, FY 2015 has been a year of development on several fronts for your Company including the commencement of gold sales in Singapore, the acquisition of a net revenue interest in a coal mine in Indonesia and a significant debt refinancing in respect of the Group's German investment properties. In addition, the Company made significant progress on the substitution of land parcels in India, which we expect to provide development opportunities in the years ahead. There is a lot of work still to do on expanding each of your Company's existing trading businesses and it is our intention to commence timber trading during this financial year. I comment on each of our business activities below, after a discussion of the audited consolidated financial results for the year ended 31 March 2015 ("FY 2015").

Shareholders will recall that, on 16th September 2013, your Board announced that the Company had acquired all of the ordinary shares of Goldlink United Limited, a British Virgin Islands corporation ("Goldlink"), in exchange for 11,241,463 shares of USI with a nominal value of CHF 10.00 each, valued at CHF 20.00 each for purposes of the "reverse acquisition". The exchange ratio reflected a valuation of total net assets acquired through Goldlink of \$242 million (CHF 225 million) based upon the opinions of independent, professional valuers.

Due to the requirements of International Financial Reporting Standards ("IFRS"), the presentation and format of the consolidated financial statements for the fifteen months ended 31 March 2014 ("FP 2014") reflected the impact of the "reverse acquisition". The practical effect of this treatment is that the comparative figures in the Income Statement for FP 2014 reflect the income of Goldlink from 1 January 2013 and the results of the former USI Group from 16 September 2013. The former USI Group's results prior to the reverse acquisition have been adjusted through reserves.

Financial results

Total revenue included in the consolidated results for FY 2015 was \$47.9 million compared to \$8.1 million for the first six months of FY 2015 and \$59.3 million for FP 2014. Income for FY 2015 comprised gold trading income of \$35.9 million (FP 2014 - \$52.4 million) and rental income of \$11.9 million (FP 2014 - \$7.0 million). Gold trading volumes commenced in August 2014 and totalled \$1.7 million and \$34.2 million in the first and second halves of FY 2015 respectively. Other income in FY 2015 of \$0.3 million primarily reflects income in respect of the Group's revenue interest in coal operations in Indonesia, which are described in more detail below.

The Company is reporting a net loss of \$10.5 million for FY 2015 compared to a profit of \$7.1 million for FP 2014 (which included income of \$19.4 million in respect of negative goodwill resulting from the reverse acquisition). The net loss for FY 2015 is stated after a non-cash reduction in the fair value of investment properties of \$3.1 million (FP 2014 - \$6.0 million) and administrative expenses of \$6.9 million (FP 2014 - \$5.0 million). Finance costs for FY 2015 were stated at \$14.6 million (FP 2014 - \$7.0 million) and included movements in foreign exchange rates of \$4.5 million (FP 2014 - nil). The Company completed a €96 million (\$105 million) refinancing of the debt facilities secured against its investment properties in Germany (the "Leipzig Properties") at a blended interest rate of 4.82% per annum with a maturity date of €81 million on 31 March 2020 and €15 million on 31 July 2016.

Excluding non-cash items, the loss for FY 2015 equalled \$2.0 million (FP 2014 - \$3.5 million).

Total assets are reported at \$189.4 million at 31 March 2015 compared to \$300.4 million at 31 March 2014. The principal reasons for the reduction in value include adverse foreign exchange movements and the sale of certain assets acquired in the reverse acquisition in exchange for 1.5 million of shares of the Company which are now held in treasury. Further details of that transaction are described below.

The Leipzig Properties were independently valued at \$151.2 million at 31 March 2015 compared to \$195.0 million at 31 March 2014. The decline in value comprises \$3.1 million in respect of fair value adjustments and \$40.7 million in respect of adverse movements in the US Dollar/Euro exchange rate. While there was a corresponding positive movement on the recognition of Euro denominated debt, there was a negative movement in respect of Swiss Franc denominated debt. Overall the net negative movement on the foreign exchange translation reserve during FY 2015 was \$8.3 million.

Current assets at 31 March 2015 were \$13.9 million compared to \$71.9 million at 31 March 2014. The reduction is primarily the result of a reduction of trade debtors to \$0.1 million at 31 March 2015 from \$64.6 million twelve months earlier. There was a corresponding reduction in trade creditors from \$50.2 million to \$nil at 31 March 2015. Net current assets at 31 March 2015 were \$4.1 million compared to net current liabilities of \$132.5 million at 31 March 2014. The improvement was primarily due to the refinancing of debt facilities referred to above. Total long and short term borrowings were reported at \$126.8 million at 31 March 2015 compared to \$156.7 million at 31 March 2014. Short term borrowings were stated at \$6.1 million at 31 March 2015 compared to \$136.0 million at 31 March 2014.

As a result of the matters referred to above, total equity (excluding treasury shares and non-controlling interests) increased to \$54.7 million at 31 March 2015 from \$53.1 million at 31 March 2014. However, as mentioned below, transactions completed during FY 2015 resulted in increasing treasury shares to \$19.4 million as at 31 March 2015. Total equity will increase once the Company places those shares in exchange for cash or other assets. Total equity will also increase once the Company is in a position to reflect the value of the investment in the land parcels in India, following receipt of all governmental approvals and other factors, described in more detail below.

Dividend

As a result of the development of the Company's activities during FY 2015 and in expectation of continued development in FY 2016, your Board is pleased to recommend that the Company recommence the payment of a dividend for the first time since 2004. The Board will recommend to shareholders the payment of a dividend from the Company's capital reserves at the rate of CHF 0.50 per share at the Annual General Meeting which will be held in Zurich on Tuesday, 15 September 2015. If approved, shareholders will be offered the opportunity to receive the dividend in cash or shares. The formal invitation to attend the Annual General Meeting will be issued in the next few weeks.

Current activities

The Group is engaged in the wholesale trading of gold bullion in Singapore. The business had been set to expand significantly in 2014 through collaborations with large gold manufacturers and importers in India. However, the Indian government imposed various restrictions on the import of gold into India in order to curb demand for foreign currency which had contributed to a diminution in the value of the Indian rupee. These measures included higher duties, increased costs of financing and limitations on amounts that could be imported into India based on a percentage of gold items exported. As a result, trading in gold was curtailed with official Indian gold imports falling dramatically. As a consequence of these Indian restrictions, the Group has focused on trading gold bullion solely within Singapore. Consolidated revenues from gold sales were reported at \$35.9 million for FY 2015 with gold trading volumes commencing in August 2014.

Restrictions on Indian gold imports have been partially reduced since November, 2014 and they are widely expected to be lessened further. As a result, as these restrictions are removed, the Company expects to resume direct gold trading to India during FY 2017. The Group also expects to commence jewellery trading in Singapore this financial year.

The Group is financing working capital for its gold trading operations from proceeds of its convertible notes issue and is not reliant on bank financing.

Through the Goldlink acquisition, USI acquired certain development rights over 106.2 acres of land in Tamil Nadu, India, which independent appraisals have valued at over \$175 million at the time and in subsequent independent appraisals as of 31 December 2014 and 31 March 2015 respectively. The value of these properties can only be reflected on the Company's balance sheet in accordance with IFRS once all applicable governmental approvals have been obtained and certain restrictions relating to loans to previous owners have been removed. While it was hoped that these restrictions would be removed during FY 2015, the delay has persisted. As a result, the Company has moved to substitute these properties with alternative properties, and in this context, announced in late May 2015 a conditional agreement to acquire 80 acres out of a possible 120 acres of land in proximity to the East Coast Road near Chennai. The Company is negotiating to acquire other parcels of land and it is hoped that the value of all the new properties will be reflected on the Company's balance sheet during the course of FY 2016.

Demand for residential and commercial development in India remains high and all parcels of land under review have been earmarked for residential and related commercial uses. Large contiguous land tracts near urban centres are increasingly difficult to obtain in India, particularly with new land acquisition legislation, which has increased the cost and time required to consummate land purchases. Since 2007, property values in India have risen on average by 9% p.a. and residential properties near Chennai have risen on average by 20% p.a. It is believed that development properties comprising parcels of land near major urban centres in India represent a very good long-term store of value for your Company.

On 18 December 2014, the Company announced that it had sold all of the non-Indian companies that it had acquired on September 16, 2013, which were not core to the Group's business, in exchange for 1.5 million of the Company's shares, and the assumption of \$1.4 million of the Group's liabilities. The effect of the sale has been to reduce the number of subsidiaries in the USI Group and to increase the Company's treasury shares by 1.5 million. The total value of treasury shares held by the Company is stated at \$19.4 million at 31 March 2015. Once the shares have been re-issued to new shareholders in exchange for cash or assets, the Company's total equity will be increased by \$19.4 million.

Investment in Indonesia

During the course of the last year, your Company has been reviewing various investment opportunities in the coal and timber industries in Indonesia as exports of these commodities are in high demand in India and constitute (together with gold bullion) three of the five largest Indian imports.

Coal

On 2nd December 2014, your Board announced that one of its subsidiaries had agreed to make a working capital loan to an Indonesian company which owns a producing coal mine in Indonesia. That company has entered into an agreement to supply coal to an Indonesian subsidiary of a major international commodity trading company principally for export to India, which is one of the world's largest coal importers. Under the terms of the current working capital loan, which matures on 31 March 2018, USI will receive interest on the loan at a rate of 10% per annum and a mine service fee of \$3 per metric tonne of coal sold.

From September 2014 to March 2015, the Indonesian company produced approximately 63,000 metric tonnes of coal and production is expected to grow significantly during the second half of FY 2016.

Timber

The Company is continuing due diligence and is negotiating various agreements with respect to the acquisition and processing of hardwood logs in Indonesian for export to India. The Group expects to commence the purchase of logs during in the second half of FY 2016, which will be cut and processed in Indonesia before being exported to India which is one of the world's largest importers of hardwood timber. It is expected that this activity will require minimal working capital in the short term.

Other activities

During May and August 2014, the Company sold all of its shareholding in Public Service Properties Investments Limited realising approximately \$8.2 million, which was primarily used to repay short term borrowings of the Group.

The Leipzig Properties

The Leipzig Properties were constructed in 1995 and leased until 31 March 2020 to the Free State of Saxony (Covenant strength AAA), 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. In September 2014, the Group successfully completed a €96 million refinancing secured against the Leipzig Properties with the new debt consisting of senior, junior and subordinated tranches. The €50 million senior loan has been provided on an interest only basis at a fixed rate of 5% per annum, repayable in March 2020. The €31 million junior loan has been provided on a fully amortising basis over the same period with interest payable at a fixed rate of 3% per annum on the outstanding principal. The €15 million subordinated loan accrues interest on a compounding basis at 8% per annum. The Group has agreed to acquire the subordinated loan on or before 31 July 2016 at a premium of between 0% and 9% of the principal amount and accrued interest, depending on the time of repayment.

Rental income continues to be received from the Leipzig Properties without interruption in accordance with the terms of the lease: however, the Company's independent valuer reduced the value of the Leipzig Properties to €139.4 million at 31 March 2015 from €141.8 million at 31 March 2014, primarily to reflect the shortening of the unexpired lease term. The Company expects to begin negotiations for an extension of the lease with the Government of Saxony later this year.

Overall, your Company is pleased with its progress to date in spite of the setbacks in gold trading noted above and continued delays in bringing its real estate assets in India onto the Company's consolidated balance sheet. Efforts to build the gold business and the trading of other commodities will continue as will our efforts to substitute the Company's Indian properties.

Executive Management

As a result of increased responsibilities that I am assuming, I am pleased to confirm that I am resuming my role as an Executive Chairman with immediate effect and will also assume responsibility for investor relations and corporate communications.

Respectfully submitted,



USI Group Holdings AG
Dr. Volkert Klaucke (Chairman)
Approved by the Board: 30 July 2015

COMPANY INFORMATION

DIRECTORS

Mr. Ravi Singh (Group Chief Executive Officer)
Dr. Volkert Klaucke (Chairman)
Dr. Doraiswamy Srinivas (Vice Chairman)
Mr. William Vanderfelt
Mr. David Quint

COMPANY SECRETARY

Dr. Doraiswamy Srinivas

EXECUTIVE MANAGEMENT

Mr. Ravi Singh (Group Chief Executive Officer)
Dr. Volkert Klaucke (Chairman) (effective 30 July 2015)
Mr Hamsa Shadaksharappa (Corporate Development) – (left group 1 May 2015)
Mr Gokul Dixit (until 16 September 2014)

GROUP MANAGEMENT

Mr Gokul Dixit (Corporate Finance)
(from 17 September 2014)

REGISTERED OFFICE

Bleicherweg 66
CH 8002 Zurich
Switzerland

INDEPENDENT PROXY

Dr. Roger Groner
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CH-8002 Zürich
Switzerland

AUDITORS

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Birchstrasse 160
8050 Zurich
Switzerland

ADVISOR

St James Investment Management Limited
33 Edith Cavell Street
Port Louis
Mauritius

LEGAL ADVISORS (as to Swiss Law)

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Brandschenkestrasse 90
CH 8027 Zurich
Switzerland

REGISTRAR

SAG SIS Aktienregister AG
Baslerstrasse 100
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CH-4601 Olten
Switzerland

REGISTERED NUMBER

CH-020.3.922.903-6

**USI GROUP HOLDINGS AG
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2015**

The Directors present their report and the audited consolidated financial statements to the shareholders for the year ended 31 March 2015.

PRINCIPAL ACTIVITY

The Company's principal activity is that of an investment holding company. Following the business combination of 16 September 2013, the activities of the subsidiaries were diversified from solely that of investment property companies or intermediate financing and holding companies to also include the procurement and wholesale trading of gold bullion, including exports to India and Singapore; the import and sale of jewellery manufactured in India to markets in Asia and the Middle East; other investments in natural resources for importing to India and the ownership and development of real estate and infrastructure assets in India and Europe.

DIRECTORS

The Directors of the Company at 31 March 2015, all of whom have been directors for the whole of the period then ended unless otherwise indicated are set out below. In accordance with Swiss law, the term of each director is limited to one year.

	Nationality	Function	Member since
Executive members			
Mr Ravi Singh	USA	Group Chief Executive Officer	2014
Non-executive members			
Dr. Volkert Klaucke	German	Chairman	2005
Dr. Doraiswamy Srinivas	USA/GB	Vice Chairman	2005
David Quint	USA/GB	Member	2005
William W. Vanderfelt	GB	Member	2005

SECRETARY

The secretary of the Company at 31 March 2015 was Dr. Doraiswamy Srinivas, who has been secretary since his appointment on 30 June 2005.

AUDITORS

The appointed auditors are PricewaterhouseCoopers AG, Zurich, Switzerland.

DIRECTORS' INTERESTS

The following Directors' interests in the shares of the Company were as stated below:

	31 March 2015	31 March 2014
Dr. Volkert Klaucke	37,250	37,250
Mr Ravi Singh	Nil	N/A
Dr. Doraiswamy Srinivas	Nil	Nil
Mr. William Vanderfelt	124,439	124,439
Mr. David Quint	Nil	Nil

At 31 March 2015 and 2014, RP&C International Inc. and its subsidiary companies held 369,787 and 310,907 shares, respectively. David Quint and Dr. Doraiswamy Srinivas are both directors and shareholders of RP&C International Inc. holding an interest of 24.93% and 23.14% respectively. St James Investment Management Limited ("SJIM"), the advisor to the USI group, is an indirect subsidiary of RP&C International Inc. As at 31 March 2015 and 2014, Arundel Group Services Limited ("Arundel") and its subsidiaries held 765,159 and 1,252,671 shares, respectively. As at 31 March 2015, David Quint and Dr. Srinivas had no interest in Arundel. As at 31 March 2014, David Quint and Dr. Srinivas had an interest of 27% and 21% respectively in Arundel. Infinite Group Holdings Limited ("Infinite") and its subsidiaries held 8,984,513 and 11,016,634 shares as at 31 March 2015 and 2014 respectively. Ravi Singh was a Director of and had a 20% interest in Infinite at both 31 March 2015 and 2014.

By order of the Board



Dr. Volkert Klaucke
Chairman

Date: 30 July 2015



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 balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (on pages 9 to 66), for the year ended 31 March 2015.

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) 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 March 2015 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 Swiss law.

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



Roger Kunz

Audit expert
Auditor in charge



Efrem Dell'Era

Audit expert

Zürich, 30 July 2015

USI GROUP HOLDINGS AG
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

	NOTE	Twelve months ended 31 March 2015 \$	Period from 1 January 2013 to 31 March 2014 (restated) \$
Revenue	7	47,871,108	59,344,426
Cost of goods sold	8	(35,844,796)	(51,548,355)
Administrative and marketing expenses	9	(6,878,565)	(5,043,276)
Fair value loss on investment property	14	(3,072,190)	(6,042,963)
Profit on disposal of subsidiaries	31	1,773,731	-
Other income		313,336	90,720
Operating profit/(loss)		4,162,624	(3,199,448)
Finance income	10	264,938	82,133
Finance costs	11	(14,568,020)	(7,000,733)
Impairment of available for sale investments	16	(422,110)	(1,031,968)
Negative goodwill	3	-	19,377,043
(Loss)/profit before income tax expense		(10,562,568)	8,227,027
Income tax expense	25	61,840	(73,599)
(Loss)/profit from continuing operations		(10,500,728)	8,153,428
Discontinued Operations			
Loss for the year from discontinued operations	15	(22,877)	(1,056,600)
(Loss)/profit for the year/period		(10,523,605)	7,096,828
Attributable to:			
Equity owners of the parent		(10,496,912)	7,200,899
Non-controlling interests		(26,693)	(104,071)
Earnings per share from continuing and discontinued operations attributable to owners of the parent during the year/period		\$ per share	\$ per share
<i>Basic earnings per share:</i>			
From continuing operations	12	(0.729)	0.639
From discontinued operations		(0.002)	(0.081)
From profit for the year		(0.731)	0.558
<i>Diluted earnings per share</i>			
From continuing operations	12	(0.729)	0.584
From discontinued operations		(0.002)	(0.081)
From profit for the year		(0.731)	0.503

The notes on pages 14 to 66 form part of these consolidated financial statements.

USI GROUP HOLDINGS AG
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

		Twelve months ended 31 March 2015	Period from 1 January 2013 to 31 March 2014 (restated)
	NOTE	\$	\$
(Loss)/Profit for the year/period		(10,523,605)	7,096,828
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Share of associates cash flow hedges		7,789	(7,789)
Recycle of translation reserve on disposal of associate	15	573,061	-
Change in fair value of available for sale assets	16	-	(657,655)
Currency translation differences		(8,853,208)	4,366,268
Other comprehensive income for the year/period		(8,272,358)	3,700,824
Total comprehensive income for the year/period		(18,795,963)	10,797,652
Attributable to:			
Equity owners of the parent		(18,769,270)	10,901,723
Non-controlling interests		(26,693)	(104,071)

The notes on pages 14 to 66 form part of these consolidated financial statements.

USI GROUP HOLDINGS AG
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2015

	NOTE	As at 31 March 2015 \$	As at 31 March 2014 \$
ASSETS			
Non-current assets			
Investment property	14	151,219,536	195,004,212
Development rights	17	19,905,815	21,343,772
Investments in associates	15	-	8,711,091
Investments – available for sale	16	174,628	760,534
Other receivables and prepayments	19	4,170,180	2,748,763
		175,470,159	228,568,372
Current assets			
Trade debtors	18	106,789	64,572,736
Other receivables and prepayments	19	11,092,974	5,062,293
Restricted cash	19	291,815	564,998
Deferred taxation	23	61,840	-
Cash and cash equivalents		2,332,669	1,660,252
		13,886,087	71,860,279
TOTAL ASSETS		189,356,246	300,428,651
EQUITY			
Capital and reserves			
Share capital	3,20	162,528,644	162,528,644
Share premium	3	109,054,845	109,143,512
Cash flow hedging reserve from associates		-	(7,789)
Equity component of convertible bond	22	710,792	683,905
Translation reserve		(3,913,879)	4,366,268
Retained earnings		(213,658,815)	(223,610,117)
		54,721,587	53,104,423
Treasury shares	20	(19,384,291)	(1,948,106)
		35,337,296	51,156,317
Non-controlling interests	24	2,899,189	2,925,882
TOTAL EQUITY		38,236,485	54,082,199
LIABILITIES			
Non-current liabilities			
Borrowings	21	120,672,239	20,649,442
Other payable – related party	17	19,905,815	21,343,772
Accruals	28	717,058	-
		141,295,112	41,993,214
Current liabilities			
Trade creditors	26	-	50,212,804
Other payables	27	-	14,814,723
Accruals	28	3,702,382	3,302,989
Borrowings	21	6,122,267	136,022,722
		9,824,649	204,353,238
TOTAL LIABILITIES		151,119,761	246,346,452
TOTAL EQUITY AND LIABILITIES		189,356,246	300,428,651

The notes on pages 14 to 66 form part of these consolidated financial statements.

