
Louis Group Structured Fund PLC

Joint Inspectors' Final
Report to the High Court of
Justice of the Isle of Man

21 September 2012



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Introduction

On 1 May 2012, by order ("Order") of the High Court of Justice Civil Division (the "Court") we were appointed as Joint Inspectors to investigate and report on the affairs of the Louis Group Structured Fund PLC (the "Company") with a specific focus on the six Sums (as defined in the Order). A copy of the Order is attached as appendix 1. We were also to report on any other relevant matters that we consider ought to be drawn to the Court's attention. This final report follows on from our Second Interim Report to the Court which was submitted on 19 July 2012.

This final report uses the same terms for the various entities as defined in earlier reports as follows.

Entity	Term
Louis Group Structured Fund PLC	'The Company'
Cayman National Fund Services Limited	'The Administrator'
Louis Group Structured Capital Limited	'LGSC'
LG SP Investments Ltd (formerly Louis Group International Holdings Limited)	'LGSPI'
Louis Group International Europe Limited	'LGIE'
Louis Group International Nominees (Two) Limited	'LGINTwoL'
Louis Group SLN Limited	'LGSLN'
Louis Group (Isle of Man) Limited	'LGIOM'

Timetable of the inspection process:

Date	Activity
1 May 2012	Gordon Wilson and Michael Simpson appointed as Joint Inspectors
31 May 2012	Joint Inspectors' First Interim Report - refer Appendix 2
19 July 2012	Joint Inspectors' Second Interim Report - refer Appendix 3
21 September 2012	Joint Inspectors' Final Report

For any party reading this Final Report without having read our First and Second Interim Reports, we recommend that you first read our earlier reports as contained in appendices 2 and 3 in order that you may better put into context this Final Report.

Summary of activity since Second Interim Report

We have sought to limit work since the filing of our Second Interim Report to avoid further costs. However, there are certain matters of relevance that have occurred and we report as follows:

Contact with investors in the Company's participating shares

In accordance with the terms of the Order, we could not publicise our appointment as inspectors, and we have not done so. However, news of our appointment has passed to a number of parties who have an interest in the Company's affairs.

During the period since our second report, we have received correspondence from the legal representatives of two major investors into the Company who had become aware of our appointment. They provided detailed witness statements concerning their clients' investments into, and dealings with the Company, as well as copies of correspondence with certain Louis Group representatives.

We confirmed that the investors' representations regarding their holding of investments were accurate by reference to the Company's share register and made a cursory review of the documents that they sent to us to determine whether there was any material of relevance to our work.

The documents evidenced that the investors, who collectively have invested over £5m into the Company, have been communicating with various people in the Louis Group since 2009, including Dr. Alan Louis, regarding concerns that they have held about their investments. The investors express significant dis-satisfaction and make various allegations about mis-representation and mis-selling of Louis financial products including shares in the Company.

It is apparent to us that despite significant efforts on their part, they are not aware of the current financial situation concerning the Company, and of the various entities that the Company has transferred money to, as set out in our Second Interim Report.

We have acknowledged their correspondence and informed them that our work is ongoing.

Investor Awareness

It became apparent to us from the investor correspondence that the Company's investors are not aware of the full extent of the financial situation of the Company. We noted that in the Directors' Report and Auditors' Report in the financial statements of the Company for the year ended 28 February 2011, which were signed on 1 June 2012 and provided to us by the Administrator, (see Appendix 9 of our Second Interim Report) that there is reference to our appointment as Inspectors. The Directors' Report and Auditors' Report state that -

"The Order stipulated that knowledge of these proceedings be restricted to noticed parties and as a consequence of this, at the date of this report, these financial statements are not to be released to shareholders or any party not covered by the Order."

To our knowledge, the financial statements have not been released. As a result, investors are unaware of the current (albeit for the year ended 28 February 2011) financial situation of Company. We note that per the Order, the Court may, if it feels fit, and upon request, provide a copy of this final report to any participant in the Scheme. Given the significant length of time during which the Company has been suspended we consider it to be entirely understandable that investors would wish to be provided with as much information as possible about the Company and potentially a copy of this report.

Information received from LGSPI and LGIE

On 9 August 2012, we received correspondence, and various documents, from the legal representatives of LGSPI and LGIE. This information was provided in response to our previous requests for access to information, specifically our letters dated 23 May 2012 and 14 June 2012.

The correspondence, which contains representations about how certain monies were transmitted from the Company to LGSC and onwards to LGSPI, LGIE and various other parties is broadly consistent with certain parts of our analysis in our Second Interim Report. The representations are limited and, significantly, do not disclose the details that we have uncovered through our work.

They also provided various documents that we had not seen before. These documents were purported loan facility agreements between LGSC and LGSPI as well as purported assignments between LGSPI (as assignor) and LGSC (as assignee) and documentation seemingly relating to charges in favour of LGSC concerning shares in Louis Group South Africa.

Whilst it is helpful that these parties provided documents that we had not seen before, they have not provided all of the information that we asked for, nor have they afforded us the access to third parties and third party documents that we sought, in order that we might independently verify the situation to our satisfaction. As a result, and having reviewed and considered the information provided, we have found no reason to change the findings and conclusions in our Second Interim Report.

Discussions with the Claimant

Since completing our Second Interim Report, we have met with the Claimant to discuss our findings as well as the possible future direction of the inspection.

We explained that we believe we have carried out sufficient and reasonable enquiry pursuant to the Order and that we consider it unlikely that further investigation or inspection will produce information or findings which will materially contradict our findings to date. Accordingly, we have recommended to the Claimant that the inspectorship proceedings be concluded.

The Claimant, having heard our thoughts in that regard, asked us for our views as inspectors in relation to various options open to them regarding possible further regulatory action. We have provided these views to the Claimant.

Financial position of the Company

The table below summarises the financial position of the Company and the key changes which have occurred since the date of these financial statements which are included in appendix 9 within our second interim report, which forms Appendix 3 to this final report.

	2011 Audited Financial Statements for the year ended 28 February 2011 £'000	As of our appointment on 1 May 2012 £'000	Current Position (September 2012) £'000
Loans receivable from LGSC	16,536	Note 1	Note 1
Cash	9	370	565
Redemptions Payable	(1,571)	(1,100)	Note 1
Other Payables	(36)	Note 2	Note 2

Note 1 - The 2011 audited financial statements showed total gross loans to LGSC of £29.1m and accrued interest receivable of £2m. The book value of these loans was subject to a write down provision of £14.6m (approximately 45%) to leave an audited value of £16.5m. We consider the recoverable value of the loans to be highly uncertain, given the issues we have identified in the course of this inspection.

We have ascertained that there have been three payments from LGSC to the Company since those 28 February 2011 financial statements, as shown below –

Month	£'000
May 2011	600
March 2012	350
September 2012	1,500
Total	2,450

We have also ascertained that these receipts by the Company have seemingly been paid to the redeeming shareholders with effect that there are no remaining unpaid redeemed shareholders per the Administrator.

Note 2 – Excludes our fees and expenses as inspectors (see below)

In our second interim report we stated that we considered it to be likely that the Company was insolvent and unable to pay its debts. This finding took into account the Company's cash position, which was at the time approximately £0.37m, and the recorded £1.1m of unpaid redeemed shareholders which were accounted for as creditors. For the reasons set out in that report, we were, and remain, entirely uncertain as to the likely realisable value of the monies paid to LGSC, thus, we concluded that the Company was likely to be insolvent.

Since then, there has been the above noted £1.5m recovery from LGSC, which has seemingly allowed the Company to pay the redeemed shareholder creditors in full.

It may well be that the Company would now be considered solvent by applying the same balance sheet test of solvency that we used previously. However serious concerns remain about the recoverability of the Company's remaining assets, as well as its past activities, notably the investments in and out of the Company by LGSPI and the use of investor monies.

As mentioned earlier in this report, investors in the Company are not fully aware of the financial position of the Company, nor of the situation at LGSC or LGSPI.

The ability of the Company's investors to redeem their shares has been suspended since February 2010 and we consider it to be highly unlikely that this suspension can or will be lifted.

In these circumstances, we remain of the view that it is in the interests of the Company's investors, as well as the wider interest of the public of the Isle of Man, that the Company's affairs be wound up.

Inspector fees

We summarise our fees and expenses as follows:

	Inspector fees £	Legal fees £
May 2012	29,292	6,151
June 2012	26,079	2,731
July 2012	28,860	4,896
August 2012	8,138	2,500
Total	92,369	16,278

The above fees and expenses exclude VAT.

We have sent a separate letter to the Court in conjunction with this Final Report which contains detailed analysis of the work that we have done and a description of how these costs have been incurred, as well as the hourly rates that we have applied.

We have reviewed the fee notes submitted by our legal advisers, Dougherty Quinn, and are satisfied that their hourly rates are representative of the market in the Isle of Man for the services that they have provided. We are also satisfied that the amount of their fees is reasonable in light of the work that we have instructed them to do and the advice that they have provided to us during our investigations.

The Order prescribes that our remuneration is to be approved by the Court, and we hereby request that the Court considers, and if it thinks fit, approves our fees and those of our legal adviser.

Conclusion

We believe that it is unlikely that any additional information will be forthcoming which will cause us to alter our findings and conclusions materially. In light of our findings as set out in our earlier reports, together with the events described above, we consider it to be appropriate to conclude our investigations

We have found evidence that the Company has probably suffered an almost total loss of investor capital due to its exposure to LGSPI, a BVI Company which appears to us to have been engaged in unlicensed deposit taking activity in the Isle of Man. In so far as we have been able to ascertain, LGSPI is insolvent and unable to pay its debts as they fall due. In addition, and in so far as we have been able to ascertain, LGSC, the entity that the Company paid almost all of its capital to, and which subsequently paid almost all of that capital to LGSPI, is also insolvent, and unable to pay its debts as they fall due.

As we reported in our second interim report, it appears that the information which we have obtained during the course of our work has been sought for a number of years by parties interested in the Company's affairs. This information has, in our view, been purposefully withheld by those who knew the full facts about what was going on. Our findings, when they become known to the Company's investors, as well as the investors in LGSLN, a major investor in the Company, will no doubt cause high levels of concern.

We recommend that steps be taken by the Claimant to intervene as soon as possible in the interests of those investors, as well as for the wider public interest of the Isle of Man.

This report has been prepared for and only for the High Court of Justice of the Isle of Man pursuant to the Order of 1 May 2012 and for no other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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Appendix 1 – Court Order of 1 May 2012

CHP 12/0035

**IN THE HIGH COURT OF JUSTICE OF THE ISLE OF MAN
CIVIL DIVISION
CHANCERY PROCEDURE**

Proceedings under the Companies Act 1974 and the Collective Investment Schemes Act 2008 relating to Louis Group Structured Fund PLC

BETWEEN:

ISLE OF MAN FINANCIAL SUPERVISION COMMISSION

Claimant

And

LOUIS GROUP STRUCTURED FUND PLC

Defendant

And

IN THE MATTER of the Claim Form issued on 26 March 2012

And

IN THE MATTER of the Application of LG SP Investments Ltd and Louis Group International (Europe) Limited dated 20 April 201

And

IN THE MATTER of the Claimant's Application dated 25 April 2012

At a Court held at Douglas
the 1st day of May 2012

**His Honour the Deemster Doyle
First Deemster and Clerk of the Rolls**

Upon the above matter being called this day in the presence of counsel for the Claimant and for the Defendant AND in the presence of counsel for Robert Terence Easton, Andrew Peter Henderson Nardone, Lynn Keig and Helen Elizabeth Edwards; Cayman National Fund Services (Isle of Man) Limited and Cayman National Bank & Trust Company (Isle of Man) Limited; Ian Michael Edward Bancroft; and Andrew Rouse and Lukas Nakos, AND LG SP Investments Ltd and Louis Group International (Europe) Limited not appearing but having filed a skeleton and other documents, (all of the aforesaid save for the Claimant and the Defendant being referred to hereinafter as "the Noticed Parties") AND the Court noting that the Defendant and the Noticed Parties make no admissions as to liability and do not accept the allegations made in the Claim, AND upon consideration had thereof, and for the reasons expressed in the Judgment of the Court **IT IS ORDERED THAT:**

- 1) Gordon Wilson and Michael Simpson of PricewaterhouseCoopers LLC be appointed as joint inspectors under section 5 of the Companies Act 1974 and under section 16 (1)(a) of the Collective Investment Schemes Act 2008 to investigate the affairs of the Defendant and report on the following questions:
 - a) Whether the 6 sums or groups of funds referred to in subparagraph 1(e)(i)-(vi) below ("the 6 Sums") have been lent, invested, utilised, expended, transferred, dealt with, disposed of or otherwise applied in accordance with

the Defendant's Offering Document, and in particular (but not exclusively) Part 1 and Schedule 1 thereof, including whether they have ultimately been so applied and whether any preceding transactions to which they have been subject have been in accordance with the Defendant's Offering Document.

- b) What has become of the 6 Sums and what paths of transmission they have followed since being lent or transferred on by the Defendant, including to and through which accounts, persons and entities they have passed or been transferred, by what means and when since leaving the direct possession or control of the Defendant.
- c) What the current location and status of the 6 Sums are, including by what or whom, in what form and under what conditions they are held.
- d) Whether the 6 Sums and the loans represented by them (including the initial and subsequent loans in each case) are adequately secured in favour of the Defendant, including whether the Defendant's interest in them and its rights in respect of them are adequately protected and enforceable, what security or collateral has been provided in respect of them and whether that security is adequate, realisable and appropriate.
- e) The 6 Sums referred to in the preceding subparagraphs are the following 6 sums or groups of funds referred to in the Defendant's letter to the Claimant dated 19 August 2011 (the "19 August 2011 letter"), namely:
 - i) Sums totalling circa £500,000, referred to in numbered paragraph 4 of the 19 August 2011 letter.
 - ii) Sums totalling circa £1,949,298, referred to in numbered paragraph 3 of the 19 August 2011 letter.
 - iii) Sums totalling circa £220,522, referred to in numbered paragraph 8 of the 19 August 2011 letter.
 - iv) Sums totalling circa £828,982, referred to in numbered paragraph 9 of the 19 August 2011 letter.
 - v) Sums totalling circa £1,000,000, referred to in numbered paragraph 6 of the 19 August 2011 letter.

vi) Sums totalling circa £568,870, referred to in numbered paragraph 7 of the 19 August 2011 letter.

