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USI GROUP HOLDINGS AG

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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CHAIRMAN'S STATEMENT

The Company is pleased to report its financial results for the six month period ended 30 September 2014.

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. These assets consisted primarily of a gold trading business based in Singapore conducted through a subsidiary, Royal Venture Pte Limited ("Royal") which was valued at $66 million and parcels of real estate in Tamil Nadu, India, which were valued at $175 million.

Due to the relative size of the of Goldlink purchase, the presentation and format of the consolidated financial statements for the six month period ended 30 September 2014 and the comparative figures in respect of the six months ended 30 September 2013 reflect a "reverse acquisition". The practical effect of this treatment is that the Income Statement reflects the income of Royal, the operating subsidiary of Goldlink, for the stated reporting periods and only the impact of the former USI Group from the date of the reverse acquisition. The former USI Group's results prior to the reverse acquisition are adjusted through reserves.

Your Company is presenting its interim financial statements in US dollars for the first time to more accurately reflect the main functional currency for the USI Group going forward.

Financial results

Total revenue included in the unaudited consolidated results for the six months ended 30 September 2014 ("Current Period") was $8.1 million compared to $25.4 million for the equivalent period in 2013. Income for the Current Period comprised rental income of $6.3 million (2013 - $0.6 million) and gold trading income of $1.7 million (2013 - $24.8 million). The decline in gold trading is discussed in more detail below; however, resumption of trading activity has accelerated during October and November with trading volumes now running at an annualised rate of approximately $50 million. The Company expects these volumes to increase further in the months ahead.

The Company is reporting a net loss of $10.3 million for the Current Period compared to a profit of $18.1 million for the comparable period in 2013. The net loss for the Current Period is stated after a non-cash reduction in the fair value of investment properties of $5.8 million (2013 – nil), administrative expenses of $3.9 million (2013 - $1.7 million), finance costs of $7.0 million (2013 - $0.7 million) and a non-cash gain on negative goodwill of $ nil (2013 - $19.4 million). In addition, the Company recognised a loss of $0.6 million during the Current Period resulting from the sale of the entire holding in an associated company. Gross proceeds of $8.2 million from that disposal have been used to repay borrowings and to augment working capital.

Excluding non-cash items, the Current Period loss equals $4.9 million compared to $1.3 million. Finance costs are expected to be lower in the second half of 2014/15 compared to the Current Period as a result of the refinancing of debt secured against the Company's properties in Leipzig, Germany announced on 10 September 2014 and as a result of repayment of other borrowings associated with pre-acquisition gold trading activities.

Total assets are reported at $227.8 million at 30 September 2014 compared to $300.4 million at 30 September 2013.

The Company's investment properties in Leipzig were independently valued at $174.4 million at 30 September 2014 compared to $195.0 million at 30 September 2013. The decline in value comprises $5.8 million in respect of fair value adjustments and $14.8 million in respect of adverse movements in the US Dollar/Euro exchange rate. There was a corresponding positive movement on the recognition of Euro denominated debt. Overall the net negative movement on the translation reserve during the Current Period was $3.2 million.

Current assets at 30 September 2014 were $28.2 million compared to $71.9 million at 30 September 2013. The reduction is primarily the result of a reduction of trade debtors to $16.4 million at 30 September 2014 from $64.6 million twelve months earlier. There was a corresponding reduction in trade creditors from $50.2 million to $2.1 million at 30 September 2014.

Total long and short term borrowings were reported at $142.6 million at 30 September 2014 compared to $156.7 million at 30 September 2013. Short term borrowings have reduced from $136.0 million at 30 September 2013 to $7.1 million at 30 September 2014, primarily as a result of refinancing the debt secured against the Leipzig properties.

As a result of the matters referred to above, total equity decreased to $40.2 million at 30 September 2014 from $54.1 million at 30 September 2013. However, as mentioned below, transactions completed after 30 September will increase shareholders' funds by $25.7 million during the second half of the financial year ending 31 March 2015.

Current activities

Royal is engaged in the wholesale trading of gold bullion and jewellery. At the time of the Goldlink acquisition, that business had been set to expand significantly through collaboration with one of India's largest gold manufacturers and importers with which the Company had negotiated a gold supply agreement. In the period leading up to and subsequent to the acquisition, however, the former Indian government imposed various restrictions on the import of gold into India in order to curb the 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. Trading in gold was curtailed with official Indian gold imports falling. While restrictions on Indian gold imports have been only partially reduced since the election of Narendra Modi as India's new Prime Minister in May 2014, they are widely expected to be lessened. Mr Modi is a recognised pro-business politician and it is believed that restrictions on the importation of gold will be further eased or even eliminated over the medium term. Once that occurs, the Company expects to resume its activities there.

As a consequence of restrictions on exporting gold to India, Royal has focused on trading gold bullion solely within Singapore since August of this year. Consolidated revenues of Royal were reported at $1.7 million for the period ending 30 September 2014 compared to $24.8 million for the equivalent period in 2013 reflecting the Indian restrictions mentioned earlier. Gold sales in Singapore have since risen to an annualised rate of approximately $50 million based on trading during October and November 2014. The Group is financing working capital for its gold trading operations from proceeds of its convertible bond issue and is not reliant on bank financing.

Through the Goldlink acquisition, USI also acquired 90% of two Indian subsidiaries which hold development rights over 9.2 acres in Madhavaram and 97 acres in Sholingur, Tamil Nadu, India. Independent appraisals valued the development rights at more than $175 million at the time of the Goldlink acquisition. This value was reaffirmed by another independent appraisal as at 31 March 2014 and remains unchanged at 30 September 2014. While the USI subsidiaries have exercised their option to acquire the freehold interests of the Madhavaram and Sholingur properties, the value of those properties can only be reflected on the Company's balance sheet in accordance with International Financial Reporting Standards once all applicable governmental approvals have been obtained and certain restrictions relating to loans to previous owners have been removed. It is hoped that all of the restrictions will be removed and an increase in value of the properties will be reflected on the Company's balance sheet during the course of the current financial year; however, in the event that the delay persists, the Company expects to substitute one or both of these parcels of land with Indian properties of equivalent or greater value. Goldlink's former owner has now put forward several properties for potential substitution and due diligence including appraisals by internationally recognised firms are currently underway.