USI GROUP HOLDINGS AG
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

		Share capital	Share premium	Treasury shares	Attributable to equity owners of the parent			Retained earnings	Non-controlling interest	Total equity
					Cash flow hedging reserve	Equity component of convertible bond	Translation reserve			
		\$	\$	\$	\$	\$	\$	\$	\$	
Balance as of 1 January 2013		3,659,420	-	-	-	-	657,655	1,577,713	-	5,894,788
Reverse acquisition 16 September	3,20	37,993,278	-	(1,948,106)	-	-	-	9,467,234	-	45,512,406
Ordinary shares issued at 16 September, net of issue costs	3	120,875,946	109,143,512	-	-	-	-	(241,751,892)	-	(11,732,434)
Profit for the period		-	-	-	-	-	-	7,096,828	-	7,096,828
Other comprehensive income										
Movement of AFS fair value reserve	16	-	-	-	-	-	(657,655)	-	-	(657,655)
Foreign currency translation		-	-	-	-	4,366,268	-	-	-	4,366,268
Cash flow hedges – net of tax		-	-	-	(7,789)	-	-	-	-	(7,789)
Total comprehensive income		-	-	-	(7,789)	4,366,268	(657,655)	7,096,828	-	10,797,652
Equity component of convertible bond	22	-	-	-	-	683,905	-	-	-	683,905
Non-controlling interest	24	-	-	-	-	-	-	-	2,925,882	2,925,882
Balance as of 31 March 2014 and 1 April 2014		162,528,644	109,143,512	(1,948,106)	(7,789)	4,366,268	-	(223,610,117)	2,925,882	54,082,199
(Loss)/Profit for the period		-	-	-	-	-	-	(10,523,605)	-	(10,523,605)
Costs associated with equity raise		-	(88,667)	-	-	-	-	-	-	(88,667)
Other comprehensive income										
Movement of AFS fair value reserve		-	-	-	-	-	-	-	-	-
Foreign currency translation		-	-	-	-	(8,280,147)	-	-	-	(8,280,147)
Cash flow hedges – net of tax		-	-	-	7,789	-	-	-	-	7,789
Total comprehensive income		-	-	-	7,789	(8,280,147)	-	-	-	(8,272,358)
Equity component of convertible bond		-	-	-	-	26,887	-	-	-	26,887
Non-controlling interest		-	-	-	-	-	-	-	(26,693)	(26,693)
Treasury share transaction		-	-	(18,300,313)	-	-	-	20,000,000	-	1,699,687
Sale of treasury shares		-	-	864,128	-	-	-	474,907	-	1,339,035
Balance as of 31 March 2015		162,528,644	109,054,845	(19,384,291)	-	710,792	(3,913,879)	(213,658,815)	2,899,189	38,236,485

The notes on pages 14 to 66 form part of these consolidated financial statements

USI GROUP HOLDINGS AG
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

	NOTE	Twelve months ended 31 March 2015	Period from 1 January 2013 to 31 March 2014
		\$	\$
Cash flow from operating activities			
<i>(Loss)/profit for the year/period</i>		(10,523,605)	7,096,828
<i>Adjustments for:</i>			
- Negative goodwill	3	-	(19,377,043)
- Net foreign exchange losses	11	4,542,269	-
- Impairment of investments	9	-	808,804
- Interest income	10	(264,938)	(82,133)
- Interest expenses and other finance expenses	11	7,847,052	5,071,816
- Amortisation of debt issue costs	11	1,304,918	1,021,218
- Changes in fair value of investment property	14	3,072,190	6,042,963
- Impairment of associate	15	-	1,056,600
- Loss on fair value adjustment of associate	15	195,524	-
- Loss on disposal of associate	15	400,414	-
- Impairment of available for sale assets	16	422,110	1,031,968
- Profit on disposal of subsidiaries	31b	(1,773,731)	-
- Income tax expense	25	(61,840)	73,599
<i>Changes in working capital</i>			
- Trade creditors and other payables		22,600	8,250,710
- Receivables and prepayments		(1,076,431)	(4,008,556)
- Accruals		511,276	(514,731)
Cash generated by operations		4,617,808	6,472,043
Interest paid		(7,631,627)	(4,702,723)
Income tax paid		-	(332,734)
Net cash (used)/generated by operating activities		(3,013,819)	1,436,586
Cash flow from investing activities			
Change in restricted cash		273,183	-
Proceeds from sale of associate	15	8,204,328	-
Issuance of convertible promissory note	19	(2,000,000)	-
Cash payments for potential acquisition of development rights	19	(882,388)	-
Cash assumed from business combinations	31	-	607,060
Purchase of subsidiaries	31	-	(125,624)
Interest received		3,213	315
Net cash generated by investing activities		5,598,336	481,751
Cash flow from financing activities			
Proceeds from borrowings – net of costs		128,807,994	5,465,469
Repayment of borrowings		(131,825,132)	(4,646,840)
Proceeds from sale of treasury shares		1,269,740	-
Payments in relation to equity raise		(88,667)	(1,176,564)
Net cash used by financing activities		(1,836,065)	(357,935)
Net increase in cash and cash equivalents		748,452	1,560,402
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of year/period		1,660,252	23,439
Net increase in cash and cash equivalents		748,452	1,560,402
Foreign currency translation adjustments		(76,035)	76,411
Cash and cash equivalents at end of year/period		2,332,669	1,660,252

The notes on pages 14 to 66 form part of these consolidated financial statements.

USI GROUP HOLDINGS AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1. GENERAL INFORMATION

USI Group Holdings AG (the “Company”), domiciled in Switzerland with its registered office at Bleicherweg 66, CH-8002, Zürich, Switzerland, is the ultimate parent company of the USI Group. The Company and its subsidiaries (together the “Group”) business consists of: the procurement and wholesale trade of gold bullion, including exports to India and Singapore; the import and sale of jewellery manufactured in India to markets in Asia and the Middle East; other investments in natural resources for importing to India; and the ownership and development of real estate and infrastructure assets in India and Europe. The Group was formed by a reverse acquisition on 16 September 2013 of Goldlink United Ltd (“Goldlink”) and the USI Group Holdings AG group of companies (“USI Group”).

The Company is listed on the SIX Swiss Exchange.

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 periods 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. The consolidated financial statements are reported in US Dollars unless otherwise stated and are based on the annual accounts of the individual subsidiaries for the period 1 April 2014 to 31 March 2015, which were drawn up according to uniform Group accounting principles. The financial year-end of the Group was extended from 31 December 2013 to 31 March 2014 in order to align the financial reporting year-end with the statutory financial reporting year-end in significant acquired subsidiaries, and as a consequence the prior financial period represents a fifteen month period. Consequently, the comparable period amounts are not comparable.

Comparative information in the consolidated income statement and consolidated statement of comprehensive income have been restated in order to be consistent with the presentation of the disposal of undertakings in associates as discontinued operations in 2015 as detailed in Note 15.

The Group has adopted the following new standards, amendments to standards and interpretations for the financial year ended 31 March 2015.

IAS 32 (amendment) 'Offsetting financial assets and financial liabilities', (effective for annual periods beginning on or after 1 January 2014, retrospective application). The amendment to the application guidance in IAS 32 clarifies some of the requirements for offsetting financial assets and liabilities. Offsetting on the face of the balance sheet is only required, when the entity has a legally enforceable right to set-off and intends either to settle the asset and liability on a net basis or to realise the asset and settle the liability simultaneously. The amendment clarifies, that the right to set-off must be available today (and not contingent on a future event). Further, the right to set-off must be legally enforceable in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The adoption of the amendment did not have a material impact on the consolidated financial statements.

Amendments to IAS 36 'Recoverable Amount Disclosures for Non-Financial Assets' (effective 1 January 2014, retrospective application, earlier adoption permitted). This limited scope amendment corrects an amendment to IAS 36 when IFRS 13 was issued and introduced additional disclosures for measurements based on fair value less costs of disposal in case of an impairment or reversal of an impairment. No requirement to disclose recoverable amount when a CGU contains goodwill or indefinite lived intangible if there was no impairment. Disclosure of the recoverable amount when an impairment loss has been recognized or reversed. Detailed disclosure of how fair value less costs of disposal has been measured when impairment loss is recognized or reversed. The adoption of the amendment did not have a material impact on the consolidated financial statements.

USI GROUP HOLDINGS AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

2.1 Basis of preparation (continued)

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year ended 31 March 2015 and have not been early adopted:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2018, retrospective application, earlier application permitted). The complete version of IFRS 9 'Financial Instruments' includes requirements on the classification and measurement of financial assets and liabilities; it defines three classification categories for debt instruments: amortised cost, fair value through other comprehensive income ('FVOCI') and fair value through profit or loss ('FVPL'). Classification for investments in debt instruments is driven by the entity's business model for managing financial assets and their contractual cash flows. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. No changes were introduced for the classification and measurement of financial liabilities, except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. IFRS 9 also contains a new impairment model which will result in earlier recognition of losses. The expected credit losses (ECL) model is a 'three-stage' model for impairment based on changes in credit quality since initial recognition. In addition, the new standard contains amendments to general hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. The adoption of the revision is not expected to have a material impact on the consolidated financial statements.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' (effective for annual periods beginning on or after 1 January 2016). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business'. Full gain or loss will be recognised by the investor where the nonmonetary assets constitute a 'business'. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests, even if these assets are housed in a subsidiary. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation. These amendments shall be applied prospectively, earlier application is permitted. The adoption of the amendment is not expected to have a material impact on the consolidated financial statements.

Amendments to IFRS 11 - 'Accounting for Acquisitions of Interests in Joint Operations' (effective for annual periods beginning on or after 1 January 2016, prospective application, earlier adoption permitted). The additional guidance clarifies that the acquisition of an interest in a joint operation that meets the definition of a business under IFRS 3 is not a business combination as the acquiring party does not obtain control. Despite this, IFRS 3 business combination accounting should be applied including IFRS 3 disclosure requirements. The adoption amendment may have a material impact on the consolidated financial statements given future prospects of the Group, but is currently not expected to have a material impact on the consolidated financial statements.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The adoption amendment may have a material impact on the consolidated financial statements given future prospects of the Group, but is currently not expected to have a material impact on the consolidated financial statements.

USI GROUP HOLDINGS AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

2.2 Principles of consolidation

2.2.1 Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated 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 Group subsidiaries have 31 March year ends. 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 shares acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of 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 Reverse acquisitions

In a business combination effected primarily by exchanging equity interests, the acquirer is usually the entity that issues its equity interests. However, in some business combinations, commonly called 'reverse acquisitions', the issuing entity is the acquiree. A reverse acquisition occurs when the entity that issues securities (the legal acquirer) is identified as the acquiree for accounting purposes. The entity whose equity interests are acquired (the legal acquiree) must be the acquirer for accounting purposes for the transaction to be considered a reverse acquisition.

In a reverse acquisition, the accounting acquirer usually issues no consideration for the acquiree. Instead, the accounting acquiree usually issues its equity shares to the owners of the accounting acquirer. Accordingly, the acquisition-date fair value of the consideration transferred by the accounting acquirer for its interest in the accounting acquiree is based on the number of equity interests the legal subsidiary would have had to issue to give the owners of the legal parent the same percentage equity interest in the combined entity that results from the reverse acquisition. The fair value of the number of equity interests calculated in that way can be used as the fair value of consideration transferred in exchange for the acquiree.

USI GROUP HOLDINGS AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

2.2 Principles of consolidation (continued)

Consolidated financial statements prepared following a reverse acquisition are issued under the name of the legal parent (accounting acquiree) but described in the notes as a continuation of the financial statements of the legal subsidiary (accounting acquirer), with one adjustment, to adjust retrospectively the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree. That adjustment is required to reflect the capital of the legal parent (the accounting acquiree). Comparative information presented in those consolidated financial statements is also retrospectively adjusted to reflect the legal capital of the legal parent (accounting acquiree).

2.2.5 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. As such, the Group has been organised into the following segments:

- Investments in Government Tenanted Property
- Investments in Associated Undertakings (disposed in fiscal year 2015)
- Development Rights
- Gold Trading

The board of directors assess the performance of the business using a number of measures; however particular emphasis is placed on total assets and total equity.

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

USI GROUP HOLDINGS AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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 US Dollars, which is the Group'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 6.

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.

USI GROUP HOLDINGS AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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 Development Rights

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition intangible assets are carried at cost less accumulated impairment losses, if any. As the Group's development rights are irrevocable and do not expire, the development rights were determined to be an indefinite lived intangible asset.

2.8 Other investments

Equity investments, other than investments in Associates, are recorded at fair value unless such fair value is not reliably determinable in which case they are carried at cost. Changes in fair value are recorded in the consolidated statement of income unless they are classified as available for sale, in which case fair value movements are recognised in other comprehensive income and are subsequently recognised in the consolidated statement of income when realised by sale or redemption, or when a reduction in fair value is judged to be a significant or prolonged decline.

2.9 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.

USI GROUP HOLDINGS AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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.

2.10 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 of disposal 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.

2.11 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.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in other comprehensive income 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 other comprehensive income are transferred from other comprehensive income 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 other comprehensive income at that time remains in other comprehensive income 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.

2.12 Trade debtors

Trade debtors 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 debtors 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 debtors. 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.

2.13 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. The Group's cash held as collateral for trading is treated as restricted cash.

USI GROUP HOLDINGS AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2.14 Share capital

Ordinary shares are classified as equity. Any transaction costs of an equity transaction are accounted for as a deduction from share premium 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.

2.15 Trade creditors and other payables

Trade creditors and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved by the Company's shareholders.

2.17 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.

2.18 Current and deferred income tax expense

The tax expense for the period comprises current and deferred tax expense. Income tax expense 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 expense 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.

USI GROUP HOLDINGS AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2.19 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.

2.20 Revenue recognition

Revenue includes gold trading revenue, rental income and finance income. Gold trading revenue represents the fair value of the sale of goods supplied to third parties, after deducting trade discounts and volume rebates, and is exclusive of value-added tax. Gold trading revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Rental income from investment properties is recognised based on the contractual rental agreement over the life of the lease term. Financing income is recognised on an accruals basis, taking into consideration the sums lent and the actual interest rate applied.

2.21 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.

2.22 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.

2.23 Other income

The Mine Service Fee income for coal trading activity is recognised on an accruals basis in accordance with the substance of the relevant agreement. Interest is accrued on the outstanding amount receivable under the agreement.

USI GROUP HOLDINGS AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. REVERSE ACQUISITION ACCOUNTING

On 16 September 2013, the shareholders of both USI Group Holdings AG (“USI”) and Goldlink United Ltd (“Goldlink”) approved the reverse acquisition between the two groups.

Goldlink was established as a shell company in 2013 without significant capitalization, for the sole purpose of acquiring the shares of Royal. Goldlink’s purchase of the shares of Royal was a reverse acquisition as Goldlink did not meet the definition of a business.

The completion of the transaction resulted in the listing on the SIX Swiss Exchange of 14,129,866 new issued and registered shares with a nominal value of CHF 10.00 each of USI. Of the new shares, 11,241,463 shares were pursuant to a reverse acquisition of Goldlink and 2,888,403 shares were pursuant to the conversion of mandatorily convertible notes and liabilities of USI.

Reverse Acquisition

On 16 September 2013, USI acquired the entire issued share capital of Goldlink, being 40,000 ordinary shares with a nominal value of \$1.00 each, in return for the issue by USI to the shareholder of Goldlink of the reverse acquisition shares. The 11,241,463 shares were issued to Infinite Group Holdings Ltd. (“Infinite”), the sole holder of the entire share capital of Goldlink. The transaction represents a reverse acquisition, in which the shareholders of Goldlink were granted 74.38% of shares of USI Group at the closing of the transaction

As part of the reverse acquisition agreement, a fixed amount of shares were to be held by an escrow agent and released based upon a milestone release schedule. During this time, USI retains the right to submit a claim against the escrow shares based on the performance of the assets acquired as part of the reverse acquisition. In total, 2,248,292 of the shares issued to Infinite are held by an escrow agent. In the absence of claims by USI, the escrow shares will be held until one month after the date of the publication of the first set of audited consolidated financial statements of the Group following completion of the transaction, where after 1,124,146 of the shares held in escrow shall be released to Infinite. Thereafter, 1,124,146 of shares shall be held by an escrow agent until the later of (i) one month after the date of publication of the second set of audited consolidated financial statements of the Group following completion of the transaction, and (ii) repayment of release of the applicable liabilities associates with the property development rights in India, where after 562,073 of the shares held in escrow shall be released to Infinite. Finally, 562,073 of shares shall be held by an escrow agent until the third anniversary of the reverse acquisition agreement, where after the remaining shares held in escrow shall be released to Infinite.

Cost of the Business Combination

In accordance with IFRS 3, Appendix B the cost of the business combination was calculated on the basis of the actual market value.

In the accounting for the reverse acquisition, the fair value of the consideration received from Goldlink is compared to the fair value of the net assets given up by the USI Group. Management considers the most accurate determination of the fair value of the consideration received from Goldlink, as the fair value of USI Group shares as these shares are in an observable market.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. REVERSE ACQUISITION ACCOUNTING (CONTINUED)

The calculation of negative goodwill resulting from the transaction is as follows:

Consideration at 16 September 2013	\$
Equity instruments (3,873,701 ordinary shares)	55,189,825
Total consideration	55,189,825
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	555,172
Investment property	194,284,545
Investment in associates	9,331,138
Receivables and prepayments	3,719,679
Trade and other payables	(343,596)
Borrowings	(146,071,375)
Accruals	(3,761,093)
Other financial liabilities	(2,851,904)
Transaction related costs	9,677,419
New cash capital raise	10,026,883
Total identifiable net assets	74,566,868
Negative goodwill	19,377,043

In the consolidated income statement, the resulting negative goodwill was recorded as a gain of \$19,377,043. The calculated goodwill represents the provisional difference between the purchase price and the fair value of the net assets of USI Group on 16 September 2013.

No significant adjustments to the fair value of the USI Group net assets at 16 September 2013 were required.

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3. REVERSE ACQUISITION ACCOUNTING (CONTINUED)

Share Capital & Share Premium

	Number of shares	Ordinary shares \$	Share premium \$
At 1 January 2013 and 31 December 2012	5,050,001	3,659,420	-
Elimination of prior company share capital on reverse acquisition	(5,050,001)	(3,659,420)	-
Former USI Group at 16 September 2013	985,298	72,943,835	-
Par value reduction at 16 September 2013	-	(62,349,233)	-
Conversion of mandatorily convertible notes and liabilities at 16 September 2013	2,888,403	31,058,096	-
Pre reverse acquisition USI Group share capital, less elimination of prior company share capital on reverse acquisition	3,873,701	37,993,278	-
New share issue at 16 September 2013	11,241,463	120,875,946	120,875,946
Share issue costs at 16 September 2013	-	-	(11,732,434)
At 31 March 2014	15,115,164	162,528,644	109,143,512

In the accounting for the reverse acquisition, the share capital of the legal acquiree (USI Group) replaced the share capital of the legal acquirer (Royal – refer to Note 2), with a corresponding offset to retained earnings. Also, at the date of the reverse acquisition a par value reduction of the prior share capital of USI Group was executed reducing share capital by \$62,349,233 with a corresponding offset to pre-reverse acquisition retained earnings.

Treasury shares of \$1,948,106 were also brought into equity as a legal extension of legal acquiree share capital.

Legally and in accordance with USI Group statutes, the reverse acquisition was recorded through the issuance of shares by USI Group to the shareholders of Goldlink. The share capital was 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 USI of all 40,000 Goldlink shares, based on an issue price of CHF 20 per new registered share of USI, and on a valuation of the contribution-in-kind of CHF 224,829,260 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.

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3. REVERSE ACQUISITION ACCOUNTING (CONTINUED)

The impact of the reverse acquisition to share capital and share premium is shown below.

	\$
Share capital (11,241,463 at CHF 10 per share)	120,875,946
<i>Share capital increase</i>	<i>120,875,946</i>
Share premium (11,241,463 at CHF 20 per share)	241,751,892
Share capital	(120,875,946)
Share issue costs	(11,732,434)
<i>Share premium increase</i>	<i>109,143,512</i>
Retained Earnings	\$
Pre reverse acquisition USI Group share capital, less elimination of prior company share capital on reverse acquisition, net treasury shares	(36,045,172)
Net assets acquired	74,566,868
Negative goodwill	(19,377,043)
Transaction related costs	(9,677,419)
<i>Retained earnings increase</i>	<i>9,467,234</i>

As included in the section above, the share capital of the accounting acquiree (USI Group) replaced the share capital of the accounting acquirer (Royal – refer to Note 2). The net assets acquire, less negative goodwill and prepaid transaction costs, increased retained earnings.

At the time of the reverse acquisition, the subsidiaries of Goldlink held various assets, with the most significant being the Royal Group's gold trading business and development rights in India. However, in accordance with IFRS neither the Royal Group's gold trading business nor the development rights in India could be capitalised in the consolidated balance sheet to the valuation amount. As such, the share capital and share premium added related to the reverse acquisition was greater than the capitalisable assets. The corresponding offset for the non-capitalisable contributed assets was retained earnings of \$241,751,892.

Adoption of IFRS

Royal, the accounting acquirer, has adopted IFRS effective for its annual consolidated financial statements beginning 1 January 2013. The prior year consolidated financial statements were Royal's first annual financial statements prepared in accordance with IFRS. For all periods up to and including the fiscal year ended 31 December 2012, the Royal Group prepared its financial statements in accordance with Singapore Financial Reporting Standards.

IFRS 1, First-time Adoption of International Financial Reporting Standards, requires a first-time adopter to retrospectively apply all IFRS effective as at the end of its first annual reporting period. IFRS 1 also provides a first-time adopter certain optional exemptions and requires certain mandatory exemptions from full retrospective application. Most of these exemptions, if elected or mandatory, must be applied as at the beginning of the required comparative period (the transition date).

Given the similarities between Singapore Financial Reporting Standards and International Financial Reporting Standards and the less complex nature of Royal's operations, no significant changes to the financial statements were required for Royal's adoption of International Financial Reporting Standards.

USI GROUP HOLDINGS AG
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4. FINANCIAL AND OTHER RISK MANAGEMENT

4.1 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 March 2015 and 31 March 2014 no hedging instruments for the Group were outstanding, other than the hedging instrument of the associate.

Risk management is carried out by the advisor under policies approved by the Board of Directors. The Board 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, and 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, Pound Sterling and Indian Rupee. Limited foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. 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 currency hedging transactions in respect of the net assets of subsidiaries denominated in currencies other than US Dollars. The Group will review this policy from time to time.