- 2) The said Gordon Wilson and Michael Simpson are also appointed under section 16 (1)(b) of the Collective Investment Schemes Act 2008 to investigate and report on the affairs of the governing body, administrator and custodian of the Defendant in so far as they relate to the matters specified in paragraph 1 above. The governing body, administrator and custodian in question are:
 - a) Governing body: includes the current and former directors of the Defendant.
 - b) Administrator: Cayman National Fund Services (Isle of Man) Limited.
 - c) Custodian: Cayman National Bank & Trust Company (Isle of Man) Limited.
- 3) The inspectors appointed under paragraphs 1 and 2 above ("the Inspectors") shall also report on any matter which comes to their attention during the course of the investigations referred to in paragraphs 1 and 2 above or arising therefrom which they consider ought to be drawn to the Court's attention.
- 4) The Inspectors shall deliver an interim report within 1 month of their appointment and thereafter further interim reports at regular intervals to the Court with a copy to the Claimant.
- 5) At the conclusion of their investigation, the Inspectors shall deliver a final report to the Court, with a copy to the Claimant.
- 6) The Court may, if it thinks fit,
 - a) on request and on payment of the prescribed fee, provide a copy of the said final report to:
 - i) the governing body, manager, administrator, or custodian of the Defendant;
 - ii) any participant of the scheme represented by the Defendant;
 - iii) any other person whose conduct is referred to in the report;
 - b) cause the said final report to be published.

- 7) Any applications under paragraph 6 above shall be made to the Court with not less than 7 days' notice to the Claimant and the Defendant and shall be heard at a time and place to be fixed by the Court.
- 8) For the avoidance of doubt, the powers of the Inspectors include all those conferred by section 134 of the Companies Act 1931.
- a) The reference in section 134(3) to "books and documents", in section 134(4) to "books or documents" and in section 134(5) to "book or document" includes all books or documents of any kind or in any form whatsoever and inter alia the following:
- i) All accounts, deeds, writings, documents, records, notices or registers;
- ii) As well as documents in writing, any map, plan, graph or drawing, any photograph, any disc, tape, sound track or other device in which sounds or other data (not being visual images) are embodied so as to be capable (with or without the aid of some other equipment) of being reproduced therefrom, and any film, including any microfilm, negative, tape or other device in which one or more visual images are embodied so as to be capable (as aforesaid) of being reproduced therefrom, and any data stored in a computer or otherwise;
- iii) Any electronic documents or data of any kind contained or stored on any media or equipment whatsoever, including PCs, laptops, notebooks, handheld devices, PDA devices, portable data storage media, databases, servers, backup tapes, off-site storage or mobile phones, and including mail files, document files, calendar files, web-based applications, spreadsheet files and graphic and presentation files.
- b) The reference to "officers and agents of the company" in section 134(3)-(5) includes any director, officer or agent of the Defendant's governing body, manager, administrator or custodian.
- 9) Save as provided for in section 135(3)(a) of the Companies Act 1931, the expenses of and incidental to the Inspectors' investigation shall be defrayed by the Defendant.
- 10) Any balance of the expenses not defrayed by the Defendant shall be defrayed by the Treasury.

- 11) The Inspectors shall be entitled to reasonable remuneration, to be approved by the Court. Payment of such remuneration shall be made by the Defendant as it falls due, subject to potential future reimbursement if an Order is made under section 135(3)(a) of the Companies Act 1931. There is liberty to apply for directions as to the operation of this provision if a prosecution is instituted.
- 12) The Claimant has liberty to apply to lift or modify the restrictions on disclosure imposed by paragraphs 2 to 5 of the Court's Order of 30 March 2012 upon not less than 14 days' notice to the Defendant. Any such application shall be listed at a time and date to be fixed by the Court.
- 13) The Claimant has liberty to apply to add to or modify the scope of the investigation referred to in paragraphs 1 and 2 above and for the continuation of the appointment of the Inspectors (or their reappointment) so as to effect any such amplified or modified investigation. Any such application shall be made on not less than 14 days' notice to the Defendant and (if appropriate and relevant) the Noticed Parties and shall be heard at a time and date to be fixed by the Court
- 14) The Inspectors may apply to Court for directions or for any other reason in connection with their office (including as to whether any particular issue or document falls within or outside the scope of their investigation). If it is appropriate and relevant for notice to be given of any such application to the Defendant or any of the Noticed Parties or any other party, such notice should (subject to any Court direction to the contrary) be of not less than 14 days and the application shall be heard at a time and date to be fixed by the Court. If, in respect of any such application, the Inspectors perceive any issue as to whether notice should be given or whether it should be given to any particular party, person or entity or any party, or what notice should be given to any party, person or entity, they may (but are not required to) refer the matter to the Court. Nothing in this paragraph shall limit the powers of the inspectors under section 134 of the Companies Act 1931.
- 15) Liberty to apply generally.
- 16) The Defendant shall pay to the Claimant its costs of and occasioned by the Claim, subject to detailed assessment if not agreed.
- 17) The costs of and occasioned by the Claim of the following Noticed Parties are reserved: Robert Terence Easton, Andrew Peter Henderson Nardone, Lynn Keig and Helen Elizabeth Edwards; Cayman National Fund Services (Isle of Man) Limited and Cayman National Bank & Trust Company (Isle of Man) Limited; Ian Michael Edward Bancroft; and Andrew Rouse and Lukas Nakos.

- 18) In relation to Claimant's Application dated 25 April 2012:
- a) The Claimant has permission to amend the Claim Form in the form of the draft supplied to Court.
 - b) The Claimant shall file and serve a copy of the amended Claim Form.
 - c) No order as to costs.
- 19) In relation to the Application of LG SP Investments Ltd and Louis Group International (Europe) Limited dated 20 April 2012:
- a) LG SP Investments Ltd and Louis Group International (Europe) Limited have permission to withdraw their said Application.
 - b) All parties (namely the Claimant, the Defendant, Robert Terence Easton, Andrew Peter Henderson Nardone, Lynn Keig and Helen Elizabeth Edwards; Cayman National Fund Services (Isle of Man) Limited and Cayman National Bank & Trust Company (Isle of Man) Limited; Ian Michael Edward Bancroft; Andrew Rouse and Lukas Nakos; LG SP Investments Ltd and Louis Group International (Europe) Limited; Alan Louis, Andrew Bateman and Dirk Mudge) have permission to obtain a CD recording of the hearings in this matter on 30 March 2012 and 1 May 2012.
 - c) Any application in relation to the costs of and occasioned by the Application of LG SP Investments Ltd and Louis Group International (Europe) Limited dated 20 April 2012, together with any evidence and skeleton with authorities, shall be filed and served within 7 days hereof.
 - d) Any party opposing any application made under the previous subparagraph shall file and serve any evidence and skeleton with authorities, in response within 7 days after service of the said application under the previous subparagraph.
 - e) The Court will consider and determine any application for costs under this paragraph on paper and will notify the parties of its decision.



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ISLE OF MAN COURTS
OF JUSTICE

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DEPUTY ASSISTANT CHIEF REGISTRAR



Appendix 2 – Joint Inspectors’ first interim report

Louis Group Structured Fund Plc

Joint Inspectors' First Interim Report to the High Court of Justice of the Isle of Man

31 May 2012

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Introduction

On 1 May 2012, by order (“Order”) of the High Court of Justice Civil Division (the “Court”) we were appointed as joint inspectors to investigate and report on the affairs of the Louis Group Structured Fund Plc (the “Company”) with a specific focus on the 6 Sums (as defined in the Order). We were also to report on any other relevant matters that we consider ought to be drawn to the Court’s attention.

In the short period since our appointment, we have familiarised ourselves with the Company’s affairs through review of documents and through meetings with a number of parties. Our level of knowledge on the Company’s affairs and the 6 Sums is incomplete at this time and our investigations are ongoing.

This report covers the work that we have done during the period from our appointment on 1 May 2012 to 30 May 2012, and is based on our level of knowledge as at 30 May 2012.

Background

Our investigation to date has established the following background information:

- The Company was incorporated in the Isle of Man on 12 March 2007
- It offered participating non voting shares to Experienced Investors with a minimum investment of £100,000 although the Company's board could, and did, exercise discretion to accept investments of less than this amount.
- The Company had share classes offering different investment periods and different currencies to investors as follows:

Fund Class	A	B	C	D
Currency	GBP	USD	EUR	CHF
Period	1-5 years	1-5 years	1-5 years	1-5 years

- The Company's last audited financial statements relate to the year ended 28 February 2010 and were signed by the board of directors on 17 February 2011. The auditor's report contained an emphasis of matter paragraph in which the auditor highlighted significant concerns about the Company's ability to continue as a going concern and regarding the recoverability of loans that the Company had made as well as interest thereon.
- Redemptions of the Company's participating shares were suspended sometime between Q4 2009 and Q1 2010. The exact date of suspension is unclear from the board minutes that we have reviewed.

Summary of activity during the period

During the period we have:

- Reviewed the hearing bundle (“Bundle”) which was provided to us by legal counsel for the Financial Supervision Commission (“FSC”).
- Prepared a structure chart from various publicly available corporate documents and from our enquiries to date.
- Retained legal counsel – Dougherty Quinn.
- Met certain individuals familiar with the Company’s affairs as follows;
 - 1) Ian Bancroft, in his capacity as a director of the Company and also as a representative of Cayman National Fund Services (Isle of Man) Limited the Company’s administrator (the “Administrator”) and Custodian.
 - 2) Lynn Keig, in her capacity as Company Secretary and former director of the Company.
 - 3) Lukas Nakos and Andrew Rouse in their capacities as former directors of the Company.
- Written to a number of parties requesting documents of possible importance/relevance to our investigation including:
 - 1) Louis Group Structured Capital Limited (“LGSC”) the Isle of Man registered loan administration agent named in the Company’s offering document and the company to which we understand the Company has paid the vast majority of the money invested into it by its shareholders;
 - 2) LG SP Investments Ltd (“LGSP”) (formerly Louis Group International Holdings Limited) – the BVI registered company to which we understand LGSC may have paid a substantial portion of the monies paid to it by the Company;
 - 3) Louis Group International (Europe) Limited (“LGIE”) – the BVI registered company which we understand may have received certain monies from LGSP;
 - 4) John McCauley – based in the Isle of Man and believed by us to be a director of LGSP and LGIE and the custodian of both companies books and records here in the Isle of Man
 - 5) Alan Louis – former director of the Company who is, we believe, also involved in the affairs of many other Louis Group companies (including LGSP, LGIE and LGSC) and whom we believe has information and documents of relevance to our investigation.
- We have reviewed the board minutes and associated papers of the Company from its incorporation in March 2007 to the last documented board meeting.
- We have reviewed certain of the Company’s records at the Administrator.

Findings and analysis to date

Our main findings to date and related analysis are set out below:

- We have been told that there are no records at the Administrator or Custodian pertaining to the 6 Sums. Our analysis to date and review of documentation has confirmed this.
- We have been told that there is no information in the Company's board minutes or statutory papers pertaining to the 6 Sums. Our analysis to date and review of documentation has confirmed this.
- The Company's financial statements show that as at 28 February 2010 it had paid around £29.3m to LGSC. As noted above, we have asked LGSC for access to its records to ascertain what happened to this money. We have established from its annual return that LGSC is owned by LGSPI, and believe that LGSC, as the subsidiary of an entity that we consider to be a holding company of the Company, is fully within the scope of our appointment and investigative powers. Legal counsel for Louis Group (Isle of Man) Limited (the registered office for LGSC) has told us that LGSC will not provide us with access to its books and records until the matter of whether LGSPI is a holding company of the Company is determined. We have asked them to reconsider this position, but as yet we have not had access to LGSC books and records.
- We are informed that LGSC paid on to LGSPI the majority of the money paid to it by the Company and that LGSPI may have paid some of that money, possibly including the 6 Sums, to LGIE. We are further informed that all or substantially all of the financial records for both LGSPI and LGIE are in the Isle of Man offices of Louis Group (Isle of Man) Limited and that Isle of Man based John McCauley (whom we understand is a director of LGSPI and LGIE) maintains those records in and from that office.
- We established that LGIE and LGSPI are recorded in the Company's share register as each holding 50 of the 100 management (voting) shares issued by the Company and have asked both for access to their records on the basis that we consider them to be holding companies of the Company as defined in section 1 of the 1974 Companies Act. Legal counsel for LGIE and LGSPI have disagreed with our interpretation of the 1974 Act and claim that neither LGIE nor LGSPI is a holding company as defined therein. They have also raised the question of jurisdiction of the Manx Court over LGIE and LGSPI affairs, because both companies are registered in the BVI. As a result, we have not as yet had access to LGIE and LGSPI books and records.
- We are in written dialogue with the legal counsel to try to resolve this matter however it may be necessary to bring the matter before the Court for a determination if a satisfactory agreement cannot be reached. The determination of whether LGSPI and LGIE are holding companies of the Company is significant, not only because it brings them within the scope of our investigation, but also because LGSPI is itself a holding company for LGSC, and other potentially significant Louis Group entities, and a determination on that entity's status as the Company's holding company would bring those other entities into scope as well, and allow us to expand our investigations in the manner which we consider necessary at this point in time.

Other matters of significance

LGSPI Investments in the Company

We have established that LGSPI has been a substantial investor in and redeemer from the Company. In approximate terms it has invested around £12.5m in by way of subscriptions and taken around £8.6m out by way of redemptions from the Company between 2007 and 2009. In addition, the Company's shareholder records indicate that LGSPI sold/transferred a further £1.9m of its shares in the Company to Louis Group International Nominees (Two) Limited ("LGINTwoL"), leaving it with around £2m invested at the time the Company suspended redemptions.

During that same period, LGINTwoL, a company which we understand represents the interests of Louis Group SLN Limited ("LGSLN") – (a company which was an unregulated feeder vehicle for the Company), invested £11.1m and acquired the above noted shares in the Company from LGSPI.

It is unclear to us at this stage what reason LGSPI would have to invest such substantial sums into the Company's shares, given that these subscriptions were being paid by the Company to LGSC and then possibly on to LGSPI (i.e. the funds appear to have ended up where they started). It is also unclear why, having made these investments into share classes whose investment periods per the Company's offering document were between 1 and 5 years, LGSPI then redeemed a substantial part of the investments within a much shorter period, nor what happened to the proceeds paid.

