ARUNDEL®

(Formerly USI GROUP HOLDINGS AG)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

ARUNDEL ®

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CHAIRMAN'S STATEMENT

Overview

The Company is pleased to report its unaudited consolidated financial results for the six month period ended 30 September 2016 ("H1 2017").

Overall, H1 2017 was a period of transition and development. Our German investment properties ("the Leipzig Properties") continued to produce strong operational cash flow which has been used to reduce associated debt. The Company completed a $22 million re-financing of debt secured against the Leipzig Properties thereby reducing financing costs. The Company made further progress with the acquisition of its Indian land parcels which should provide development opportunities and capital appreciation in the years ahead. And, as previously reported, the Company ceased its gold trading activities.

Mr Marcus Müller replaced Mr William Vanderfelt as a director with effect from 27 September 2016.

Subsequent Events

Since the end of H1 2017, there have been important developments which we expect to have a positive impact on the Company's future results.

On 4 October 2016, the Company completed the acquisition of the RP&C International group ("RP&C") in exchange for approximately 2.0 million shares of the Company ("Shares) and a promissory note for $1.4 million. Contemporaneously with this acquisition the Company changed its name to Arundel AG ("Arundel"). Our new name marks the Company's transition from an investment holding company focused on India to a more broadly based investment and financing group that intends to expand its investment and advisory capabilities not only in India but also in Europe and the USA where RP&C historically has operated. The Company will recognise an increase of net assets of approximately $19.5 million in H2 2017 in respect of this acquisition partially offset by the value of approximately 0.5 million Shares taken into treasury on 4 October 2016 as a result of the acquisition.

On 4 October 2016, the Company further increased the number of Shares held in treasury by 892,983 through the settlement of obligations due to the group from former shareholders that had sold their gold trading business to the Company in 2013. Some these Shares were used as part of the consideration for the acquisition of RP&C described above.

The acquisition of RP&C marks an important development for the Company as it involves the addition of a valuable freehold property in a prime area of London to the Company's asset base as well as a financial services capability built on a 24 year period of operations. The acquisition internalises expertise, which is expected to increase income generation and cost savings for the enlarged group. David Quint and Dr Srinivas already served as directors of the Company; however, following completion of the acquisition, Ralph Beney became the Group's Chief Financial Officer and Richard Borg became the Group's General Counsel and Compliance Officer.

The Arundel group's activities now comprise:

(i) principal investments in undervalued assets in conjunction with highly regarded partners;
(ii) the financing of third party investment opportunities from which the Company can generate fees and carried interests; and
(iii) the provision of investment advice to family office groups which will generate fees and investment opportunities.

Principal among our current opportunities are the financing / development of energy infrastructure assets in the United States and the acquisition of a substantial minority interest in an Indian investment company that holds securities in other publically listed companies. We expect to make further announcements on these subjects in the months ahead.

On 14 November the Company entered into an agreement ("Lease Extension") to extend the lease of the Leipzig Properties with the Government of Saxony which was due to expire on 31 March 2020. Pursuant to the Lease Extension, the tenant has committed to a 30 year lease of the Records Bureau (constituting approximately 15% of the total area) and a lease of the balance of the space until 30 June 2025 (with two 3 year renewal options). The weighted average lease term for the Leipzig Properties is now approximately 12 years. The present rent of €9.4 million p.a. will continue until 1 September, 2017 at which time a new annual rent of €6.25 million p.a. will be payable, reflecting current market levels. After discussion with the Company's independent valuer, the Board expect the valuation for the Leipzig Properties, assuming current market conditions, will be at least the same or higher than the value used at 30 September 2016.

Financial results

Total revenue for H1 2017 was $5.3 million compared to $5.2 million for the first six months of FY 2016 ("H1 2016"). This revenue related solely to rental income from the Leipzig Properties while revenue derived from gold trading has been shown under discontinued operations.

The Company is reporting a net loss of $2.4 million for H1 2017 compared to a net loss of $3.8 million for H1 2016. The net loss for H1 2017 is stated after a non-cash reduction in the fair value of the Leipzig Properties of $Nil (H1 2016 – $4.1 million) and administrative expenses of $2.6 million (H1 2016 - $1.9 million). Finance costs for H1 2017 are stated at $5.0 million (H1 2016 - $4.1 million), including a negative movement in foreign exchange rates of $0.5 million (H1 2016 – nil).

Total assets equalled $191.1 million at 30 September 2016 compared to $189.1 million at 31 March 2016. The Leipzig Properties were independently valued at €135.17 million ($151.5 million) at 30 September 2016 compared to €135.17 million ($153.5 million) at 31 March 2016 with the decrease in value reflecting adverse movements in the US Dollar/Euro exchange rate between reporting dates. While there was a corresponding positive foreign exchange movement on the recognition of Euro denominated debt of $1.2 million, the net negative movement on the foreign exchange translation reserve during H1 2017 was $0.7 million.

Current assets at 30 September 2016 were $17.5 million compared to $13.3 million at 31 March 2016 with the increase largely attributable to increases in cash reserves of $2.6 million and payments to third parties in relation to the acquisition of development rights of $1.3 million. Current liabilities at 30 September 2016 were stated at $46.4 million compared to $41.5 million at 31 March 2016 with the increase primarily reflecting the drawdown of a further $8.1 million of short term working capital loans during the period. Long term borrowings at 30 September 2016 were $101.9 million compared to $101.6 million at 31 March 2016. Management remains confident that short-term borrowings can be refinanced with existing lenders when they fall due.

Shares Available for Issuance

As of 30 September 2016, the Company and its subsidiaries held 1,341,458 Shares in treasury (31 March 2016 - 1,341,458 Shares) with a carrying value of $13.4 million (31 March 2016 - $13.4 million). These Shares are available for issuance in exchange for cash, as are Shares held by NCR Developments Ltd which were conditionally exchanged earlier this year for a second parcel of land in India. Following delays with land approvals and the emergence of other attractive opportunities subsequent to the acquisition of RP&C, shareholders of NCR agreed that its Shares could be sold for cash with proceeds substituted on a pro rata basis for the land it was committed to deliver to the Company. In this manner, additional working capital can be generated for the Arundel Group.