Demand for residential 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 cost and time for land purchases. It is believed that undeveloped parcels of land near major urban centres in India represent a good long-term store of value for your Company.

On 18 December 2014, the Company announced that it had sold the entire issued share capital of Tokyo Ventures Pte Limited, a wholly owned second tier subsidiary of the Company ("Tokyo") for $20 million. Tokyo had been engaged in holding certain non-core investment assets and was acquired in September 2013 in connection with the Company's acquisition of Goldlink. The purchase price for Tokyo may be satisfied either in cash or through the transfer to USI of assets and/or securities acceptable to the Company. Payment must be received in full prior to 31 March 2015. As part of the Agreement, the purchaser also acquired the entire issued share capital of Maxiwin International Pte Limited, Fortune Top Investments Pte Limited and Beaufort Overseas Trading Limited, minor subsidiaries of Goldlink, in exchange for the assumption by the purchaser of a payable of $1.4 million owed by the USI group. The effect of the sale is to reduce the number of subsidiaries in the USI Group and to increase shareholders' funds by $25.7 million, which is not reflected in the Company's results for the six months ended 30 September 2014.

Investment in Indonesia

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

On 2 December, 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 with 30 million tonnes of inferred resources. That company has entered into an agreement to supply coal to an Indonesian subsidiary of Mercuria Energy Group, a Swiss commodity trading company and one of the world's largest traders of coal ("Mercuria"). This coal principally will be exported to India, which is one of the world's largest coal importers. Under the terms of the working capital loan, USI will receive a mine service fee of $5 per metric tonne of coal sold and has negotiated the right to convert its loan at any time prior to 31 March 2015, into a 51% ownership interest in the mine.

USI's shipments to Mercuria, along with direct coal exports to India, are expected to grow significantly. At the same time, the Company is taking steps through a newly appointed manager based in Indonesia, to acquire, process and market tropical hardwood timber from Indonesia for export to India, one of the world's largest tropical hardwood importing and consuming markets.

Other activities

During May and August, the Company sold all of its shareholding in Public Service Properties Investments Limited realising approximately $8.2 million which has primarily been used to repay short term borrowings of the Group. Following that sale, the Company's remaining assets consist of four office buildings in Leipzig, Germany (the "Leipzig Properties").

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 a fixed rate of 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 €137.5 million at 30 September 2014 from €141.8 million at 31 March 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 in late 2015/early 2016.

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 has commenced as have efforts to substitute the Company's Indian properties, if necessary. It remains your Board's intention to declare dividends once its acquired business interests are consolidated and stabilized.

We look forward to reporting the results of our endeavours as part of the Company's full year results to 31 March 2015.

Respectfully submitted,

USI Group Holdings AG
Dr. Volkert Klaucke (Chairman)
Approved by the board: 29 December 2014

DIRECTORS AND ADVISORS

DIRECTORS

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

AUDITORS

PricewaterhouseCoopers AG
Birchstrasse 160
8050 Zurich
Switzerland

COMPANY SECRETARY

Dr. Doraiswamy Srinivas

EXECUTIVE MANAGEMENT

Mr. Ravi Singh (Group Chief Executive Officer)
Dr. Volkert Klaucke (Executive Chairman)
Mr Ralph Beney (Group Finance)
Mr Richard Borg (Group Legal and Regulatory)
Mr Hamsa Shadaksharappa (Corporate Development)
Mr Gokul Dixit (Corporate Finance)

ASSET MANAGER

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

REGISTRAR

SAG SIS Aktienregister AG
Baslerstrasse 100
Postfach
CH-4601 Olten
Switzerland

LEGAL ADVISORS (as to Swiss Law)

Bär & Karrer AG
Brandschenkestrasse 90
CH 8027 Zurich
Switzerland

REGISTERED OFFICE

Bleicherweg 66
CH 8002 Zurich
Switzerland

REGISTERED NUMBER

CH-020.3.922.903-6

USI GROUP HOLDINGS AG
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	NOTE	Period to 30 September 2014 (unaudited) $	Period to 30 September 2013 (unaudited) $
Revenue	6	8,078,460	25,387,707
Cost of goods sold	7	(1,763,859)	(24,234,994)
Fair value loss on investment property	12	(5,774,704)	-
Administrative expenses	8	(3,894,594)	(1,702,088)
Other income		-	38,483
Operating loss		(3,354,697)	(510,892)
Finance income	9	83,117	-
Finance costs	10	(7,030,315)	(744,341)
Loss on sale of associate	13	(176,187)	-
Change in value of available for sale investments	14	134,287	-
Negative goodwill	3	-	19,377,043
(Loss)/profit before income tax expense		(10,343,795)	18,121,810
Income tax expense		-	-
(Loss)/profit for the period		(10,343,795)	18,121,810
Attributable to:			
Equity owners of the parent		(10,109,343)	18,128,612
Non-controlling interests		(234,542)	(6,802)
		$ per share	**$ per share**
Basic (loss)/earnings per share	11	(0.670)	1.571
Diluted (loss)/earnings per share	11	(0.670)	1.571

The notes on pages 11 to 39 form part of these consolidated financial statements.

USI GROUP HOLDINGS AG
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	NOTE	Period to 30 September 2014 (unaudited) $	Period to 30 September 2013 (unaudited) $
(Loss)/profit for the period		(10,343,795)	18,121,810
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Share of associates cash flow hedges		7,789	(5,795)
Share of associates tax relating to cash flow hedges		-	-
Change in fair value of available for sale assets	14	-	(657,655)
Currency translation differences		(3,589,885)	323,497
Recycle of translation reserve on disposal of investment in associate	13	389,289	-
Other comprehensive (loss)/income for the period		(3,192,807)	(339,953)
Total comprehensive (loss)/income for the period		(13,536,602)	17,781,857
Attributable to:			
Equity owners of the parent		(13,302,060)	17,788,659
Non-controlling interests		(234,542)	(6,802)

The notes on pages 11 to 39 form part of these consolidated financial statements.