Uncertainty regarding LGSPI

We understand that certain of the former directors of the Company resigned due to uncertainties over the financial affairs of LGSPI, and its use of monies originating from the Company, as far back as mid 2008.

We have established that certain members of the board of the Company had concerns regarding the credit worthiness of LGSPI in May 2009. In particular, minutes of a Company board meeting of 29 May 2009 record a debate related to a request from LGSPI for a loan of £1.5m from the Company. At that point in time, LGSPI had an investment in the Company of around £2.5m and its request for a loan was eventually partially agreed by split decision. LGSPI was apparently loaned £1.25m (not the £1.5m that it sought) of which we understand £0.5m has since been repaid. It is clear from the minute that the Company's directors did not have access to information on LGSPI from which to establish whether it was a suitable credit worthy company for the Company to lend to.

Lack of information about LGSPI is repeated as an issue in the minutes of a meeting of the Company's board on 25 January 2010. Those minutes record that "At some point investors would demand to know exactly what the funds had been used for and ... [LGSPI] would be asked to provide an analysis". It is apparent from those minutes that the Company's board did not know at that time what LGSPI had used the Company's money for.

Given that concerns about LGSPI have seemingly existed since 2008, it is of significant concern to us that LGSPI has decided not to allow us to access it's records in the Isle of Man by claiming that it and LGIE are not holding companies of the Company, a narrow, and in our view wrong interpretation of the 1974 Act.

Next report

We intend to deliver our second interim report to the Court, with a copy to the claimant, by no later than 20 July 2012 and hope at that time to have more to report in terms of findings related to the 6 Sums, as well as other pertinent matters.

This report has been prepared for and only for the High Court of Justice of the Isle of Man pursuant to the Order of 1 May 2012 and for no other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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Appendix 3 – Joint Inspectors’ second interim report

Louis Group Structured Fund Plc

Joint Inspectors' Second Interim Report to the High Court of Justice of the Isle of Man

18 July 2012



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Introduction

On 1 May 2012, by order (“Order”) of the High Court of Justice Civil Division (the “Court”) we were appointed as joint inspectors to investigate and report on the affairs of the Louis Group Structured Fund Plc (the “Company”) with a specific focus on the 6 Sums (as defined in the Order). We were also to report on any other relevant matters that we consider ought to be drawn to the Court’s attention. This second interim report follows on from our First Interim Report to the Court which was submitted on 1 June 2012 and covers the work we have done since 1 June 2012. The second interim report is based on our level of knowledge as at 16 July 2012 and uses the same terms for the various entities as defined in the First Interim Report as follows.

Entity	Term
Louis Group Structured Fund Plc	‘The Company’
Cayman National Fund Services Limited	‘The Administrator’
Louis Group Structured Capital Limited	‘LGSC’
LG SP Investments Ltd (formerly Louis Group International Holdings Limited)	‘LGSPI’
Louis Group International Europe Limited	‘LGIE’
Louis Group International Nominees (Two) Limited	‘LGINTwoL’
Louis Group SLN Limited	‘LGSLN’
Louis Group (Isle of Man) Limited	‘LGIOM’

Summary of our activity during the period

We explained in our First Interim Report that we had established that much of the information and documentation relevant to our investigations belonged to LGSC, LGSPI and LGIE. Shortly after our appointment we wrote to these parties requesting access to their records and at the time of writing the First Interim Report we were in dialogue regarding obtaining the access we required.

Since then we have engaged in further correspondence with legal counsel for LGSPI, LGIE and LGSC but without any documentation or access being provided despite mention of voluntary disclosure.

We completed our initial review and analysis of the Company's records at the Administrator, with a particular emphasis on shareholder records and bank statements.

We met with the Company's auditor, Grant Thornton, to discuss our investigation and to request access to relevant information.

We received bank account statements from RBSI containing all bank account transactions since account inception for the following entities – LGSPI, LGIE, LGSC and LGSLN and we used specialist technology to transfer the transaction data from the RBSI bank statements into Excel spreadsheets and then carried out an analysis to understand the activity in those accounts and to identify in particular, transactions pertinent to the 6 Sums.

We analysed the IOM Companies Registry to identify possible Louis entities.

We met with the Financial Supervision Commission to clarify certain of our findings and we have prepared this second interim report.

Overview of “Holding Company” disagreement and its ongoing impact on our work

In our First Interim Report, we explained that LGSPI and LGIE are each recorded in the Company’s shareholder register as holding 50 of its 100 voting shares in issue. Our analysis, and advice, is that both these entities fall within the definition of holding companies in the 1974 Companies Act (“1974 Act”) and that as joint inspectors into the affairs of the Company, we have the necessary power to request and examine documents and records belonging to each.

We saw it as being essential to our investigation into the 6 Sums and related matters that we were afforded access to the LGSPI and LGIE records given the explanations that have been provided to the FSC and the Court so far.

Unfortunately, both entities have claimed, through their legal counsel, that they are not holding companies of the Company and the resultant disagreement between ourselves and LGSPI and LGIE on this holding company point has created a significant impediment.

As of the date of this report, neither LGSPI nor LGIE has provided us with access to their books and records and in addition, they have reserved their position on the matter of jurisdiction of the Isle of Man Court on the basis that both are registered in the British Virgin Islands.

Related to this disagreement is the position of LGSC, a company which we understand is a subsidiary of LGSPI, and as such, we believe it is within the scope of our investigation pursuant to the subsidiary of holding company definition in the 1974 Act. LGSC, the main recipient of money from the Company, has, through its legal counsel, told us that until the issue of whether LGSPI is a holding company of the Company is resolved, its Board has been instructed by LGSPI not to produce any LGSC documentation pursuant to our requests.

LGSC has also instructed its auditor not to permit us to access their files pertaining to its audit. In addition, LGSC has instructed that a representative of the auditor must be present during any review that we carry out of the audit files of the Company, in case there is information in the Company’s audit files that relates to LGSC. In light of this restriction, we have not as yet carried out any review of the Company’s audit files.

Counsel for LGSPI and LGIE expressed concern that our requests were too wide in scope, and in response to those concerns, whilst at the same time reserving our position, we amended our initial request for information to make it more specific to the 6 Sums. (See Appendix 1). In addition, in that second request, we asked LGSPI to give written permission to the board of LGSC and to Grant Thornton, to cooperate with our requests.

Counsel for LGSPI and LGIE responded stating that they would consider our narrowed request within 7 days from 26 June 2012 but that they would not write the letters of permission that we sought. We told them that we intended to report to the Court on or before 20 July 2012 and they have subsequently indicated that the information will be produced voluntarily during the week of 16 July 2012 (see appendix 2).

In our First Interim Report we highlighted our concerns about the ongoing reluctance of LGSPI and LGIE to allow us to access their records to allow us to carry out our investigation. In particular, we reported that certain former directors had resigned in 2008 because of uncertainties about the financial affairs of LGSPI and that the Company’s board had expressed concerns about LGSPI as far back as January 2010. The FSC told us that their concerns started in the Autumn of 2010 following information received from the Company’s board, and that despite numerous correspondence and questions, no satisfactory answer had been received.

This situation, the FSC explained, ultimately lead to our appointment and reflected the serious nature of the concerns held by both the Company and the FSC over the financial affairs of LGSPI and LGIE. In light of all of this history, we found it surprising and disappointing that LGIE and LGSPI have continued to resist our recent enquiries into their affairs.

Recognising that not accessing the documents belonging to LGSPI, LGSC and LGIE was having an adverse impact on our work, we considered an application for a determination of the holding company point by the Court. However, the situation changed when we received a response from Royal Bank of Scotland International ("RBSI") to our request for information. The statements that they have provided give us answers to many of the questions that we had, and in the remainder of this report, we set out our findings.

Analysis and Findings

Request to and response from RBSI

Our initial request to RBSI followed from our review of the records of the Company held at the Administrator which showed that monies paid by the Company to LGSC were sent to an account at RBSI Isle of Man.

We explained in writing to RBSI that we considered the affairs of LGSC, LGIE, LGSPI and LGSLN to be within the scope of our investigation and provided them with a copy of the Order, as well as copies of the various shareholder records establishing our position. We also explained to RBSI that LGSPI and LGIE disagreed with our interpretation of the 1974 Act and claimed not to be holding companies.

RBSI considered our request, decided to comply with it and provided us with copy statements, A4 size, of the account activity since inception of the accounts held by them for LGSPI, LGSC, LGIE and LGSLN. These statements showed that there were multi currency accounts as follows:

Entity	Account Number	Currency	Balance at 31/05/2012
LGSPI	5880-58316250	GBP	£10.35
		EUR	€1.29
		USD	\$2.67
		CHF	SFr12.36
		NZD	\$0.09
		AUD	\$15.01
		ZAR	R 26.76
LGSC	5880-58345463	GBP	£22,423.98
		EUR	€624.49
		USD	\$328.46
LGIE	5880-10128444	GBP	£16.03
		EUR	€0.00
		USD	\$11.28
		ZAR	R 0.35
		AUD	\$0.00
		CHF	SFr.0.00
LG SLN	5880-58431807	GBP	£638.96
		EUR	€1.17
		USD	\$0

Data Capture

In total there were well in excess of 1,200 statement pages containing information on thousands of transactions.

We scanned these statements into PDF format and used specialist software to convert certain of the scanned data (that pertaining to LGSPI and LGSC) to an excel format. We reviewed the captured transaction data in excel and reconciled it to confirm that it had been captured correctly. We then categorised the transaction data using the narrative contained in the statements into a number of headings for analysis purposes.

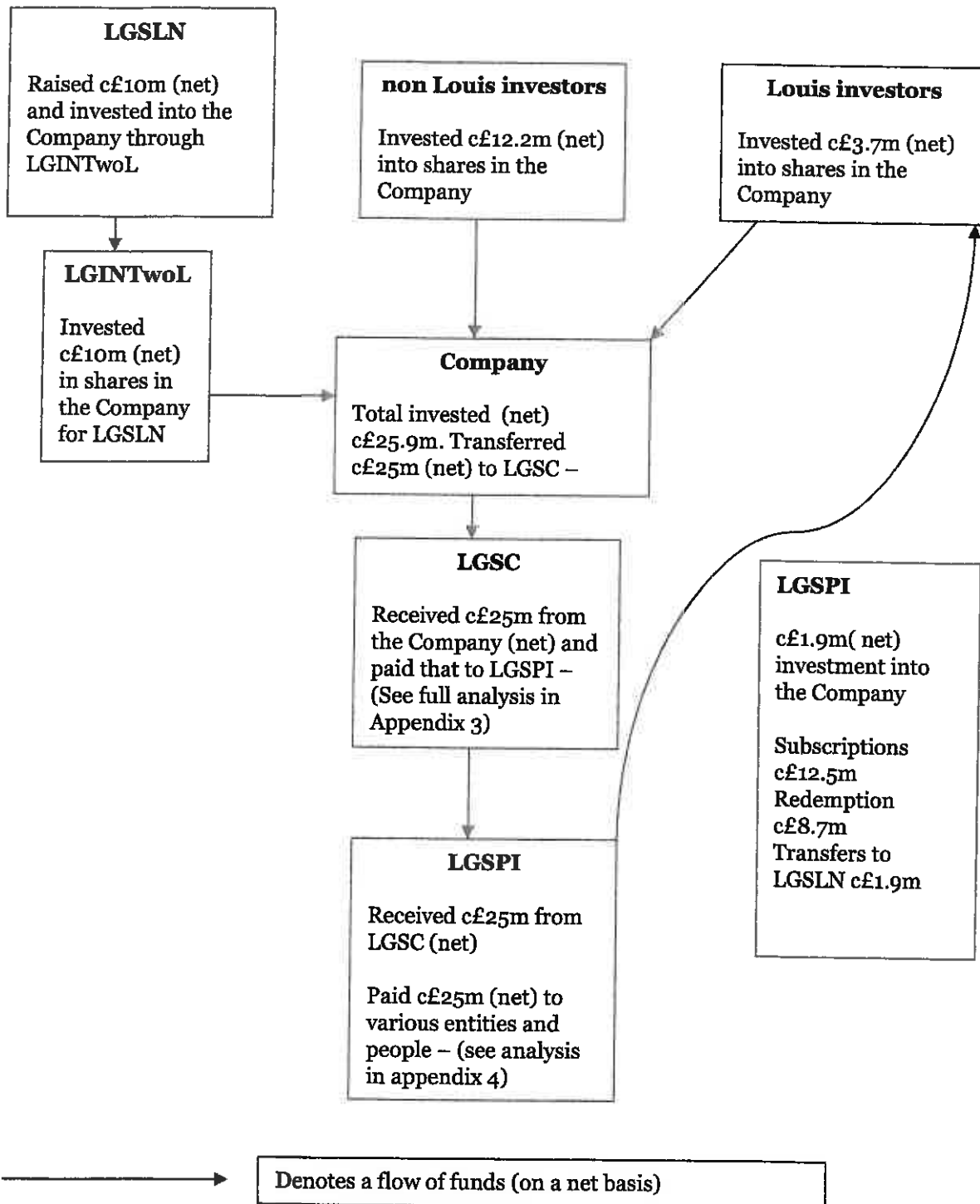
In the time available, and acknowledging the imperative to restrict our interest to the 6 Sums and any other pertinent information, we have not carried out an exhaustive analysis, e.g. we have not sought third party confirmation that the narrative shown in the statements is reflective of the transactions in question. However, we have carried out some checks on transfers between the various entity accounts and the results of these checks indicates to us that the narrative captured from the statements, and our resultant analysis, is a reliable basis upon which to draw the conclusions that we set out later in this report.

We decided not to carry out any data capture on the LGIE statements because our cursory review found that the majority of transactions in those accounts pre-dated the formation of the Company. However we make comment on the activity in those accounts in this report where relevant.

It should be appreciated that, at the time of writing this Second Interim Report, we believe that neither the Company, LGSC, LGSLN, LGIE nor LGSPI are aware that RBSI has provided us with these statements or that we have carried out any analysis.

Structure diagram

The diagram below shows the overall structure in so far as we have been able to determine to date together with the approximate net flows of funds in the structure based on our financial analysis.