Return of capital

At the annual general meeting of shareholders held on 27th September 2016, shareholders approved the Board's recommendation of a capital distribution, in cash, by way of a par value capital reduction of CHF 0.50 per Share to occur on 11 January 2017. As with the dividend payment authorised in FY16, the Board believes that a significant majority of shareholders will elect to reinvest the proceeds into Shares of the Company. In fact, shareholders holding an aggregate of 9,222,925 Shares already have indicated their intention to reinvest in this manner.

As a result of the matters referred to above, total equity decreased from $27.3 million at 31 March 2016 to $24.3 million at 30 September 2016. The decline primarily reflects the reported loss of $2.4 million and a negative net movement in foreign exchange rates of approximately $0.7 million. Total equity will increase as a result of the acquisition of RP&C as already mentioned above. Total equity will increase further once the Company is able to reflect the value of its investment in Indian land under IFRS and the placement of Shares for cash as discussed above.

Overall, your Company is pleased with its progress during the current financial year and further progress is expected during H2 2017. It remains the Board's intention to grow your Company substantially both organically and through acquisitions in the years ahead.

Arundel AG

Dr. Volkert Klaucke (Chairman)
Approved by the board: 22 December 2016

DIRECTORS

Dr. Volkert Klaucke (Chairman)
Dr. Doraiswamy Srinivas (Vice Chairman)
Mr. William Vanderfelt (resigned 27 September 2016)

Mr. David Quint
Mr. Markus Müller (appointed 27 September 2016)

COMPANY SECRETARY

Dr. Doraiswamy Srinivas

EXECUTIVE MANAGEMENT

Dr. Volkert Klaucke (Executive Chairman and Group Chief Executive Officer) *(Group Chief Executive Officer effective 26 January 2016 and Executive Chairman effective 30 July 2015)*

Mr. Ravi Singh (Group Chief Executive Officer)*(left group 26 January 2016)*

Mr David Quint (*with effect from 4 October 2016)*

Dr. Doraiswamy Srinivas (*with effect from 4 October 2016)*

Mr. Ralph Beney (*Chief Financial Officer with effect from 4 October 2016*)

Mr Richard Borg (*General Counsel with effect from 4 October 2016*)

GROUP MANAGEMENT

Mr Gokul Dixit (Corporate Finance)

REGISTERED OFFICE

Bleicherweg 66
CH 8002 Zurich
Switzerland

INDEPENDENT PROXY

Dr. Roger Groner
Tödistrasse 52,
CH-8002 Zürich
Switzerland

AUDITORS

PricewaterhouseCoopers AG
Birchstrasse 160
8050 Zurich
Switzerland

ADVISOR

Arundel (Mauritius) Limited
(formerly St James Investment Management Limited)
33 Edith Cavell Street
Port Louis
Mauritius

LEGAL ADVISORS (as to Swiss Law)

Bär & Karrer AG
Brandschenkestrasse 90
CH 8027 Zurich
Switzerland

REGISTRAR

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

REGISTERED NUMBER

CH-020.3.922.903-6

ARUNDEL AG (Formerly USI GROUP HOLDINGS AG)
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	NOTE	Period to 30 September 2016 (unaudited) $	Period to 30 September 2015 (restated) (unaudited) $
Revenue	5	5,282,868	5,219,716
Fair value loss on investment property	9	-	(4,092,948)
Administrative and marketing expenses	6	(2,591,963)	(1,880,658)
Other income		-	201,019
Operating profit/(loss)		2,690,905	(552,871)
Finance income	7	33,835	1,218,935
Finance costs	8	(4,956,610)	(4,107,066)
Impairment of available for sale investments		-	(44,775)
(Loss)/profit before income tax expense		(2,231,870)	(3,485,777)
Income tax expense		-	-
(Loss)/profit for the period from continuing operations		(2,231,870)	(3,485,777)
Discontinued Operations			
Loss for the year from discontinued operations	15	(158,794)	(320,831)
(Loss)/profit for the period/year		(2,390,664)	(3,806,608)
Attributable to:			
Equity owners of the parent		(2,498,955)	(3,662,077)
Non-controlling interests		108,291	(144,531)
		$ per share	**$ per share**
Earnings per share from continuing and discontinued operations attributable to the owners during the period/year			
Basic/diluted earnings per share:			
From continuing operations		(0.162)	(0.269)
From discontinued operations		(0.012)	(0.011)
From loss for the period		(0.174)	(0.280)

The notes on pages 10 to 28 form part of these consolidated financial statements.

ARUNDEL AG (Formerly USI GROUP HOLDINGS AG)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Period to 30 September 2016 (unaudited) $	**Period to 30 September 2015 (unaudited) $**
Loss for the period/year	(2,390,664)	(3,806,608)
Other comprehensive (expense)/income for period/year		
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	(677,557)	836,703
Other comprehensive (expense)/income for the period/year	(677,557)	836,703
Total comprehensive income/(expense) for the period/year	(3,068,221)	(2,969,905)
Attributable to:		
Equity owners of the parent	(3,176,512)	(2,825,374)
Non-controlling interests	108,291	(144,531)

The notes on pages 10 to 28 form part of these consolidated financial statements.