USI GROUP HOLDINGS AG
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2014

	NOTE	As at 30 September 2014 (unaudited) $	As at 31 March 2014 (audited) $
ASSETS			
Non-current assets			
Investment property	12	174,446,250	195,004,212
Development rights	15	20,745,992	21,343,772
Investments in associates	13	-	8,711,091
Investments – available for sale	14	903,039	760,534
Other receivables and prepayments	16	3,547,970	2,748,763
		199,643,251	228,568,372
Current assets			
Trade debtors	17	16,432,218	64,572,736
Other receivables and prepayments	16	5,420,577	5,062,293
Restricted cash	16	464,344	564,998
Cash and cash equivalents		5,843,741	1,660,252
		28,160,880	71,860,279
TOTAL ASSETS		227,804,131	300,428,651
EQUITY			
Capital and reserves			
Share capital	18	162,528,644	162,528,644
Share premium		109,143,512	109,143,512
Treasury shares	18	(1,948,106)	(1,948,106)
Cash flow hedging reserve from associates		-	(7,789)
Equity component of convertible bond		683,905	683,905
Translation reserve		1,165,672	4,366,268
Retained earnings		(233,953,912)	(223,610,117)
Non-controlling interests		2,599,625	2,925,882
TOTAL EQUITY		40,219,340	54,082,199
LIABILITIES			
Non-current liabilities			
Borrowings	19	135,561,730	20,649,442
Other payable – related party	15	20,745,992	21,343,772
		156,307,722	41,993,214
Current liabilities			
Trade creditors	20	2,087,309	50,212,804
Other payables	21	16,087,274	14,814,723
Accruals	22	6,014,390	3,302,989
Borrowings	19	7,088,096	136,022,722
		31,277,069	204,353,238
TOTAL LIABILITIES		187,584,791	246,346,452
TOTAL EQUITY AND LIABILITIES		227,804,131	300,428,651

The notes on pages 11 to 39 form part of these consolidated financial statements.

USI GROUP HOLDINGS AG
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

		Attributable to equity owners of the parent									
	Note	Share Capital	Share Premium	Treasury Shares	Cashflow Hedging	Equity Component	Translation Reserve	AFS Fair Value	Retained Earnings	NCI	Total
		$	$	$	$	$	$	$	$	$	$
As at 1 April 2013		**3,659,420**	**-**	**-**	**-**	**-**	**-**	**657,655**	**1,889,603**	**-**	**6,216,678**
Reverse acquisition 16 September	3	37,993,278	-	(1,948,106)	-	-	-	-	9,467,234	-	45,512,406
Ordinary Shares issued 16 September,	3										
net of issue costs		120,875,946	109,143,512	-	-	-	-	-	(241,751,892)	-	(11,732,434)
Profit for the period		-	-	-	-	-	-	-	18,121,810	-	18,121,810
Other comprehensive income											
Movement of AFS fair value reserve	14	-	-	-	-	-	-	(657,655)	-	-	(657,655)
Foreign currency translation		-	-	-	-	-	323,497		-	-	323,497
Cash flow hedges, net of tax					(5,795)						(5,795)
Total comprehensive income		-	-	-	(5,795)	-	323,497	(657,655)	18,121,810	-	(17,781,857)
Non-controlling interest		-	-	-	-	-	-	-	-	2,932,684	2,932,684
As at 30 September 2013		**162,528,644**	**109,143,512**	**(1,948,106)**	**(5,795)**	**-**	**323,497**	**-**	**(212,263,245)**	**2,932,684**	**60,711,191**
As at 1 April 2014		**162,528,644**	**109,143,512**	**(1,948,106)**	**(7,789)**	**683,905**	**4,366,268**	**0**	**(223,610,117)**	**2,925,882**	**54,082,199**
Loss for the period		-	-	-	-	-	-	-	(10,343,795)		(10,343,795)
Other comprehensive income											
Foreign currency translation - net		-	-	-	-	-	(3,200,596)	-	-	-	(3,200,596)
Cash flow hedges, net of tax		-	-	-	7,789	-	-	-	-	-	7,789
Total comprehensive income		-	-	-	7,789	-	(3,200,596)	-	-	-	(3,192,807)
Non-controlling interest		-	-	-	-	-	-	-	-	(326,257)	(326,257)
As at 30 September 2014		**162,528,644**	**109,143,512**	**(1,948,106)**	**-**	**683,905**	**1,165,672**	**-**	**(233,953,912)**	**2,599,625**	**40,219,340**

The notes on pages 11 to 39 form part of these consolidated financial statements.

USI GROUP HOLDINGS AG
INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	NOTE	Period to 30 September 2014 (unaudited)	Period to 30 September 2013 (unaudited)
Cash flow from operating activities		$	$
(Loss)/Profit for the period		(10,343,795)	18,121,810
Adjustments for:			
- Negative goodwill	3	-	(19,377,043)
- Impairment of investments			808,804
- Interest income	9	(83,117)	-
- Interest expenses and other finance expenses	10	5,542,417	574,750
- Amortisation of debt issue costs	10	792,527	6,785
- Changes in fair value of investment property	12	5,774,704	-
- Loss on disposal/impairment of associate	13	176,187	-
- Impairment of available for sale assets	14	(134,287)	-
- Income tax expense		-	-
Changes in working capital			
- Trade creditors and other payables		1,280,270	3,029,379
- Receivables and prepayments		(336,334)	(470,925)
- Accruals		545,808	34,830
Cash generated by operations		3,214,380	2,728,390
Interest paid		(4,037,019)	(236,521)
Income tax paid		-	-
Net cash (used)/generated by operating activities		(822,639)	2,491,869
Cash flow from investing activities			
Cash assumed from business combinations		-	607,060
Change in restricted cash	16	100,654	133,372
Purchase of subsidiaries		-	(125,624)
Issuance of convertible promissory note	16	(1,000,000)	-
Proceeds from sale of associated undertaking		8,204,208	-
Interest received		2,068	-
Net cash generated by investing activities		7,306,930	614,808
Cash flow from financing activities			
Proceeds from borrowings – net of costs		126,488,054	-
Repayment of borrowings		(128,746,313)	-
Net cash used by financing activities		(2,258,259)	-
Net increase in cash and cash equivalents		4,226,032	3,106,677
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of period		1,660,252	47,589
Net increase in cash and cash equivalents		4,226,032	3,106,677
Foreign currency translation adjustments		(42,543)	-
Cash and cash equivalents at end of period		5,843,741	3,154,266

The notes on pages 11 to 39 form part of these consolidated financial statements.