At 31 March 2015, if the US Dollar had increased by 10% against the Pound Sterling with all other variables held constant, profit for the year would have increased by \$106,453, 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 \$nil.

At 31 March 2015, if the US Dollar had increased by 10.0% against the Euro with all other variables held constant, profit for the year would have increased by \$1,062 due to foreign exchange losses on translation of Euro denominated cash balances. The equity impact of a 10% movement would be \$(2,878,801).

At 31 March 2015, if the US Dollar had increased by 10.0% against the Swiss Franc with all other variables held constant, profit for the year would have increased by \$Nil due to foreign exchange losses on translation of Swiss Franc denominated cash balances. The equity impact of a 10% movement would be \$6,504,373.

At 31 March 2015, if the US Dollar had increased by 10.0% against the Rupee with all other variables held constant, profit for the year would have increased by \$nil due to foreign exchange losses on translation of Rupee denominated cash balances. The equity impact of a 10% movement would be \$(8,712).

Exchange rate volatility is calculated on the basis of historic price movements.

USI GROUP HOLDINGS AG
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4. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk, as the gross margin on the gold business is calculated using a market index rate plus a transaction margin.

The Group's investments in equity of other entities that are publicly traded are included on the AIM market of the London Stock Exchange Market (disposed of in the fiscal year 2015) and the Bombay Stock Exchange.

The table below summarises the impact of increases/decreases of equity indexes on the Group's post-tax profit for the year and on equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 5% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index. The Group accounts for its investment on the AIM market as an associate, and as such, changes in share price do not have a direct impact on either profit or equity of the Group (this investment was disposed of in the 2015 financial year). The Group accounts for its investment at the Bombay Stock Exchange as available for sale, with changes in value recorded within other comprehensive income unless impairment is deemed necessary. In 2014, an impairment charge was recorded and as such the impact shown below has an impact on post-tax profit rather than other comprehensive income.

	Impact on post-tax profit		Impact on other comprehensive income	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Index +/- 5%				
Bombay Stock Exchange	8,883	38,704	-	-

(iii) 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 cash flow 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.

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4. 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:

	\$	\$
	31 March	31 March
	2015	2014
Shift in basis points	50	50
Profit impact of increase	(604,762)	(750,012)
Profit impact of decrease	604,762	750,012
Equity impact of increase	-	-
Equity impact of decrease	-	-

(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 and gold trading customers, including outstanding receivables. The table below shows the credit rating and balance of the three major bank counterparties at the balance sheet date.

	31	31	31	31
	March	March	March	March
	2015	2014	2015	2014
Counterparty	Rating	Rating	Balance	Balance
Bank A	A	A	725,100	1,366,516
Bank B	BB	BB	959,117	71,380
Bank C	N/A	N/A	610,605	-

The Group's concentration of credit risk with non-financial institutions is primarily with its rental customers and gold trading customers. For the rental customers, the Group has assessed that the credit risk is low as the rental contracts are granted to, directly or indirectly, governmental customers with excellent credit history and due to the good record of recovery of receivables. As a result, the Group has not incurred any losses.

For the gold trading business management has assessed the credit risk of its customers as low as credit is generally not extended to customers as transactions are settled in advance. In the prior year, as at 31 March 2014, there are overdue amounts however the nature of the cash flows upon sale mitigates the risk. Additionally, a significant amount of outstanding debtors were subject to a set off agreement (refer to Note 18).

(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.

USI GROUP HOLDINGS AG
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4. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

The table below analyses the Group's 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 March 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 Years
Borrowings	11,596,967	11,403,754	116,156,882	36,538,599
Trade creditors	-	-	-	-
Other payables	-	-	19,905,815	-
Total	11,596,967	11,403,754	136,062,697	36,538,599
At 31 March 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 Years
Borrowings	137,540,367	1,517,645	26,174,343	-
Trade creditors	50,212,804	-	-	-
Other payables	14,814,723	-	25,234,655	-
Total	202,567,894	1,517,645	51,408,998	-

USI GROUP HOLDINGS AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

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.

4.2 Fair value estimation

The table below provides disclosure of fair value measurements at 31 March 2015 and 2014 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).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

As at 31 March 2015	NOTE	Level 1	Level 2	Level 3
Assets				
Investment property	14	-	-	151,219,536
Investments – available for sale	16	174,628	-	-
As at 31 March 2014				
Assets				
Investment property	14	-	-	195,004,212
Investments – available for sale	16	760,534	-	-

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.

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 as well as for investment properties included in level 3.

4.3 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.

USI GROUP HOLDINGS AG
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5. 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.

(b) Inputs for management's estimations of fair value of investment properties

If information on current or recent prices is not available to determine the fair values of investment properties, then the fair values are determined using discounted cash flow valuation techniques. The Group uses inputs that are based on observable and unobservable market conditions existing at each balance date.

The principal observable inputs underlying management's estimation of fair value are those related to: the receipt of contractual 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 expected future market rental income levels are determined based on the specific terms of the existing rental contracts and the use of a capitalisation rate to determine the terminal value. This is considered a significant unobservable input in supporting the valuation of investment property. Were the capitalisation rate differ by 5% the net effect on the carrying amount of the investment properties after deferred taxation would be an estimated \$6.7 million higher or \$6.1 million lower (2014 - \$8.6 million higher or \$7.8 million lower). Management has assumed that the current rent being received in respect of its investment property will be maintained on expiry of the lease (refer to Note 14).

USI GROUP HOLDINGS AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(c) 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 and consideration of the market capitalisation of the associate. The associate was disposed of in fiscal year 2015 (refer to Note 15).

(d) Reverse acquisition

In the process of determining the treatment of the reverse acquisition transaction, the Group made certain assumptions regarding the net asset value of acquirer, acquiree and the consideration paid. These assumptions included the net asset value as at 16 September 2013 of the Royal Group (the accounting acquirer), the USI group (the accounting acquiree) and also the consideration that took the form of equity instruments (refer to Note 3).

(e) Allowance on trade debtors

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debtors. The main components of this allowance are a specific loss component that relates to individually significant exposures to and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. As of period-end (2014 – nil), no allowance was recognised in respect of trade debtors due to the payment history of customers (refer to Note 18).

(f) Measurement of business combinations and disposals.

In the process of determining the treatment of business combinations during the period, the Group made certain assumptions regarding the net asset value of assets acquired and disposed and the consideration paid or received (refer to Note 31).

USI GROUP HOLDINGS AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. FOREIGN EXCHANGE RATES

	Balance Sheet		Income Statement and Cash Flow Statement average	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	\$	\$	\$	\$
GBP	0.6741	0.60110	0.6210	0.63273
SGD	1.3738	1.25950	1.2881	1.25496
INR	62.6044	59.8630	61.1097	59.21208
CHF	0.9643	0.88710	0.9301	0.92047
EUR	0.9216	0.72720	0.7924	0.74868

7. REVENUE

The revenue on the gold business is calculated using a market index rate plus a transaction margin. Rental income from investment properties is recognised based on the contractual rental agreement over the life of the lease term.

	Year ended 31 March 2015	Period from 1 January 2013 to 31 March 2014
	Total segment revenue	Total segment revenue
	\$	\$
Gold trading	35,922,985	52,390,135
Investment property rental	11,948,123	6,954,291
Total	47,871,108	59,344,426

The investment property rent is €9,411,676 (\$10,212,322) per annum and the lease expiry date is March 2020.

8. COST OF GOODS SOLD

	Year ended 31 March 2015	Period from 1 January 2013 to 31 March 2014
	\$	\$
Purchases	35,713,303	51,548,355
Direct consultancy costs	131,493	-
	35,844,796	51,548,355

Cost of goods sold represents the purchase of gold bullion and jewellery, and associated freight and insurance charges along with direct consultancy costs directly related to gold trading.

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9. ADMINISTRATIVE AND MARKETING EXPENSES

	Year ended 31 March 2015 \$	Period from 1 January 2013 to 31 March 2014 \$
Professional fees and other costs	3,185,712	834,941
Property rent and maintenance	399,046	158,156
Advisory fees	1,311,911	2,489,874
Write down of investments	-	808,804
Marketing costs	1,065,477	-
Sundry expenses	585,769	667,665
Consultancy costs	330,650	83,836
	6,878,565	5,043,276

10. FINANCE INCOME

	Period ended 31 March 2015 \$	Period from 1 January 2013 to 31 March 2014 \$
Interest income	264,938	82,133
	264,938	82,133

11. FINANCE COSTS

	Year ended 31 March 2015 \$	Period from 1 January 2013 to 31 March 2014 \$
Interest on notes	1,512,858	674,468
Interest on mortgages	6,233,078	4,547,851
Interest on trust receipts	101,116	523,965
Amortisation of debt issue costs	1,304,918	1,021,218
Other interest and borrowing expenses	873,781	233,231
Foreign exchange movements	4,542,269	-
	14,568,020	7,000,733

USI GROUP HOLDINGS AG
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12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity owners of the parent by the weighted average number of ordinary shares outstanding during the period.

	Year ended 31 March 2015 \$	Period from 1 January 2013 to 31 March 2014 (restated) \$
Net profit attributable to equity owners of the parent:		
from continuing operations	(10,474,035)	8,257,499
from discontinued operations	(22,877)	(1,056,600)
	(10,496,912)	7,200,899
Weighted average number of ordinary shares outstanding	14,360,472	12,913,277
Basic earnings per share from continuing operations	(0.729)	0.639
Basic earnings per share from discontinued operations	(0.002)	(0.081)
Basic earnings per share from profit for the year/period	(0.731)	0.558
Diluted weighted average number of ordinary shares outstanding	15,812,972	14,150,719
Diluted earnings per share from continuing operations	(0.729)*	0.584
Diluted earnings per share from discontinued operations	(0.002)*	(0.081)
Diluted earnings per share from profit for the year/period	(0.731)*	0.503

* determined to be anti-dilutive

The weighted average number of ordinary shares outstanding for 2014 was adjusted for the reverse acquisition.

In July 2005, the Group approved a stock option plan for management. In 2013, the plan was cancelled, no options had been awarded nor had conditional capital been granted for this purpose since inception of the plan.

In March 2014, a subsidiary of the Group amended the terms of its previously issued debt. The debt comprises CHF 42,040,000 of convertible bonds issued in September 2010 and due March 2019. As at 31 March 2015, Bonds in the aggregate principal amount of CHF 22,513,750 were held by third parties and the remainder by the Group. The Bonds have a principal amount of CHF 1,000, a cash coupon of 6.25% and a conversion price of CHF 15.50. The Bonds also include an option for the Group to convert the principal and accrued interest on the Bonds if the share price of the Company is greater than 125% of the conversion price and certain trading volume targets are met. The Bonds are convertible into registered shares of the Company.

Management has estimated that the maximum number of additional ordinary shares that could be issued at 31 March 2015 is 1,452,500 (2014 – 1,237,442). If the diluted EPS calculation was performed as of 31 March 2015, then the resulting earnings per share would have been anti-dilutive.

USI GROUP HOLDINGS AG
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13. DIVIDENDS

No dividends were paid in the year ended 31 March 2015 or 31 March 2014. The Board of Directors will recommend to shareholders the payment of a dividend out of capital reserves at the rate of CHF 0.50 per share at the Company's Annual General Meeting which will be held in Zurich on Tuesday, 15 September 2015. If approved, shareholders will be offered the opportunity to receive the dividend in cash or shares.

14. INVESTMENT PROPERTY

	2014/2015 \$	2013/2014 \$
As at 1 April/1 January	195,004,212	-
Reverse acquisition	-	194,284,545
Net losses on fair value adjustment	(3,072,190)	(6,042,963)
Net change in fair value due to exchange differences	(40,712,486)	6,762,630
As at 31 March	<u>151,219,536</u>	<u>195,004,212</u>
Fire insurance value	<u>106,589,373</u>	<u>135,105,542</u>

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to \$3,072,190 (2014 - \$6,042,963) and are presented in the consolidated income statement.

The loss recognised subsequent to the reverse acquisition represents the decline in the value of the investment property after the transaction date.

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 \$228.3 million (€166 million) which, in part, was funded by senior debt of \$166 million (€121 million) (refer to Note 21). Bank borrowings of the Group are secured on investment property as outlined in Note 21.

Valuation of the investment properties was done as at 31 March 2015 by Botta Management AG, ("Botta") an independent Property Consultant. A discounted cash flow method was used to calculate market value assuming a 10 year calculation period and a terminal value. This resulted in a gross capital valuation of \$151.2 million (€139.36 million) (2014 - \$195.0 million (€141.78 million)).

Members of the Group have contractual obligations to perform certain repairs and maintenance on the investment properties in Leipzig. The lease period of the property expires in March 2020.

Country	Segment	Valuation (EUR/USD)	Valuation technique	Rental value (EUR/USD)	Discount rate %	Capitalisation rate for terminal value
Germany	Investments in	139,360,000/ 151,219,536	Discounted cash flow	9,411,676/ 10,212,322	3.80%	5.00%
	Government tenanted properties	(2014 – 141,780,000/ 195,004,212)		(2014 - 9,411,676/ 12,944,819)	(2014 – 4.30%)	(2014 – 5.00%)

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14. INVESTMENT PROPERTY (Continued)

The fire insurance value as at 31 March 2015 was \$106.6 million (€98.23 million) (2014 - \$135.1 million (€98.23 million)).

Included in property rent, maintenance and office expenses as detailed in Note 9 are repairs of \$208,517 (2014 - \$158,156) 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.

15. INVESTMENTS IN ASSOCIATES

	2014/2015 \$	2013/2014 \$
As at 1 April and 1 January	8,711,091	-
Reverse acquisition	-	9,331,138
Impairment of associate	-	(1,056,600)
Disposals	(8,769,600)	-
Effect of foreign currency change	81,386	436,553
Loss on fair value adjustment	(195,524)	-
Recycling of foreign exchange differences	573,061	-
Loss on disposal of associate	(400,414)	-
As at 31 March	-	8,711,091

The Group disposed of its ownership in Public Service Properties Investments Limited ("PSPI") during the year ended 31 March 2015 and recognised a loss of \$400,414. The fair value losses result from the loss of significant influence which occurred on the disposal of half the shareholding in April 2014 and the resultant recognition as an available for sale asset prior to ultimate disposal.

Discontinued operations

The Income Statement impact of the disposal has been treated as discontinued operations as it represents a significant segment of the business. An analysis of the result of discontinued operations is as follows:

	Year ended 31 March 2015 \$	Period from 1 January 2013 to 31 March 2014 \$
Impairment of associate	-	(1,056,600)
Loss on fair value adjustment	(195,524)	-
Recycling of foreign exchange differences	573,061	-
Loss on disposal of associate	(400,414)	-
	(22,877)	(1,056,600)

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15. INVESTMENTS IN ASSOCIATES (Continued)

The cash flow impact of discontinued operations is as follows:

Summarised cash flows	Year ended 31 Mar 2015 \$	Period from 1 January 2013 to 31 March 2014 \$
Cash flows from operating activities		
Cash generated from operations	-	-
Interest paid	-	-
Net cash generated from operating activities	-	-
Net cash received in investing activities	8,204,328	-
Net cash used in financing activities	-	-
Net increase in cash and cash equivalents	8,204,328	-

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16. INVESTMENTS – AVAILABLE FOR SALE

	2014/2015 \$	2013/2014 \$
At beginning of period	760,534	1,806,670
Additions	-	988,005
Effect of foreign currency change	(5,281)	(11,863)
Movement of available for sale fair value reserve	-	(657,655)
Impairment of available for sale investments	(422,110)	(1,031,968)
Disposals	(158,515)	(332,655)
As at 31 March	174,628	760,534

Available for sale financial assets are denominated in the following currencies:

	2014/2015 \$	2013/2014 \$
Indian Rupee	174,628	602,019
Singapore Dollar	-	158,515
As at 31 March	174,628	760,534

An impairment review was performed at 31 March 2015 to determine the fair value of available for sale assets, with reference to the trading share price of publically listed shares compared to carrying value. This resulted in an impairment in the year of \$422,110 (2014 - \$1,689,623), recorded in the consolidated income statement.

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17. DEVELOPMENT RIGHTS

	2014/2015	2013/2014
	\$	\$
Cost:		
At the beginning of the period	21,343,772	-
Business combination at 16 September	-	20,489,811
Effect of foreign currency change	(934,664)	1,228,780
Decrease in fair value of future earnings	(503,293)	(374,819)
As at 31 March	19,905,815	21,343,772

Development rights

In July 2013, Royal acquired Praiseworth Infra Private Limited (“Praiseworth”) and Bright Natural Infra Private Limited (“Bright Natural”). These entities owned real estate development rights. The entities were purchased at the valuation of the development rights.

Praiseworth held development rights over 9.2 acres of real estate in Chennai, India, and pursuant to an exercised purchase option will take legal title to the real estate to which the development rights relate once the purchase option is legally settled and registered.

Additionally, Bright Natural owned development rights over 97 acres of real estate in Sholinghur, India, and pursuant to an exercised purchase option will take legal title to the real estate to which the development rights relate once the purchase option is legally settled and registered.

In an assignment agreement dated 26 February 2015, both development rights were assigned to Omkar Property Development Private Limited, a newly incorporated Group company registered in India and a 100% owned subsidiary of USI Real Estate Investment Pte. Limited (see Note 30).

It is the intention of the Group to develop this land for various commercial and residential purposes in the future. As the development rights are irrevocable and do not expire, the development rights were determined to be an indefinite lived intangible asset.

Valuation methodology

The valuation methodology used is acquisition cost of the development rights plus 3% of future earning referenced to net present value of the development rights as determined by independent third party valuers.

Initial cost of acquisition was \$15,167,811 (INR 960.0 million) and 3% of future earnings as at 16 September 2013, based on the valuation performed by JLL was \$5,322,000 (INR 337.7 million), a total valuation of \$20,489,811 (INR 1,297.7 million).

As at 31 March 2015, the 3% of future earnings is based on updated valuations performed by JLL/Global Connect which results in \$4,571,429 (2014 - \$5,307,118) (INR 286.2 million (2014 - 317.7 million)), a total valuation of \$19,905,815 (2014 - \$21,343,772) (INR 1,246.2 million (2014 - INR 1,277.7 million)).

As at 31 March 2015 \$19,905,815 (2014- \$21,343,772) remains payable to the former owners of Praiseworth and Bright Natural.

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18. TRADE DEBTORS

	As at 31 March 2015 \$	As at 31 March 2014 \$
Trade Debtors	106,789	64,572,736
	106,789	64,572,736

During the year to 31 March 2015, \$48,133,214 of the balances owed from a third party at 31 March 2014 were subject to a set off agreement with creditor balances due. A further amount of \$16,473,218 was subject to an assignment and sale and purchase agreement along with creditor balances due as part of the sale of subsidiaries described in Note 31 b).

19. OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 March 2015 \$	As at 31 March 2014 \$
Non-current		
Other receivables and prepayments – related party	2,170,180	2,748,763
Other receivables and prepayments – third party	2,000,000	-
	4,170,180	2,748,763
Current		
Other receivables and prepayments – third party	3,177,187	2,598,872
Other receivables and prepayments – related party	7,915,787	2,463,421
	11,092,974	5,062,293
Restricted cash	291,815	564,998
Total current	11,384,789	5,627,291

Included in non-current related party receivables is a loan at a nominal amount of \$2,170,180 (€2 million) (2014 - \$2,748,763 million (€2 million)), which was lent by a subsidiary of the Group on 31 March 2008 to Ridgemont Holdings Limited, a subsidiary company of RP&C International Inc. Interest of \$152,340 (€120,000) (2014 - \$89,050 (€65,000)) has been accrued in the period on this balance and is included in other receivables and prepayments – related party. This balance is due in May 2018 and no allowance was deemed necessary due to the on-going investment advisory relationship with the debtor.

Included within non-current third party receivables is a \$2,000,000 loan in the form of a convertible promissory note to PT Sasangga Banua Banjar a mining company based in Indonesia ("PTSBB"), dated 7 August 2014. This attracts interest at 10% and an amount of \$108,521 has been included in the period (included within the other receivable and prepayments). The loan was exchanged or a new loan note on 1 April 2015 (refer to Note 38). PTSBB has agreed to pay Goldlink an amount of USD 5 per metric ton of coal sold by PTSBB to any purchaser, free of any taxes and deductions. This amount is a "pay-when-paid" arrangement and will be settled once PTSBB has satisfied its operating expenses and other current obligations. The Group will receive a coal stock report at each reporting date and will calculate the service fee based on total metric tons sold. An amount of \$313,336 has been accrued in respect of this agreement in the period and remains receivable as at 31 March 2015 and is included within current third party receivables.

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19. OTHER RECEIVABLES AND PREPAYMENTS (Continued)

Additionally included in third party current receivables and prepayments is a trading balance of \$1,341,455 with a third party which represents an advance payment for gold bullion. Other third party receivables include payment made to third parties in advance of potential development right acquisitions of \$882,388, sundry prepayments of \$370,425 and VAT receivable of \$54,629.

Included in current related party receivables is accrued interest of \$1,165,898 relating to the loan to Ridgemont Holdings Limited. Also included is a debtor of \$6,382,368 from Infinite resultant from the disposal transaction in the year, detailed in Note 31. The balance from Infinite is expected to be settled by a return of the Company's shares in fiscal year 2016.

Included under restricted cash is \$291,815 (2014 - \$564,998) pledged to banks as security against various credit facilities.