Louis investors – means companies that we have identified in the shareholder records of the Company that we believe are Louis related entities. There are 135 Isle of Man registered entities which we believe are Louis related. A listing of such entities is provided in appendix 7. Not all are, or were invested into the Company.

Non Louis investors – means other investors where we have not established any apparent connection to Louis and which we currently believe to be third party investors into the Company.

LGSLN – means a private investment vehicle, shares and/or loan notes in which we understand were offered to certain individuals in the Isle of Man and elsewhere. We believe there could be over 100 investors in LGSLN.

LGSC

We found that LGSC has three accounts at RBSI, comprising a GBP, USD and EUR account.

Our analysis of the transactions through these accounts is contained in Appendix 3.

In summary we found that the activity in the LGSC accounts is consistent with the explanations provided to us by the directors of the Company about their knowledge of the operation of the LGSC.

Specifically, we have identified net receipts from the Company into each of the 3 LGSC bank accounts amounting to £23,128,433, \$2,273,213 and €580,317 respectively, and have confirmed that these figures broadly reconcile with the net payments to LGSC recorded in the books of the Company.

We have established that funds comprising on a net basis £23,599,343, \$2,269,648 and €45,408 have been paid by LGSC to LGSPI (LGSPI on our schedule – note the difference between the £ and € payments is largely due to cross-currency FX transactions).

We found that there is a small amount of other activity in the LGSC accounts, particularly in the GBP account comprising receipts amounting to just over £1.3m in aggregate. We don't as yet know what the source of these receipts has been. We have been able to identify payments out of a similar amount, £1.3m, the vast majority of which (around £1.15m) appears to have been paid away in commissions. We found that the main recipient of the commissions was Louis Group (Isle of Man) Limited, and that in aggregate it was paid £582,689. Other Louis entities appear to have received commissions totalling just over £270k.

The closing balances on the LGSC accounts are shown in the table of bank account balances earlier in this report.

Based on our analysis, we have determined that almost all of the money transferred into LGSC from the Company was onward transferred to LGSPI.

The 6 Sums

The total of the 6 Sums as listed in the Order is £5,067,672, and according to representations made to the FSC prior to our appointment, these were all paid through LGIE. Our analysis of the transactions in the LGSPI account involving LGIE is in appendix 4, and as discussed in more detail later in this report, our analysis shows that the net flow of funds from LGSPI to LGIE was around £3.3m in total, an apparent shortfall of £1.77m compared to those prior representations. The largest transfers from LGSPI to LGIE are set out in appendix 8.

We don't know why there is an apparent shortfall, however we have reviewed documents from the hearing bundles pertaining to the 6 Sums and compared the explanations provided to the data we gathered from our analysis of account activity.

We have also received correspondence from the legal representatives of LGSPI and LGIE stating that the 6 sums concerned are secured by way of an equitable mortgage of shares in Louis Group (SA) Limited ("LGSA"). We have been provided with a representation about the balance sheet size of LGSA purportedly by the South African accounting firm Mazars. We have not seen or been provided with any security documentation, and cannot therefore comment on whether the 6 Sums are secured by these LGSA shares, or whether the security is adequate.

We comment on our findings regarding the 6 Sums as follows:

Transaction i) circa £500k LGIOM

a) Invested in accordance with the Offering Document?	LGIOM is, we understand, a licensed trust and corporate service provider in the Isle of Man. Although we have had no access to any of its books and records in connection with our work to date, we consider it unlikely that LGIOM is either a landlord or developer of property.
b) What has become of the sum and what were the paths of transmission?	<p>The supporting documents provided in relation to this amount comprise an extract from the LGIOM (or as it then was Louis Group International Trustees Limited) financial statements for the financial year ended 31 January 2004. This extract contained narrative related to a "loan" from LGIE to LGIOM of £502,415.</p> <p>We have been unable to identify these payments from our review of the bank statements of LGIE.</p> <p>In our review of LGSPI bank statements we found numerous transactions involving LGSPI and LGIOM dating from 2007. We estimate that in total c£8.5m was paid to LGIOM by LGSPI and c£7.1m was received by LGSPI from LGIOM.</p> <p>It is not possible to determine whether any of these payments relate to this specific sum.</p>
c) Current location of the sum?	Unknown - We understand from review of the bundle that the FSC consented to the write off of this loan in the books of LGIOM based on assurances that it now considers to have been "false and misleading".
d) Are the sums/loans adequately secured in favour of LGSF?	Unknown

Transaction ii) circa £1,949,298 Louis Asset Management

a) Invested in accordance with the Offering Document?	We currently have no information regarding the Alan Louis Family Trust ("ALFT"), Louis Asset Management ("LAM"), AL Holdings ("ALH") and BL Holdings ("BLH") upon which to make any assessment.
b) What has become of the sum and what were the paths of transmission?	We have identified a number of transactions involving LGSPI, LAM, ALH and BLH involving millions of Swiss Francs and hundreds of thousands of pounds. Monies have moved to and from LGSPI and these entities and far as we can currently ascertain at this time, the net balance is nominal.
c) Current location of the sum?	Unknown
d) Are the sums/loans adequately secured in favour of LGSF?	Unknown

Transaction iii) circa £220,522 Nils Hinrichsen

a) Invested in accordance with the Offering Document?	Nils Hinrichsen is listed on the Louis Group website as being their MD Property Brokerage SA. We consider it to be highly unlikely that he is an approved party per the Company offering document.
b) What has become of the sum and what were the paths of transmission?	Our review of the LGSPI's EUR account has highlighted a payment of €256,433.62 to Nils Hinrichsen on 29 February 2008.
c) Current location of the sum?	Unknown
d) Are the sums/loans adequately secured in favour of LGSF?	Unknown

Transaction iv) circa £828,982 Nils Hinrichsen

a) Invested in accordance with the Offering Document?	Nils Hinrichsen is listed on the Louis Group website as being their MD Property Brokerage SA. We consider it to be highly unlikely that he is an approved party per the Company offering document.
b) What has become of the sum and what were the paths of transmission?	Our review of LGSPI's GBP account has highlighted payments to Nils Hinrichsen of £500k and £28k on 27 March 2008 and payments of £425k and £247k on 4 March 2008 and 29 February 2008 respectively.
c) Current location of the sum?	Unknown
d) Are the sums/loans adequately secured in favour of LGSF?	Unknown

Transaction v) circa £1,000,000 Investment LGUK

a) Invested in accordance with the Offering Document?	<p>We have obtained publicly available financial statements for Louis Group UK Limited ("LGUK") for the year ended 28 February 2011 which state that the principal activity of it, and its subsidiary company Louis Group Land Investments Limited, is property investment.</p> <p>These financial statements record that LGIE has advanced LGUK a loan of £133,381 and invested £1,000,000 in LGUK's share capital. LGIE is recorded as being LGUK's sole shareholder.</p> <p>The £1,000,000 is an investment into equity rather than a loan and is therefore not permissible, per the Company's offer document.</p> <p>Whilst the loan for £133,381 may have been a permissible loan were it to have been made by or assigned to LGSC, because prima facie LGUK looks to be a landlord (ie an approved party). However the LGUK financial statements record that the loan is from LGIE, not LGSC and we have not been able to determine whether LGIE falls within the definition of approved party, therefore we cannot determine whether this £133,381 is a permissible use in the context of the Company's offer document.</p>
b) What has become of the sum and what were the paths of transmission?	<p>We identified a number of transactions between LGSPI and LGUK (formerly known as Louis Group International (UK) Limited) amounting to approximately £5.1m in aggregate but leaving an almost neutral balance.</p> <p>We have also identified a number of transactions between LGIE and LGUK dating from 2003 through February 2007 (i.e. before the creation of the Company) which in aggregate show that LGUK received over £1.5m (net) from LGIE during that period.</p>
c) Current location of the sum?	<p>LGUK's financial statements show that it (and/or its subsidiary) owns property in the UK with a value of £9m (including an upward revaluation reserve of £0.8m) with associated secured liabilities to its bank(s) of £8.9m.</p> <p>We also noted that as well as first charges over the various properties, the LGUK bank loans are reportedly further secured by a guarantee from LGSPI for £1m.</p> <p>The bank loans are recorded as being repayable as follows:</p> <p>£1.13m in August 2013</p> <p>£0.2m in quarterly instalments of £8,900</p> <p>£2.87m over 20 years</p> <p>£3.2m in March 2013</p>
d) Are the sums/loans adequately secured in favour of LGSF?	<p>Unlikely given that there is no mention of such security in LGUK financial statements and given that reported net assets of LGUK are around £200k.</p>

Transaction vi) circa £568,870 Le Platine Fondation

a) Invested in accordance with the Offering Document?	We found that Le Platine Fondation ("LPF") was an IOM company with the company number 106196C which was recorded in the Isle of Man company register as being dissolved on 14 March 2011.
b) What has become of the sum and what were the paths of transmission?	<p>We found that LPF had received £175k from LGSPI from 2007 to 2009.</p> <p>We found that LPF had received approximately £230k from LGIE between Feb 2006 and Feb 2007.</p> <p>We do not know what LPF did with these monies.</p>
c) Current location of the sum?	Unknown – but LPF is now dissolved.
d) Are the sums/loans adequately secured in favour of LGSF?	Unlikely given that LPF is now dissolved.

LGSPI

In addition to the 6 Sums, we are to report on "any matter" which comes to our attention during the investigation which we consider ought to be brought to the Court's attention. Our analysis of LGSPI's bank activity caused us to identify areas of concern which we consider to be relevant and which we describe in more detail below.

Activity in the accounts of LGSPI

We established that between the first transactions in November 2006 and the present day, the LGSPI accounts have seen significant levels of activity:

- The GBP account has had over 3,000 transactions totalling over £126m in deposits and withdrawals leaving a balance at the date of this report of £10.
- The EUR account has had over 1,000 transactions totalling over €29m in deposits and withdrawals leaving a balance at the date of this report of €1.
- The CHF account has had over 300 transactions totalling over CHF18m in deposits and withdrawals leaving a balance at the date of this report of CHF2.

Our analysis of this account activity, based on our capture of statement data, is set out in Appendix 4.

In summary we found that:

- there was a circular pattern of money flow, involving LGSPI investing money into the Company, which in turn transferred the money to LGSC, which in turn transferred money back to LGSPI from where it was seemingly used for a variety of purposes. This pattern was reversed as shares were redeemed by LGSPI and money flowed back the same way that it arrived
- transactions have been carried out through the LGSPI bank accounts pertaining to over 60 different entities involving substantial co-mingling of funds
- there were various payments to and from persons connected to the Louis organisation
- an extra-ordinary loan from the Company to LGSPI discussed at length by the directors of the Company was seemingly used to repay principal and interest to another entity called Montpellier and to finance a payment to LGIOM
- there were numerous transactions with a reference "PICS" seemingly involving individuals whereby money was received by and paid by LGSPI and again funds were seemingly co mingled
- the transactions were often recorded as representing loan capital, loan repayment, interest paid and interest received.

Circularity of Investment

In our First Interim Report we highlighted that we were unclear why LGSPI was invested into the Company as we had come to understand that the money invested was being lent by the Company to LGSC and then on to LGSPI. We observed in our First Interim Report that if this was indeed the flow of funds, then there was a lack of obvious commercial purpose as the money was effectively ending up where it started.

Our subsequent analysis of the LGSPI statements has uncovered numerous examples of this circular investing activity, two of which are described below:

- On 3 September 2007, LGSPI invested £350,000 into the Company. These monies returned back to LGSPI on the following day, having first passed through the Company and LGSC. The monies were then used by LGSPI to lend to various parties, pay salaries, and paid away as apparent interest payments in relation to a "PICS" scheme. The source of the £350,000 appears to be a £265,839.59 transfer from the LGSPI Australian Dollar (AUD) account and a £90,000 transfer from LGIOM. Review of the LGSPI AUD account shows a receipt for AUD\$838,000 on 30 August 2007 reference "JNA Holdings PICS INV", the majority of which (AUD\$654,360) was transferred into £265,839.59 by way of an FX transaction on 31 August 2007. Review of the LGSPI account shows that £180,000 had been paid to LGIOM by LGSPI on 17 August 2007 related to an earlier receipt by LGSPI from LGSC of

£180,000 (which was itself sourced from the Company) and that the £90,000 from LGIOM was seemingly a partial return of some of that earlier money, (see copy statements in Appendix 5)

- On 1 February 2008, LGSPI invested a further £1,554,000 into the Company. These monies were returned that same day to LGSPI via the Company and LGSC in three transfers of £500,000. In this instance, the funds were not immediately transferred out from LGSPI, rather they were placed on deposit for a few weeks, before being paid to various other Louis entities. The source of the £1,554,000 appears to be a £1,317,000 deposit on 31 January 2008 reference Katberg Trust PICS, a £50,000 deposit on 31 January 2008 reference Morris DV & C PICS and a £100,000 deposit on 1 February 2008 reference "Loan Silver Star" (see copy statements in Appendix 6)

In total, LGSPI invested over £12.4m into the Company's shares, with the vast majority of that investment ending up straight back in LGSPI's bank account, often on the same day, having passed through the accounts of the Company and LGSC. In total LGSPI redeemed over £8.9m from the Company and sold a further £1.9m of its Company shares to LGSLN, with funds originating from and/or ending up back at LGSPI.

We see no obvious commercial purpose for such a flow of monies, given that that the outcome was to temporarily increase the number of shares in issue at the Company and thereby make it look bigger in financial terms. The subsequent withdrawal by LGSPI via redemptions and transfers from share classes which were, according to the offer document locked for periods of 1 to 5 years, simply served to move the funds back where they started.

Because this activity in all likelihood made the Company appear more attractive to outside investors (albeit temporarily) it is likely that it contributed to attracting some or all of the investment inflow into the Company from the non Louis investors and from LGSLN.

Page 11 of the Company's Offer Document describes the situation between the Company and LGSPI as follows:

"To help achieve [the Company's] objectives, the Directors have secured the active involvement of [LGSPI] in the [Company] as a Participating Shareholder. LGSPI intends to manage its investment in the [Company] in order to sustain the level of funding that the Directors wish to make available to [LGSC]"

and:

"If the requests from [LGSC] ... exceed the amount ... from members of the general public, the Directors can call upon the commitment of [LGSPI] as described above, to meet such level of lending as the Directors may, from time to time, agree"

These representations in the Company's offering document are in our view designed to give assurance to prospective external investors that LGSPI will co-invest in the Company and that it has given a "commitment" to augment the amount invested by the "general public" as necessary.