ARUNDEL AG (Formerly USI GROUP HOLDINGS AG)
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2016

	NOTE	As at 30 September 2016 (unaudited)	As at 31 March 2016 (audited)
		$	$
ASSETS			
Non-current assets			
Investment property	9	151,501,915	153,500,404
Development rights	10	18,471,895	18,658,017
Investments – available for sale		76,425	77,335
Other receivables and prepayments	11	3,569,074	3,571,082
		173,619,309	175,806,838
Current assets			
Other receivables and prepayments	11	11,995,018	10,473,081
Restricted cash	11	426,685	270,750
Deferred taxation		-	-
Cash and cash equivalents		5,106,558	2,546,610
		17,528,261	13,290,441
TOTAL ASSETS		191,147,570	189,097,279
EQUITY			
Capital and reserves			
Share capital	12	162,528,644	162,528,644
Share premium		109,054,845	109,054,845
Equity component of convertible bond		749,267	749,267
Translation reserve		(3,796,017)	(3,113,073)
Accumulated losses		(233,675,717)	(231,176,762)
		34,861,022	38,042,921
Treasury Shares		(13,379,107)	(13,384,494)
		21,481,915	24,658,427
Non-controlling interests		2,796,407	2,688,116
TOTAL EQUITY		24,278,322	27,346,543
LIABILITIES			
Non-current liabilities			
Borrowings	13	101,917,643	101,637,085
Other payable – related party	11	18,471,895	18,658,017
		120,389,538	120,295,102
Current liabilities			
Accruals		3,468,567	8,766,122
Other payables		115,951	-
Borrowings	13	42,895,192	32,689,512
		46,479,710	41,455,634
TOTAL LIABILITIES		166,869,248	161,750,736
TOTAL EQUITY AND LIABILITIES		191,147,570	189,097,279

The notes on pages 10 to 28 form part of these consolidated financial statements.

ARUNDEL AG (Formerly USI GROUP HOLDINGS AG)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Attributable to equity owners of the parent							
	Share Capital $	**Share Premium** $	**Treasury Shares** $	**Equity Component of Convertible Bond** $	**Translation Reserve** $	**Accumulated Losses** $	**Non-controlling interest** $	**Total** $
As at 1 April 2015	**162,528,644**	**109,054,845**	**(19,384,291)**	**710,792**	**(3,913,879)**	**(213,658,815)**	**2,899,189**	**38,236,485**
Loss for the period	-	-	-	-	-	(3,806,608)	-	(3,806,608)
Other comprehensive income								
Foreign currency translation - net	-	-	8,919	-	827,784	-	-	836,703
Cash flow hedges, net of tax	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	8,919	-	827,784	(3,806,608)	-	(2,969,905)
Equity component of convertible bond	-	-	-	-	-	-	-	-
Dividend payable	-	-	-	-	-	(6,997,508)	-	(6,997,508)
Treasury share transaction	-	-	6,001,627	-	-	(220,831)	-	5,780,796
Non-controlling interest	-	-	-	-	-	-	(144,531)	(144,531)
As at 30 September 2015	**162,528,644**	**109,054,845**	**(13,373,745)**	**710,792**	**(3,086,095)**	**(224,683,762)**	**2,754,658**	**33,905,337**
Loss for the period	-	-		-	-	(6,493,000)	-	(6,493,000)
Other comprehensive income								
Foreign currency translation - net	-	-	(10,749)	-	(26,978)	-	-	(37,727)
Total comprehensive income	-	-	(10,749)	-	(26,978)	(6,493,000)	-	(6,530,727)
Equity component of convertible bond	-	-		38,475	-	-	-	38,475
Non-controlling interest	-	-		-	-	-	(66,542)	(66,542)
Treasury share transaction	-	-		-	-	-	-	-
Sale of treasury shares	-	-		-	-	-	-	-
As at 31 March 2016 and 1 April 2016	**162,528,644**	**109,054,845**	**(13,384,494)**	**749,267**	**(3,113,073)**	**(231,176,762)**	**2,688,116**	**27,346,543**
Loss for the period	-	-	-	-	-	(2,498,955)	-	(2,498,955)
Other comprehensive income								
Foreign currency translation - net	-	-	5,387	-	(682,944)	-	-	(677,557)
Total comprehensive income	-	-	5,387	-	(682,944)	(2,498,955)	-	(3,176,512)
Equity component of convertible bond	-	-	-	-	-	-	-	-
Non-controlling interest	-	-	-	-	-	-	108,291	108,291
As at 30 September 2016	**162,528,644**	**109,054,845**	**(13,379,107)**	**749,267**	**(3,796,017)**	**(233,675,717)**	**2,796,407**	**24,278,322**

The notes on pages 10 to 28 form part of these consolidated financial statements.

ARUNDEL AG (Formerly USI GROUP HOLDINGS AG)
INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	NOTE	Period ended 30 September 2016	Year ended 31 March 2016
		$	$
Cash flow from operating activities			
Loss for the period/year		(2,390,664)	(10,510,953)
Adjustments for:			
-Net foreign exchange losses/(gains)	8	507,766	(1,157,045)
- Interest income	7	(33,835)	(292,669)
- Interest expenses and other finance expenses	8	3,922,313	8,115,188
- Amortisation of debt issue costs	8	501,437	988,242
- Changes in fair value of investment property		-	4,627,227
- Provision for impairment of receivables		-	3,168,873
- Impairment of available for sale assets		-	97,293
- Income tax expense		-	61,840
Changes in working capital			
- Trade creditors and other payables		115,951	-
- Receivables and prepayments		171,200	794,647
- Accruals		(1,094,207)	1,015,771
Cash generated by operations		1,699,961	6,908,414
Interest paid		(3,828,764)	(5,161,302)
Income tax paid		-	-
Net cash (used)/generated by operating activities		(2,128,803)	1,747,112
Cash flow from investing activities			
Change in restricted cash	11	(155,935)	21,065
Loans made in period	11	(385,000)	-
Cash payments for potential acquisition of development rights	11	(1,307,720)	(2,362,269)
Interest received		75	118,216
Net cash (used)/generated by investing activities		(1,848,580)	(2,222,988)
Cash flow from financing activities			
Proceeds from borrowings	13	9,780,215	8,171,588
Repayment of borrowings	13	(3,230,096)	(6,232,419)
Payment of dividend		-	(1,218,270)
Net cash generated/(used) by financing activities		6,550,119	720,899
Net increase in cash and cash equivalents		2,572,736	245,023
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of year/period		2,546,610	2,332,669
Net increase in cash and cash equivalents		2,572,736	245,023
Foreign currency translation adjustments		(12,788)	(31,082)
Cash and cash equivalents at end of period/year		**5,106,558**	**2,546,610**

The notes on pages 10 to 28 form part of these consolidated financial statements.