20. SHARE CAPITAL

	As at 31 March 2015 \$	As at 31 March 2014 \$
Authorised, allotted, called up and fully paid: Equity interests:		
15,115,164 Ordinary shares of CHF 10.00 each	162,528,644	162,528,644

On 16 September 2013 the shareholders of both the Company and Goldlink approved the reverse acquisition between the two groups.

The completion of the reverse acquisition resulted in the listing on the SIX Swiss Exchange of 14,129,866 newly issued and registered shares with a nominal value of CHF 10.00 each of the Company. Of the new shares, 11,241,463 shares were pursuant to a reverse acquisition of Goldlink and the balance of 2,888,403 arose from the conversion of mandatorily convertible notes and liabilities. As part of the transaction, a par value reduction was also executed, reducing the historical par value of CHF 68.85 to CHF 10.00.

Authorised share capital

Pursuant to an authorization in Article 3c of the Company's articles of incorporation (the "Articles"), the board of directors may increase the share capital in the amount of up to CHF 75,575,820 until 16 September 2016 through the issuance of up to 7,557,582 fully paid in additional registered shares with a nominal value of CHF 10 each. An increase in partial amounts is permitted.

Conditional share capital

According to Article 3a of the Articles the share capital may be increased by a maximum amount of CHF 15,115,160 through the issuance of up to 1,511,516 fully paid registered shares with a nominal value of CHF 10 each through the exercise of option rights granted to members of the board of directors or the management and to advisors of the company or its subsidiaries. Furthermore, pursuant to Article 3b of the Articles the share capital may be increased by a maximum amount of CHF 60,460,660 through the issuance of up to 6,046,066 fully paid registered shares with a nominal value of CHF 10 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.

As at 31 March 2015, the Group held 1,509,276 treasury shares (31 March 2014 - 15,669 shares).

Treasury Shares	2015 shares	2014 shares	2015 \$	2014 \$
Balance at 31 March	1,509,276	15,669	19,384,291	1,948,106

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20. SHARE CAPITAL (Continued)

An analysis of the movement in treasury shares in the year ended 31st March 2015 is as follows:

	No of Treasury Shares	\$	Average price per share \$
As at 31 st March 2014	15,669	1,948,106	
Shares transferred in lieu of fees	(6,393)	(864,128)	135.17
Receipt of shares from Escrow claim	86,400	1,200,000	14.69
Shares received in consideration for sale of Tokyo (See note 31 b)	1,500,000	18,300,313	12.20
Sale of treasury shares	(86,400)	(1,200,000)	14.69
As at 31 st March 2015	1,509,276	19,384,291	

During the year ended 31 March 2015 the Company received 86,400 shares into treasury in relation to a claim under an escrow agreement with Infinite (see Note 3). Subscriptions from third parties were subsequently received for these shares for a total of \$1,269,740.

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21. BORROWINGS

	As at 31 March 2015 \$	As at 31 March 2014 \$
Non-current		
Bonds	22,227,432	20,649,442
Facilities	90,489,606	-
Other loans	7,955,201	-
	120,672,239	20,649,442
Current		
Facilities	6,122,267	131,795,319
Other loans	-	4,227,403
	6,122,267	136,022,722
Total borrowings	126,794,506	156,672,164

Total 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.

Bonds

In March 2014, a subsidiary of the Group amended the terms of previously issued debt of the Group. Bonds consist of CHF 42.04 million convertible bonds issued September 2010 and due March 2019. The Bonds have a principal amount of CHF 1,000, a cash coupon of 6.25% and a conversion price of CHF 15.50. The Bonds also include an option for the Company to convert the principal and accrued interest on the Bonds if the share price of the Company is greater than 125% of the conversion price and certain trading volume targets are met. The Bonds are convertible into ordinary shares of the Company.

On 31 March 2014, the requisite consents were obtained from holders of pre-existing CHF 15.9 million convertible bonds to amend the terms and conditions of the Bonds and to provide for a) an increase in the overall quantum of principal amount of the Bonds to CHF 42,040,000, b) an increase in the current coupon from 4% per annum to 6.25% per annum, c) the removal of the redemption premium paid at maturity, d) in consideration of giving up the redemption premium at maturity, a one-off payment of interest in the form of Bonds equal to 8.16% of the principal amount of Notes in issue on 31 March 2014, e) a reduction in the conversion price from CHF 120 to CHF 15.50, f) an extension to the maturity from 30 September 2015 to 31 March 2019 and g) support of the guarantee of the Bonds by the Company by a new asset value coverage ratio and security in the form of a charge over the shares of a subsidiary of the Group.

On 31 March 2014, the Group sold CHF 2 million principal amount of Bonds, which it held, to Green Street Global Investment Limited ("GSGIL"). CHF 2,040,000 of bonds were used to make the special interest payment on the Bonds as at 31 March 2014 and the remainder was retained by the Group. In the year to 31 March 2015, a further CHF 3.3 million of these notes were sold by the Group bringing the total in issue to third parties to CHF 22.5 million.

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21. BORROWINGS (CONTINUED)

Facilities

The Leipzig Properties (refer to Note 14) were acquired by the Partnership for €166 million in 2008 and were financed by the Partnership, USI Germany Limited and USI Leipzig Limited borrowing \$166 million (€121 million) from a syndicate of senior lenders (the "Syndicate") ("Facilities").

The Facilities were due for repayment on 30 October 2010 and despite numerous attempts by the Group's advisors and management between 2010 and 2012, the Group and its appointed refinancing agents were not able to obtain alternative financing. As a consequence, the Group negotiated several extensions. This loan was guaranteed by the Partnership which had granted USIGH III a second charge over the Leipzig Properties in support of €12.5 million of intra group funding. This second charge was fully subordinated to the rights of the holders of the Facilities.

On 17 May 2013, the Company announced that the Group had entered into a Standstill Agreement (the "Standstill") relating to the Facilities which provides it with the opportunity to complete a satisfactory refinancing before 31 December 2014.

On 10 September 2014, the Group successfully completed the refinancing of the Facilities. The refinancing consists of a senior loan, junior loan and subordinated loan.

Pursuant to the senior loan, €50 million has been provided on an interest only basis until March 2020 at a fixed interest rate of 5% p.a.; under the junior loan €31 million has been provided on a fully amortising basis for the same period with interest payable at a fixed rate of 3% p.a. and under the subordinated loan €15 million has been provided by a member of the old lending syndicate, with interest accruing at a compounding fixed rate of 8% p.a. which is payable at maturity in March 2030. The Group has agreed to acquire, or procure the acquisition by a third party of, the subordinated loan on or before 31 July 2016 at a premium of between 0 per cent and 9 per cent of the principal amount and accrued interest, depending on the time of acquisition.

The refinancing included the assignment of an existing first priority land charge on the Leipzig Properties as security along with the assignment of rental and insurance claims relating to the property and a pledge over all bank accounts. Also, the Group issued a 'Cost Overrun Guarantee' governed by German law for the benefit of certain lenders under the loan agreements entered into by the Partnership as borrower, to secure the coverage (by payment of the necessary funds to the borrower) of a possible excess of certain costs in connection with the Leipzig Properties over a specified maximum yearly sum, subject to a maximum amount of liability of EUR 5 million.

Other Loans

Other Loans consist of three loans to the Group from GSGIL. The loans are for €3 million which was drawn down in April 2014, has a repayment date of 31 December 2017, \$2.5 million which was drawn down in two parts, in October 2014 and November 2014, and is repayable on 30 September 2016, and \$2.2 million which was drawn down in February 2015 and is repayable on 31 March 2017. All three loans attract interest at 6.25%.

Other Loans in prior periods consist of Bills and Trust Receipts payable with an average interest rate in the range from LIBOR/SIBOR +2.00% to 5% per annum. The average maturity period of Bills and Trust Receipts is 90 days. These borrowings were secured by fixed deposits held under bank's lien and a personal guarantee of Mr. Ashish Chhajer and Mr. Chordiya Vijay Kantilal and corporate guarantees of Skywest International Limited and Riverlink Enterprises Limited. These Bills and Trust receipts were settled in full during the period to 31 March 2015.

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21. BORROWINGS (CONTINUED)

The maturity of non-current borrowings is as follows:

	As at 31 March 2015	As at 31 March 2014
	\$	\$
Between 1 and 2 years	11,017,477	-
Between 2 and 5 years	43,001,560	20,649,442
Over 5 years	66,653,202	-
Non-current borrowings	120,672,239	20,649,442

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amounts		Fair values	
	2015	2014	2015	2014
	\$	\$	\$	\$
Non-current borrowings	120,672,239	20,649,442	121,300,816	21,114,956

The fair values are based on cash flows discounted using a rate based upon a borrowings rate of 7.0%.

The carrying amounts of the Group's total borrowings are denominated in the following currency:

	As at 31 March 2015	As at 31 March 2014
	\$	\$
Swiss francs	22,227,432	20,649,442
US dollars	4,700,000	4,227,403
Euros	99,867,074	131,795,319
	126,794,506	156,672,164

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22. COMPOUND FINANCIAL INSTRUMENTS

The Bonds (refer to Note 21) include a conversion option for the holders and a conversion option for the Company, into shares of the Company. This holders' option element has been valued independently of the liability of the Bonds and shown as an equity component. The Company's option element has been valued at nil.

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.

In order to arrive at a valuation of conversion option to be shown in equity, two fair value calculations were performed using implied interest rates both inclusive and exclusive of the option, with the valuation of the equity component deemed to be the difference between the two.

	As at 31 March 2015 \$	As at 31 March 2014 \$
Fair value of option	710,792	683,905

23. DEFERRED INCOME TAX

	As at 31 March 2015 \$	As at 31 March 2014 \$
Deferred taxation asset	61,840	-

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.

The fair value of the investment property is below the acquisition price (refer to Note 14), however no deferred tax asset has been recognised as the Group is uncertain as to future recovery. Tax losses recognised in the year in Royal Venture Pte Limited ("Royal") have resulted in the recognition of a deferred taxation asset of \$61,840.

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24. NON CONTROLLING INTEREST

	As at 31 March 2015 \$	As at 31 March 2014 \$
Non-controlling interest	2,899,189	2,925,882

The total non-controlling interest for the year is \$2,899,189 of which \$2,899,189 is for USI Verwaltungszentrum Leipzig Limited & Co. KG (2014 - \$2,919,035) and \$Nil is attributed to Praiseworth and Bright Natural (2014 - \$6,847). The principal place of business for USI Verwaltungszentrum Leipzig Limited & Co. KG is in Leipzig, Germany. The non-controlling interest in respect of Praiseworth and Bright Natural was disposed of during the period (See Note 31b).

The non-controlling interest in USI Leipzig Co KG arose from the exercise of a call option on the 5.1% minority interest of the Partnership (refer to Note 14). The option was exercised by the counterparty on 23 December 2013 and as such the option, previously valued as a financial liability due to its mandatory features, was converted to non-controlling interest. The holder of the minority interest is Ridgemont Holdings Limited (refer to Note 32).

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are significant to the Group.

Refer to Note 32 for transactions with non-controlling interests.

Summarised balance sheet	Year ended 31 Mar 2015 \$	As at 31 Mar 2014 \$
Current		
Assets	151,219,536	195,004,212
Liabilities	-	-
Total current net assets	151,219,536	195,004,212
Non current		
Assets	544,671	197,257
Liabilities	(104,916,502)	(137,965,491)
Total non-current net Liabilities	(104,371,831)	(137,768,234)
Net assets	46,847,705	57,235,978

Summarised income statement	Year ended 31 Mar 2015 \$	Period from 23 December 2013 to 31 March 2014 \$
Revenue	11,948,123	2,352,919
Fair value loss on investment property	(3,072,190)	(2,034,184)
Administrative expenses	(2,453,092)	(304,416)
Finance costs	(6,946,210)	(2,054,388)
Loss for the period	(523,369)	(2,040,069)

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24. NON CONTROLLING INTEREST (CONTINUED)

Summarised cash flows	Year ended 31 Mar 2015 \$	Period from 23 December 2013 to 31 March 2014 \$
Cash flows from operating activities		
Cash generated from operations	10,315,390	5,777,430
Interest paid	(5,890,557)	(4,178,758)
Net cash generated from operating activities	4,424,833	1,598,672
Net cash used in investing activities	(291,807)	-
Net cash used in financing activities	(4,175,031)	(1,767,961)
Net decrease in cash and cash equivalents	(42,005)	(169,289)
Cash and cash equivalents at beginning of period	97,604	261,814
Movement	(42,005)	(169,289)
Foreign exchange movement on cash	(55,623)	5,079
Cash and cash equivalents at end of period	(24)	97,604

25. INCOME TAXES

	Year ended 31 March 2015 \$	Period from 1 January 2013 to 31 March 2014 (restated) \$
Current tax	-	(73,599)
Deferred tax (Note 23)	61,840	-
	61,840	(73,599)

The tax on the Group's profit before tax is based on the applicable tax rate of the parent company of 7.83% (2014 – 7.83%).

	Year ended 31 March 2015 \$	Period from 1 January 2013 to 31 March 2014 (restated) \$
(Loss)/Profit before tax per consolidated income statement	(10,562,568)	8,227,027
Income tax on profits at tax rate of the parent	827,049	(644,176)
Local tax rate different to parent tax rate	(306,937)	389,999
Expenses not deductible and income not taxable	(112,251)	1,475,180
Tax losses for which no deferred tax asset was recognised	(346,021)	(1,218,617)
Adjustments in respect of prior periods	-	(75,985)
Income tax expense	61,840	(73,599)

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As at 31 March 2015, the Group had unused tax losses of \$95.9 million (2014 - \$172.8 million), which expires between 2016 and 2021. These losses were not capitalised as it is unlikely that they will be utilised by the Group. The expenses not tax deductible and income not taxable includes companies in jurisdictions without any income tax. The tax rates for Germany, Singapore and India were all significantly higher than that of the parent company.

26. TRADE CREDITORS

	As at 31 March 2015 \$	As at 31 March 2014 \$
Trade creditors – related parties	-	48,140,517
Trade creditors – third parties	-	2,072,287
	-	50,212,804

During the year to 31 March 2015, \$48,133,214 of the related party balance as at 31 March 2014 was subject to a set off agreement with debtor balances due from a third party debtor.

The trade creditors from third parties balance of \$2,010,834 in relation to advance gold bullion sales was subject to an assignment and sale and purchase agreement as part of the sale of subsidiaries described in Note 31b.

27. OTHER PAYABLES

	As at 31 March 2015 \$	As at 31 March 2014 \$
Other payables – related party	-	14,207,561
Other payables – third party	-	598,851
Current income taxation liabilities	-	8,311
	-	14,814,723

All balances from related parties as at 31 March 2014 were subject to an assignment and sale and purchase agreement as part of the sale of subsidiaries described in Note 31b.

Included within other payables from related parties as at 31 March 2014 is \$7,030,736 due to Infinite in relation to the acquisition of Goldlink, \$3,699,680 due to Surana Mines and Minerals Limited in relation to funds advanced for the acquisition of Maxiwin, Beaufort and Fortune Top, \$1,367,350 due to Riverlink Pte Limited in relation to the acquisition of Maxiwin, \$1,090,777 due to Star Capital Management and \$1,019,178 due to Skywest International Limited in relation to the purchase of Beaufort and Fortune Top.

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28. ACCRUALS

	As at 31 March 2015 \$	As at 31 March 2014 \$
<i>Current</i>		
Payable to related parties (refer to Note 32)	2,081,735	548,261
Loan interest	-	709,770
Audit fees	228,940	167,470
Professional fees	333,223	458,515
Debt issue costs	-	288,130
Other accrued expenses	1,058,484	1,130,843
	3,702,382	3,302,989
<i>Non-Current</i>		
Loan interest	717,058	-
Total accruals	4,419,440	3,302,989

Non-current loan interest accrued relates to interest at 8% on the \$16.3m (€15m) subordinated debt (see Note 21) payable in March 2030.

USI GROUP HOLDINGS AG
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29. FINANCIAL INSTRUMENTS BY CATEGORY

Assets as per balance sheet 2015	Notes	Assets at fair value through the profit and loss designated	Available for sale	Loan receivable	Derivatives used for hedging	Total
		\$	\$	\$	\$	\$
Investments – available for sale	16	-	174,628	-	-	174,628
Trade debtors and other receivables	18,19	-	-	15,369,943	-	15,369,943
Cash and cash equivalents and restricted cash		-	-	2,624,484	-	2,624,484
Total		-	174,628	17,994,427	-	18,169,055

Cash and cash equivalents and restricted cash is denominated in the following currencies:

Pounds Sterling	958,006
Indian Rupees	610,606
US Dollars	332,724
Singapore Dollars	22,557
Euro	301,368
Swiss Francs	399,223
Total	2,624,484

Liabilities as per balance sheet 2015	Notes	Liabilities at Fair value through the profit and loss designated	Other financial liabilities	Derivatives used for hedging	Total
		\$	\$	\$	\$
Borrowings	21	-	126,794,506	-	126,794,506
Other financial liabilities		-	-	-	-
Trade creditors	26	-	-	-	-
Other payables	17	-	19,905,815	-	19,905,815
Total		-	146,700,321	-	146,700,321

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29. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Assets as per balance sheet 2014	Notes	Assets at fair value through the profit and loss designated	Available for sale	Loan receivable	Derivatives used for hedging	Total
		\$	\$	\$	\$	\$
Investments – available for sale	16	-	760,534	-	-	760,534
Trade debtors and other receivables	18,19	-	-	71,892,766	-	71,892,766
Cash and cash equivalents and restricted cash		-	-	2,225,250	-	2,225,250
Total		-	760,534	74,118,016	-	74,878,550

Cash and cash equivalents and restricted cash are denominated in the following currencies:

Pounds Sterling	69,972
Indian Rupees	1,301
US Dollars	1,573,475
Singapore Dollars	9,360
Euro	146,155
Swiss Francs	424,987
Total	2,225,250

Liabilities as per balance sheet 2014	Notes	Liabilities at Fair value through the profit and loss designated	Other financial liabilities	Derivatives used for hedging	Total
		\$	\$	\$	\$
Borrowings	21	-	156,672,164	-	156,672,164
Trade creditors	26	-	50,212,804	-	50,212,804
Other payables	17,27	-	36,158,495	-	36,158,495
Total		-	243,043,463	-	243,043,463

USI GROUP HOLDINGS AG
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30. INVESTMENTS IN SUBSIDIARIES

The subsidiaries of the Group as of 31 March are as follows:

	Country of Incorporation	Ownership Percentage	
		2015	2014
Goldlink United Limited	BVI	100%	100%
Royal Venture Pte Limited+	Singapore	100%	100%
Tokyo Ventures Pte Limited++	Singapore	Nil	100%
Maxiwin International Pte Limited++	Singapore	Nil	100%
Beaufort Overseas Trading Pte Limited++	Singapore	Nil	100%
Fortune Top Investments Pte Limited++	Singapore	Nil	100%
Praiseworthy Infra Private Limited++	India	Nil	90%
Bright Natural Infra Private Limited++	India	Nil	90%
Omkar Property Development Private Limited	India	100%	Nil
USI Real Estate Investment Pte Limited	Singapore	100%	Nil
USI (Indonesia) Pte Limited	Singapore	100%	Nil
USI Resources Limited	BVI	100%	Nil
USIGH Limited	BVI	100%	100%
USI AG	Switzerland	100%	100%
USIGH III Investments Holdings Limited	BVI	100%	100%
USI Germany Limited	BVI	100%	100%
USI Leipzig Limited	BVI	100%	100%
USI Verwaltungszentrum Leipzig Limited & Co KG	Germany	94.9%	94.9%
USIEC Limited+++	BVI	100%	100.0%
Holdings in associated undertakings:			
Public Service Properties Investments Limited *	BVI	Nil	20.28%

+ - The company was sold in May 2015 (refer to Note 38).

++ - The Group's investments in these companies were sold during the year ended 31 March 2015 (refer Note 31.b).

+++ - Dormant company.

* - The investment was disposed of in the year to 31 March 2015 (refer to Note 15).

USI GROUP HOLDINGS AG
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31. BUSINESS COMBINATIONS, COMMON CONTROL TRANSACTIONS AND DISPOSALS

- a) On 27 March 2013 Royal acquired three trading companies registered in Singapore: Maxiwin International Pte Limited (“Maxiwin”), Beaufort Overseas Trading Limited (“Beaufort”) and Fortune Top Investments Pte Limited (“Fortune”). The purchase of Beaufort and Fortune represented common control transactions given the common ownership of these entities. In addition, on 26 July 2013 it also acquired a 90% interest in two Indian real estate companies, Praiseworth and Bright Natural. The primary reason for the business combinations and how control was obtained is included in Note 3.

The following table summarises the consideration paid for the above companies and the fair value of the assets acquired and liabilities assumed at the acquisition dates.

	Maxiwin	Beaufort	Fortune Top	Praiseworth and Bright Natural
	\$	\$	\$	\$
Consideration	1,367,350	365,810	662,109	113,062
<i>Recognised amounts of identifiable assets acquired and liabilities assumed (as per IFRS Financial Statements):</i>				
Tangible Assets	-	-	-	-
Investments	-	-	-	475,817
Loans and advances	-	-	-	-
Receivables and prepayments	16,790,464	21,418,571	7,981,814	1,131
Cash and cash equivalents	2,138	3,810	2,736	43,204
Trade and other payables	(15,425,252)	(21,056,571)	(7,322,441)	(394,528)
Borrowings	-	-	-	-
Total identifiable net assets	1,367,350	365,810	662,109	125,624
Attributable to Non-controlling interest (Note 24)	-	-	-	(12,562)
Total identifiable net assets	1,367,350	365,810	662,109	113,062

There were no significant fair value adjustments required for the acquisitions of Maxiwin, Praiseworth or Bright Natural.