Our analysis of bank transactions has established that the money invested by LGSPI in the Company simply circled round through the Company and LGSC and back to LGSPI.

It is therefore our view that the offering document misrepresented the situation to prospective investors. LGSPI was not *de facto* a co-investor, rather it was circling money that it had obtained from other parties through the Company to give the appearance that it was a co-investor.

This activity may well also constitute improper financial assistance for the acquisition of shares.

Co-mingling of funds in LGSPI

Having observed this circular pattern of investment transactions involving LGSPI, the Company and LGSC, our attention was drawn to what appeared to be systematic co-mingling of funds in the LGSPI accounts.

Specifically, our analysis found well over 100 different sources of deposit into and well over 100 different recipients of payments from the LGSPI accounts. As noted earlier, the aggregate amounts deposited and paid away are into the hundreds of millions of pounds.

The following series of transactions are typical of the co-mingling activity that we have observed:

On 17 August 2007, Louis Group Properties (Germany) Limited ("LGPGL") subscribed €500k into share class C1 (the Euro denominated 1 year share class) of the Company. €475k of these monies were transferred to LGSC on that same day and then on to LGSPI.

Once in LGSPI's account, these funds were used as follows:

- 1) Approximately €120k in aggregate was transferred to the following Louis entities – LG Investco Pink, LG Properties Protea and LG Properties Agate,
- 2) Approximately €300k was transferred to the LGSPI GBP account, where a payment was made with the reference Redemptions PICs "Buckingham".

Three months later, LGPGL submitted a redemption request to the Company and notwithstanding it having subscribed into a 1 year duration share class, the Company waived early redemption penalties and processed the redemption. On 29 November 2007, LGSPI received a deposit of £500k from Silver Star Estates Limited, an Isle of Man company operated by Louis which we understand is invested into property in Snugborough Estate. These funds were transferred to the LGSPI EUR account and an amount of €475k was paid to LGSC. LGSC then transferred the €475k to the Company and LGPG's redemption from the Company, €500k, was paid.

This is typical of the sort of activity that we found occurring in the bank accounts of LGSPI and shows that monies from multiple sources were being deposited, co-mingled and paid on.

In relation to the above noted payments made by LGSPI to each of LG Investco Pink, LG Properties Protea and LG Properties Agate we established that each of these entities had carried out other transactions through the LGSPI account which in aggregate we calculated as follows:

Entity	Total Paid to entity by LGSPI	Total Paid by entity to LGSPI	Net Balance
Pink	€2,980,870	€1,583,500	€1,397,370 DR
Protea	€107,215	Nil	€107,215 DR
Agate	€740,900	€642,426	€98,474 DR

With reference to the above noted payment to Buckingham, we found numerous transactions with the reference PICs and Buckingham, in and out of the LGSPI account.

In total, we found that there were net balances owing either to or from over 60 different Louis related entities arising from activity through the LGSPI accounts. In addition, we found hundreds of other PICS referenced transactions, related to people and/or trusts. We think that PICS stands for "Private Investment Capital Subscription", a term used for small private investment transactions, particularly involving real estate whereby individual subscribers invest a fixed amount and are returned their capital and an additional return or interest.

Is LGSPI an approved party?

Whilst it is possible that each of these three entities, Pink, Protea and Agate, as well as the numerous other entities that we have identified as transacting through LGSPI may well be or have been engaged in some form of property development or property investing activity, the question we have been asked to consider in the Order is whether LGSPI is itself an approved party to receive money from the Company (via LGSC) in the context of the Company's offer document.

The Company's offering document defines an approved party as:

"a landlord or developer of Approved Real Estate who is not a US Person and approved by the [Company's] Board and may include an associated company or connected business of [LGSPI]" (definitions page 6)

Approved Real Estate is defined as:

".. commercial, industrial, retail or residential property, other than real estate in the United States, that is tenanted or for which planning permission has been granted for such property and for which suitable security has been offered and accepted by [LGSC]" (definitions page 6)

Finally:

The Company's "...Structured Funding Model .. is an operational model that aims to provide competitive funding by way of loans, not exceeding a term of 60 months, through [LGSC] to .. Approved Parties .. of .. Approved Real Estate.." (our emphasis)

Significantly, the Company's offering document does not include or refer to LGSPI as being an *Approved Party*. This omission surprised us given our findings that almost all of the money transferred by the Company to LGSC was subsequently transferred on to LGSPI.

We asked Lynn Keig, the Company Secretary and a former Director of the Company and LGSC, about LGSPI and she told us:

".. virtually all monies received by LGSC from [the Company] [were] lent to [LGSPI]. From (sic) LGSC perspective, LGIH was an approved party, being both a property developer and landlord, and since this was its only business, the loans were for approved purposes .."

Our conclusions regarding LGSPI

Having reviewed the bank statements and observed the pattern of transactions being carried out in the accounts of LGSPI, we do not consider that LGSPI is an approved party as defined in the Company's offering document.

We have considered the possibility that the LGSPI accounts might be designated client monies accounts, however we confirmed with RBSI that the LGSPI accounts were not designated client monies accounts.

We then considered the possibility that LGSPI has been acting as a deposit taker without the necessary license.

We believe that on the balance of probabilities, LGSPI has been engaged in deposit taking business without the necessary license and our reasoning is as follows:

- Our analysis covers every transaction through the LGSPI RBSI accounts since inception, information which LGSPI:
 - has not voluntarily provided since concerns were first raised by the Company in 2010 and
 - has continued to frustrate our efforts to obtain directly
- We have seen no activity in those accounts that indicates that LGSPI has ever acquired or developed any real estate, rather what we have established is that LGSPI has acted as a conduit for receipts and payments pertaining to the affairs of over 60 different Louis related entities and numerous people and private investing vehicles
- The receipts of monies by LGSPI from other entities and people are entirely consistent with the deposit of monies into a bank
- LGSPI has used money received by it to make payments described as loans to others
- Although many of the entities who have dealt with LGSPI have their registered office address at LGIOM, we think it unlikely that they are "group" entities as defined in section 1(f) of the Regulated Activities Order 2011 ("the RAO2011") as we believe that the economic interest in these entities most likely rests with outside investors, rather than with the Louis organisation, and we think it unlikely that the common control test is passed.

The "group" exclusion within section 1(f) of the RAO2011 applies when the person paying the money and receiving the money are either a) in the same group; or b) controlled by the same person.

a) In the same group?

Our analysis of LGSPI's bank accounts found that there are numerous payments to and from various entities, some of which we believe to be property companies or syndicates promoted by the Louis organisation and others involving deposits from and payments to numerous different people and entities with the reference "PICS".

Whilst it is possible that some entities from which LGSPI has received, and to which it has on paid monies, are within the same "group" as LGSPI (as defined in RAO2011), we think it to be very unlikely that every counter-party dealing with LGSPI can be so classified, and as a result we do not believe that the group exemption requirements have been met.

b) Controlled by the same person?

We have not had access to information which would allow us to definitively conclude whether or not the same person has control of all the parties with which LGSPI has transacted. If it is argued that there is common control, then in our view, there are serious questions to be answered of the controlling person(s) given the apparent current financial situation of LGSPI.

However, based on our analysis, and on the balance of probabilities, we think it unlikely that the common control requirement for the group exemption has been met.

LGSPI's place of business

We believe that LGSPI's business has been carried out from the Louis office in the Isle of Man. We established during our meetings with former directors of the Company that the books and records of LGSPI are currently maintained and kept by an LGSPI Director, John McCauley, in the Louis Building at 29 Bucks Road, Douglas. We also found that LGSPI is registered as a foreign company on the Isle of Man F Register as having its place of business in the Louis Building.

Investment Business

We have considered whether LGSPI has been engaged in investment business, again without the necessary licence.

Our analysis indicates that it has been central to the flow of monies to and from a number of different entities. The pattern of transactions indicates that LGSPI may have been engaged in arranging deals in investments and/or managing investments belonging to these entities and therefore it is possible that LGSPI has been improperly engaged in investment business.

Other Matters of Concern re LGSPI

We have identified net payments out of the LGSPI bank account to various individuals involved in the affairs of the Louis organisation as follows:

Alan Louis	net paid out c£1.4m
Nils Hinrichsen	net paid out c£1.4m
Lukas Nakos	net paid out c£220k
Paul Flude	net paid out c£90k

We have also identified payments by LGSPI to an entity called the Renewal Church, totalling some £84k, and made in 12 monthly payments of £7k over the period September 2008 to July 2009. Our enquiries established that there is an organisation called the Renewal Church in Stratford-Upon-Avon, the town in which Alan Louis has a house in the UK. We found disclosures on the Louis website that it runs its affairs to Christian values and it is possible that these payments are some form of donation to that church. If this is the case, we consider this to be another matter of concern.

Inability to pay debts

The principal reason given to us by the Company's directors for the suspension of redemptions of the Company's shares is their concern about the recoverability of monies which had been "loaned" by the Company to LGSC and on to LGSPI.

Given our findings that that LGSPI, a recipient (via LGSC) of £25m of the Company's assets, has less than £100 remaining in the RBSI accounts and that it has most likely been engaged in unlicensed deposit taking, we consider these concerns to be entirely valid.

We consider it highly likely, based on our analysis, that LGSPI is unable to pay its debts as they fall due, that it has been in such a position for some time, and that it falls within the statutory definition of being insolvent.

This being the case, and having established that LGSC's main asset is a loan to LGSPI, we believe that LGSC is most likely also unable to pay its debts as they fall due and insolvent.

We have previously explained that the Company's main asset is its loan to LGSC, which, including accrued interest, stands at just over £29m in the Company's financial statements for the year ended 28 February 2011 (which are attached in Appendix 9).

Those financial statements also record that the Company has unpaid share redemptions payable totalling £1,571,383 (see note 5 on page 14). Based on our analysis of the financial situation of LGSC and LGSPI, we consider it to be likely that the Company is insolvent and unable to pay its debts.

Finally, earlier in this report we briefly mentioned LGSLN, a feeder entity, which has invested around £10m into the Company. We do not know very much about LGSLN, other than it has around £630 left in its RBSI bank account and that it could have around 100 investors. We believe that LGSLN offered loans as opposed to participating shares to its investors and that being the case, it is entirely likely that LGSLN is also insolvent and unable to pay its debts.

LGSPI's Principals

Our various meetings and our review of the Company's files indicate that the following individuals have been or are directors of LGSPI.

Former Directors

Lukas Nakos	Resigned 18 June 2008
Dirk Mudge	Resigned 31 July 2008
Lynn Keig	Resigned 31 July 2008
Paul Flude	Appointed 31 July 2008 – resignation date unknown
Georg Beckert	Appointed 31 July 2008 – resignation date unknown
Alan Louis	Refer below

Current Directors

John McCauley	Appointment date unknown
Alan Louis	We have been informed that the FSC have requested that Alan Louis rejoin the board of directors.

Summary and Interim Conclusions

We have carried out an extensive analysis in a very short space of time to try to understand, and report on, a highly complex investment structure.

It is apparent that the information that we have obtained has been sought by a number of parties involved in the Company's affairs over a number of years and that hitherto it has been withheld by LGSPI and LGIE. They have continued to stall and resist our enquiries, conduct that is entirely consistent with their approach to date.

Our analysis of the activity in the accounts of LSGPI has led us to conclude that it is not an approved party (as per the Company's offering document) rather, we believe that it has been engaged in deposit taking activity and possibly also investment business, without the necessary license(s) from the FSC.

Our analysis has led us to conclude that the Company, LGSC, LGSPI and LGSLN are unable to pay their debts as they fall due and that they all fall within the statutory definition of being insolvent.

We appreciate that these interim conclusions have serious implications, not only for the investors in the Company, but also for the various parties involved in the Company's affairs and the entities with which LGSPI has transacted.

We intend to meet with the FSC once they have considered this report to discuss these findings and to help them where needed in their decision making on the next steps. We will prepare another report to the Court in early September, unless there is reason to report sooner.

This report has been prepared for and only for the High Court of Justice of the Isle of Man pursuant to the Order of 1 May 2012 and for no other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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Appendix 1 - PwC Letter to Simcocks dated 14 June 2012



Ms Jacqui Owens
Simcocks Advocates Limited
Ridgeway House
Ridgeway Street
Douglas
Isle of Man
IM99 1PY

Email: jowens@simcocks.com

14 June 2012

Reference: LO004/RC/lh

Dear Ms Owens

Louis Group Structured Fund Plc (the "Fund")

We refer to our appointment as inspectors into the affairs of the Fund pursuant to an order ("the Order") of the High Court of Justice (the "Court") of the Isle of Man dated 1 May 2012 and to our subsequent correspondence, most recently your letter of 7 June 2012. We also refer to our telephone conversation on 12 June 2012 which, as we discussed, was held on a without prejudice basis.

We recognise that there are differences of opinion between us and your clients regarding whether LGIE and LGSPI are holding companies of the Fund and on related matters, and it may well be that the best way to resolve that is to obtain a determination from the Court.

However in the meantime, in your letter and in our call, you have explained your clients' willingness to produce materials relevant to our work as inspectors on a voluntary basis, provided that such materials are restricted to the 6 Sums as set out in the Order. You have also asked for clarification, in the form of a narrowed list of materials, that we might consider to be relevant in any voluntary disclosure on your clients' part.