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; the sale of jewellery manufactured in India to markets in Asia and the Middle East; 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 interim condensed consolidated financial statements have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB). The interim condensed consolidated financial statements are reported in United States Dollars unless otherwise stated and are based on the interim accounts of the individual subsidiaries at 30 September 2014 and 2013 which have been drawn up according to uniform Group accounting principles.

These interim condensed consolidated financial statements of the Group have been prepared in accordance with IAS 34 (Interim Financial Reporting). The same accounting and valuation principles have been applied to these financial statements as to those that are described on pages 15 to 35 of the 2014 annual report of USI Group Holdings AG. These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's most recent Annual Financial Statements pages 10 to 66, in respect of the period ended 31 March 2014 which have been prepared in accordance with IFRS. These interim condensed consolidated financial statements for the six months ended 30 September 2014 and the comparative figures are unaudited. The extracts from the Group's Annual Financial Statements for the period ended 31 March 2014 represent an abbreviated version of the Group's full accounts for that period, on which the Auditor's issued an unqualified audit report.

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

Comparative information in the interim condensed consolidated financial statements has been adjusted in order to be consistent with the presentation of the current period and IFRS.

The Group has adopted the following new standards, amendments to standards and interpretations for the financial period ended 30 September 2014, and 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, earlier adoption permitted). 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. Clarification, that the right to set-off must be available today (and not contingent on a future event).

2.1 Basis of preparation (continued)

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 amendment did not have a material impact on the 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. The IASB has subsequently amended IAS 36 as follows:

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. This amendment did not have a material impact on the financial statements.

Annual Improvement to IFRSs 2010-2012 Cycle - IAS 24 ‘Related party disclosures' (effective 1 January 2014). The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (‘the management entity’). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity’s employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided. The amendment did not have a material impact on the financial statements.

Annual Improvements to IFRSs 2011-2013 Cycle - IAS 40 'Investment property’ effective date 1 January 2014. The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. The amendment did not have a material impact on the financial statements.

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

3. REVERSE ACQUISITION ACCOUNTING (CONTINUED)

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.

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.

3. REVERSE ACQUISITION ACCOUNTING (CONTINUED)

Share Capital & Share Premium

	Number of shares	Ordinary shares $	Share premium $
At 1 January 2012 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), 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.

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
Share capital increase	***120,875,946***
Share premium (11,241,463 at CHF 20 per share)	241,751,892
Share capital	(120,875,946)
Share issue costs	(11,732,434)
Share premium increase	***109,143,512***

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)
Retained earnings increase	***9,467,234***

As included in the section above, the share capital of the accounting acquiree (USI Group) replaced the share capital of the accounting acquirer (Royal). 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 not 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. These consolidated financial statements are 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.

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 30 September 2014 and 31 March 2014 no hedging instruments for the Group were outstanding, other than the hedging instrument of the associate, which was disposed of in the period ended 30 September 2014.

Risk management is carried out by the asset manager 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.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2014. There have been no changes in the risk management department since year end or in any risk management policies.

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.

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 Bombay Stock Exchange. During the period to 30 September 2014 an investment previously held and listed on the AIM market of the London Stock Exchange was disposed of thereby mitigating and price risk exposure of the Group.

4. FINANCIAL AND OTHER RISK MANAGEMENT

4.1 Financial risk factors (continued)

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.

b) Liquidity Risk

The Group's annual financial statements for the period ended 31 March 2014 disclosed a material uncertainty and significant doubt about the Group's ability to continue as a going concern with respect to liquidity. The Group's investment property asset is substantially financed by a lending syndicate (the "Syndicate") under one senior debt facility (the "Facility"), which was subject to a standstill agreement due to expire on 31 December 2014. As detailed in Note 19, this facility was refinanced on 10 September 2014. 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 USI 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.

Additionally, included in the annual financial statements was mention of $14.8 million of outstanding payables to related parties for which the group had insufficient cash to fully repay. As mentioned in Note 21, these balances are now subject to an assignment and sale and purchase agreement as part of the sale of subsidiaries described in Note 25.

c) 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.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet, adjusted for items not yet reflected in the balance sheet plus net debt. The Group's intention is to maintain the gearing ratio below 75%.

4. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

The gearing ratios at 30 September 2014 and 31 March 2014 were as follows:

	$ September 2014	$ March 2014
Total borrowings (Note 19)	142,649,826	156,672,164
Less: cash and cash equivalents	(5,843,741)	(2,228,250)
Net debt	136,806,085	154,446,914
Total equity	40,219,340	54,082,199
Total capital	177,025,425	208,529,113
Gearing ratio	77.28%	74.06%

The gearing ratio is at the Group's target of 75%.

4.2 Fair value estimation

In the six months to 30 September 2014, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities. There were no reclassifications of financial assets or liabilities.

Valuations of the investment properties were made at the end of each period/year by independent property consultants. The valuations are based on both the duration of the leases and the future cash flows and after due consideration of transaction activity in the market.

5. FOREIGN EXCHANGE RATES

	Balance Sheet		Income and Cash Flow Statement (average)	
	30 September 2014 $	31 March 2014 $	Period ended 30 September 2014 $	Period ended 30 September 2013 $
GBP	0.61580	0.60110	0.59916	0.64847
SGD	1.2748	1.25950	1.25781	1.25882
INR	61.5878	59.8630	60.20676	59.03896
CHF	0.95150	0.88710	0.89874	0.93762
EUR	0.78830	0.72720	0.73780	0.76058

6. REVENUE

The revenue on the gold trading 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.

	Period ended 30 September 2014 Total segment revenue $	Period ended 30 September 2013 Total segment revenue $
Gold trading	1,729,202	606,544
Investment property rental	6,349,258	24,781,163
Total	8,078,460	25,387,707

The investment property rent is €9,411,676 ($12,756,406) per annum and the lease expiry date is March 2020.

7. COST OF GOODS SOLD

	Period ended 30 September 2014 $	Period ended 30 September 2013 $
Purchases	1,763,859	24,234,994
	1,763,859	24,234,994

Cost of goods sold represents the purchase of gold bullion and jewellery, and associated freight and insurance charges.