As the purchase of Beaufort and Fortune were common control transactions, their assets and liabilities were consolidated at historical cost.

The impact of these business combinations during the period on the Group Consolidated Income Statement is revenues of \$8,919,106 and a net loss of \$207,286.

As at 31 March 2014, \$125,624 of the total consideration was paid to the former owners.

USI GROUP HOLDINGS AG
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- b) During the year, the following disposals to third parties were executed by the Group as part of a restructuring of its operations in Singapore and in line with its revised strategic plan:
- Tokyo Ventures Pte Limited was disposed in October 2014 for consideration of \$20,000,000 which was settled with the delivery of 1,500,000 shares of the USI Group. These shares were recognised as treasury shares and the resulting gain on the transaction was recorded directly in equity in accordance with IAS 32. Due to a decline in the USI share price and foreign exchange movement between the date of the executed contract and the date shares were received, a loss of \$1,699,687 was recorded through the income statement.
 - Maxiwin, Beaufort and Fortune were disposed in October 2014 in exchange for the assignment of \$1,367,350 of Royal's liabilities as of the transaction date. The resulting gain on the transaction was recorded through the income statement in accordance with IFRS 10. As part of the transaction, a receivable of \$6,475,420 was recorded from Infinite, the Group's majority shareholder.
 - Praiseworthy and Bright Natural were disposed of in February 2015 for a nominal value of INR 100 (\$1). The resulting gain from this transaction was recorded through the income statement in accordance with IFRS 10.

The impact of these disposals to the income statement and through equity are shown below.

Sale of Tokyo:	\$
Consideration on disposal - recognised directly in equity	(20,000,000)
Market value of 1,500,000 shares delivered – treasury shares	<u>18,300,313</u>
Loss on settlement – income statement	(1,699,687)
Sale of Maxiwin, Beaufort, Fortune Top, Praise and Bright:	\$
Assignment of Royal liabilities	1,367,350
Sale consideration of Praise and Bright	1
Other gains from disposal of subsidiaries	<u>2,106,067</u>
Profit on disposal of subsidiaries	3,473,418
Net gain on disposal of subsidiaries – income statement	1,773,731

Royal was sold in May 2015 (refer to Note 38).

USI GROUP HOLDINGS AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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32. RELATED PARTY TRANSACTIONS

(i) Ashishkumar Chhajed is the majority beneficial owner of the Group's issued share capital. Ashishkumar Chhajed is also the majority beneficial owner of Infinite Group Holdings Limited ("Infinite"). During the year ended 31 March 2015, Ashishkumar Chhajed was also a Director of Riverlink Pte Limited ("Riverlink"). In the 15 month period ended 31 March 2014 Ashishkumar Chhajed was a Director of Skywest International Limited ("Skywest") from which he resigned on 5 August 2013,

(ii) David Quint and Dr. Doraiswamy Srinivas are Directors and shareholders of RP&C International Inc. (RP&C) and Directors of the Group. The RP&C Group owned 369,787 shares in the Company (2.45% of the issued ordinary share capital) as at 31 March 2015. Ridgemont Holdings Limited ("Ridgemont") is a wholly owned subsidiary of the RP&C Group. At 31 March 2015, Ridgemont owned 5.1% of the Partnership referred to in Note 14. As at 31 March 2015 the Group had a loan outstanding from Ridgemont of \$2,170,180 (€2,000,000), and accrued interest of \$1,165,898. Interest of \$152,340 (€120,000) has been accrued in the period on this balance. The principal amount of the loan is due in May 2018. Interest is charged at the rate of 6% per annum.

St James Investment Management Limited ("SJIM") received advisory fees of \$1,311,911 in the year ended 31 March 2015 (period ended 31 March 2014 - \$2,489,874). SJIM is ultimately owned by RP&C. RP&C earned transactional fees of \$1,750,000 in the year ended 31 March 2015 (period ended 31 March 2014 - \$nil).

As at 31 March 2015, the Group had accruals due to the RP&C Group of \$1,686,763 (as at 2014 - \$119,851).

(iii) Green Street Global Investment Limited ("GSGIL") is a 100% owned subsidiary of Arundel Group Services Limited ("Arundel"). David Quint and Dr. Doraiswamy Srinivas were shareholders of Arundel until 4 December 2014. At 31 March 2015 Arundel and GSGIL owned 765,159 of the Company's shares which represented 5.1% of the total issued shares (as at 31 March 2014 - 1,252,671 shares - 8.3%). As at 31 March 2015, the Group had receivables from GSGIL of \$nil (as at 31 March 2014 - \$260,431). During the period ended 31 March 2014 Arundel received an introduction fee from the Group of \$10,150,200 (CHF 9,000,000) which was paid by issuance of 450,000 shares in the Company.

In March 2014, GSGIL provided \$2 million towards subscription of CHF 2 million of Bonds issued by the Group as described in Note 21. At 31 March 2014, GSGIL owed \$260,431 to complete the full subscription proceeds. The Group received these funds in May 2014. During the year ended 31 March 2015, GSGIL advanced various loans to the Group as described in Note 21. In July 2015, GSGIL entered into a new loan agreement with the Group as described in Note 38.

(iv) The amount payable to Skywest as at 31 March 2014 relates to the purchase of Beaufort and Fortune. These amounts were settled as part of the disposal of these companies during the year ended 31 March 2015. Refer to Note 31b. As at 31 March 2015, the Group had receivables due from Skywest of \$nil (as at 31 March 2014 - \$493,976). As at 31 March 2015, the Group had other creditors due to Skywest of \$nil (2014 - \$1,019,178).

(v) At 31 March 2015, Infinite owed the Group \$6,382,368 in relation to the disposal of Maxiwin, Beaufort Overseas and Fortune which were disposed of in October 2014 (as at 31 March 2014 - \$nil). Refer to Note 31b. At 31 March 2014, Infinite was owed \$7,030,576 by the Group in relation to the acquisition of Goldlink. Refer to Note 31a. Mr Ravi Singh was a Director of Infinite at 31 March 2015 and 31 March 2014. As at 31 March 2015, the Group had other creditors due to Infinite of \$nil (as at 31 March 2014 - \$7,030,576).

(vi) Up to 2 October 2014, the Group owned 2.1 % of the issued ordinary shares of Surana Corporation Limited ("SCL"). As at 31 March 2014 the Group had outstanding amount of trade creditors payables related to the purchase of gold bullion and jewellery from SCL. The total balance due was subject to a set-off agreement on 31 March 2014 as described in Note 26. As at 31 March 2015, the Group had payables due to SCL of \$nil (as at 31 March 2014 \$48,140,517).

USI GROUP HOLDINGS AG
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32. RELATED PARTY TRANSACTIONS (CONTINUED)

(vii) Mr Ashishkumar Chhajed resigned as a Director of Riverlink Enterprises Ltd (“REL”) on 5 August 2013. As at 31 March 2015, the Group had other creditors due to REL of \$nil (2014 - \$1,367,350) The amount payable to REL as at 31 March 2014 relates to the purchase of Maxiwin, which was settled as part of the disposal of this company during the year ended 31 March 2015. Refer to Note 31b.

(viii) Surana Mines and Minerals Limited is a subsidiary of Surana Industries Limited (“SIL”). At 31 March 2015, the USI Group owned 2.0% of the ordinary shares of SIL. The amount payable as at 31 March 2014 relates to funds advanced to Royal Venture Pte Limited (“Royal”) to acquire Maxiwin, Beaufort and Fortune and for funds advanced to Goldlink United Limited to purchase Royal. These amounts were settled as part of the disposal of these companies during the year ended 31 March 2015. Refer to Note 31b. As at 31 March 2015, the Group had other creditors due to SIL of \$nil (2014 - \$3,699,680).

(ix) Mr Ashishkumar Chhajed resigned as a Director of Star Capital Investment Management Limited (“Star”) on 5 August 2013. The amounts payable as at 31 March 2014 related to a balance owed by Beaufort since 2011, which was settled as part of the disposal of this company during the year ended 31 March 2015. Refer to Note 31b. As at 31 March 2015, the Group had receivables from Star of \$nil (as at 31 March 2014 - \$544,864). As at 31 March 2015, the Group had other creditors due to Star of \$nil (2014 - \$1,090,777).

The directors’ fees were recognised in 2015 and 2014 and have been included in the compensation report.

33. EMPLOYEES

The only employees of the Group are senior and executive management listed in Note 32.

34. FINANCIAL COMMITMENTS

As part of the re-financing referred to in Note 21, the Group issued a 'Cost Overrun Guarantee' governed by German law for the benefit of certain lenders under the loan agreements entered into by the Partnership as borrower, to secure the coverage (by payment of the necessary funds to the borrower) of a possible excess of certain costs in connection with the Leipzig Properties over a specified maximum yearly sum, subject to a maximum amount of liability of EUR 5 million.

The Group had no other financial commitments at 31 March 2015.

USI GROUP HOLDINGS AG
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35. DISCLOSURE OF PARTICIPATIONS OF BOARD OF DIRECTORS AND GROUP MANAGEMENT

As at 31 March, the following participations were held by the Board of Directors and the Group Management (including persons closely related to these members):

	Shares 2015	Shares 2014
Board of Directors		
Dr. Volkert Klaucke	37,250	37,250
Mr Ravi Singh	Nil	N/A
Mr. William Vanderfelt	124,439	124,439
Mr. David Quint	Nil	Nil
Dr. Doraiswamy Srinivas	Nil	Nil
Total	161,689	161,689
Group Advisor		
SJIM and the RPC Group	369,787	310,907
Total	369,787	310,907

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	Development Rights	Gold Trading	Investments in Government Tenanted Property	Investments in Associated Undertakings Discontinued operation	Reconciling Central Costs	Total
	\$	\$	\$	\$	\$	\$
36. SEGMENT INFORMATION						
Year ended 31 March 2015						
Revenue (Note 7)	-	35,922,985	11,948,123	-	-	47,871,108
Net loss on fair value movement on investment property (Note 14)	-	-	(3,072,190)	-	-	(3,072,190)
Profit on sale of subsidiary (Note 15)	-	-	-	-	1,773,731	1,773,731
Negative goodwill (Note 3)	-	-	-	-	-	-
(Loss)/profit after tax	(665)	(543,199)	348,148	(22,877)	(10,305,012)	(10,523,605)
Assets						
Investment property (Note 14)	-	-	151,219,536	-	-	151,219,536
Development rights (Note 17)	19,905,815	-	-	-	-	19,905,815
Other receivables (Argor Trading balance) (Note 18)	-	1,341,455	-	-	-	1,341,455
Trade debtors (Note 18)	-	106,789	-	-	-	106,789
Restricted cash (Note 19)	-	-	291,815	-	-	291,815
Cash and cash equivalents	610,606	32,144	-	-	1,689,919	2,332,669
Segment assets for reportable segments	20,516,421	1,480,388	151,511,351	-	1,689,919	175,198,079
Liabilities						
Total borrowings (Note 21)	-	-	96,611,873	-	30,182,633	126,794,506
Other payables (Note 17)	19,905,815	-	-	-	-	19,905,815
Segment liabilities for reportable segments	19,905,815	-	96,611,873	-	30,182,633	146,700,321

All revenue derived from Investments in Government Tenanted Property is derived from one external customer in Germany. Revenue from gold trading is derived from a number of external customers. The column Reconciling Central Costs represents expenses, assets and liabilities that relate to the Group and cannot be separately allocated between segments.

USI GROUP HOLDINGS AG
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FOR THE YEAR ENDED 31 MARCH 2015

	Development Rights	Gold Trading	Investments in Government Tenanted Property	Investments in Associated Undertakings Discontinued operation	Reconciling Central Costs	Total
	\$	\$	\$	\$	\$	\$
36. SEGMENT INFORMATION (CONTINUED)						
Period ended 31 March 2014						
Revenue (Note 7)	-	52,390,135	6,954,291	-	-	59,344,426
Net loss on fair value movement on investment property (Note 14)	-	-	(6,042,963)	-	-	(6,042,963)
Impairment of associates (Note 15)	-	-	-	(1,056,600)	-	(1,056,600)
Negative goodwill (Note 3)	-	-	-	-	19,377,043	19,377,043
(Loss)/profit after tax	-	(131,126)	(4,334,039)	(1,056,600)	12,618,593	7,096,828
Assets						
Investment property (Note 14)	-	-	195,004,212	-	-	195,004,212
Development rights (Note 17)	21,343,772	-	-	-	-	21,343,772
Investments in associates (Note 15)	-	-	-	8,711,091	-	8,711,091
Trade debtors (Note 18)	-	64,572,736	-	-	-	64,572,736
Restricted cash (Note 19)	-	564,998	-	-	-	564,998
Cash and cash equivalents	1,304	116,376	97,604	-	1,444,968	1,660,252
Segment assets for reportable segments	21,345,076	65,254,110	195,101,816	8,711,091	1,444,968	291,857,061
Liabilities						
Total borrowings (Note 21)	-	4,227,403	131,795,319	-	20,649,442	156,672,164
Trade creditors (Note 26)	-	50,212,804	-	-	-	50,212,804
Other payables (Note 17)	21,343,772	-	-	-	-	21,343,772
Segment liabilities for reportable segments	21,343,772	54,440,207	131,795,319	-	20,649,442	228,228,740

All revenue derived from Investments in Government Tenanted Property is derived from one external customer in Germany. Gold Trading Revenue is also derived largely from one external customer. The column Reconciling Central Costs represents expenses, assets and liabilities that relate to the Group and cannot be separately allocated between segments.

USI GROUP HOLDINGS AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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36. SEGMENT INFORMATION
(CONTINUED)

Reportable segments' assets are reconciled to total assets as follows:

Period ended 31 March	2015	2014
	\$	\$
Total reportable segment assets	175,198,079	291,857,061
Available for sale investments (Note 16)	174,628	760,534
Deferred taxation	61,840	-
Receivables and prepayments (Note 19)	13,921,699	7,811,056
Total assets per balance sheet	<u>189,356,246</u>	<u>300,428,651</u>

Reportable segments' liabilities are reconciled to total liabilities as follows:

Period ended 31 March	2015	2014
	\$	\$
Total reportable segment liabilities	146,700,321	228,228,740
Accruals (Note 28)	4,419,440	3,302,989
Other payables (Note 27)	-	14,814,723
Total liabilities per balance sheet	<u>151,119,761</u>	<u>246,346,452</u>

USI GROUP HOLDINGS AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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37. 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 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 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.

38. SUBSEQUENT EVENTS

Sale of Subsidiary

On 1 April 2015 a subsidiary of the Group and PTSBB entered into a new loan agreement in replacement of the convertible loan for \$2 million referred to in Note 21. The new loan which matures on 31 March 2018 requires PTSBB to pay interest to the Group subsidiary at an interest rate of 10% per annum. The Group subsidiary also entered into an option agreement and an assignment of revenue agreement. Under the option agreement, the Group subsidiary has the right, under certain conditions, to purchase 51% of the equity of PTSBB. The assignment of revenue agreement entitles the Group subsidiary to receive the higher of 51% of PTSBB's net revenues or a fee at the rate of \$3 per metric tonne of coal sold by PTSBB.

On 7 May 2015, Royal entered into a Business Purchase and Sale Agreement and Assignment with a newly incorporated subsidiary of the Group, USI Commodities Pte Limited ("USI Commodities"). Under this agreement all rights and assets of Royal, and the gold trading operations including customer and supplier relationships and corporate knowhow and goodwill, were transferred to USI Commodities. The business and related assets were assigned in consideration of USI Commodities assuming certain of Royal's obligations ("Assumed Obligations") pursuant to various operational, insurance and lease agreements. It was also agreed that all other obligations and liabilities of Royal, other than the Assumed Obligations, remain with Royal and shall be settled by Royal. On the 8 May 2015, the entire issued share capital of Royal was sold to Infinite for \$1.

In July 2015 a subsidiary of the Group entered into a \$3 million loan agreement with GSGIL. The loan has a maturity date of 31 March 2017 and interest is payable at the rate of 6.25% per annum. The proceeds will be used for further investments into Indian real estate and for general working capital. The Group has drawn down \$500,000 under this loan agreement in July 2015.

USI GROUP HOLDINGS AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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39. BOARD APPROVAL

The consolidated financial statements on pages 9 to 66 are subject to approval by the annual general meeting and have been authorised by the board of directors on 30 July 2015 and were signed on its behalf by:



Dr. Volkert Klaucke
Chairman

Date: 30 July 2015



Dr. Doraiswamy Srinivas
Vice Chairman

Date: 30 July 2015



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 69 to 73), for the year ended 31 March 2015.

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 March 2015 comply with Swiss law and the company's articles of incorporation.

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 further confirm that the proposed appropriation of reserves complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Roger Kunz

Audit expert
Auditor in charge



Efrem Dell'Era

Audit expert

Zürich, 30 July 2015

BALANCE SHEET
USI Group Holding AG

	As at 31 March 2015 CHF	As at 31 March 2014 CHF
ASSETS		
Cash and cash equivalents	61,187	154,054
Receivables third parties	74,627	32,242
Intercompany receivables	9,816,430	4,312,557
Marketable securities – treasury shares	140,487	237,310
Total current assets	10,092,731	4,736,163
Investments in subsidiaries	194,448,035	236,387,705
Total non-current assets	194,448,035	236,387,705
TOTAL ASSETS	204,540,766	241,123,868
LIABILITIES AND SHAREHOLDERS' EQUITY		
Payable to shareholders	-	144,342
Accrued expenses	1,779,379	1,213,441
Total liabilities	1,779,379	1,357,783
Share capital	151,151,640	151,151,640
Legal reserves from capital contributions	159,402,569	176,199,862
Reserves for treasury shares from capital contributions	18,525,739	1,811,769
Other legal reserves	(19,283,462)	(19,283,462)
Accumulated deficit	(107,035,098)	(70,113,724)
<i>Balance carried forward from prior year</i>	(70,113,724)	(70,861,624)
<i>Par value capital reduction</i>	-	57,984,787
<i>Annual loss</i>	(36,921,374)	(57,236,887)
Total shareholders' equity	202,761,388	239,766,085
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	204,540,766	241,123,868

INCOME STATEMENT
USI Group Holding AG

	Twelve months to 31 March 2015	Period from 1 January 2013 – 31 March 2014
	CHF	CHF
Other income	-	-
Directors' fees	(30,000)	29,778
Professional fees	(675,775)	(1,017,069)
Management charges	(200,000)	(250,000)
Capital tax expenses, maintenance and general administration	(584,085)	(815,695)
Loss on sale of treasury shares	(9,214)	-
Impairment provision of treasury shares	-	-
Impairment provision of intercompany receivables	5,840,447	(24,057,698)
Impairment provision on investment in subsidiaries	(41,939,670)	(30,246,174)
Loss before financial items	(37,598,297)	(56,356,858)
Finance expenses	(57,591)	(43,043)
Foreign exchange losses	(388,691)	(521,928)
Finance income (including sale of escrow shares)	1,123,205	25
Loss before income tax expense	(36,921,374)	(56,921,804)
Income tax expense	-	(315,083)
Loss for financial items	(36,921,374)	(57,236,887)

NOTES TO THE FINANCIAL STATEMENTS
USI Group Holding AG

1) Company information

USI Group Holdings AG (the "Company"), domiciled in Switzerland with its registered office at Bleicherweg 66, CH-8002, Zürich, Switzerland, is the ultimate parent company of the USI Group. The Company and its subsidiaries (together the "Group") business consists of: the procurement and wholesale trade of gold bullion, including exports to India and Singapore; the sale of jewellery manufactured in India to markets in Asia and the Middle East; other investments in natural resources for importing to India; and the ownership and development of real estate and infrastructure assets in India and Europe. The Company is listed on the SIX Swiss Exchange.

The financial statements of the Company have been prepared in accordance with and comply with Swiss law. The financial statements are reported in Swiss Francs and are based on the annual accounts for the twelve months ended 31 March 2015, which have been drawn up according to uniform Company accounting principles. Applying the transitional provisions of the new Swiss accounting law, these financial statements have not been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations introduced on January 1, 2013, but with the previous provisions. In the prior period the financial year-end of the Company was extended from 31 December 2013 to 31 March 2014 in order to align the financial reporting year-end with the statutory financial report year-end in significant acquired investments in subsidiaries, and as a consequence the current financial period represents a long-year fifteen month period.

2) Share capital

At the Annual General Meeting in June 2013, a reduction in par value was approved by the shareholder contingent upon the Goldlink merger agreement. In September this transaction was executed. This resulted in a decrease in the PV of the existing shares from CHF 68.85 to CHF 10. This resulted in a reduction in share capital of CHF 57,984,787, which per the Annual General Meeting was used to offset accumulated losses.

At the Annual General Meeting in June 2013, conditional share capital was created for use to execute the Goldlink merger agreement. In September 2013, this transaction was executed. In the transaction, 11,241,463 shares were issued to Infinite in exchange for Goldlink and its subsidiaries and 2,888,403 was issued for converted liabilities of the Company and its subsidiaries. This resulted in an increase to share capital of CHF 141,298,659.

Authorised share capital

Pursuant to an authorization in Article 3c of the Company's articles of incorporation (the "Articles") the board of directors may increase the share capital in the amount of up to CHF 75,575,820 until 16 September 2016 through the issuance of up to 7,557,582 fully paid in additional registered shares with a nominal value of CHF 10 each. An increase in partial amounts is permitted.

Conditional share capital

According to Article 3a of the Articles the share capital may be increased by a maximum amount of CHF 15,115,160 through the issuance of up to 1,511,516 fully paid registered shares with a nominal value of CHF 10 each through the exercise of option rights granted to members of the board of directors or the management and to advisors of the company or its subsidiaries. Furthermore, pursuant to Article 3b of the Articles the share capital may be increased by a maximum amount of CHF 60,460,660 through the issuance of up to 6,046,066 fully paid registered shares with a nominal value of CHF 10 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 legal reserves from capital contribution has been formally approved by the Swiss tax authority with a difference equal to the amount classified as Other legal reserves on the balance sheet.