1. GENERAL INFORMATION

Arundel AG (formerly 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 Arundel Group. The business of the Company and its subsidiaries (together the "Group") consists of 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"). At the Annual General Meeting of the Company held on 27 September 2016 the Directors approved the acquisition of the RP&C International Inc. an investment banking group based in London which undertakes financing activities internationally, and also a change of the Company's name to Arundel AG.

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

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 14 to 27 of the 2016 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 9 to 57, in respect of the period ended 31 March 2016 which have been prepared in accordance with IFRS. These interim condensed consolidated financial statements for the six months ended 30 September 2016 and the comparative figures are unaudited. The extracts from the Group's Annual Financial Statements for the period ended 31 March 2016 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 reported in United States Dollars unless otherwise stated and are based on the interim accounts of the individual subsidiaries at 30 September 2016, 2015 and March 2016 which have been drawn up according to uniform Group accounting principles.

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. Critical judgments made by management in the application of IFRS and key sources of estimation uncertainties were the same as those that applied to the consolidated financial statements for the year ended March 31, 2016.

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 is not exposed to seasonal variations in its operations.

Adoption of new standards and interpretations

A number of new or amended standards became applicable for the current reporting period. However, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

2.1 Basis of preparation (Continued)

New standards not yet adopted

The following new standards have been issued but are not effective for the financial period ended 30 September 2016 and have not been early adopted:

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 recognised 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 2018 and earlier application is permitted. The Group has yet to assess the impact of the possible impact of the application of IFRS 15 on the financial statements.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 will require impairments to be based on a forward-looking model; will change the approach to hedging financial exposures and related documentation and the recognition of certain fair value changes. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group has yet to assess the impact of the possible impact of the application of IFRS 9 on the financial statements.

IFRS 16, 'Leases' substantially changes the financial statements as the majority of leases will become on-balance sheet liabilities with corresponding right of use assets on the balance sheet. The standard replaces IAS 17 Leases and is effective January 1, 2019. Early application is permitted for companies that also apply IFRS 15 Revenue from Contracts with Customers. The Group is yet to assess the possible impact of IFRS 16.

3. FINANCIAL AND OTHER RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency and price risk, cash flow and fair value interest rate risk), credit risk and liquidity rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. However, at 30 September 2016, 30 September 2015 and 31 March 2016 no hedging instruments for the Group were outstanding.

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.

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 2016. There have been no changes in the risk management department since year end or in any risk management policies.

3. FINANCIAL AND OTHER RISK MANAGEMENT

3.1 Financial risk factors (continued)

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 (which has been discontinued), 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.

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

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.

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.

3. FINANCIAL AND OTHER RISK MANAGEMENT

3.2 Fair value estimation

The table below provides disclosure of fair value measurements at 30 September 2016 and 31 March 2016 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).

As at 30 September 2016	**NOTE**	**Level 1**	**Level 2**	**Level 3**
Assets				
Investment property	9	-	-	151,501,915
Investments – available for sale		76,425	-	-

As at 31 March 2016	**NOTE**	**Level 1**	**Level 2**	**Level 3**
Assets				
Investment property	9	-	-	153,500,404
Investments – available for sale		77,335	-	-

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.

For further details of the valuation technique used to value the Investment Properties held by the group see Note 9. There were no transfers between levels in the period ended 30 September 2016.

4. FOREIGN EXCHANGE RATES

	Balance Sheet			Income and Cash Flow Statement (average)		
	As at 30 September 2016 $	As at 30 September 2015 $	As at 31 March 2016 $	Period ended 30 September 2016 $	Period ended 30 September 2015 $	Year ended 31 March 2016 $
GBP	0.7715	0.6594	0.6960	0.7296	0.6492	0.6638
SGD	1.3643	1.4248	1.3482	1.3554	1.3663	1.38626
INR	66.8442	66.1313	66.1774	66.9139	64.0628	65.4142
CHF	0.9675	0.9723	0.9627	0.9733	0.9528	0.9724
EUR	0.8922	0.8894	0.8806	0.8909	0.9018	0.9058

5. REVENUE

	Period ended 30 September 2016 Total segment revenue $	Period ended 30 September 2015 (restated) Total segment revenue $
Investment property rental	5,282,868	5,219,716
Total	5,282,868	5,219,716

Rental income from investment properties is recognised based on the contractual rental agreement over the life of the lease term. The investment property rental income is €9,411,676 (2016: €9,411,676) per annum and the lease expiry date is March 2020.

Revenue derived from the gold business as shown in the consolidated financial statements in the year ended 31 March 2016 has been shown under discontinued operations (See Note 15).

6. ADMINISTRATIVE EXPENSES

	Period ended 30 September 2016 $	Period ended 30 September 2015 (restated) $
Professional fees and other costs	1,204,072	706,949
Property rent and maintenance	202,965	438,966
Advisory fees	523,762	521,244
Sundry expenses	557,205	133,499
Consultancy costs	103,959	80,000
	2,591,963	1,880,658

7. FINANCE INCOME

	Period ended 30 September 2016 $	Period ended 30 September 2015 (restated) $
Interest income – IndCo loan	-	100,274
Interest income – other loans	33,790	66,043
Bank interest and other finance movements	45	444
Foreign exchange movements	-	1,052,174
	33,835	1,218,935

8. FINANCE COSTS

	Period ended 30 September 2016 $	Period ended 30 September 2015 (restated) $
Interest on notes	787,097	738,408
Interest on mortgages	2,494,559	2,527,829
Amortisation of debt issue costs	501,437	497,088
Other interest and borrowing expenses	691,396	343,741
Foreign exchange movements	482,121	-
	4,956,610	4,107,066

9. INVESTMENT PROPERTY

	30 September 2016 $	31 March 2016 $
Beginning of period/year	153,500,404	151,219,536
Net losses on fair value adjustment	-	(4,627,227)
Net change in fair value due to exchange differences	(1,998,489)	6,908,095
End of period/year	151,501,915	153,500,404

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to $Nil (March 2016 - $4,627,227) and are presented in the consolidated income statement.