8. ADMINISTRATIVE EXPENSES

	Period ended 30 September 2014 $	Period ended 30 September 2013 $
Professional fees and other costs	1,302,713	598,863
Property rent and maintenance	116,118	69,048
Management fees	2,231,070	33,915
Write down of investments	-	808,804
Sundry expenses	96,719	110,611
Staff costs	147,974	80,847
	3,894,594	1,702,088

9. FINANCE INCOME

	Period ended 30 September 2014 $	Period ended 30 September 2013 $
Interest income	83,117	-
	83,117	-

10. FINANCE COSTS

	Period ended 30 September 2014 $	Period ended 30 September 2013 $
Interest on notes	780,384	39,256
Interest on mortgages	3,540,781	298,973
Interest on trust receipts	122,034	236,521
Amortisation of debt issue costs	792,527	6,785
Other interest and borrowing expenses	1,794,589	162,806
	7,030,315	744,341

11. 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.

	Period ended 30 September 2014	**Period ended 30 September 2013**
	$	**$**
Net (loss)/profit attributable to equity owners of the parent	(10,020,586)	18,128,612
Weighted average number of ordinary shares outstanding	15,099,495	11,536,613
Basic (loss)/earnings per share ($ per share)	**(0.670)**	**1.571**
Diluted (loss)/earnings per share ($ per share)	**(0.670)**	**1.571**

In March 2014, a subsidiary of the Group converted previously issued debt of USI Group into new Bonds. Bonds consist of CHF 19.18 million convertible bonds issued 31 March 2014 and due March 2019. A further CHF 3.3 million of these bonds were issued in the six months to 30 September 2014. 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 principle and accrued interest on the Bonds if the share price of USI Group Holdings AG is greater than 125% of the conversion price and certain trading volume targets are met. The Bonds are convertible into Ordinary Shares of USI Group Holdings AG.

Management has estimated that the maximum number of additional ordinary shares that could be issued at 30 September 2014 as 1,452,500 (31 March 2014 - 1,237,442). If the diluted EPS calculation was performed as of 30 September 2014, then the resulting earnings per share would have been anti-dilutive.

12. INVESTMENT PROPERTY

	As at 30 September 2014 $	As at 31 March 2014 $
Beginning of period	195,004,212	-
Reverse acquisition	-	194,284,545
Net losses on fair value adjustment	(5,774,704)	(6,042,963)
Net change in fair value due to exchange differences	(14,783,258)	6,762,630
End of period	174,446,250	195,004,212

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to $5,774,704 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, USI 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 $166.4 million (€121 million) (refer to Note 19). Bank borrowings of the Group are secured on investment property as outlined in Note 21. These borrowings were refinanced in September 2014, refer to Note 19 for details.

Valuation of the investment properties was made as at 30 September 2014 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 $174.45 million (€137.52 million).

Members of the USI 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 Government tenanted properties	137,520,000/ 174,446,250	Discounted cash flow	9,411,676/ 12,756,406	4.30%	5.00%

The fire insurance value is set at $124.62 million (€98.24 million) as at 30 September 2014.

Included in property rent, maintenance and office expenses as detailed in Note 9 are repairs of $46,863 in respect of investment properties generating rental income. There were no repairs and maintenance costs incurred in respect of investment properties that did not generate rental income.

13. INVESTMENTS IN ASSOCIATES

	As at 30 September 2014 $	As at 31 March 2014 $
Beginning of period	8,711,091	-
Reverse acquisition	-	9,331,138
Impairment of associate	-	(1,056,600)
Disposals	(8,585,708)	-
Effect of foreign currency change	50,804	436,553
Recycling of foreign exchange Differences	389,289	
Loss on disposal of associate	(565,476)	-
End of period	-	8,711,091

In April 2014, the Group disposed of half its ownership in Public Service Properties Investments Limited ("PSPI") (10,684,707 shares) with the remaining half (10,684,707 shares) being disposed of in August 2014. As a result of the disposal of its entire shareholding in PSPI, the Group recognised a loss of $565,476.

14. INVESTMENTS – AVAILABLE FOR SALE

	As at 30 September 2014 $	As at 31 March 2014 $
Beginning of period	760,534	1,806,670
Additions	-	988,005
Effect of foreign currency change	8,218	(11,863)
Movement of available for sale fair value reserve	-	(657,655)
Change in fair value of available for sale investments	134,287	(1,031,968)
Disposals	-	(332,655)
End of period	903,039	760,534

Available for sale investments include the following:

	As at 30 September 2014 $	As at 31 March 2014 $
Surana Industries Limited	746,426	602,019
Venus Global Macro Fund Limited	156,613	158,515
End of period	903,039	760,534

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

	As at 30 September 2014 $	As at 31 March 2014 $
Indian Rupee	746,426	602,019
Singapore Dollar	156,613	158,515
End of period	903,039	760,534

14. INVESTMENTS – AVAILABLE FOR SALE (CONTINUED)

An impairment review has been performed as at 30 September 2014 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 has resulted in a total impairment in the period of $Nil (31 March 2014 $1,689,623), recorded in both the consolidated income statement and consolidated statement of comprehensive income.

15. DEVELOPMENT RIGHTS

	As at 30 September 2014	As at 31 March 2014
Cost:	**$**	**$**
Beginning of the period	21,343,772	-
Business combination at 16 September 2013	-	20,489,811
Effect of foreign currency change movements	(597,780)	1,228,780
Decrease in fair value of future earnings	-	(374,819)
End of period	20,745,992	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 consisted primarily of real estate development rights. The entities were purchased at the valuation of the development rights.

Praiseworth holds 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 owns 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.

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.

15. DEVELOPMENT RIGHTS (CONTINUED)

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 30 September 2014, the 3% of future earnings is based on a valuation performed by JLL as at 31 March 2014 which results in $5,158,489 (INR 317.7 million), a total valuation of $20,745,992 (INR 1,277.7 million).

As at 30 September 2014 $20,745,992 (31 March 2014 - $21,343,772) remains payable to the former owners of Praiseworth and Bright Natural.

16. OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 September 2014 $	As at 31 March 2014 $
Non-current		
Other receivables and prepayments – related party	2,547,970	2,748,763
Convertible promissory note – third party	1,000,000	-
	3,547,970	2,748,763
Current		
Other receivables and prepayments – third party	2,659,712	2,598,872
Other receivables and prepayments – related party	2,760,865	2,463,421
	5,420,577	5,062,293
Restricted cash	464,344	564,998
Total current	5,884,921	5,627,291
	9,432,891	8,376,054

Included in non-current related party receivables is a loan at a nominal amount of $2,547,970 million (€2 million), which was lent by a subsidiary of the USI Group on 31 March 2008 to Ridgemont Holdings Limited, a subsidiary company of RP&C Inc. This balance is due in May 2018 and no allowance was deemed necessary due to the payment history of the debtor and a pledge of a 5.1% interest in the partnership.

The third party non-current receivable relates to a loan of $1,000,000 to PT Sassanga Banau Banjar, an Indonesian coal mining company in the form of convertible promissory notes. The rate of interest is 10% per annum and the principal amount and accrued interest are repayable on 31 March 2015 either in cash or at the Holder's option in fully paid shares. The intention is for the company to increase its investment in the company in the short term with a view to acquiring a controlling interest in the business. The conversion option was determined to have a value of nil.

Included in current third party receivables and prepayments is a loan receivable of $2,000,000 from Mahesh and Co which represents an advance payment for gold bullion.

17. TRADE DEBTORS

	As at 30 September 2014 $	As at 31 March 2014 $
Trade Debtors	16,432,218	64,572,736
	16,432,218	64,572,736

Trade debtors consist of amounts owed from Kaloti Jewellery International Company Ltd. During the period to 30 September 2014, $48,133,214 of the balances as at 31 March 2014 were subject to a set off agreement with creditor balances due.

The balance as at 30 September 2014 is overdue by more than 180 days and subject to an assignment and sale and purchase agreement along with creditor balances due as part of the sale of subsidiaries described in Note 25. Due to this agreement and subsequent sale no allowance was deemed necessary.

18. SHARE CAPITAL

	As at 30 September 2014 $	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

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 4,926,490 until 26 June 2014 (now expired) through the issuance of up to 492,649 fully paid in additional registered shares with a nominal value of CHF 10 each.

18. SHARE CAPITAL (CONTINUED)

Conditional share capital

According to Article 3a of the Articles the share capital may be increased by a maximum amount of CHF 458,290 through the issuance of up to 45,829 fully paid registered shares with a nominal value of CHF 10 each through the exercise of option rights granted to the management and advisers 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 4,468,200 through the issuance of up to 446,820 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.

Treasury Shares

	September 2014 shares	March 2014 shares	September 2014 $	March 2014 $
Treasury Shares	15,669	15,669	1,948,106	1,948,106

19. BORROWINGS

	As at 30 September 2014 $	As at 31 March 2014 $
Non-current		
Facilities	109,144,101	-
Bonds	22,511,856	20,649,442
Other loans	3,905,773	-
	135,561,730	20,649,442
Current		
Facilities	7,088,096	131,795,319
Other loans	-	4,227,403
Total current borrowings	7,088,096	136,022,722
Total borrowings	142,649,826	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 USI Group converted previously issued debt of the USI Group into new Bonds. Bonds consist of CHF 19.18 million convertible bonds issued 31 March 2014 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 principle 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.

19. BORROWINGS (CONTINUED)

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 and 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, g) support of the guarantee of the Bonds by USI by a new asset value coverage ratio and security in the form of a charge over the shares of one of USI's subsidiaries.

On 31 March 2014, the Group sold CHF 2 million principal amount of Bonds, which it held, to Green Street Global Investments Limited. On 1 April 2014, CHF 17,040,000 of additional identical Bonds were issued of which CHF 2,040,000 were used to make the special interest payment on the Bonds as at 31 March 2014 and the remainder was subscribed by the Group. In the six months to 30 September 2014, a further CHF 3.3 million of these notes were issued bringing the total in issue to third parties to CHF 22.5 million.

Facilities

The Leipzig Properties (refer to Note 12) were acquired by the Partnership for €166 million in 2008 and were financed by the Partnership, USI Germany Limited and USI Leipzig Limited borrowing €121 million from a syndicate of senior lenders (the "Syndicate").

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

On 17 May 2013, USI announced that the USI 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 facility. 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 USI 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.

Other Loans

Other Loans consist of a €3 million loan to the Group from Green Street Global Investments Limited. This loan was drawn down on 30 April 2014, has a repayment date of 31 December 2017 and attracts interest at 6.25%.

19. BORROWINGS (CONTINUED)

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.

Borrowings were secured by fixed deposit held under bank's lien and personal guarantee of Mr Ashish Chhajed 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 30 September 2014.

On 27 March 2014 the Group entered into a short term loan agreement with Green Street Global Investments Limited of $3,070,164 (€2,510,300). This loan was repaid in full on 31 March 2014. The loan was used for short-term capital requirements.

20. TRADE CREDITORS

	As at 30 September 2014 $	As at 31 March 2014 $
Trade creditors – related parties	36,446	48,140,517
Trade creditors – third parties	2,050,863	2,072,287
	2,087,309	50,212,804

Trade creditors from related parties consist of amounts owed to Surana Corporation Ltd. During the period to 30 September 2014, $48,133,214 of the balances as at 31 March 2014 were subject to a set off agreement with debtor balances due from Kaloti Jewellery International Company Ltd as referred to in Note 16.

Included in trade creditors from third parties is a balance of $2,010,834 from Mahesh and Co in relation to advance gold bullion sales. The balance as at 30 September 2014 is overdue by more than 180 days and subject to an assignment and sale and purchase agreement as part of the sale of subsidiaries described in Note 25.

21. OTHER PAYABLES

	As at 30 September 2014 $	As at 31 March 2014 $
Other payables – related parties	14,148,293	14,207,561
Other payables – third parties	1,943,697	598,851
Current income tax liabilities	(4,716)	8,311
	16,087,274	14,814,723

Included within other payables from related parties is $7,030,576 due to Infinite Group Holdings Limited in relation to the acquisition of Goldlink United Limited, $3,703,121 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 $956,468 due to Skywest International Limited in relation to the purchase of Beaufort and Fortune Top.