Without prejudice to any further request for information that we might make of your clients and others pursuant to the Order, or any subsequent order(s) that the Court may make in this matter, and without prejudice to our position generally, we thought it might be helpful at this stage if we were to give you a more targeted list of requirements and accordingly we write to specifically request the following documents pertaining to LGIE and LGSPI:

- A letter from LGSPI, in a form to be agreed between us, to the board of LGSC, to its auditors and to its bankers authorising them to produce such information as we may seek solely in connection with our investigation into the 6 Sums
- A letter, in a form to be agreed between us, to the board of LGIOM, authorising it to produce such information as it has in its possession and or control solely pertaining to the 6 Sums

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- Certified copies of the financial statements of LGSPI and LGIE for the years 2007 through 2011 highlighting where the 6 sums have been recognised in those financial statements
- Certified copies of any management accounts of LGSPI and LGIE for the years 2007 through 2011 again highlighting where the 6 Sums have been recognised in those financial statements
- Certified copies of any board minutes and supporting loan documentation (including any security documentation and registers of charges) belonging to LGSPI and LGIE pertaining to borrowings between those entities and between either of those entities and LGSC and highlighting which of those documents pertains to the 6 Sums
- Certified copies of bank statements for LGSPI and LGIE for the years 2007 through 2011 in so far as they pertain to the 6 Sums being received by LGSPI, and paid on to LGIE and or others as the case may be
- Certified copies of the charge documents pertaining to the reported charge in favour of LGSC by LGSPI comprising the interests in LG South Africa owned by LGIE and Louis Family Foundation, together with certified copy minutes approving the granting of this charge, evidence and confirmation from LG SA that it has recorded the charge against the shares and a certified copy of the most recent audited financial statements of the affairs of LGSA.
- Certified copies of the minutes of LGSPI pertaining to each investment that it made into LGSF and supporting bank statements showing the source of funds used to finance the various investments
- Certified copies of the bank statements of Louis Group Foundation showing the receipt of any of the 6 Sums and the subsequent onward payment of any of the 6 Sums together with related / supporting documentation
- Certified copies of bank statements for which ever entity retains the 6 Sums at this time

We hope that the above list is of help to you and your clients and look forward to hearing from you as soon as possible, and in any event, within 7 days, with your confirmation or otherwise as to whether your clients will produce the above information and over what proposed time scale.

Yours sincerely

Gordon Wilson
Joint Inspector

Appendix 2 - E-mail from Simcocks to PwC dated 3 July 2012

RECEIVED VIA EMAIL – 3 JULY 2012

Dear Mr. Wilson,

Re: Louis Group Structured Fund Plc (“the Company”)

We refer to our letter of the 26th June 2012 in which we anticipated being in a position to revert to you this week in response to your request for assistance from our clients. We are still working with our clients in order to volunteer assistance to you in your investigation, but it has become clear to us that, unfortunately, it is going to take us longer than we had anticipated to provide it. Progress has been slower than anticipated, in part, as a consequence of Jacqui Owens suffering a rather nasty accidental knife wound to the hand.

We therefore write without delay to inform you that it is going to take us longer than we anticipated to revert to you with a substantive response. Whilst we appreciate that you would have preferred a substantive response this week, we hope that you will understand that we are concerned to ensure that we have a full, complete and accurate picture so as to ensure that our response to you is accurate and does not cause any misunderstandings or further delay. We are confident that our approach will save time in the long run.

Given the impending Tynwald/Jubilee holiday and staff taking annual leave the following week, realistically, we do not expect to be able to respond to you more fully before the week beginning 16th July 2012.

Please accept our apologies in this regard.

Yours sincerely

SIMCOCKS

Chris Arrowsmith

Director

For and on behalf of Simcocks Advocates Limited

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In association with **Samuels Richardson & Co**, PO Box 3410, Road Town, Tortola, British Virgin Islands

Appendix 3 - LGSC Bank Statement Analysis

Appendix 3

LOUIS GROUP STRUCTURED CAPITAL CONSOLIDATED RECEIPTS & PAYMENTS ANALYSIS

GBP

Classification	Paid Away £	Paid In £	Net £
LGSF	7,819,421	30,947,854	23,128,433
LGIH	31,213,903	7,614,561	- 23,599,343
FIXED DEP	4,937,194	4,940,966	3,772
INTERNAL TRANSFER	598,276	947,787	349,511
OTHER LOANS	497,158	1,094,706	597,548
Fees and Commissions	1,082,453	6,554	- 1,075,899
Interest	111	2,140	2,028
CHARGE	4,838	166	- 4,672
AUDIT	72,280		72,280
Legal	39,220		39,220
UNKNOWN RECEIPT		732,575	732,575
Total	46,264,866	46,287,309	22,454

USD

Classification	Paid Away \$	Paid in \$	Net \$
LGSF	564,687	2,837,900	2,273,213
LGIH	2,665,900	396,252	- 2,269,648
FIXED DEP	2,630,620	2,631,571	951
Interest	0	812	812
CHARGE	505	5	- 500
LGIOM	4,500		4,500
Grand Total	5,866,212	5,866,541	328

EUR

Classification	Paid Away €	Paid in €	Net €
LGSF	1,696,601	2,276,918	580,317
LGIH	1,400,966	1,355,560	- 45,406
FIXED DEPOSIT	4,246,715	4,249,485	2,771
INTERNAL TRANSFER	815,348	375,856	- 439,492
Other Loans	926,158	813,488	- 112,670
Fees and commissions	79,524		79,524
Interest		654	654
CHARGE	550	25	- 526
unknown		94,500	94,500
Grand Total	9,166,862	9,166,486	624

SOURCE - PwC Analysis of LGSC's RBSI Bank Accounts

Appendix 4 - LGSPI Bank Statement Analysis

Appendix 4 - Analysis of LGSP's RBSI GBP Bank account. Note that the EUR and CHF accounts have also been analysed due to the significant currency transfers from the GBP account to the EUR and CHF accounts.

A listing of Full Entity names can be found in appendix 7

* Converted to GBP at average exchange rates for illustrative purposes

GBP Entity/Person	Paid Away £	Paid In £	Balance £	EUR Entity	Paid Away €	Paid In €	Balance €	Balance GBP *	CHF Entity	Paid Away CHF	Paid In CHF	Balance CHF	Balance GBP *
LGSC	7,226,584	31,598,337	24,331,774	LGSC	1,431,952	1,619,966	188,014	151,637	LGIF	3,170	3,170	3,170	1,772
LGSF	12,043,815	8,201,271	(3,842,544)	LGIF	258,700	13,183	(245,517)	(245,517)	LGUK	20,000		(20,000)	(11,036)
LGFE	2,550,959	537,276	(2,013,683)	LGFE	803,675	435,700	(367,975)	(367,975)	LGOM	550,000		(550,000)	(112,163)
LGHI	790,500	91,454	(699,046)	LGHI	138,032	40,500	(98,532)	(98,532)	LGIT	999,990		(999,990)	(551,810)
LGUK	5,149,883	5,126,000	(23,883)	LGUK	120,000	191,500	71,500	71,500	LGAM	400,000		(400,000)	(220,726)
LGOM	8,495,567	7,114,552	(1,381,015)	LGOM	1,039,849	1,622,262	582,413	469,726	LGSW	300,000		(300,000)	(165,345)
LGIT	562,887	107,000	(455,887)	LGSLN	9,316	26,556	17,240	19,904	Other Louis Group Entities	3,070,006	641,808	(2,428,198)	(1,399,917)
LG CAPITAL	385,516		(385,516)	LGSA	12,750	10,300	(2,450)	(1,976)	AL Holdings	4,994,340	2,173,290	(2,821,050)	(1,556,696)
Le Frances Foundation	689,000		(689,000)	LG Enterprises	280,000		(280,000)	(225,825)	BL Holdings	10,100	1,403,900	1,393,800	769,170
Le Frances (Parsy) Limited	175,070		(175,070)	Other Louis Group Entities	67	19,810	19,743	15,923	WHITE	4,000,150	178,800	(3,821,350)	(2,108,680)
LGI Land Securities	11,900		(11,900)	AL Holdings	885,625	532,637	(352,987)	(284,690)	ZIRCON	426,000	225,000	(201,000)	(633,119)
Louis Group Entities	120,749		(120,749)	PRIVET	2,487,900	1,583,500	(2,487,900)	(2,006,533)	PLATINUM	55,333	98,983	44,650	(110,915)
LG Land Investments	106,200		(106,200)	AL Holdings	2,335,200	1,143,500	(1,191,700)	(961,126)	ONYX	1,157,485	10,146	(1,147,339)	(633,119)
Other Louis Group Entities	100,000		(100,000)	GERANIUM	2,253,900	1,212,300	(1,041,600)	(839,664)	YELLOW	77,300	1,079,500	1,002,200	559,029
AL Holdings	500,800		(500,800)	SAGE	729,000	60,000	(669,000)	(538,560)					
BL Holdings	2,846,659		(2,846,659)	RED	661,000	135,946	(525,055)	(423,465)					
RICHARDS	1,327,279		(1,327,279)	GERMANY	1,293,900	779,900	(514,000)	(344,500)					
HENUS	772,000		(772,000)	ANGELICA	1,864,789	1,465,649	(399,140)	(305,783)					
TAZZETTA	2,046,400		(2,046,400)	DIANTHUS	331,600	6,500	(325,100)	(262,999)					
GINGER	2,046,000		(2,046,000)	MONARDIA	317,400	21,000	(296,400)	(239,052)					
SILVER STAR	2,669,035		(2,669,035)	BEGONIA	335,000	200,000	(135,000)	(108,880)					
BRANTWOOD	706,466		(706,466)	PEKSHAN	110,000		(110,000)	(88,717)					
ALPINA	645,500		(645,500)	PROTEA	107,215		(107,215)	(86,470)					
SUNSTONE	752,394		(752,394)	AGATE	740,900	642,426	(88,474)	(79,421)					
EMERALD	1,047,000		(1,047,000)	ASTER	90,000	6,300	(83,700)	(67,505)					
SAFFRON	600,581		(600,581)	TOPAZ	34,950		(34,950)	(25,768)					
OCTAVIO	701,600		(701,600)	RBC	30,375		(30,375)	(24,498)					
BRIDGE STAR	309,000		(309,000)	ADACIA	1,400		(1,400)	(1,129)					
LGI WHITE	279,978		(279,978)	EMERALD	150		(150)	(123)					
ORCHID	178,050		(178,050)	GINGER	300	300	300	742					
MAYWORTH	672,297		(672,297)	SCILLA	510	510	510	411					
VIRTUE	110,000		(110,000)	WILLOW	630	630	630	508					
ASHMINE	71,800		(71,800)	ZIRCON	116,300	123,000	8,700	7,017					
ROSEBY	37,300		(37,300)	JASPER	20,000	10,000	10,000	8,065					
CHLONE	594,000		(594,000)	LAVENDER	892,600	752,000	140,600	590,370					
RIVERLAND	287,851		(287,851)	BLUE	1,400	2,543,542	1,650,942	1,331,512					
SPRING	20,000		(20,000)										
TOPAZ	32,645		(32,645)										
PETUNIA	630,000		(630,000)										
KINGARTH	84,978		(84,978)										
PEONY	96,000		(96,000)										
MEIKLE	103,200		(103,200)										
BLOOM	88,500		(88,500)										
VIOLA	403,700		(403,700)										
LYSIS	376,935		(376,935)										
SILVER LEAF	387,200		(387,200)										
LOTUS	924,747		(924,747)										
REED	223,200		(223,200)										
ZIRCON	4,241,700		(4,241,700)										
Connected Individuals				Connected Individuals									
Alan Lewis	1,988,089		(1,988,089)	Alan Lewis	11,000		(11,000)	(8,872)					
Mils Hinrichsen	1,680,581		(1,680,581)	Mils Hinrichsen	256,434	10,000	(246,434)	(198,753)					
Andrew Rouse	55,000		(55,000)										
Paul Flude	90,000		(90,000)										
Others				Others									
Fixed Deposits	10,508,313		(10,508,313)	PCS	31,528	21,000	(10,528)	(8,491)					
Safarid - LGH	31,078,832		(31,078,832)	Fixed Deposits	2,900,387	2,902,306	1,919	1,548					
Invested - LGH	78,846		(78,846)										
Renewal Church	1,055,000		(1,055,000)										
CCY Transfer	84,000		(84,000)										
Other	11,517,915		(11,517,915)										
	6,146,554		(6,146,554)										
Total payments and receipts	126,627,246		(126,627,246)	Total payments and receipts	29,289,079	29,289,081	2	11	Total payments and receipts	18,136,276	18,136,288	12	11

SOURCE - PwC Analysis of LGSP's RBSI Bank Accounts

Appendix 5 - LGSPI Bank Statement Extract 1

APPENDIX 1

Statement For: **LOUIS GROUP INTERNATIONAL HOLDINGS LIMITED**

Account Type: **Cash Management Account**

Account Number: **5880-58316250**

IBAN: **GB08RBOS16588058316250**

BIC: **RBOSIMDX**

Currency: **POUNDS STERLING**

Date: **28-Sep-07**

Isle of Man Branch,
PO Box 151,
Royal Bank House, 2 Victoria Street,
DOUGLAS. IM99 1NJ.
Isle of Man
Tel: 01624 646464