As at 31 March 2015 the Group held 1,509,276 shares (31 March 2014- 15,669 shares)

Treasury shares	2015	2014	2015	2014
	Shares	Shares	CHF	CHF
Balance at 1 January	15,669	15,669	237,310	237,310
Shares received from escrow	86,400	-	1,123,200	-
Sale of shares	(92,793)	-	(1,220,023)	-
Impairment of shares	-	-	-	-
Balance at 31 March	9,276	15,669	140,487	237,310

3) 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 March 2015	31 March 2014
Infinite Group Holdings Limited	59.4%	72.9%
Arundel Group Services Limited	5.1%	8.3%

4) Guarantees

The Company has granted a guarantee for USIGH Limited in the amount of CHF 42 million.

5) Significant investments

Company name	Domicile	Share capital	Shares held	Type of shares and nominal value	Ownership
Goldlink United Limited	British Virgin Islands	40,000	40,000	Ordinary USD 1.00	100%
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 listed above are holding and finance companies.

6) Investments and Intercompany receivables

	Gross Value	Cumulative Impairments	2015 Impairments	2015 Repayment of Receivable	Net Value
Investments	CHF	CHF	CHF	CHF	CHF
- Goldlink United Limited	224,829,260	(26,716,694)	(41,939,670)	-	156,172,896
- USIGHL	99,062,720	(61,585,081)	-	-	37,477,639
- USIAG	4,326,980	(3,529,480)	-	-	797,500
Total Investments	328,218,960	(91,831,255)	(41,939,670)	-	194,448,035
Intercompany Receivables	33,874,128	(24,057,698)	5,840,447	(5,840,447)	9,816,430

7) Assessment of risk (art. 663b bis para. 12 CO)

USI Group Holdings AG, as ultimate parent company of the USI 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.

**8) DISCLOSURE OF PARTICIPATIONS OF BOARD OF DIRECTORS AND GROUP MANAGEMENT
(As required by Art. 663b and Art. 663c. Swiss Code of Obligations)**

Refer to Note 35 of the consolidated financial statements.

Proposal of the Board of Directors for appropriation of accumulated deficit at 31 March 2015

in CHF

Accumulated deficit

Accumulated deficit at 1 April 2014	(70,113,724)
Loss to 31 March 2015	(36,921,374)
Accumulated deficit carried forward	(107,035,098)

The Board of Directors will recommend to shareholders the payment of a dividend out of reserves from capital contributions at the rate of CHF 0.50 per share at the Company's Annual General Meeting which will be held in Zurich on Tuesday, 15 September 2015. If approved, shareholders will be offered the opportunity to receive the dividend in cash or shares. The maximum dividend would be CHF 7,143,091, including a 5% premium in respect of any dividends taken in shares. No dividend will be payable on treasury shares held by the Company or its subsidiaries.



Report of the statutory auditor
to the General Meeting
USI Group Holdings AG
Zurich

We have audited the information marked as “audited” in the accompanying compensation report dated 30 July 2015 of USI Group Holdings AG for the year ended 31 March 2015.

Board of Directors’ responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor’s responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

Opinion

In our opinion, the remuneration report of USI Group Holdings AG for the year ended 31 March 2015 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Roger Kunz

Audit expert
Auditor in charge

Efrem Dell'Era

Audit expert

Zürich, 30 July 2015

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1. Introduction

In accordance with the Ordinance Against Excessive Pay in Stock Exchange Listed Companies, the Standards related to Information on Corporate Governance issued by the SIX Swiss Exchange and the Principles of the Swiss Code of Best Practice for Corporate Governance, the Board of Directors ("Board") sets out the compensation report below.

The compensation received by each member of the Board and that of the Chairman of the Board, who in the period under review received the highest compensation, is disclosed on an individual basis below.

2. Organisation and competencies

The shareholders' meeting annually elects the nomination and compensation committee of the Board (hereinafter the "Nomination and Compensation Committee" or "Committee"), which as at 31 March 2015 consisted of three non-executive members of the Board and was chaired by Dr. Klaucke.

Article 27 of the Company's Articles of Association (as adopted on 16 September 2014) provides that, subject to the powers of the shareholders' meeting, the Nomination and Compensation Committee has the following responsibilities:

- monitoring compliance with the compensation principles pursuant to the law, the Articles, any regulations and with the resolutions of the shareholders' meeting on compensation;
- submitting proposals to the Board on the definition of principles, assessment criteria and qualitative and quantitative targets in connection with compensation within the parameters of the law and the Articles;
- submitting calculations and proposals to the Board on the qualitative and quantitative targets for determining variable compensation;
- submitting proposals to the Board regarding the amounts of fixed compensation to be paid to members of the Board, and fixed and variable compensation to be paid to members of Executive Management;
- preparing and submitting to the Board a draft of the compensation report; and
- all other actions required of it by the law, the Articles or regulations.

A special Nomination and Compensation Committee Charter further specifies that the Committee's primary duties are to:

- assist the Board in discharging its responsibilities relating to compensation of the Board and members of Executive Management;
- approve or establish proposals for all compensation plans, policies and programs relating to compensation and benefits for the Board, Executive Management and direct employees (if any);
- propose to the Board the compensation of directors, members of Executive Management and direct employees (if any);
- ensure that newly elected directors receive an appropriate introduction and orientation and the elected directors receive the adequate continuing education and training to fully discharge their obligations;
- assist the Board in identifying individuals who are qualified to become Board or Executive Management members, when vacancies arise;
- recommend to the Board the director nominees for the next annual shareholders' meeting;
- recommend to the Board a set of corporate governance principles to be published in any directive on corporate governance;
- prepare any disclosure statement on compensation and corporate governance required by applicable law, regulations or the rules of any stock exchange on which the Company's shares are listed or traded;
- lead the Board in its annual review of the Board's performance; and
- recommend to the Board director nominees for each committee.

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

The 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 Committee or assist it in the conduct of an investigation;
- seek any information it requires from the Company's executives and employees – all of whom are directed to cooperate with the Committee's requests – or external parties;
- meet with the Company's executives, officers, external auditors, outside counsel and other advisers, as deemed necessary or appropriate.

As set out in Article 18 of the Articles of Association, the shareholders' meeting has the inalienable power to approve the compensation of the members of the Board and Executive Management.

3. Compensation components

Compensation components for members of the Board and Executive Management consist mainly of annual fees as set out in each individual's agreement, annual bonuses, in the case of Executive Management, and additional fees relating to the achievement of business linked objectives. These components are generally paid in cash and/or in shares of the Company. No external consultants or formal benchmarks were used in deriving compensation for the Board and Executive Management.

Generally, agreements with the members of Executive Management shall continue until terminated by either party by giving 3 months prior written notice. All directors are appointed for a period of twelve months with any re-appointments approved at the annual general meeting of the Company's shareholders.

The Board as a whole is responsible for establishing compensation policy guidelines within the Group.

4. Audited compensation for financial year under review

a. Audited compensation of the members of the Board of Directors

[CO 663b bis/ERCO 17]

The following gross directors' fees for acting as members of the Board were recognised in 2015 and 2014.

	Year Ended 31 March 2015		Period Ended 31 March 2014	
	Compensation CHF	Social security CHF	Compensation CHF	Social security CHF
Dr. Volkert Klaucke+	29,959	1,500	22,500	3,375
Mr Ravi Singh+	4,651	698	N/A	N/A
Mr. William Vanderfelt	30,000	0	37,500	0
Mr. David Quint++	30,000	1,500	75,000	3,750
Dr. Doraiswamy Srinivas++	30,000	1,500	75,000	3,750

The above gross directors' fees are for the year ended 31 March 2015 (2014 – 1 January 2013 to 31 March 2014 inclusive). All amounts are fixed payments. Social security costs reflect the employer's contribution on amounts payable by the Company.

Directors' fees are payable in Swiss Francs with the balance of annual compensation payable in US dollars.

The Directors' fees for the period ending 31 March 2014 for Volkert Klaucke, William Vanderfelt, David Quint and Dr. Srinivas included accrued directors' fees from prior periods.

William Vanderfelt received his fee from USIGH Limited, a British Virgin Islands subsidiary of the Company.

+ Dr Klaucke was a member of Executive Management between 1 January 2013 and 30th September 2014. Dr. Klaucke was Non-Executive Chairman from 1 October 2014. Mr Singh became and remains a member of Executive Management from 16 September 2014. Details of compensation paid in respect of their roles as Executive Management is disclosed in the table in 4.b., below.

++ Directors' fees payable to Mr Quint and Dr. Srinivas for the period ended 31 March 2014 were settled by the issuance of 7,500 shares in the Company, such shares being issued to the RP&C group at a value of CHF 20 per share.

On 31 March 2015, 31 March 2014 and as of the date of this report, there were and are no loans or credit provided by the Group to individual members of the Board or to persons connected to the Board other than the loan to Ridgemont Holdings Limited, which is a subsidiary of the RP&C group (refer to Note 19).

During the period ended 31 March 2014 no compensation was paid to former directors. In September 2013 3,000 treasury shares of the Company, valued at CHF 60,000 using a value of CHF 20 per share, were transferred to Dr Robert Bider, a former director who resigned in 26 June 2012, in payment of his gross director's fees accrued for the period from 1 January 2012 to 26 June 2012.

b. Audited gross compensation of the members of Executive Management

[CO 663b bis/ERCO 17]

Dr Klaucke was a member of Executive Management between 1 January 2013 and 30 September 2014. Mr Singh became and remains a member of Executive Management from 16 September 2014. Mr Hamsa Shadaksharappa was a member of Executive Management from 20 December 2013 until 1 May 2015. Mr Gokul Dixit was a member of Executive Management between 20 December 2013 and 16 September 2014; however, he remains a part of the management team. Gross compensation to members of Executive Management was fixed with no variable element (save as disclosed below) and is reported as:

	Year Ended 31 March 2015		Period Ended 31 March 2014	
	Compensation CHF	Social security CHF	Compensation CHF	Social security CHF
Dr, Volkert Klaucke+	69,757	0	725,389	0
Mr Ravi Singh+	111,612	0	0	0
Mr H Shadaksharappa	167,418	0	38,584	0
Mr G Dixit	139,515	0	38,584	0

+ excluding gross directors' fees as set out in 4a above.

On 31 March 2015, 31 March 2014 and the date of this report, there were and are no loans or credit provided by the Group to individual members of Executive Management or to persons connected to Executive Management.

All amounts are fixed payments other than CHF 625,000 of compensation paid to Dr Klaucke for the fifteen month period ended 31 March 2014 which are described in more detail in 5., below. Social security costs reflect the employer's contribution.

All compensation for the period ended 31 March 2014, in 4a and 4b above, was approved at the Annual General Meeting of the Company's shareholders held on 16 September 2014. The compensation for Dr Klaucke was in recognition of work undertaken over an extended period of

time, but was only awarded in the period ended 31 March 2014. CHF 625,000 of the CHF 725,389 was settled by the issuance of 31,250 registered shares of the Company at a value of CHF 20 per share, which were included in the 37,250 registered shares valued at CHF 20 per share transferred to Dr Klaucke in September 2013.

5. Pay for Performance appraisal for the financial year under review

There were no additional bonuses or fees awarded in the year ended 31 March 2015.

As noted in 4.b., above, in the period ended 31 March 2014, there were one off gross fees of CHF 450,000 awarded to Dr Klaucke in relation to the Group's capital raise and of CHF 175,000 in relation to the Group's Leipzig properties facilities extension in recognition of work undertaken over an extended period of time. Dr. Klaucke received 37,250 registered shares valued at CHF 20 per share in September 2013 in settlement of these fees and accrued director's fees referred to in 4.a., above.

Payment of fixed and discretionary fees and bonuses to members of the Board and of Executive Management is subject to the approval of the shareholders of USI, as required by Swiss law and regulation.

6. Share ownership information

As at 31 March, the following participations were held by members of the Board and of Executive Management (including persons closely related to these members):

	Shares 31 March 2015	Shares 31 March 2014
Board of Directors		
Dr. Volkert Klaucke	37,250	37,250
Mr Ravi Singh	Nil	Nil
Mr. William Vanderfelt	124,439	124,439
Mr. David Quint	Nil	Nil
Dr. Doraiswamy Srinivas	Nil	Nil
Total	161,689	161,689
Executive Management		
Mr Ravi Singh	Nil	Nil
Mr H Shadaksharappa – left group 1 May 2015	Nil	Nil
Gokul Dixit – left Executive Management in September 2014	Nil	Nil
Group Advisor		
RP&C Group, including SJIM	369,787	310,907
Total	369,787	310,907

At 31 March 2015 and 2014, RP&C International Inc. and its subsidiary companies held 369,787 and 310,907 shares, respectively. David Quint and Dr. Doraiswamy Srinivas are both directors and shareholders of RP&C International Inc. holding an interest of 24.93% and 23.14% respectively. St James Investment Management Limited ("SJIM"), the advisor to the USI group, is an indirect subsidiary of RP&C International Inc. As at 31 March 2015 and 2014, Arundel Group Services Limited ("Arundel") and its subsidiaries held 765,159 and 1,252,671 shares, respectively. As at 31 March 2015, David Quint and Dr. Srinivas had no interest in Arundel. As at 31 March 2014, David Quint and Dr. Srinivas had an interest of 27% and 21% respectively in Arundel. Infinite Group Holdings Limited ("Infinite") and its subsidiaries held 8,984,513 and 11,016,634 shares as at 31 March 2015 and 2014 respectively. Ravi Singh was a director of and had a 20% interest in Infinite at both 31 March 2015 and 2014.

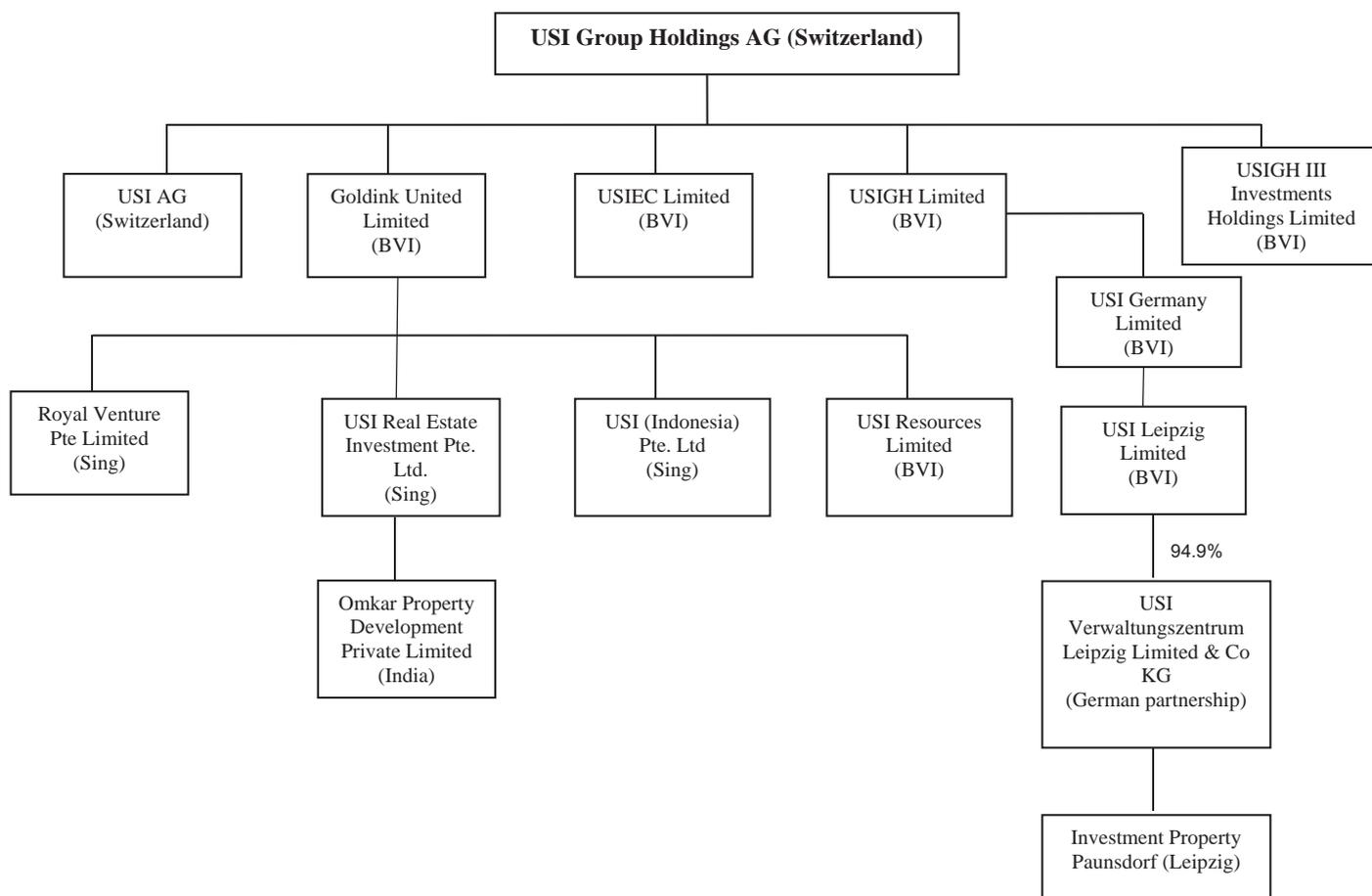
I Corporate Governance

This report describes certain key information relating to corporate governance at USI Group Holdings AG (the "Company"). The report's content is structured along the disclosure items of the Directive on Information Relating to Corporate Governance of the SIX Swiss Exchange currently in force.

1 Group Structure and Shareholders

1.1 Group Structure

At 31 March 2015, the corporate structure of the group of companies controlled by the Company (the "USI Group") was as follows (for the internal organizational structure, refer to sections 3.4 and 4):



All holdings are 100% unless otherwise stated.

The Company has its address at Bleicherweg 66, CH-8002 Zurich, Switzerland and its registered shares are listed on the SIX Swiss Exchange under the Main Standard. For its ISIN, Security Number and SIX Swiss Exchange Symbol see section 9. The Company's market capitalization as at 31 March 2015 was CHF 178,358,935.20.

At 31 March 2015, the principal shareholdings of the USI Group were in the following non-listed companies:

Company and Domicile	Number of Shares Owned	Type of Shares and Nominal Value	Share Capital in issue	Direct/ Indirect Ownership %	Voting Rights %
USIGH Limited Nerine Chambers, Road Town, Tortola, BVI, Registered number 1039705	10,000	Ordinary US\$ 0.01	US\$100	100	100
USI AG Bleicherweg 66, CH-8002 Zurich, Switzerland, Registered number: CH-020.3.927.468-9	150,000	Ordinary CHF 100	CHF 15,000,000	100	100
USI Germany Limited Nerine Chambers, Road Town, Tortola, BVI, Registered number 1440436	1	Ordinary US\$ 1.00	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 Investments Holdings Limited Nerine Chambers, Road Town, Tortola, BVI, Registered number 1531975	2	Ordinary US\$ 1.00	US\$2.00	100	100
USIEC Limited Nerine Chambers, Road Town, Tortola, BVI, Registered number 1660465	2	Ordinary No par value	-	100	100
Goldlink United Limited Vanterpool Plaza, 2 nd Floor, Wickhams Cay 1, Road Town, Tortola, BVI, Registered number: 1774044	40,000	Ordinary US\$ 1.00	US\$40,000	100	100
Royal Venture Pte Limited 20 Maxwell Road, #8-OIN, Maxwell House, Singapore, Registered number: 200007852N	5,050,001	Ordinary No par value	-	100	100
USI Real Estate Investment Pte Limited 67 McNair Road, Townerville, Singapore, Registered number: 201503006R	1,000	Ordinary US \$1.00	US\$1,000	100	100
USI (Indonesia) Pte Ltd 67 McNair Road, Townerville, Singapore, Registered number: 201503405D	1,000	Ordinary US \$1.00	US\$1,000	100	100
USI Resources Limited Nerine Chambers, Road Town, Tortola, BVI, Registered number 1683484	1	Ordinary US \$1.00	US\$1.00	100	100
Omkar Property Development Private Limited 37 Krishnaswamy Avenue, Mylapore, Chennai 600004, Tamil Nadu, India, Registered number U70100TN2015PTC099260	600,000	Indian rupees ("INR) 10	INR 6 million	100	100

The USI Group also owns a 94.9% interest in a German partnership named USI Verwaltungszentrum Leipzig Limited & Co KG.

1.2 Significant shareholders

The Company had the following major shareholders (3% or more of voting rights) as at 31 March 2015:

Name of Holder (Beneficial Owner)	No of Shares	Percentage ownership of total equity capital and voting rights
Ashishkumar Chhajed ¹ 33 Oxford Road, 06-08 Kentish Court, Singapore	8,984,513	59.44%
USI Group Holdings AG ² Bleicherweg 66, CH-8002 Zurich, Switzerland	1,509,276	9.98%
Arundel Group Services Limited ³ Nerine Chambers, Pelican Drive, Road Town, Tortola, BVI	765,159	5.06%
Community of Heirs of Dr Victor Lanfranconi ⁴	564,658	3.74%
Venus Global Macro Fund Limited c/o Catamaran Corp Ltd, A-1C Sector 16, Noida, U.P. 201301, India	549,764	3.64%
Other shareholders	2,741,794	18.14%
Total	15,115,164	100%

¹ 8,534,855 Shares are held by Infinite Group Holdings Limited (“Infinite”) (Vanterpool Plaza, 2nd Floor, Wickhams Cay, Road Town, Tortola, BVI), and 449,658 Shares are held by Riverlink Pte Limited (1, North Brigde Road, #13-03/04 High Street Centre, Singapore) (“Riverlink”). Infinite and Riverlink are both directly owned as to 80% by Ashishkumar Chhajed, a non-resident Indian domiciled in Singapore. The remaining 20% in either company is owned by the director of the Company, Ravi Singh, a U.S. citizen domiciled in Franklin Lakes, New Jersey, United States.