All balances from related parties as at 30 September 2014 are subject to an assignment and sale and purchase agreement as part of the sale of subsidiaries described in Note 25.

22. ACCRUALS

	As at 30 September 2014 $	As at 31 March 2014 $
Payable to related parties	3,987,183	548,261
Loan interest	321,867	709,770
Audit fees	84,660	167,470
Professional fees	172,645	458,515
Debt issue costs	344,694	288,130
Other accrued expenses (including VAT provision)	1,103,341	1,130,843
	6,014,390	3,302,989

23. RELATED PARTY TRANSACTIONS

	Period Ended 30 September 2014 $	Period Ended 30 September 2013 $
Management fees (Administrative expense)		
St James Investment Management Limited + (ii)	2,231,070	33,915
Total	**2,231,070**	**33,915**

	Period Ended 30 September 2014 $	Period Ended 31 March 2014 $
Receivables from related parties (Note 16)		
Ridgemont Holdings Limited (ii)	3,693,173	3,862,913
Green Street Global Investment Limited (iii)	-	260,431
Skywest International Limited + (iv)	493,976	493,976
Star Capital Investment Management Limited + (ix)	538,843	544,864
Venus Global Limited	532,843	-
Infinite Group Holdings Limited (v)	50,000	50,000
Total	**5,308,835**	**5,212,184**
Trade payables due to related parties (Note 20)		
Surana Corporation Limited (vi)	(36,446)	(48,140,517)
Other creditors due to related parties (Note 21)		
Riverlink Enterprises Limited + (vii)	(1,367,350)	(1,367,350)
Skywest International Limited + (iv)	(956,468)	(1,019,178)
Surana Mines and Minerals Limited + (viii)	(3,703,121)	(3,699,680)
Star Capital Investment Management Limited + (ix)	(1,090,777)	(1,090,777)
Infinite Group Holdings Limited + (v)	(7,030,576)	(7,030,576)
Total	**(14,148,293)**	**(14,207,561)**
Accruals due to related parties (Note 22)		
Directors Fees	(307,409)	(345,029)
RP&C International Limited	(3,679,774)	(119,851)
Executive Management Fees	-	(83,381)
Total	**(3,987,183)**	**(548,261)**

+ Amounts owned and payable are interest free and receivable / payable on demand.

23. RELATED PARTY TRANSACTIONS (CONTINUED)

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 15 month period ended 31 March 2014, Ashishkumar Chhajed was a Director of Skywest International Limited ("Skywest"), which he resigned on 5 August 2013, and a Director of Riverlink Pte Limited ("Riverlink") and Star Capital Investment Management Pte Ltd ("Star Capital"), where he maintains his role as at 30 September 2014.

(ii) David Quint and Dr. Doraiswamy Srinivas are Directors and shareholders of RP&C International Inc. (RP&C) and Directors of the Group and some of its subsidiaries. The RP&C Group held 2.1% of the issued ordinary share capital of the Group as at 30 September 2014. Ridgemont Holdings Limited ("Ridgemont") is a wholly owned subsidiary of the RP&C Group. At 30 September 2014, Ridgemont owned 5.1% of the partnership referred to in Note 12.

St James Investment Management Limited ("SJIM") received management fees throughout the period, of which 2/3rds were payable to Riverlink. SJIM is ultimately owned by RP&C.

As at 30 September 2014 the Group had a loan outstanding from Ridgemont of $2,547,970 (€2,000,000), and accrued interest of $1,145,202. Interest of $89,050 (€65,000) has been accrued in the period on this balance. The principle amount of the loan is due in May 2018. Interest is charged at the rate of 6% per annum.

(iii) Green Street Global Investments Limited ("GSGIL") is a 100% owned subsidiary of Arundel Group Services Limited ("Arundel"). David Quint and Dr. Doraiswamy Srinivas are shareholders of Arundel. At 31 March 2014 Arundel and GSGIL owned 8.3% of the Group's ordinary shares.

In March 2014, GSGIL provided $2 million towards subscription of CHF 2 million of Bonds issued by the USI Group as described in Note 21. At 31 March 2014, GSGIL owed $260,431 to complete the full subscription proceeds. The USI Group received these funds in May 2014.

(iv) The amount payable to Skywest relates to the purchase of Beaufort Overseas Trading Pte Limited ("Beaufort") and Fortune Top Investments Pte Limited ("Fortune").

(v) At 30 September 2014, Infinite Group Holdings Limited was owed $7,030,576 by the Group in relation to the acquisition of Goldlink United Limited.

(vi) Up to 31 March 2014, the Group owned 2.1 % of the issued ordinary shares of Surana Corporation Limited ("SCL"). The outstanding amount of trade creditors payables relate to the purchase of gold bullion and jewellery from SCL.

(vii) At 30 September 2014, Mr Kalyansundaram Maran was a Director of Riverlink Enterprises Ltd ("REL"). Mr Maran is also a Director of Tokyo Ventures Pte Limited. Mr Ashishkumar Chhajed resigned as a Director of REL on 5 August 2013. The amount payable relates to the purchase of Maxiwin International Pte Limited ("Maxiwin").

(viii) Surana Mines and Minerals Limited is a subsidiary of Surana [Industries] Limited ("SIL"). At 30 September 2014, the USI Group owned 2.0% of the ordinary shares of SIL. The amount payable 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.

(ix) Mr Ashishkumar Chhajed resigned as a Director of Star Capital Investment Management Limited on 5 August 2013. The amount payable relates to a balance owed by Beaufort since 2011.

23. RELATED PARTY TRANSACTIONS (CONTINUED)

The following directors' fees were recognised in 2014 and 2013. None of the individuals were prior directors or executive management of Royal.

	Period Ended 30 September 2014 $	Period Ended 30 September 2013 $
Dr. Volkert Klaucke	30,000	-
Mr. William Vanderfelt	15,000	-
Mr. David Quint+	15,000	-
Dr. Doraiswamy Srinivas+	15,000	-

The above directors' fees are for the period 1 April 2014 to 30 September 2014 inclusive

+ Payable to RP&C

The following fees for executive management were recognised in 2014 and 2013.