000280901003580090007

DATE	OUR REF.	VALUE DATE	TXN TYPE	DETAILS	WITHDRAWN	PAID IN	BALANCE
				CARRIED FORWARD			8,183.76 CR
09-Aug-07	33967841		TRF	LOAN LG PROP LOTUS		90,000.00	
09-Aug-07	33967842		TRF	LOAN LGIOM	90,000.00		8,183.76 CR
15-Aug-07	34066488		TRF	LOAN SPRING GROVE		30,000.00	
15-Aug-07	34066500		TRF	REPYT LOAN LGP LOTUS		20,000.00	
15-Aug-07	34066501		TRF	LOAN LGIUK		27,000.00	
15-Aug-07	34066538		TRF	LOAN EMERALD PROPS	67,000.00		18,183.76 CR
16-Aug-07	34093123		FX	EUR 303,707.50		205,000.00	
16-Aug-07	34093269		TRF	INT PYMT BUCKINGHA	1,704.53		
16-Aug-07	34093270		TRF	REDEM CAP BUCKINGH	90,000.00		
16-Aug-07	34093271		TRF	REDEM BUCKINGHAM C	100,000.00		
16-Aug-07	34093272		TRF	REDEM BUCKINGHAM I	5,400.00		
16-Aug-07	34093273		TRF	REDEM BUCKINGHAM I	5,570.00		20,509.23 CR
17-Aug-07	34110628		TRF	LOAN LG STRUCT CAPT		180,000.00	
17-Aug-07	34110672		TRF	LOAN LGIOM	180,000.00		20,509.23 CR
22-Aug-07	34167587		TRF	LOAN LGI UK	20,500.00		
22-Aug-07	34174703		TRF	FINESSE INT ADJUSTME		1,299.67	1,308.90 CR
24-Aug-07	34209002		TRF	LOAN REPYT EMERALD		10,000.00	
24-Aug-07	34209005		TRF	LOAN REPYT LGIUK	10,000.00		1,308.90 CR
30-Aug-07	34279552		TRF	LOAN SILVER STAR EST		300,000.00	
30-Aug-07	34281454		TRF	VIRTUE INV HOLDINGS		80,000.00	
30-Aug-07	34281762		FX	EUR 441,930.00	300,000.00		
30-Aug-07	34288405		TRF	LOAN LYSIS	10,000.00		
30-Aug-07	34288406		TRF	LOAN LGIUK	15,000.00		
30-Aug-07	34289436		TRF	LOAN LGIOM	55,000.00		1,308.90 CR
31-Aug-07	34284135		FX	AUD 654,630.00		265,839.59	
31-Aug-07	34310154		TRF	NIXON PICS INTERES	768.00		
31-Aug-07	34310155		TRF	ACTS FOUN LOAN REP	4,000.00		
31-Aug-07	34310156		TRF	C/A NEWMARCH	555.00		261,825.49 CR
03-Sep-07	34343477		TRF	LOAN LGIOM		90,000.00	
03-Sep-07	34343496		OPO	CAYMAN LGIH A1	① [REDACTED]		
03-Sep-07	34343496		CHG	CHAPS CHARGE	15.00		1,810.49 CR
04-Sep-07	34366291		TRF	LOAN LG STRUCT CAPIT		[REDACTED] ②	
04-Sep-07	34366304		TRF	LOAN LGI UK	20,000.00		
04-Sep-07	34366305		TRF	LOAN LGIOM	70,000.00		
04-Sep-07	34366346		TRF	DUDLEY B PICS INT	292.00		
04-Sep-07	34366347		TRF	ALI WAL TRUST PIC I	725.00		
04-Sep-07	34366348		TRF	EVERETT D PICS INT	608.25		
04-Sep-07	34366349		BAC	8 NEFDT SALARY	4,000.00		
04-Sep-07	34366349		CHG	TWO DAY PAYMENT	0.50		
04-Sep-07	34366350		TRF	ALI WAL TRUST PIC I	542.00		
04-Sep-07	34366351		TRF	DIXON TRUST PICS I	1,000.00		
04-Sep-07	34366352		TRF	VIDREY TRUST PICIN	1,458.00		
04-Sep-07	34366353		TRF	MONTPELIER PICS IN	29,550.47		348,634.27 CR
06-Sep-07	34401784		TRF	LOAN LGI UK	27,000.00		
06-Sep-07	34401785		TRF	LOAN EMERALD PROP	10,500.00		
06-Sep-07	34401786		TRF	LOAN SUN STONE	55,000.00		
06-Sep-07	34401788		TRF	LOAN LYSIS PROP	14,000.00		242,134.27 CR
07-Sep-07	34402282		TRF	LOAN REPAY SUNSTONE		55,000.00	297,134.27 CR

Note: Unless otherwise stated, value date = transaction date

BAC - Automated Credit BGC - Bank Giro Credit CHG - Charges CHQ - Cheque CR - Credit Balance D/D - Direct Debit DFT - Draft Issue
DR - Debit Balance FTL - Fixed Term Loan FX - Foreign Exchange INT - Interest IPO - Inward Payment MMD - Money Market Deposit
OPO - Outward Payment REF - Transaction Reference Number REV - Reversal S/O - Standing Order TRF - Internal Transfer TXN - Transaction

LGSF SUBS ACCOUNT

11352002 Call Account

for the period January 1, 2000 to May 11, 2012

Posting Date	Trans. ID	Transaction Description	Additional Details	Withdrawal	Deposit	Balance
Jul 12 /07	10351	Wire Transfer In	LGIH Sub		150,000.00	150,000.00
	10352	Wire Transfer In	Spenser Sub		50,000.00	200,000.00
	10353	Transfer To 11376002	Subs 10/07/07	250,000.00		(50,000.00)
Jul 16 /07	10521	Time Deposit Placed: 11352-183900 @ 5.0000 %		550,000.00		(600,000.00)
Jul 17 /07	10531	Time Deposit Maturity: 11352-183900	Time Deposit Maturity		550,075.34	(49,924.66)
	10540	Time Deposit Placed: 11352-184800 @ 5.0000 %		550,075.34		(600,000.00)
Jul 18 /07	10552	Time Deposit Maturity: 11352-184800	Time Deposit Maturity		550,150.69	(49,849.31)
	10578	Wire Transfer In	L G Struct A1 Subs		250,000.00	200,150.69
20 /07	10648	Wire Transfer In	STRUCTURED A1 CLASS		350,000.00	550,150.69
Jul 27 /07	11034	Wire Transfer In	LG Struct AL Sub		300,000.00	850,150.69
	11062	Wire Transfer In	Class A5 Subs		50,000.00	900,150.69
	11035	Transfer To 11376002	Subs 18/7/07	900,000.00		150.69
Aug 17 /07	11994	Wire Transfer In	LG (IOM) Ltd Subs 16/8		190,000.00	190,150.69
	11995	Transfer To 11376002	Subs 16/8/07	190,000.00		150.69
Aug 31 /07	12538	Wire Transfer In	James King Subs 1/9		150,000.00	150,150.69
Sep 6 /07	12871	Wire Transfer In	LGIH Subs			500,150.69
	12851	Transfer To 11376002		③ 500,150.69	② 500,150.69	0.00
Sep 18 /07	13361	Wire Transfer In	LGIH Subs 17/9		270,000.00	270,000.00
	13376	Transfer To 11376002	Subs 18/9/07	270,000.00		0.00
Oct 2 /07	14404	Deposit	Scottish Life		500,000.00	500,000.00
	14405	Transfer To 11376002	Subs 2.10.07	323,000.00		177,000.00
	14406	Transfer To 11376002	Subs 2.10.07	500,000.00		(323,000.00)
Oct 3 /07	14473	Wire Transfer In	LGIH Subs		323,000.00	0.00
Nov 2 /07	15879	Wire Transfer In	Jenks A1 Subs		400,000.00	400,000.00
	15880	Transfer To 11376002	Subs 01-11-07	400,000.00		0.00
Nov 16 /07	16388	Wire Transfer In	Heyes Subs		100,000.00	100,000.00
Nov 29 /07	16865	Transfer To 11376002	A2 Subs 16-11-07	100,000.00		0.00
Dec 6 /07	23330	Deposit	LGIH A5		145,000.00	145,000.00
	23320	Transfer To 11376002	A5 Subs 06-12-07	145,000.00		0.00
Dec 18 /07	23885	Wire Transfer In	LGS A5 Subs		20,000.00	20,000.00
	23886	Wire Transfer In	LGS A2 Subs		55,000.00	75,000.00
	23887	Wire Transfer In	LGS A1 subs		330,000.00	405,000.00
	23888	Transfer To 11376002	A5 subs 17.12.07	20,000.00		385,000.00
	23889	Transfer To 11376002	A2 subs 17.12.07	55,000.00		330,000.00
	23890	Transfer To 11376002	A1 subs 17.12.07	330,000.00		0.00
Jan 2 /08	25511	Demand Deposit Interest to Dec 31, 2007			202.05	202.05

(20120511- 11352 Cnfs As Admin Of Louis Group Structured Fund Client Subs)
 All figures are reported in Pounds Sterling unless otherwise noted.
 Accounts with no transactions in the period will not be shown

LGSF

FUND ACCOUNT

11376002 Premier Account

for the period January 1, 2000 to May 11, 2012

Posting Date	Trans. ID	Transaction Description	Additional Details	Withdrawal	Deposit	Balance
Jun 30 /07	293	Balance imported from Extract			19,977.05	19,977.05
Jul 12 /07	10353	Transfer From 11352002	Subs 10/07/07		250,000.00	269,977.05
	10354	Wire Transfer Out	Chaps 10.07.07	237,500.00		32,477.05
	10354	Wire Transfer Fee	Chaps 10.07.07	25.00		32,452.05
Jul 20 /07	10647	Wire Transfer Out	LOAN 10/7/07	855,000.00		(822,547.95)
	10647	Wire Transfer Fee	LOAN 10/7/07	25.00		(822,572.95)
Jul 27 /07	11035	Transfer From 11352002	Subs 18/7/07		900,000.00	77,427.05
Aug 17 /07	11995	Transfer From 11352002	Subs 16/8/07		190,000.00	267,427.05
	11996	Wire Transfer Out	Loan 16.08.07	180,000.00		87,427.05
	11996	Funds transfer fee	Loan 16.08.07	25.00		87,402.05
Sep 6 /07	12851	Transfer From 11352002				587,552.74
	12852	Wire Transfer Out	Loan 4/9/07	(S) [REDACTED]		112,552.74
	12852	Funds transfer fee	Loan 4/9/07	25.00		112,527.74
Sep 18 /07	13376	Transfer From 11352002	Subs 18/9/07		270,000.00	382,527.74
	13375	Wire Transfer Out	Structured Fund Loan 18/9/07	256,500.00		126,027.74
	13375	Funds transfer fee	Structured Fund Loan 18/9/07	25.00		126,002.74
Sep 27 /07	13688	Transfer EUR 9,303.56 @ 0.6867 From 11376003			6,389.14	132,391.88
Sep 28 /07	13730	Transfer USD 1,714.99 @ 0.4859 From 11376001			833.35	133,225.23
	13831	Transfer To 10306001	admin fees April to August 07	15,000.00		118,225.23
Oct 1 /07	14309	Adjustment	interest to 30 Sept 07		1,034.56	119,259.79
Oct 2 /07	14405	Transfer From 11352002	Subs 2.10.07		323,000.00	442,259.79
	14406	Transfer From 11352002	Subs 2.10.07		500,000.00	942,259.79
3 /07	14448	Wire Transfer Out	Loan 02.10.07	475,000.00		467,259.79
	14448	Funds transfer fee	Loan 02.10.07	25.00		467,234.79
	14450	Wire Transfer Out	Loan 02.10.07	306,850.00		160,384.79
	14450	Funds transfer fee	Loan 02.10.07	25.00		160,359.79
Nov 2 /07	15880	Transfer From 11352002	Subs 01-11-07		400,000.00	560,359.79
	15883	Wire Transfer Out	Loan 01-11-07	380,000.00		180,359.79
	15883	Funds transfer fee	Loan 01-11-07	25.00		180,334.79
Nov 19 /07	16460	Wire Transfer Out	Structured Fund Loan 16-11-07	95,000.00		85,334.79
	16460	Funds transfer fee	Structured Fund Loan 16-11-07	25.00		85,309.79
Nov 29 /07	16865	Transfer From 11352002	A2 Subs 16-11-07		100,000.00	185,309.79
Dec 5 /07	23261	Invoice 3883117		5,000.00		180,309.79

(20120511- 11376 CNFS LG Structured Fund)
 All figures are reported in Pounds Sterling unless otherwise noted.
 Accounts with no transactions in the period will not be shown

Statement For: **LOUIS GROUP STRUCTURED CAPITAL LIMITED**

Account Type: **Cash Management Account**
 Account Number: **5880-58345463**
 IBAN: **GB61RBOS16588058345463**
 BIC: **RBOSIMDX**
 Currency: **POUNDS STERLING**
 Date: **28-Sep-07**

Isle of Man Branch,
 PO Box 151,
 Royal Bank House, 2 Victoria Street,
 DOUGLAS, IM99 1NJ,
 Isle of Man
 Tel: 01624 646464

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LOUIS GROUP INTERNATIONAL LIMITED
 2ND FLOOR
 KRESTON HOUSE
 6 GOLDIE TERRACE
 DOUGLAS, ISLE OF MAN

Statement Number: 001 Of 2007
 Opening Balance: 0.00 CR
 Total Paid In: 2,250,063.66
 Total Withdrawn: 2,249,942.65
 Closing Balance: 121.01 CR

DATE	OUR REF.	VALUE DATE	TXN TYPE	DETAILS	WITHDRAWN	PAID IN	BALANCE
30-Mar-07				OPENING BALANCE			0.00 CR
30-Mar-07	31766273		IPO	STRUCTURED FUND LOAN		240,000.00	
30-Mar-07	31771125		OPO	[REDACTED]	238,740.15		
30-Mar-07	31771125		CHG	CHAPS CHARGE	15.00		244.85 CR
03-Apr-07	31827124		TRF	LOAN LGI HOLDINGS		6,000.00	6,244.85 CR
26-Apr-07	32124894		TRF	LGIOM CSP FEES	2,223.50		4,021.35 CR
29-May-07	32583094		TRF	LG DISBURS LGI005	564.00		3,457.35 CR
29-Jun-07	33217776		INT	GROSS 28/06 58345463		16.54	3,473.89 CR
11-Jul-07	33520647		IPO	STRUCTURED FUND LOAN		237,500.00	240,973.89 CR
13-Jul-07	33553297		TRF	LOAN LGIH	240,000.00		973.89 CR
18-Jul-07	33609596		TRF	LOAN LGIH	900.00		
18-Jul-07	33622705		IPO	STRUCTURED FUND LOAN		855,000.00	
18-Jul-07	33622958		TRF	LOAN LGIH	850,000.00		5,073.89 CR
19-Jul-07	33624959		TRF	LOAN LGIH	5,000.00		73.89 CR
17-Aug-07	34106794		IPO	STRUCTURED FUND LOAN		180,000.00	
17-Aug-07	34110628		TRF	LOAN LGIH	180,000.00		73.89 CR
04-Sep-07	34360544		IPO	STRUCTURED FUND LOAN		[REDACTED] ⑥	
04-Sep-07	34366291		TRF	LOAN LGIH	[REDACTED] ⑦		73.89 CR
18-Sep-07	34560528		IPO	STRUCTURED FUND LOAN		256,500.00	
18-Sep-07	34561236		TRF	LOAN LGIH	256,500.00		73.89 CR
28-Sep-07	34891175		INT	GROSS 27/09 58345463		47.12	
				CLOSING BALANCE			121.01 CR