² USIGH Limited (Nerine Chambers, Road Town, Tortola, BVI), a 100% subsidiary of USI Group Holdings AG, also owns CHF 19,526,250 of USIGH Limited 6.25% senior secured guaranteed convertible notes due March 2019 (ISIN XS0493478555) (convertible into 1,259,758 Shares, equivalent to 8.33% of the Company's total issued share capital). USIGH Limited has issued such convertible notes in the aggregate nominal amount of CHF 42,040,000 (convertible into 2,712,258 Shares, equivalent to 17.94% of the Company's total issued share capital; see also section 2.7)

³ 369,329 Shares are held by Arundel Group Services Limited (“Arundel”) directly, whereas 395,830 Shares are held by Green Street Global Investments Limited (Nerine Chambers, Road Town, Tortola, BVI), a 100% subsidiary of Arundel. Green Street also owns CHF 2 million of USIGH Limited 6.25% senior secured guaranteed convertible notes due March 2019 (ISIN XS0493478555) (convertible into 129,032 Shares, equivalent to 0.85% of the Company's total issued share capital).

⁴ Consisting of Beatrix Lanfranconi-Spaeti (Altstadstrasse 54, 6045 Meggen), Patrick Markus Lanfranconi (Einsiedlerstrasse 82, 8802 Horgen) and Stefanie Katrin Lanfranconi (Edenstrasse 16, 8045 Zürich); represented by the heirs' representative, Dr. Harold Grüninger (Homburger AG, Prime Tower, Hardstrasse 201, 8005 Zurich).

Disclosure notices of significant shareholdings made to the Company and the SIX Swiss Exchange Ltd Disclosure Office during the 12 months under review pursuant to art. 20 of the Swiss Federal Act on Stock Exchanges and Securities Trading may be viewed on the exchange's electronic publication platform at the following address:

<http://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>

1.3 Cross-shareholdings

There are no cross-shareholdings between the Company and any other entity that would exceed 5% of capital or voting rights on both sides.

2 Capital structure

2.1 Capital

As at 31 March 2015:

2.1.1 The Company's issued share capital amounts to CHF 151,151,640, divided into 15,115,164 registered shares with a par value of CHF 10, fully paid in.

2.1.2 The Company's conditional capital for management and advisers amounts to CHF 15,115,160 and the conditional capital for bondholders and other creditors amounts to CHF 60,460,660.

2.1.3 The Company's authorized capital amounts to CHF 75,575,820 and expires on 16 September 2016.

2.2 Authorized and conditional capital

2.2.1 Authorized capital

Pursuant to an authorization in Article 3c of the Company's articles of incorporation (the "**Articles**") the Company's board of directors (the "**Board**") may increase the share capital in the amount of up to CHF 75,575,820 until 16 September 2016 through the issuance of up to 7,557,582 fully paid in additional registered shares with a nominal value of CHF 10 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 not-exercised subscription rights shall be determined by the Board. The Board 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 registered shares are subject to the restrictions specified in Article 4 of the Articles (see section 2.6.1).

2.2.2 Conditional capital

According to Article 3a of the Articles the share capital may be increased by a maximum amount of CHF 15,115,160 through the issuance of up to 1,511,516 fully paid registered shares with a nominal value of CHF 10 each through the exercise of option rights granted to the members of the Board or of the management and to advisers of the Company or its subsidiaries. The subscription rights of the shareholders are 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. The acquisition of registered shares through the exercise of option rights as well as every subsequent transfer of shares are subject to the restrictions set forth in Article 4 of the Articles (see section 2.6.1).

Furthermore, according to Article 3b of the Articles the share capital may be increased by a maximum amount of CHF 60,460,660 through the issuance of up to 6,046,066 fully paid registered shares with a nominal value of CHF 10 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 are 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. The Board 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 (or from the time of any reset of their terms), and (iii) the exercise price of the new registered shares corresponding to the market conditions at the time of issue (or reset of terms). The acquisition of registered 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 (namely, a maximum number of 2,712,258 shares) has been reserved for issues of shares pursuant to the securities referred to in section 2.7.

2.3 Changes in capital in the past three years

At the Annual General Meeting of the Company in June 2013, shareholders of the Company resolved that the nominal value of each registered share would be reduced from CHF 68.85 to CHF 10 once the shares referred to in the following paragraph were registered in the Commercial Register of the Canton of Zurich. This resulted in a reduction in share capital of CHF 57,984,787.30 (from CHF 67,837,767.30 to CHF 9,852,980), which per the Annual General Meeting was used to offset accumulated losses.

Also at the Annual General Meeting in June 2013, the shareholders resolved on an ordinary increase of share capital for purposes (i) of the acquisition by the Company of all shares of Goldlink United Limited (“**Goldlink**”) and (ii) of the conversion of certain indebtedness into share capital. In September 2013, this transaction was executed. In the transaction, 11,241,463 new shares were issued to Infinite in exchange for all shares of Goldlink, and 2,888,403 shares were issued to creditors of the Company in a conversion of debt into share capital. This resulted in a total increase to share capital of CHF 141,298,660 (from CHF 9,852,980 to CHF 151,151,640).

Other than as identified above, in the three past years, there were no other changes to the Company's issued share capital.

2.4 Shares and participation certificates

As at 31 March 2015, the Company has 15,115,164 registered shares with a par value of CHF 10 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.

2.5 Profit sharing certificates

The Company has not issued any profit sharing certificates.

2.6 Limitation on transferability and nominee registrations

2.6.1 Limitations on transferability for each share category; indication of statutory group clauses and rules for granting exceptions

Article 4 of the Articles provides that:

2.6.1.1 The Board can refuse the approval of an acquirer of registered shares as a shareholder with the right to vote, if the holdings of the shareholder together with his shares already registered, exceed the limit of 2% of all the shares recorded 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.

2.6.1.2 Acquirers of registered shares shall be registered in the share register as shareholders with the right to vote upon request if they expressly declare to have acquired the registered shares in their own name and for their own account. If an acquirer of shares is not prepared to provide this declaration, the Board may refuse to register him as a shareholder with the right to vote.

2.6.1.3 If registered shares are acquired by inheritance, division of an estate, or marital property law, the acquirer may not be refused as a shareholder.

2.6.1.4 After hearing the shareholder concerned, the Board may cancel, with retroactive effect as of the date of registration, entries in the share register as a shareholder with the right to vote, if these were made because of wrong information by the acquirer. A shareholder shall be immediately informed of such cancellation.

2.6.2 Reasons for granting exceptions in the year under review

During the year, the Board granted one exception from the 2% limitation (see section 2.6.1.1) to Venus Global Macro Fund Limited ("VGMF") in respect of its acquisition of a 3.64% interest in the Company. VGMF is an institutional collective investment scheme and has confirmed that it is a long term investor in the Company. It also confirmed to the Company that it needed to have the ability to exercise voting rights over its shares. As a result, the board granted the exception since it wanted to encourage the investment by VGMF and other similar institutional investors.

The Board did not grant any other exceptions from the 2% limitation in any instances during the year under review.

2.6.3 Nominee registration

Pursuant to Article 4 of the Articles, the Board can register nominees as shareholders with the right to vote, based on separate regulations or individual agreements. No separate regulations have been adopted and the board makes decisions on whether to register nominees as shareholders with the right to vote on a case by case basis, depending on the underlying beneficial owner and proposed nominee. Depending on the circumstances of each case, the board may require the beneficial owners and/or nominees to enter into a separate agreement with the Company. There are no such agreements currently in place.

During the year under review, no such registrations occurred. The board does not currently apply any fixed percentage limits, any given group clauses in respect of nominee registrations or any other specific registration requirements.

2.6.4 Procedure and conditions for cancelling statutory privileges and limitations on transferability

The Articles do not provide for any privileges. The limitations on the transferability of shares (see section 2.6.1) may be abolished by a vote of the absolute majority of the shares represented at a shareholders' meeting.

2.7 Convertible bonds and warrants/options

The Company has issued the following convertible bonds, warrants or options.

2.7.1 CHF 42,040,000 of 6.25% Convertible Bonds Due 2019 ("2019 Bonds")

In September 2010, USIGH Limited issued CHF 25,000,000 of convertible bonds due 2015 (the "**2010-2015 Bonds**"). The 2010-2015 Bonds had 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. Before the amendment referred to below, at 31 March 2014, 2010-2015 Bonds in the aggregate principal amount of CHF 17,884,200 were held by third parties and the remainder by USIGH Limited.

Subject to adjustment under their terms, 149,035 registered shares with a nominal value of CHF 10 each of the Company would have had to be issued under the terms of the 2010-2015 Bonds if all third-party bondholders fully exercised their conversion rights. By 31 March 2014, no shares had been issued under the 2010-2015 Bonds.

On 31 March 2014, the terms of the 2010-2015 Bonds were amended by bondholders' consent and the overall aggregate of principal amount of 2010-2015 Bonds was increased to CHF 42,040,000. The coupon was increased to 6.25% per annum and the redemption premium payable on maturity was replaced with a one-time

interest payment in the form of additional bonds. The conversion price was reduced to CHF 15.50 and the maturity extended to 31 March 2019 (the 2010-2015 Bonds as so amended and increased the "2019 Bonds"). In order to convert the 2019 Bonds, conversion notices must be received by the conversion agent by the fifth business day prior to 31 March 2019. As at 31 March 2015, 2019 Bonds in the aggregate principal amount of CHF 22,513,750 were held by third parties and the remainder by USIGH Limited. Assuming all of the 2019 Bonds were converted, 2,712,258 registered shares with a nominal value of CHF 10 each of the Company would have to be issued.

3 Board of Directors

The members of the Board are responsible for the strategic direction and oversight of the Company. As at 31 March 2015, the Board consisted of 5 individuals.

	Nationality	Function	Member since
Executive members			
Mr Ravi Singh	USA	Chief Executive Officer	2014
Non-executive members			
Dr. Volkert Klaucke	D	Chairman ¹	2005
Dr. Doraiswamy Srinivas	USA/GB	Vice chairman	2005
David Quint	USA/GB	Member	2005
William W. Vanderfelt	GB	Member	2005

¹ Following the appointment of Ravi Singh as Chief Executive Officer in September 2014, Volkert Klaucke became a non- executive member of the Board. Before then, he had held an executive function. On 30 July 2015, it was announced that Volkert Klaucke had reassumed responsibilities as Executive Chairman.

3.1 Members of the Board

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 1991-1994 as a Partner and Member of the Corporate Finance Executive Committee for Europe. From 1994-1995, he was Managing Director of Mees Pierson, Germany. 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 German Foundation against World Hunger.

Mr Ravi Singh (1958), a US Citizen, has over 32 years of operating and financial management experience, including 24 years in investment advisory activities with leading firms in the New York area. Over his career, he has lived and worked in the US, India and Japan. Since 2005, Mr Singh has been a Partner with Sycamore Ventures in New York, a global investment management firm, where he focuses on India related investments. Mr Singh previously served as a Manager with Coopers & Lybrand in New York, a global accounting and financial services firm, (1988-1992), as General Partner and Managing Director of Cowen & Company, a New York investment banking firm, (1992-1995), as Managing Director of Forbes & Walker, a New York based merchant banking firm, (1995-1996), and as Managing Director and Head of Technology Investment Banking at Punk Ziegel & Company, a New York based investment banking firm, 1996-1998). Mr Singh also served as EVP and CFO of Seranova Inc, a leading New Jersey, US, based offshore technology services outsourcing company (1998-2001) and was Founding Partner of Converge Partners LLC, a boutique advisory firm (2002-2004). He graduated with an MBA degree from Columbia Business School in New York, and with a BS in Mechanical Engineering from the University of Delhi.

Dr Doraiswamy Srinivas (1951), U.S./UK citizen, is Chief Operating Officer of RP&C International Inc (an investment banking firm established in 1992 to provide specialist advisory services and financial solutions to public and private companies; “**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.

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 Phaunos Timber Fund.

For details on the operational management tasks of Dr Volkert Klaucke, while he was the Executive Chairman, and of the Chief Executive Officer, Ravi Singh, please refer to section 4.1 below.

Dr Volkert Klaucke, who served as Executive Chairman of the Company from December 2013 until September 2014 when he became non-executive Chairman, does not have any significant business connection with the Company or any of the Company’s subsidiaries.

Dr Doraiswamy Srinivas and David Quint are members of the senior management of both RP&C and its subsidiary St James Investment Management Limited (“**SJIM**”), which until September 2013 and from September to December 2013, respectively, acted as the USI Group’s exclusive manager under respective management agreements. As from December 2013, SJIM has been acting as a permanent adviser and administrator for the USI Group (please refer to section 4 below). Subject to the foregoing, Dr Doraiswamy Srinivas and David Quint do not have any significant business connections with the Company or any of the Company’s subsidiaries.

William W. Vanderfelt is also a non-executive director of USIGH Limited and USI AG, but otherwise did not have any involvement with any of the Company’s subsidiaries, nor does he have any significant business connection with the Company or any of the Company’s subsidiaries.

Other than as mentioned above, none of the non-executive directors had any executive responsibilities for the USI Group in the three financial years preceding the period under review.

3.2 Permissible outside mandates

Pursuant to Article 31 of the Articles, a member of the Board or of Executive Management may simultaneously hold no more than ten mandates outside the Company’s group, in the supreme managing or supervising bodies of other legal entities that are obliged to be entered in the Swiss Commercial Register or a comparable foreign register. Of those, not more than four mandates may be in other listed companies. There are no limits on activities in not-for-profit entities, such as associations, societies and foundations. Several mandates within the same group of companies, and mandates performed at the behest of a company or group (including mandates in pension funds, joint ventures, and legal entities in which a significant interest is held) are counted as one mandate.

3.3 Elections and terms of office

Pursuant to the Articles, the members of the Board hold office for one year. A year is defined as the period from one ordinary shareholders' meeting to the next. Members of the Board and its Chairman may be re-elected after their tenure of office expires.

Members of the Board may stand for re-election to office on an annual basis. A separate vote is taken, at the Company's shareholders' meeting, in respect of each director who stands for election or re-election.

The Articles do not contain any rules that would deviate from statutory law with regard to the appointment of the Chairman or of the members of the Nomination and Compensation Committee.

3.4 Internal organizational structure

3.4.1 Board

The Board may take decisions on all matters which by law or the Articles are not allocated to the general meeting of shareholders (Article 698 of the Swiss Code of Obligations (hereinafter "CO")).

According to the internal organizational regulations of the Company of 27 July 2005, as amended (hereinafter the "**Regulations**"), the Board 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 otherwise permit.

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

The Chairman has the following duties:

- chairing meetings of the Board and general meetings;
- determining the agenda for meetings of the Board except in cases where proposals are made by other members of the Board;
- representation of the Board to the public, to public authorities and to the shareholders;
- supervision of the execution of measures which have the approval of the Board;
- preparation of amendments to the Articles, conduct of the voting procedures and other matters to be addressed at any general meeting;
- in association with the Company's executive management team ("**Executive Management**"), preparation of materials concerning strategic planning, short-term corporate goals, financial planning and budgets to be approved by the Board;
- 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, the nomination and compensation committee or the audit committee. Such decisions shall be submitted for approval to the responsible bodies as soon as possible.

Following his appointment in September 2014, Ravi Singh became Chief Executive Officer of the Company and the USI Group and took over responsibility for all executive functions related to management of the USI Group from Volkert Klauke. Mr Singh was assisted by the other member of Executive Management, Hamsa Shadaksharappa. Further information is set out in section 4.1.

3.4.2 Committees

There are two committees of the Board, the audit committee (hereinafter the "**Audit Committee**") and the nomination and compensation committee (hereinafter the "**Nomination and Compensation Committee**"). The Audit Committee presently consists of all members of the Board and is chaired by Dr. Volkert Klaucke. The Nomination and Compensation Committee presently consists of Dr. Volkert Klaucke, David Quint and William W. Vanderfelt, and is equally chaired by Dr. Klaucke.

In addition, the Board has formed a valuation committee for the purpose of reviewing valuations of the USI Group's subsidiaries and assets. This committee, which has not as yet taken up its activity, presently consists of all members of the Board and its precise duties, powers and authority remain to be determined in the form of a special charter.

3.4.2.1 Audit Committee

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

- review the 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 independent auditor to prepare and 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 independent external auditors, advisers, Executive Management and the Board;
- review and monitor the Company's financial strategies and procedures; and
- report to the Board on the Audit Committee's activities and findings.

The Board 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 Committee or assist it in the conduct of an investigation;
- seek any information it requires from the Company's executives and employees – all of whom are directed to cooperate with the Audit Committee's requests – or external parties;
- meet with the Company's executives, officers, external auditors, outside counsel and other advisers, as deemed necessary or appropriate.

3.4.2.2 Nomination and Compensation Committee

The responsibilities of the Nomination and Compensation Committee are determined in the Articles and in a special Nomination and Compensation Committee Charter.

Article 27 of the Articles provides that, subject to the powers of the shareholders' meeting, the Company's compensation committee has the following responsibilities:

- monitoring compliance with the compensation principles pursuant to law, the Articles, and regulations, and with the resolutions of the shareholders' meeting on compensation;
- submitting proposals to the Board on the definition of principles, assessment criteria and qualitative and quantitative targets in connection with compensation within the parameters of the law and the Articles;
- submitting calculations and proposals to the Board on the qualitative and quantitative targets for determining variable compensation;
- submitting proposals to the Board regarding the amounts of fixed compensation to be paid to members of the Board, and fixed and variable compensation to be paid to members of Executive Management;
- preparing and submitting to the Board a draft of the compensation report; and
- all other actions required of it by law, the Articles or regulations.

The Charter for the Nomination and Compensation Committee further specifies that its primary duties are to:

- assist the Board in discharging its responsibilities relating to compensation of directors of the Company and of members of Executive Management;
- approve or establish proposals for all compensation plans, policies and programs relating to compensation and benefits for directors, Executive Management and direct employees (if any);
- propose to the Board compensation of directors, members of Executive Management 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 in identifying individuals who are qualified to become Board or Executive Management members, when vacancies arise;
- recommend to the Board the director nominees for the next annual shareholders' meeting;
- recommend to the Board a set of corporate governance principles to be published in a directive on corporate governance;
- 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 in its annual review of the Board's performance; and
- recommend to the Board director nominees for each committee.

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

The 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 Committee or assist it in the conduct of an investigation;
- seek any information it requires from the Company's executives and employees – all of whom are directed to cooperate with the Committee's requests – or external parties;
- meet with the Company's executives, officers, external auditors, outside counsel and other advisers, as deemed necessary or appropriate.

3.4.3 Work methods of the Board and its committees

3.4.3.1 Board

The Chairman, or the secretary, convenes the meetings of the Board 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 requests in writing that the item to be resolved or discussed be considered at a physical meeting. The usual length of the meetings is 1-2 hours. In the year under review, five meetings were held. At all meetings, members of Executive Management (see section 4) as well as a senior officer of SJIM were present. External legal consultants may attend meetings at the invitation of the Chairman.

The Nomination and Compensation Committee reports its actions at the next meeting of the Board. The Audit Committee reports to the Board as required at each Board meeting about its activities, decisions, findings and recommendations. It reports at least semi-annually on the interim and final accounts at the board meeting which approves such accounts. The two Committees' primary duties and responsibilities are set out above (see section 3.3.2).

3.4.3.2 Audit Committee

In the year under review no separate meeting of the Audit Committee was held as all Audit Committee duties were assumed by the Board as a whole.

3.4.3.3 Nomination and Compensation Committee

In the year under review no separate meeting of the Nomination and Compensation Committee was held as all Nomination and Compensation Committee duties were assumed by the Board as a whole.

3.5 Definition of areas of responsibility

The Board has the responsibilities and duties set forth in the CO, in particular in Article 716a CO.

Furthermore, the Regulations state that the following matters shall be reserved to the Board:

- passage of resolutions regarding any authorised capital increases as well as any resulting amendments to the Articles;
- determination of the beginning and the end of each fiscal 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 fiscal 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 general meeting of shareholders 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 Board members;
 - 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 permanent advisers or administrators to the Company;
- 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 has delegated all executive management functions of the Company to its Executive Management, whose responsibilities are set out below (see section 4.1).

3.6 Information and control instruments vis-à-vis senior management

The Executive Management provides the Board with a copy of management accounts on a quarterly basis. In addition, each member of the Board is provided, within 60 days after the end of each interim reporting period, with a provisional half-yearly report and, within 90 days after the end of each fiscal year, with a provisional annual report.

Furthermore, members of Executive Management who are present inform the Board at each Board meeting (i.e. usually not less than four times a year) of all current matters, important events and deviations from the budget. Extraordinary transactions and issues must be reported by Executive Management to the Board immediately. Each member of the Board is entitled to request and receive information on all matters of the Company and has access to the Company's and the Company's subsidiaries' property, records and personnel. Board members may make use of this right by requesting documents, in particular in the area of financial planning and reporting.

The Audit Committee's primary duties and its authority are set out above (see section 3.4.2.1). The Company has not appointed an internal audit function. Its risk management is described in the notes to the financial statements (see Notes 4 and 37 to the consolidated annual financial statements and Note 7 to the stand-alone annual financial statements). The Board does not use any IT-based Management Information System (MIS) for its information.