	Period Ended 30 September 2014 $	Period Ended 30 September 2013 $
Mr G Dixit	75,000	-
Mr H Shadaksharappa	75,000	-

The above executive management fees are for the period 1 April 2014 to 30 September 2014 are related to short term benefits.

24. SEGMENT INFORMATION

	Development Rights	Gold Trading	Investments in Government Tenanted Property	Investments in Associated Undertakings	Reconciling Central Items	Total
	$	$	$	$	$	$
Period ended 30 September 2014						
Revenue (Note 6)	-	1,729,202	6,349,258	-	-	8,078,460
Net loss on fair value movement on investment property (Note 12)	-	-	(5,774,704)	-	-	(5,774,704)
Loss on sale of associates (Note 13)	-	-	-	(176,187)	-	(176,187)
Negative goodwill (Note 3)	-	-	-	-	-	-
Loss after tax	**-**	**(139,956)**	**(4,354,961)**	**(176,187)**	**(5,672,691)**	**(10,343,795)**
As at 30 September 2014						
Assets						
Investment property (Note 12)	-	-	174,446,250	-	-	174,446,250
Development rights (Note 15)	20,745,992	-	-	-	-	20,745,992
Investments in associates (Note 13)	-	-	-	-	-	-
Trade debtors (Note 17)	-	16,432,218	-	-	-	16,432,218
Restricted cash (Note 16)	-	-	464,344	-	-	464,344
Cash and cash equivalents	511	269,024	1,017,886	-	4,556,320	5,843,741
Segment assets for reportable segments	**20,746,503**	**16,701,242**	**175,928,480**	**-**	**4,556,320**	**217,932,545**
Liabilities						
Total borrowings (Note 19)	-	-	116,232,197	-	26,417,629	142,649,826
Trade creditors (Note 20)	-	2,087,309	-	-	-	2,087,309
Other payables	20,745,992	-	-	-	-	20,745,992
Segment liabilities for reportable segments	**20,745,992**	**2,087,309**	**116,232,197**	**-**	**26,417,629**	**165,483,127**

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.

24. SEGMENT INFORMATION (CONTINUED)

	Development Rights	Gold Trading	Investments in Government Tenanted Property	Investments in Associated Undertakings	Reconciling Central Items	Total
	$	$	$	$	$	$
Period ended 30 September 2013						
Revenue (Note 6)	-	24,781,163	606,544	-	-	25,387,707
Net loss on fair value movement on investment property (Note 12)	-	-	-	-	-	-
Impairment of associates (Note 13)	-	-	-	-	-	-
Negative goodwill (Note 3)	-	-	-	-	19,377,043	19,377,043
(Loss)/profit after tax	**-**	**(261,766)**	**(113,370)**	**-**	**18,496,946**	**18,121,810**

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.

24. SEGMENT INFORMATION (CONTINUED)	Development Rights	Gold Trading	Investments in Government Tenanted Property	Investments in Associated Undertakings	Reconciling Central Items	Total
	$	$	$	$	$	$
Period ended 31 March 2014						
Revenue (Note 6)	-	52,390,135	6,954,291	-	-	59,344,426
Net loss on fair value movement on investment property (Note 12)	-	-	(6,042,963)	-	-	(6,042,963)
Impairment of associates (Note 13)	-	-	-	(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**
As at 30 September 2014						
Assets						
Investment property (Note 12)	-	-	195,004,212	-	-	195,004,212
Development rights (Note 15)	21,343,772	-	-	-	-	21,343,772
Investments in associates (Note 13)	-	-	-	8,711,091	-	8,711,091
Trade debtors (Note 17)	-	64,572,736	-	-	-	64,572,736
Restricted cash (Note 16)	-	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 19)	-	4,227,403	131,795,319	-	20,649,442	156,672,164
Trade creditors (Note 20)	-	50,212,804	-	-	-	50,212,804
Other payables	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.

24. SEGMENT INFORMATION (CONTINUED)

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

Period ended	30 September 2014 $	31 March 2014 $
Total reportable segment assets	217,932,545	291,857,061
Available for sale investments (Note 14)	903,039	760,534
Receivables and prepayments (Note 16)	8,968,547	7,811,056
Total assets per balance sheet	227,804,131	300,428,651

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

Period ended	30 September 2014 $	31 March 2014 $
Total reportable segment liabilities	165,483,037	228,228,740
Accruals (Note 22)	6,014,390	3,302,989
Other payables (Note 21)	16,087,274	14,814,723
Total liabilities per balance sheet	187,584,701	246,346,452

25. SUBSEQUENT EVENTS

Sale of Subsidiaries

On 18 December 2014, the Company announced that it had sold the entire issued share capital of Tokyo Ventures Pte Limited, a wholly owned second tier subsidiary of the Company ("Tokyo") for $20 million. Tokyo had been engaged in holding certain non-core investment assets. The purchase price for Tokyo may be satisfied either in cash or through the transfer to USI of assets and/or securities acceptable to the Company. Payment must be received in full prior to 31 March 2015. The Company also announced that it had sold the entire issued share capital of Maxiwin International Pte Limited, Fortune Top Investments Pte Limited and Beaufort Overseas Trading Limited, minor subsidiaries of Goldlink, in exchange for the assumption by the purchaser of a payable of $1.4 million owed by the USI group.

The effect of these sales is to reduce the number of subsidiaries in the USI Group and to increase shareholders' funds by $25.7 million, which is not reflected in the Company's results for the six months ended 30 September 2014.

Investment in Indonesia

On 2 December, the Company 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 a Swiss commodity trading company. Under the terms of the working capital loan, USI will receive a mine service fees for coal sold and has negotiated the right to convert its loan at any time prior to 31 March 2015, into a 51% ownership interest in the mine. As at 30 September 2014 USD 1 million of the promissory note had been funded (note 16) with a further investment of $1 million in November 2014.

26. BOARD APPROVAL

The consolidated financial statements on pages 6 to 39 are subject to approval and have been authorised by the board of directors on 29 December 2014 and were signed on its behalf by:

Dr. Volkert Klaucke	Dr. Doraiswamy Srinivas
Chairman	Vice Chairman
Date: 29 December 2014	Date: 29 December 2014