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). Bank borrowings of the Group are secured on investment property.

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.

Valuation of the investment properties was done as at 30 September 2016 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. There have been no changes made to the valuation of the investment property since that performed at 31 March 2016.

The valuation assumes an annual rental of €9,411,676 adjusted for indexation to 31 March 2020, being the end of the current lease term. Thereafter, the valuation makes various assumptions on renewal of the lease including rent, vacancy periods and potential capital expenditure. The cash flows have been discounted at a rate of 3.8% (March 2016 – 3.8%) and result in a valuation of $64.5 million (€56.8 million).

Additionally a terminal residual value of the property has been calculated at the end of the ten year period using a capitalisation rate of 5.0% (March 2016 – 5.0%) of $89.0 million (€78.4 million). This resulted in a gross capital valuation as set out below:

Country	Segment	Valuation (EUR/USD)	Valuation technique	Rental value (EUR/USD)	Discount rate %	Capitalisation rate for terminal value
Germany	Investments in Government tenanted properties	135,170,000/ 151,501,915 (March 2016 – 135,170,000/ 153,500,404)	Discounted cash flow	9,411,676/ 10,548,842 (March 2016 - 9,411,676/ 10,687,993)	3.80% (March 2016 – 3.80%)	5.00% (March 2016 – 5.00%)

Included in property rent, maintenance and office expenses as detailed in Note 6 are repairs of $51,955 (March 2016 - $215,284) 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.

10. DEVELOPMENT RIGHTS

	30 September 2016 $	31 March 2016 $
Cost:		
At beginning of period/year	19,719,064	20,783,927
Effect of foreign currency movements	(186,122)	(1,064,863)
At end of period/year	19,532,942	19,719,064
Accumulated impairment:		
At beginning of period/year	(1,061,047)	(878,112)
Impairment charge	-	(182,935)
At end of period/year	(1,061,047)	(1,061,047)
Net book value:		
At beginning of period/year	18,658,017	19,905,815
At end of period/year	18,471,895	18,658,017

Development rights

In July 2013, Royal acquired Praiseworth Infra Private Limited ("Praiseworth") and Bright Natural Infra Private Limited ("Bright Natural"). In an assignment agreement dated 26 February 2015, both development rights were assigned to Omkar Property Development Private Limited, a Group company registered in India and a 100% owned subsidiary of USI Real Estate Investment Pte Limited.

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. The independent valuation as at 31 March 2016 has been used as the basis for the valuation as at 30 September 2016, consequently any movements in valuation relate purely to movements in foreign exchange rates.

Other development rights acquisitions:

In May 2015, the Board of the Company announced that it had entered into a conditional agreement to acquire and develop up to 120 acres of contiguous land in proximity to the East Coast Road ("ECR") near Chennai, India (the "ECR Property"). An independent valuation has indicated a development value of approximately $90 million in respect of this land. As at 30 September 2016 $4,552,377 (31 March 2016, $3,244,657) has been paid in respect of this investment and is shown under third party current receivables (See Note 11). The Company will only recognise value for the ECR Property in the consolidated balance sheet once it has freehold ownership of the land and development rights.

11. OTHER RECEIVABLES AND PREPAYMENTS

	30 September 2016 $	31 March 2016 $
Non-current		
Other receivables and prepayments – related party	3,569,074	3,571,082
Other receivables and prepayments – third party	-	-
	3,569,074	3,571,082
Current		
Other receivables and prepayments – related party	6,747,110	6,748,929
Other receivables and prepayments – third party	8,416,364	6,893,026
Provision made for impairment of receivables	(3,168,456)	(3,168,874)
	11,995,018	10,473,081
Total Receivables and prepayments	**15,564,092**	**14,044,163**
Restricted cash	426,685	270,750
Total	**15,990,777**	**14,314,913**

Non-current related party receivables and prepayments:

Included in non-current related party receivables is a loan at a nominal amount of €2,000,000 ($2,241,648) (March 2016 - €2,000,000 million ($2,271,198), 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. until its sale to a third party on 30 June 2016. Also included is interest on this loan of $1,327,426. This balance is due in May 2018 and no allowance was deemed necessary due to the on-going investment relationship with the debtor.

Current related party receivables and prepayments:

Included in current related party receivables is a debtor of $6,382,368 from Infinite Group Holdings Limited. In October 2016, 892,983 of the Company's shares were returned to the Company by TLC Developments Limited in full settlement of this receivable.

Included under restricted cash is $426,685 (March 2016 - $270,750) are funds held in a maintenance and liquidity reserve under the terms of the financing of the Facilities outlined in Note 13.

Current third party receivables:

Included within third party receivables are payments made to third parties in advance of potential development rights acquisitions of $4,552,377 (March 2016 - $3,244,657) (See Note 11). Additionally included is $3,168,458 in relation to a convertible promissory loan note, associated interest and fees due from an Indonesia coal mining (IndCo) which were fully provided as at 31 March 2016. Other third party receivables include sundry prepayments of $160,654, loans receivable of $385,000 and VAT receivable of $149,875.

12. SHARE CAPITAL

	30 September 2016 $	31 March 2016 $
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 75,575,820 until 16 September 2018 through the issuance of up to 7,557,582 additional registered shares with a nominal value of CHF 10 each. An increase in partial amounts is permitted.