4 Executive Management and Permanent Advisers

In December 2013, following consummation of the Goldlink transaction, the Board had appointed Volkert Klaucke, Hamsa Shadaksharappa and Gokul Dixit to the Company's Executive Management team. During the financial year under review, in September 2014, Ravi Singh was appointed as Chief Executive Officer. At the same time, Volkert Klaucke became a non-executive Chairman and left the Executive Management team and Gokul Dixit also left the Executive Management but remains a part of the management team.

After the end of the period under review, as of 1 May 2015, Hamsa Shadaksharappa also left the Executive Management team, so that Ravi Singh currently serves as the Company's sole member of Executive Management.

Under an advisory agreement of October 2014, which amended and replaced a prior agreement entered into in December 2013 between the same parties, SJIM provides support as investment adviser and administrator to the USI Group, but does not perform any executive management functions (see section 4.2 below).

As concerns permissible outside mandates of members of Executive Management, see section 3.2.

4.1 Executive Management

Executive Management is responsible for the day-to-day management of the Company's business, under the overall supervision of the Board. The Board has delegated all executive management functions of the Company that are not reserved to the Board or to the Chairman (please refer to sections 3.4.1 and 3.5 above) to Executive Management.

As at 31 March 2015, Executive Management comprised Ravi Singh (see section 3.1 above), and Hamsa Shadaksharappa. Ravi Singh, as Chief Executive Officer (CEO), was responsible for directing and overseeing all operational management tasks concerning the day to day business of the USI Group. He was assisted by Hamsa Shadaksharappa, who (as Executive Vice President for Corporate Development) had specific responsibility, under the CEO's direction, for development of the Company's business in Indonesia,

Singapore and India (following the departure of Gokul Dixit from the Executive Management). He was also assisted by Gokul Dixit, who (as Senior Vice President – Finance) had specific responsibility, under the CEO's direction, for group finance and development of the Company's business in India.

Until September 2014, Volkert Klaucke had undertaken the operational management tasks which Ravi Singh assumed when he was appointed as Chief Executive Officer. Mr Hamsa Shadaksharappa was a member of Executive Management from 20 December 2013 until 1 May 2015. Mr Gokul Dixit was a member of Executive Management from 20 December 2013 until 16 September 2014;

	Nationality	Function	In office since
Ravi Singh	USA	Chief Executive Officer	2014
Hamsa Shadaksharappa	USA	Executive Vice President - Corporate Development	2013

Ravi Singh: see section 3.1 above for biographical details.

Hamsa Shadaksharappa was Executive Vice President – Corporate Development of the USI Group from December 2013 until April 2015. He served as Chief Financial Officer of Sithe Global Power, LLC (a US green-field power development company) from 2006 to 2013 and as Executive Vice President and Chief Financial Officer of Texas Genco LLC (now NRG Texas, LLC) (a US wholesale generation company) from 2005 to 2006. From 2001 to 2005, Hamsa served as Senior Vice President, Chief Financial Officer and Secretary of Indianapolis Power and Light Company, a subsidiary of The AES Corporation (a US electricity utility company). Hamsa holds a Bachelor of Science degree in Electrical Engineering from Purdue University and a Master in Business Administration degree from Harvard Business School.

Gokul Dixit was Senior Vice President – Finance of the USI Group. He is a chartered accountant qualified in India where he worked with Ernst & Young (formally Arthur Andersen Associates) from 2000 to 2003. From 2005 to 2008, he worked as an associate in the Capital Markets and Corporate Development department of General Motors Corporation in New York. From 2008 – 2011 he worked for SK Capital Partners, a private equity fund in New York and from 2011 to commencing work at the USI Group in September 2013, he worked as Senior Vice-President Finance for Sycamore Ventures, another private equity fund based in New York. Gokul advised Goldlink United Ltd on the financial aspects of its recent reverse merger with the USI Group.

Gokul holds a Master of Business Administration degree from the University of Michigan.

4.2 Permanent Advisers

4.2.1 Advisory Agreement with SJIM

The USI Group has appointed SJIM, a subsidiary of RP&C, to advise and assist in the administration of the Company and the USI Group, pursuant to an advisory and administration agreement dated 1 October 2014 (the "**Advisory Agreement**"), which amended and replaced a prior agreement entered into in December 2013 between the same parties. The registered office of SJIM is c/o Cim Global Business, 33 Edith Cavell Street, Port Louis, Mauritius.

The Advisory 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.

Pursuant to the Advisory Agreement, SJIM is entitled to receive from the USI Group an aggregate annual fee in cash (exclusive of applicable taxes and duties) (the "**Fee**") equal to \$1,050,000 or such other amount as may be agreed by the parties from time to time in writing. In the absence of other agreement, the Fee will be subject to adjustment in line with inflation. SJIM may allocate a portion of its Fee to its affiliates and third parties at its sole discretion.

In consideration of the provision by RP&C (SJIM's ultimate parent company) of registered and representative office facilities in England to certain members of the USI Group, the USI Group further pays to RP&C an aggregate fee of £200,000 per calendar year or portion thereof that such services are provided. Such fee is subject to annual increases to accommodate changes in business rates, maintenance and other operating costs as measured on 1st January of each year.

4.2.2 Duties of SJIM as Adviser

Pursuant to the Advisory Agreement, SJIM has the following duties as adviser to the USI Group, subject to the supervision and instructions of the Executive Management:

- identifying potential acquisitions which meet the criteria laid down by the USI Group for acquisitions from time to time and the generic identification of funding needs and opportunities;
- advising the USI Group 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 Board shall reasonably so require;
- advising generally on the holding of assets;
- assisting the administrator with the administrative requirements in order to implement the USI Group's and Executive Management's decisions;
- supplying, as and when requested by the USI Group, such information as may be in its possession or may reasonably be obtained or provided by it;
- providing to the USI Group 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 boards of the USI Group and/or Executive Management (when invited to do so) for the purposes, inter alia, of discussing the information provided as described above; and
- providing the USI Group with such additional generic advice as the USI Group shall require for the purposes of properly assessing its assets and investments; and
- providing investor relations services as reasonably required by the USI Group.

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

4.2.3 Duties of SJIM as Administrator

Pursuant to the Advisory Agreement, SJIM has the following duties as administrator to the USI Group:

- maintaining all necessary books and records of the Company and certain of its 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 Company and certain of its subsidiaries to the registrar of companies and other competent authorities and performing all duties and services normally performed by the secretary of such companies;
- 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;

- informing the USI Group and Executive Management from time to time of all amounts due and payable by the USI Group and, on the instructions of Executive Management, 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 USI Group, administering the taking out and maintaining in the name of companies of the USI Group such policies of insurance as the USI Group shall determine to be appropriate;
- submitting to the USI Group and Executive Management such reports and information as they may reasonably require from time to time and, in consultation with the chairmen of the USI Group and Executive Management, preparing an agenda in advance of each board and Executive Management meeting and distributing a copy of it together with any supporting papers to members of the boards and Executive Management prior to each meeting;
- preparing and circulating draft minutes of meetings for approval by the boards and executive management;
- administering all bank accounts and investments of the Company and certain of its subsidiaries in accordance with the instructions of Executive Management; and
- with the agreement of the USI Group, arranging the retaining of such outside firms of auditors, lawyers, taxation advisers or other agents as shall be deemed desirable by Executive Management to properly administer the assets of the USI Group.

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

5 Compensation, shareholdings and loans

Details on compensation and participation of members of the Board and of Executive Management are disclosed on Note 35 to the Consolidated Financial Statements and within the Compensation Report.

5.1 Method of determining compensation and share ownership programs

The Nomination and Compensation Committee is competent to present proposals, for decision by the Board, regarding the Company's general compensation policy for directors, Executive Management and direct employees (if any). The Board determines, normally upon proposal by the Nomination and Compensation Committee, the amount of any remuneration payable to its members and to members of Executive Management. Persons whose remuneration is decided upon do not have a right to participate in the relevant meeting, or otherwise to participate in the process. The Company does not employ external advisers or use external benchmarks for fixing compensation.

5.2 Rules on compensation in the Company's Articles

In Articles 33-37 of the Articles, the Company has adopted rules on compensation of members of the Board and of Executive Management, and related matters, in accordance with the Swiss Federal Council's Ordinance against Excessive Compensation in Listed Stock Companies of 20 November 2013.

5.2.1 Principles applicable to performance-related pay; allocation of equity securities, convertible rights and options; and additional amounts for new members of Executive Management

Board of Directors

Article 33 of the Articles provides that members of the Board receive a fixed compensation for their work.

The Board may decide that part of the compensation is paid, instead of a cash payment, in Shares (which may or may not be restricted), or in reversionary subscription rights or options for Shares. The Board shall, in that case, specify the time of the grant, the term of the restriction (if any) or vesting period, and any discounts

applying in consideration of the term of the restriction (if any) or vesting period. The Board may provide that upon the occurrence of certain events designated in advance, such as the termination of a mandate or a change of control, restrictions or vesting periods shall remain in effect or be shortened or cancelled. The value attributed to compensation paid in the form of Shares or of reversionary subscription rights or options shall be their fair value at the time of the grant, determined in accordance with such valuation methods as the Board considers most appropriate to establish that value.

Executive Management

Article 35 of the Articles provides that members of Executive Management receive a fixed compensation and a variable compensation for their work.

Pursuant to Article 36 of the Articles:

- variable compensation for members of Executive Management shall be subject to the achievement of qualitative and quantitative targets. The Board shall annually set common and individual targets, which shall be determined so as to promote the long-term interests of the Company and its shareholders, and shall judge the degree to which they have been achieved. In deciding on the award of variable compensation, the Board may also take account of extraordinary achievements unrelated to pre-determined targets;
- the amount of variable compensation may not be higher than 200% of the fixed compensation of the member concerned for the same period;
- At the option of the Board, variable compensation may be paid in cash, in Shares (which may or may not be restricted), or in reversionary subscription rights or options for Shares. The Board shall specify the time of the grant, the term of the restriction (if any) or vesting period, and any discounts applying in consideration of the term of the restriction (if any) or vesting period. The Board may provide that upon the occurrence of certain events designated in advance, such as the termination of an employment or mandate or a change of control, restrictions or vesting periods shall remain in effect or be shortened or cancelled, that compensation shall be paid on the assumption that targets have been met, or that compensation is no longer due. The value attributed to compensation paid in the form of Shares or of reversionary subscription rights or options shall be their fair value at the time of the grant, determined in accordance with such valuation methods as the Board considers most appropriate to establish that value;
- the Board shall issue regulations governing the details.

Pursuant to Article 37 of the Articles, if new members of Executive Management are appointed after approval has been given by the shareholders' meeting of the aggregate maximum amount of the fixed compensation for the members of Executive Management, the additional amount of fixed compensation available for each new member is 120% *pro rata temporis* of the highest fixed compensation paid to a member of Executive Management in the financial year preceding the last ordinary shareholders' meeting. The shareholders' meeting is not required to approve this additional compensation.

5.2.2 Loans, credit facilities and post-employment benefits for members of the Board and of Executive Management

Article 30 of the Articles provides that loans and credit facilities extended to members of the Board or of Executive Management may not exceed a principal amount of CHF 1.5 million (or equivalent amount in another currency) in the case of any member.

The Articles do not provide for the grant of post-employment benefits to members of the Board or or Executive Management.

5.2.3 Vote on pay at the shareholders' meeting

Board

Article 34 of the Articles provides that at each ordinary shareholders' meeting, the meeting shall resolve with binding effect on the approval of the aggregate maximum amount of the fixed compensation for the members of the Board for the one-year term ending at the next ordinary shareholders' meeting.

Executive Management

Article 37 of the Articles provides that:

- at each ordinary shareholders' meeting, the meeting shall resolve with binding effect on the approval of the aggregate maximum amount of the fixed compensation for the members of Executive Management for the then current financial year;
- at each ordinary shareholders' meeting, the meeting shall resolve with binding effect on the approval of the aggregate amount of the variable compensation for the members of Executive Management for the immediately preceding financial year.

5.3 Compensation in the year under review

During the year under review, Dr. Volkert Klaucke was Executive Chairman from 1 April 2014 to 30 September 2014 and had the right to receive an annual fixed fee of \$150,000 per annum (CHF 69,757 for the pro-rated period). From 1 October 2014 Volkert Klaucke became Non-Executive Chairman and had the right to receive an annual fixed fee of CHF 60,000 per annum (CHF 29,959 for the pro-rated period), all amounts before statutory deductions. These include fees for his position as a director. Total compensation for Volkert Klaucke for the year ended 31 March 2015 for Directors and Executive Management combined was CHF 99,716. Ravi Singh, following his election to the Board and appointment as Chief Executive Officer as of 1 October 2014, had the right to receive a fixed annual fee of US\$250,000 per annum (CHF 116,263 for the pro-rated period), before statutory deductions. These fees include fees for his position as a member of the Board. He received CHF 4,651 for the pro-rated period. Each of William Vanderfelt, Dr. Doraiswamy Srinivas and David Quint received a fee of CHF 30,000 per annum for their services as non-executive members of the Board.

The annual compensation provided by the Group to Dr. Klaucke and the other directors and to the CEO was decided by the Board in a discretionary decision in which all members of the Board participated, and applies until modified by the Board (i.e., there is no pre-defined review period).

Hamsa Shadaksharappa and Gokul Dixit each are entitled to receive fees of US\$150,000 per annum (CHF 139,515) for their services as members of Executive Management, and, after September 2014, for Gokul Dixit as a member of Group management. Hamsa Shadaksharappa also received \$30,000 per annum (CHF 27,903) in relation to private medical expenses bringing his total compensation for the year to \$180,000 (CHF 167,418). Their annual compensation was also decided by the Board in a discretionary decision at the time of their appointment.

The compensation noted above is expressed in terms of annual fees and may differ from the actual charge in the financial statements for the year ended 31 March 2015 (disclosed in Note 35 to the Consolidated Financial Statements and the Compensation Report) due to the effects of foreign exchange and timing differences.

5.4 Share Ownership Programmes

The Company currently does not have any share ownership programmes for members of the Board or of Executive Management.

6 Shareholders' participation

6.1 Restrictions of voting rights and representation

Apart from the limitations on the transferability of Shares (see section 2.6.1), there are no restrictions on the exercise of voting rights.

A shareholder may be represented at the shareholders' meeting by his legal representative, by the independent proxy, or by another duly authorized representative who does not need to be a shareholder.

Article 15 of the Articles provides that each ordinary shareholders' meeting shall elect an independent proxy for a term of office of one year, running until the end of the next ordinary shareholders' meeting. Re-election is permitted. A shareholders' meeting may remove the independent proxy with effect from the end of the meeting. If the independent proxy is unable to perform his duties, the Board must appoint an independent proxy for the term up to the end of the next shareholders' meeting. Voting proxies and instructions that have already been issued remain valid, provided that the shareholder does not expressly give other instructions. The Board shall make arrangements to permit shareholders to issue proxies and instructions to the independent proxy also by electronic means, and determine the respective details. The independent proxy can be represented by another person at the shareholders' meeting. He remains fully responsible for the performance of his duties. The independent proxy is obliged to exercise the voting rights represented by him in line with the instructions given. If he receives no instructions, he shall abstain from voting.

6.2 Statutory quora

Resolutions of the general meeting of shareholders are passed by the majorities set forth in the applicable legal provisions. The Articles do not change the applicable majorities.

6.3 Convocation of the general meeting of shareholders

The general meeting of shareholders must be called, at the latest, twenty days prior to the day of the meeting.

6.4 Agenda

One or more shareholders representing together at least ten percent of the share capital or shareholders representing shares with an aggregate par value of one million Swiss Francs may request items to be included in the agenda for a general meeting of shareholders. Items for inclusion in the agenda shall be requested at least 60 days prior to the meeting in written form listing the items and the proposed motions of such shareholder(s).

6.5 Record date for entry into the share register

The record date for the inscription of registered shareholders into the share register in view of their participation in the general meeting of shareholders, as set by the Board, is a date falling in between 10 and 20 days prior to the meeting. There are no rules on the granting of exceptions.

7 Changes of control and defence measures

7.1 Duty to make an offer

According to Article 7 of the Articles, persons acquiring shares of the Company directly, indirectly or acting in concert with third parties shall be exempt from the obligation to make a public purchase offer pursuant to Article 32 of the Swiss Federal Act on Stock Exchanges and Securities Dealing, irrespective of the number of voting rights conferred by the shares acquired ("**opting out**").

7.2 Change of control clauses

There are no change of control clauses in place which would trigger any obligations to members of the Board or of Executive Management, or to other officers of the Company, in the event of a change of control.

8 Auditors

PricewaterhouseCoopers AG, Zurich ("**PwC**"), are the Company's auditors.

8.1 Duration of the mandate and term of office of the lead auditor

PricewaterhouseCoopers AG, Zurich assumed its existing auditing mandate upon the formation of USI Group Holdings AG in 2005. PwC was also the auditor of the former companies Scana Holding AG and Regedo Holding AG. They were re-elected as auditors for the financial period ending 31 March 2015 by the Annual General Meeting held on 16 September 2014.

The lead engagement partner, Roger Kunz, responsible for the existing auditing mandate took up office in respect of the financial period ending 31 March 2014.

The Board proposes to the annual general meeting due to be held on 15 September 2015 to re-elect PricewaterhouseCoopers AG as auditors for the 2015/6 financial year. The rotation interval applicable to the lead engagement partner is seven years (art. 730a para. 2 CO).

8.2 Auditor remuneration

The total auditor remuneration for the 2014/5 consolidated financial statements and all group companies is estimated in the table below. In addition, PwC also performs certain tax work for the group companies. This tax work is not performed by the audit team. The estimated fees for this tax work is also set out in the table below:

Auditor's remuneration	For the year ended 31 March 2015
<i>in USD</i>	
Audit and audit related services	371,910
Tax compliance and related services	45,612
Tax consulting and related services	43,499
	461,020
Total tax related fees / audit and audit related services	24%

8.3 Informational instruments pertaining to the external audit

The external auditor is accountable to the Audit Committee, the Board and ultimately to the shareholders. The Board reviews the external auditor's professional credentials, assisted in its oversight by the Audit Committee.

Cooperation and flow of information between the auditor and the Audit Committee

Most communication between the auditors and the Company are facilitated by officers of RP&C and SJIM, such as Ralph Beney (Chief Financial Officer of RP&C and director of SJIM) and Adam Horwood (a member of the RP&C and SJIM accounting team) who liaise with the Executive Management team and the Board. The services provided by such officers are provided pursuant to the Advisory Agreement, see section 4.2.3 above. There is an ongoing dialogue and periodic meetings are arranged between the auditors, Executive Management, and officers of RP&C/SJIM throughout the year. The auditors are provided with copies of agreements, bank statements and other materials relating to the USI Group for the relevant financial period to assist them in their audit work.

Officers of RP&C/SJIM keep the Board and Executive Management updated on a regular basis about the content of such dialogue and meetings and the progress on the external audit. A representative attends each board meeting of the Company to answer any relevant questions the Board and Executive Management may have.

The Board, the Audit Committee and Executive Management also liaise directly with the auditors regarding the annual audit work to be carried out and discuss the results of such audits. On request, representatives of the auditors attend meetings of the Board and of the Audit Committee in which such matters are discussed. At the relevant Board or Audit Committee meetings, the auditors present a detailed planning report and a detailed report on the conduct of the audit of the financial statements. This details findings on material financial accounting and reporting issues in addition to findings on the Group's internal control system (ICS).

The Audit Committee reviews and approves in advance all planned audit services and any non-audit services provided by the external auditor. It discusses the results of annual audits with the external auditor, including reports on the financial statements, necessary changes to the audit plans and critical accounting issues.

The external auditor shares with the Audit Committee its findings on the adequacy of the financial reporting process and the efficacy of the internal controls.

The auditor informs the Audit Committee about any differences of opinion between the external auditor and management encountered during the audits or in connection with the preparation of the financial statements.

In the year ended 31 March 2015, representatives of the auditors were present at all meetings of the Board in which matters concerning the Audit Committee's responsibilities were discussed (namely, at two such meetings).

For additional information, please see also section 3.4.

Evaluation of the external auditor and independence, performance and fees

The Board annually reviews the selection of the auditors in order to propose their appointment to the General Meeting. The Audit Committee assesses the effectiveness and the quality of the auditors as well as their independence based on the reports received and general discussions. Their quality, their knowhow, their cost consciousness and timely reporting are major factors in the assessments of the auditor's work. PricewaterhouseCoopers AG monitors its independence throughout the year and confirms this to the Audit Committee annually.

This assessment measures the external auditor's performance against a number of criteria, including: understanding of Company's business; technical knowledge and expertise; comprehensiveness of the audit plans; quality of the working relationship with management; and clarity of communication. It is compiled based on the input of key people involved in the financial reporting process and the observations of the Audit Committee members.

The Audit Committee reviews annually the audit fees as well as any fees paid to the external auditor for non-audit services. Please see section 3.4 for further information.

In accordance with the Swiss Code of Obligations and to foster external auditor independence, the lead audit partner rotates his or her role after seven years.

9 Information policy

Financial reporting consists of semi-annual and annual reports. Financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and in compliance with Swiss law.

The Company shall publish information according to the following schedule:

Reporting

- July 2015- Publication of audited annual report and accounts for the year ended 31 March 2015

- December 2015- Publication of unaudited accounts for the six months ending 30 September 2015

Meetings of Shareholders

15 September 2015 - Annual General Meeting of shareholders

The news releases of the Company (including releases issued pursuant to ad-hoc publicity rules) are available under 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 (including this annual report) are available under www.usigroupholdings.ch

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