The Board of Directors approved a capital distribution to shareholders by way of a par value capital reduction of CHF 0.50 per share at the Company’s Annual General Meeting held in Zurich on Tuesday, 27 September 2016. Shareholders have been offered the opportunity to reinvest the proceeds in shares of the Company (please refer to Note 14)

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.

Treasury Shares

As at 30 September 2016, the Group held 1,341,458 treasury shares (31 March 2016 – 1,341,458 shares).

	Sept 2016 Shares	Mar 2016 Shares	Sept 2016 $	Mar 2016 $
Treasury Shares	1,341,458	1,341,458	13,379,107	13,384,494

13. BORROWINGS

	30 September 2016 $	31 March 2016 $
Non-current		
Bonds	24,386,294	24,458,128
Facilities	68,918,859	72,172,110
Other loans	8,612,490	5,006,847
	101,917,643	101,637,085
Current		
Facilities	27,517,870	23,442,985
Other loans	15,377,322	9,246,527
Total current borrowings	42,895,192	32,689,512
Total borrowings	144,812,835	134,326,597

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. The carrying amounts approximate fair value.

Bonds

Included within Bonds are CHF 42.04 million ($43.45 million) convertible bonds issued by a subsidiary of the Group in September 2010 and due March 2019. As at 30 September 2016 CHF 24.5 million ($25.3 million) were in issue, no new bonds have been issued in the period from 31 March 2016.

Facilities

Facilities consists of three elements, a senior loan, under which €50 million has been provided on an interest only basis until March 2020 at a fixed interest rate of 5% p.a.; a junior loan under which €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 a subordinated loan of €15 million provided by a member a previous 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 had 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.

On 20 June 2016 the Company arranged the purchase of the subordinated loan which together with interest and fees aggregated €19.2 million ($21.6 million) and had been due to be re-purchased from the existing lender by 31 July 2016. The subordinated loan has been purchased by Green Street Global Investments Limited “GSGIL”, a long-standing client of RP&C and a shareholder and existing lender to the USI Group. By agreement with GSGIL, interest on the subordinated loan has been reduced to 6.25% per annum, payable quarterly in arrears. The USI Group has agreed to purchase the subordinated loan from GSIL on 30 June 2017, as such this is shown under current borrowings in the table above.

Other Loans

Included within Other Loans are the four loans from GSGIL detailed in the Group’s Annual Financial Statements to 31 March 2016 which attract interest at 6.25%. In the period to 30 September 2016 an additional $0.5 million was drawn down by the Group under one of these facilities, the loan of $2.5 million which was due to be repaid on 30 September 2016 was extended to 30 September 2018 and a new loan agreement was entered into for CHF 1.1m ($1.1 million) attracting interest at 6.25% and repayable on 30 June 2017.

13. BORROWINGS (Continued)

On 15 June 2016 USI Germany Limited borrowed $7 million from RP&C for general working capital requirements. The loan will pay quarterly interest at the rate of 6.25% per annum and is repayable on 31 May 2017. USI Real Estate Investment Pte Ltd has agreed to guarantee all of the borrower's obligations under the loan agreement.

Also in the period to 30 September 2016 USI Germany Limited issued up to $5 million guaranteed secured loan notes. The Notes pay interest of 6.25% p.a. in USD on a quarterly basis, and are unconditionally and irrevocably guaranteed by Arundel AG and USIGH Limited. The Notes are repayable in full at the earliest to occur of (i) the sale of the Leipzig Properties; (ii) the refinancing of the Leipzig Properties after renewal or extension of the lease; or (iii) 31 March 2018. As at 30 September 2016, $1.15 million notes were issued.

14. DIVIDENDS

In lieu of the payment of a dividend in relation to the year ended 31 March 2016, the Board of Directors approved at the Annual General Meeting on 27 September 2016 the payment of a par value capital reduction to shareholders equivalent to CHF 0.50 per share. This is payable in cash, or at the election of the shareholders, in shares of the Company with one share being offered for each CHF 8.50 of repayment entitlement, any shares issued to shareholders will be sourced from treasury shares. This transaction is expected to complete in January 2017 (please refer to Note 18).

15. DISCONTINUED OPERATIONS

As at 30 September 2016 the gold trading segment of the business has treated as a discontinued operation in the interim condensed consolidated financial statements. This follows the Board of Directors announcement that they intend to cease gold trading activities following increased monitoring of this segment and persistent difficulty in generating positive investment returns. Comparative information has been restated to reflect this treatment.

An analysis of the result of discontinued operations, and the result recognised on the re-measurement if assets or disposal group is as follows:

	Period ended 30 September 2016 $	Period ended 30 September 2015 $
Revenue	1,440,916	25,610,729
Cost of goods sold	(1,535,241)	(25,774,763)
Administrative expenses	(38,245)	(48,182)
Finance costs	(26,224)	(46,775)
Taxation	-	(61,840)
Loss for the period from discontinued operations	(158,794)	(320,831)

16. RELATED PARTY TRANSACTIONS

David Quint and Dr. Doraiswamy Srinivas are Directors and shareholders of Arundel Inc, formerly RP&C International Inc., ("RP&C") and Directors of the Group. The RP&C Group owned 505,782 shares in the Company (3.35% of the issued ordinary share capital) as at 30 September 2016. Ridgemont Holdings Limited ("Ridgemont") was a wholly owned subsidiary of the RP&C Group until 30 June 2016 at which point it was sold to a third party. At the point of sale Ridgemont owned the minority interest shown on the balance sheet (5.1% of the property owning Partnership). As at 30 September 2016, the Group had a loan outstanding from Ridgemont of $2,271,198 (€2,000,000), and accrued interest of $1,299,883. Interest of $33,790 (€30,000) 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.

Arundel (Mauritius) Limited ("AML"), formerly St James Investment Management Limited, which is ultimately owned by RP&C, received advisory fees of $523,762 in the period ended 30 September 2016 ($1,019,216 in the year ended 31 March 2016). RP&C earned transactional fees of $458,208 in the period ended 30 September 2016 ($nil in the year ended 31 March 2016).

As at 30 September 2016, the Group had accruals due to the RP&C Group of $1,712,163 ($2,050,502 as at 31 March 2016).

As detailed in Note 18, the Group acquired the entire issued share capital of RP&C on 4 October 2016.

The following directors' and executive management fees were recognised in 2016 and 2015.

	Period Ended 30 September 2016 $	**Period Ended 30 September 2015 $**	**Period Ended 31 March 2016 $**
Dr. Volkert Klaucke	22,265	9,463	50,576
Mr Ravi Singh	-	5,000	13,366
Mr. William Vanderfelt	15,412	15,749	30,852
Mr. David Quint+	15,412	15,749	30,852
Dr. Doraiswamy Srinivas+	15,412	15,749	30,852
Mr Markus Müller	-	-	-

The above directors' fees are for the period 1 April 2016 to 30 September 2016 inclusive.

+ Payable to RP&C

The following fees for executive management were recognised in 2016 and 2015.

	Period Ended 30 September 2016 $	**Period Ended 30 September 2015 $**	**Period Ended 31 March 2016 $**
Dr. Volkert Klaucke	5,559	22,033	11,127
Mr Ravi Singh	-	120,000	197,259
Mr G Dixit	75,000	75,000	150,000
Mr H Shadaksharappa	-	5,000	-

The above executive management fees are for the period 1 April 2016 to 30 September 2016 are related to short term benefits.

17. SEGMENT INFORMATION	**Investments in Development Rights (India)**	**Gold Trading (Singapore) – Discontinued Operation**	**Investments in Government Tenanted Property (Germany)**	**Reconciling Central Items**	**Total**
	$	**$**	**$**	**$**	**$**
Period ended 30 September 2016					
Revenue (Note 5)	-	1,440,916	5,282,868	-	6,723,784
Net loss on fair value movement on investment property (Note 11)	-	-	-	-	-
Loss on sale of associates	-	-	-	-	-
Negative goodwill	-	-	-	-	-
Profit/(Loss) after tax	**(271,684)**	**(158,794)**	**1,815,620**	**(3,775,806)**	**(2,390,664)**
As at 30 September 2016					
Assets					
Investment property (Note 9)	-	-	151,501,915	-	151,501,915
Development rights (Note 10)	18,471,895	-	-	-	18,471,895
Advance payments for development rights (Note 10)	4,552,377	-	-	-	4,552,377
Restricted cash (Note 11)	-	-	426,685	-	426,685
Cash and cash equivalents	320,087	13,581	140	4,772,750	5,106,558
Segment assets for reportable segments	**23,344,359**	**13,581**	**151,928,740**	**4,772,750**	**180,059,430**
Of which are non-current assets:	18,471,895	-	151,501,915	-	169,973,810
Liabilities					
Total borrowings (Note 13)	7,600,000	-	96,436,729	40,776,106	144,812,835
Trade creditors	-	-	-	-	-
Other payables	18,471,895	-	-	-	18,471,895
Segment liabilities for reportable segments	**26,071,895**	**-**	**96,436,729**	**40,776,106**	**163,284,730**

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 none of whom represent more than 10% of total revenue. The column Reconciling Central Costs represents expenses, assets and liabilities that relate to the Group and cannot be separately allocated between segments.

17. SEGMENT INFORMATION (Continued)	**Investments in Development Rights (India)**	**Gold Trading (Singapore) – Discontinued Operation**	**Investments in Government Tenanted Property (Germany)**	**Reconciling Central Items**	**Total**
	$	**$**	**$**	**$**	**$**
Period ended 30 September 2015					
Revenue (Note 5)	-	25,610,729	5,219,716	-	30,830,445
Net loss on fair value movement on investment property (Note 11)	-	-	(4,092,948)	-	(4,092,948)
Loss after tax	**(15,088)**	**(320,831)**	**(2,242,629)**	**(1,228,060)**	**(3,806,608)**
As at 30 September 2015					
Assets					
Investment property (Note 9)	-	-	152,547,348	-	152,547,348
Development rights (Note 10)	18,844,202	-	-	-	18,844,202
Advance payments for development rights (Note 10)	3,241,431	-	-	-	3,241,431
Other receivables (Argor trading balance) (Note 11)	-	1,899,912	-	-	1,899,912
Restricted cash (Note 11)	-	-	290,224	-	290,224
Cash and cash equivalents	139,142	31,149	-	1,211,909	1,382,200
Segment assets for reportable segments	**22,224,775**	**1,931,061**	**152,837,572**	**1,211,909**	**178,205,317**
Of which are non-current assets:	18,844,202	-	152,547,348	-	171,391,550
Liabilities					
Total borrowings (Note 13)	-	-	97,424,931	33,523,553	130,948,484
Trade creditors	-	1,475,062	-	-	1,475,062
Other payables	18,844,202	-	-	-	18,844,202
Segment liabilities for reportable segments	**18,844,202**	**1,475,062**	**97,424,931**	**33,523,553**	**151,267,748**

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 none of whom represent more than 10% of total revenue. The column Reconciling Central Costs represents expenses, assets and liabilities that relate to the Group and cannot be separately allocated between segments.

17. SEGMENT INFORMATION (Continued)	**Investments in Development Rights (India)**	**Gold Trading (Singapore) – Discontinued Operation**	**Investments in Government Tenanted Property (Germany)**	**Reconciling Central Costs**	**Total**
	$	**$**	**$**	**$**	**$**
Year ended 31 March 2016					
Revenue (Note 5)	-	37,786,674	10,393,784	-	48,180,458
Net loss on fair value movement on investment property (Note 11)	-	-	(4,627,227)	-	(4,627,227)
(Loss)/profit after tax	**(536,749)**	**(747,565)**	**(3,026,294)**	**(6,200,345)**	**(10,510,953)**
As at 31 March 2016					
Assets					
Investment property (Note 9)	-	-	153,500,404	-	153,500,404
Development rights (Note 10)	18,658,017	-	-	-	18,658,017
Other receivables (Advance development rights payments) (Note 11)	3,244,657	-	-	-	3,244,657
Restricted cash (Note 11)	-	-	270,750	-	270,750
Cash and cash equivalents	1,810,058	57,658	-	678,894	2,546,610
Segment assets for reportable segments	**23,712,732**	**57,658**	**153,771,154**	**678,894**	**178,220,438**
Of which are non-current assets:	18,658,017	-	153,500,404	-	172,158,421
Liabilities					
Total borrowings (Note 13)	7,100,000	-	95,615,095	31,611,502	134,326,597
Other payables (Note 10)	18,658,017	-	-	-	18,658,017
Segment liabilities for reportable segments	**25,758,017**	-	**95,615,095**	**31,611,502**	**152,984,614**

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 none of whom represent more than 10% of total revenue. The column Reconciling Central Costs represents expenses, assets and liabilities that relate to the Group and cannot be separately allocated between segments.

17. SEGMENT INFORMATION (CONTINUED)

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

Period ended	**30 September 2016 $**	**30 September 2015 $**	**31 March 2016 $**
Total reportable segment assets	180,059,430	178,205,317	178,220,438
Available for sale investments	76,425	122,467	77,335
Receivables and prepayments (Note 11)	11,011,715	13,371,088	10,799,506
Total assets per balance sheet	191,147,570	191,698,872	189,097,279

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

Period ended	**30 September 2016 $**	**30 September 2015 $**	**31 March 2016 $**
Total reportable segment liabilities	163,284,730	151,267,748	152,984,614
Accruals	3,468,567	5,309,075	8,766,122
Other payables	115,951	1,216,712	-
Total liabilities per balance sheet	166,869,248	157,793,535	161,750,736

18. SUBSEQUENT EVENTS

Acquisition of RP&C International Group

On 4 October 2016 the Group announced the completion of the acquisition of the entire issued share capital of RP&C International Inc. ("RP&C"), an investment banking group based in London which undertakes financing activities internationally. The acquisition was completed in exchange for (i) 1,978,195 shares of the company (sourced from shares, held in treasury and made available to the Company by existing shareholders in discharge of certain financial obligations) and (ii) the issuance of a promissory note for $1,400,000.

In accounting for the acquisition, the fair value of the consideration paid will be compared to the fair value of the net assets acquired by Group. The fair value of the consideration paid, was the fair value of USI Group shares as at acquisition date.

The allocation of the purchases price is still ongoing however, the estimated calculation of negative goodwill resulting from the transaction is as follows:

Fair value of consideration (share exchange and promissory note)

	$
Equity instruments (1,978,195 shares – share price at 4 October CHF 8.10)	16,477,322
Promissory note	1,400,000
Total consideration	**17,877,322**

Fair value of identifiable assets acquired and liabilities assumed

	$
Freehold property	25,777,200
Loans receivable	7,000,000
Marketable securities	4,355,323
Accounts receivable - trade	2,700,473
Cash and cash equivalents	830,165
Other receivable	155,011
Loans payable	(13,102,529)
Deferred taxation	(4,003,154)
Accrued liabilities and trade creditors	(3,659,706)
Contingent liabilities*	(605,000)
Total identifiable net assets	**19,447,783**
Negative Goodwill	**1,570,461**

***** RP&C informed the Company prior to its acquisition that it had received notice of litigation proceedings in the United Kingdom for an amount of $11 million plus costs and interest relating to a fund raising undertaken on behalf of a UK based operating group by RP&C in 2010 & 2011. The Board continues to believe that the claim is without merit and is preparing a vigorous defence.

18. SUBSEQUENT EVENTS (Continued)

Extension of Leipzig property lease

On 14 November the Company announced that it has executed an agreement to extend the lease of its four office buildings in Leipzig Germany. The lease with the Government of Saxony was due to expire on 31 March 2020. Pursuant to the Lease Extension, the Saxony Government has committed to a 30 year lease of the Records Bureau (constituting approximately 15% of the Leipzig Properties) expiring on 1 July 2047 and a lease of the balance from 1 September 2017 to 30 June 2025 (with two 3 year renewal options). The weighted average lease term for the entirety of the Leipzig Properties is approximately 12 years.

The present rent of €9.4 million p.a. will continue until 1 September, 2017 at which time a new annual rent of €6.25 million will be payable reflecting current market levels.

Shares Available for Issuance

As of 30 September 2016, the Company and its subsidiaries held 1,341,458 Shares in treasury. On 4 October, the Company increased the number of Shares held in treasury by 892,983 through the settlement of obligations due to the group from former shareholders that had sold their gold trading business to the Company in 2013. As mentioned above, 1,978,195 of these shares were used to make the acquisition of RP&C. At acquisition RP&C held 505,236 shares which resulted in Shares in treasury of 761,482. The majority of these Shares are expected to be issued to shareholders electing to reinvest proceeds from the Company's par value capital reduction in January 2017.

Following delays with land approvals and the emergence of other attractive opportunities subsequent to the acquisition of RP&C, NCR Developments Ltd agreed that shares conditionally issued to it earlier this year for a second land parcel, could be sold for cash with proceeds substituted on a pro rata basis for the land it was committed to deliver to the Company. Since 30 September 2016, 178,306 of these shares have been issued generating approximately CHF 1.5 million of additional working capital for the Arundel Group.

19. BOARD APPROVAL

The consolidated financial statements on pages 5 to 28 are subject to approval and have been authorised by the board of directors on 22 December 2016 and were signed on its behalf by:

Dr. Volkert Klaucke
Chairman

Date: 22 December 2016

Dr. Doraiswamy Srinivas
Vice Chairman

Date: 22 December 2016