Note: Unless otherwise stated, value date = transaction date

BAC - Automated Credit BGC - Bank Giro Credit CHG - Charges CHQ - Cheque CR - Credit Balance D/D - Direct Debit DFT - Draft Issue
 DR - Debit Balance FTL - Fixed Term Loan FX - Foreign Exchange INT - Interest IPO - Inward Payment MMD - Money Market Deposit
 OPO - Outward Payment REF - Transaction Reference Number REV - Reversal S/O - Standing Order TRF - Internal Transfer TXN - Transaction

Appendix 6 - LGSPI Bank Statement Extract 2

APPENDIX 8

Statement For: **LOUIS GROUP INTERNATIONAL HOLDINGS LIMITED**

Account Type: **Cash Management Account**
 Account Number: **5880-58316250**
 IBAN: **GB08RBOS16588058316250**
 BIC: **RBOSIMDX**
 Currency: **POUNDS STERLING**
 Date: **28-Mar-08**

Isle of Man Branch,
 PO Box 151,
 Royal Bank House, 2 Victoria Street,
 DOUGLAS, IM99 1NJ.
 Isle of Man
 Tel: 01624 646464

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DATE	OUR REF.	VALUE DATE	TXN TYPE	DETAILS	WITHDRAWN	PAID IN	BALANCE
				CARRIED FORWARD			392,087.61 CR
23-Jan-08	37152925		CHG	SWIFT CHARGE	20.00		
23-Jan-08	37160345		TRF	LOAN SILVER STAR E	300,000.00		
23-Jan-08	37160348		TRF	LOAN LG INV LICHEN	200.00		
23-Jan-08	37160349		TRF	LOAN LG INV GERANI	100.00		91,767.61 CR
24-Jan-08	37173868		TRF	37152925/AGT CHG	10.00		
24-Jan-08	37178670		TRF	LGIOM REPAY LOAN		25,000.00	
24-Jan-08	37181939		BAC	LOAN A L HOLDING	146.87		
24-Jan-08	37181939		CHG	TWO DAY PAYMENT	0.50		116,610.24 CR
28-Jan-08	37112443		MMD	From Fixed Contract		2,000,000.00	
28-Jan-08	37112443		MMD	GROSS INT PAYMENT		2,086.58	
28-Jan-08	37220244		MMD	To Fixed Contract	2,000,000.00		118,696.82 CR
29-Jan-08	37242195		TRF	FLIGHT INV FACILITY		435.00	119,131.82 CR
30-Jan-08	37220244	28-Jan	MMD	REV- To Fixed Contra		2,000,000.00	
30-Jan-08	37220244	28-Jan	MMD	To Fixed Contract	2,000,000.00		
30-Jan-08	37220244		MMD	From Fixed Contract		2,000,000.00	
30-Jan-08	37220244		MMD	GROSS INT PAYMENT		588.49	
30-Jan-08	37220244		CHG	BREAKAGE FEE	70.00		
30-Jan-08	37249346		FX	AUD 20,352.00	9,116.65		
30-Jan-08	37269405		TRF	LOAN EMERALD PROP	12,000.00		
30-Jan-08	37269407		TRF	LOAN LGP GINGER	2,500.00		
30-Jan-08	37274878		OPO	TFR LGIOM Barc	286,000.00		
30-Jan-08	37274878		CHG	CHAPS CHARGE	15.00		
30-Jan-08	37275055		MMD	To Fixed Contract	1,600,000.00		230,018.66 CR
31-Jan-08	37310956		TRF	LOAN LGI UK LTD	50,000.00		
31-Jan-08	37311045		TRF	MORRIS DV & C PICS		50,000.00	
31-Jan-08	37311046		TRF	KATBERG TRUST PICS		1,317,000.00	1,547,018.66 CR
01-Feb-08	37311076		TRF	SAUNDERS T-PIC INT&	10,620.00		
01-Feb-08	37311078		TRF	EXCALIBUR TST-PIC I	291.00		
01-Feb-08	37311079		TRF	NIXON LM -PICS INT	788.00		
01-Feb-08	37311081		TRF	ALI WAL -PIC INT&CA	51,267.00		
01-Feb-08	37311083		TRF	BULWARK TST-PICS I	490.00		
01-Feb-08	37311084		TRF	DIXON A -PIC INT	1,000.00		
01-Feb-08	37311085		TRF	NEWMARCH AD-PICS I	555.00		
01-Feb-08	37326426		TRF	LOAN SILVER STAR		100,000.00	
01-Feb-08	37326443		OPO	Cayman Nat-Davidso	200,000.00		
01-Feb-08	37326443		CHG	CHAPS CHARGE	15.00		
01-Feb-08	37326445		OPO	Cayman Nat-Davidso	1,554,000.00		
01-Feb-08	37326445		CHG	CHAPS CHARGE	15.00		
01-Feb-08	37332081		TRF	LOAN LG STRUCT CAP		500,000.00	
01-Feb-08	37332084		TRF	LOAN LG STRUCT CAP		500,000.00	
01-Feb-08	37332085		TRF	LOAN LG STRUCT CAP		78,600.00	
01-Feb-08	37332086		TRF	LOAN LG STRUCT CAP		500,000.00	
01-Feb-08	37337065		MMD	To Fixed Contract	1,000,000.00		406,597.66 CR
04-Feb-08	37275055		MMD	From Fixed Contract		1,600,000.00	
04-Feb-08	37275055		MMD	GROSS INT PAYMENT		1,176.99	
04-Feb-08	37348664		MMD	To Fixed Contract	601,176.99		
04-Feb-08	37357197		TRF	LOAN REPAY SILVER	100,000.00		1,306,597.66 CR
05-Feb-08	37378574		TRF	LOAN LG STRUCT CAP	41,000.00		1,265,597.66 CR

Note: Unless otherwise stated, value date = transaction date

BAC - Automated Credit BGC - Bank Giro Credit CHG - Charges CHQ - Cheque CR - Credit Balance D/D - Direct Debit DFT - Draft Issue
 DR - Debit Balance FTL - Fixed Term Loan FX - Foreign Exchange INT - Interest IPO - Inward Payment MMD - Money Market Deposit
 OPO - Outward Payment REF - Transaction Reference Number REV - Reversal S/O - Standing Order TRF - Internal Transfer TXN - Transaction

Statement For: **LOUIS GROUP INTERNATIONAL HOLDINGS LIMITED**

Account Type: **Cash Management Account**
 Account Number: **5880-58316250**
 IBAN: **GB08RBOS16588058316250**
 BIC: **RBOSIMDX**
 Currency: **POUNDS STERLING**
 Date: **28-Mar-08**

Isle of Man Branch,
 PO Box 151,
 Royal Bank House, 2 Victoria Street,
 DOUGLAS, IM99 1NJ,
 Isle of Man
 Tel: 01624 646464

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DATE	OUR REF.	VALUE DATE	TXN TYPE	DETAILS	WITHDRAWN	PAID IN	BALANCE
05-Feb-08	37378613		TRF	CARRIED FORWARD			1,265,597.66 CR
07-Feb-08	37415956		IPO	LOAN ZIRCON PROP	1,500.00		1,264,097.66 CR
08-Feb-08	37337065		MMD	From Fixed Contract		163,085.20	1,427,182.86 CR
08-Feb-08	37337065		MMD	GROSS INT PAYMENT		1,000,000.00	
08-Feb-08	37431465		TRF	LOAN ZIRCON	25,000.00	1,001.10	
11-Feb-08	37348664		MMD	From Fixed Contract		601,176.99	2,403,183.96 CR
11-Feb-08	37348664		MMD	GROSS INT PAYMENT		602.99	
11-Feb-08	37448857		TRF	LOAN LGIOM NEWBUSA	90,000.00		
11-Feb-08	37448870		OPO	Rob Young-donation	5,000.00		
11-Feb-08	37448870		CHG	CHAPS CHARGE	15.00		2,909,948.94 CR
12-Feb-08	37472719		TRF	LOAN ZIRCON PROP	1,000.00		
12-Feb-08	37472720		TRF	LOAN LGIOM P/DIV	15,000.00		
12-Feb-08	37472745		TRF	LOAN OCTAVIO VENTU	50.00		2,893,898.94 CR
13-Feb-08	37483894		MMD	To Fixed Contract	2,000,000.00		
13-Feb-08	37495341		TRF	LOAN SILVER LEAF		35,000.00	
13-Feb-08	37495344		TRF	LOAN LGIUK	30,000.00		898,898.94 CR
14-Feb-08	37513413		TRF	LOAN FIN TUTORS IN	475.00		898,423.94 CR
15-Feb-08	37483894	13-Feb	MMD	REV- To Fixed Contra		2,000,000.00	
15-Feb-08	37483894	13-Feb	MMD	To Fixed Contract	2,000,000.00		
15-Feb-08	37483894		MMD	From Fixed Contract		2,000,000.00	
15-Feb-08	37483894		MMD	GROSS INT PAYMENT		551.23	
15-Feb-08	37483894		CHG	Breakage & Int. Fees	173.97		
15-Feb-08	37530450		TRF	LOAN ZIRCON	180,000.00		
15-Feb-08	37532337		TRF	LOAN LGP GINGER	500,000.00		
15-Feb-08	37532341		TRF	LOAN LGP GINGER	340,000.00		
15-Feb-08	37532362		TRF	LOAN LGP GR14	416.50		1,878,384.70 CR
18-Feb-08	37545734		OPO	TFR LGIOM BARC	272,670.00		
18-Feb-08	37545734		CHG	CHAPS CHARGE	15.00		
18-Feb-08	37545735		OPO	LG Struct Fund18/2	139,500.00		
18-Feb-08	37545735		CHG	CHAPS CHARGE	15.00		
18-Feb-08	37546287		TRF	ZWICKER H PICS		35,000.00	
18-Feb-08	37546288		TRF	PENSION- BREWIS PICS		45,000.00	
18-Feb-08	37546290		TRF	OLERENSHAW J PICS		9,500.00	
18-Feb-08	37546293		TRF	HODGSON M&D PICS		50,000.00	1,605,684.70 CR
19-Feb-08	37566037		TRF	LOAN LG PROP RED	250.00		
19-Feb-08	37566384		TRF	REPAY LN SILVER ST	500,000.00		
19-Feb-08	37566385		TRF	REPAY LN SILVER ST	200,000.00		
19-Feb-08	37566386		TRF	REPAY LN HENIS GRO	100,000.00		
19-Feb-08	37568418		TRF	REPAY LN MAYWORTH	180,000.00		
19-Feb-08	37568419		TRF	REPAY LN RIVERLAND	60,000.00		
19-Feb-08	37570773		TRF	LOAN LG PROP EUCHA	100,000.00		465,434.70 CR
20-Feb-08	37586053		TRF	LOAN OCTAVIO VENTU	293,600.00		
20-Feb-08	37588369		TRF	LOAN LG STRUC CAP		125,550.00	297,384.70 CR
21-Feb-08	37611752		TRF	NEDCOR SHARE PROFIT		50,884.83	
21-Feb-08	37611761		TRF	SUSSMAN CLIVE		3,914.22	
21-Feb-08	37611762		TRF	H CASPER LG SETTLEME		3,914.22	
21-Feb-08	37612122		TRF	LOAN REPAY OCTAVIO		293,600.00	
21-Feb-08	37612138		TRF	LOAN LGP GINGER	444,400.00		205,297.97 CR

Note: Unless otherwise stated, value date = transaction date

BAC - Automated Credit BGC - Bank Giro Credit CHG - Charges CHQ - Cheque CR - Credit Balance D/D - Direct Debit DFT - Draft Issue
 DR - Debit Balance FTL - Fixed Term Loan FX - Foreign Exchange INT - Interest IPO - Inward Payment MMD - Money Market Deposit
 OPO - Outward Payment REF - Transaction Reference Number REV - Reversal S/O - Standing Order TRF - Internal Transfer TXN - Transaction

Statement For: **LOUIS GROUP INTERNATIONAL HOLDINGS LIMITED**

Account Type: **Cash Management Account**
 Account Number: **5880-58316250**
 IBAN: **GB08RBOS16588058316250**
 BIC: **RBOSIMDX**
 Currency: **POUNDS STERLING**
 Date: **28-Mar-08**

Isle of Man Branch,
 PO Box 151,
 Royal Bank House, 2 Victoria Street,
 DOUGLAS, IM99 1NJ.
 Isle of Man
 Tel: 01624 646464

00028030100235013009

DATE	OUR REF.	VALUE DATE	TXN TYPE	DETAILS	WITHDRAWN	PAID IN	BALANCE
				CARRIED FORWARD			205,297.97 CR
21-Feb-08	37613915		TRF	LOAN LGI EUROPE	100.00		
21-Feb-08	37613916		TRF	LOAN LG PROP ASTER	2,700.00		
21-Feb-08	37613917		TRF	LOAN LG INV BLOOM	430.00		
21-Feb-08	37613921		TRF	LOAN LGI AZALEA	420.06		
21-Feb-08	37613922		TRF	LOAN LG PROP ANGEL	4,070.94		
21-Feb-08	37613923		TRF	LOAN LG PROP CYNAR	3,525.00		
21-Feb-08	37613924		TRF	LOAN LGP AZALEA	2,571.52		
21-Feb-08	37613925		TRF	LOAN LGP RSG	2,098.84		
21-Feb-08	37613926		TRF	LOAN LGP ANEMONE	3,462.80		
21-Feb-08	37613927		TRF	LOAN LG PROP MONAR	4,120.88		
21-Feb-08	37613928		TRF	LOAN LG PROP PROTE	4,217.12		
21-Feb-08	37613929		TRF	LOAN LGP DIANTHUS	3,386.80		
21-Feb-08	37613933		TRF	LOAN LGP GREY	1,854.05		
21-Feb-08	37613959		TRF	LOAN LG INV ANGELI	38.00		172,301.96 CR
22-Feb-08	37630821		TRF	LOAN LGSC		1,000,000.00	
22-Feb-08	37630822		TRF	LOAN LGSC		1,700,000.00	
22-Feb-08	37630835		TRF	LOAN LGP GINGER	10,000.00		
22-Feb-08	37630988		TRF	REPAY LOAN ZIRCON		280,000.00	
22-Feb-08	37635042		TRF	LOAN LG INV LOTUS	10,000.00		
22-Feb-08	37635208		BAC	LOAN LGP ACACIA	88.13		
22-Feb-08	37635208		CHG	TWO DAY PAYMENT	0.50		
22-Feb-08	37635210		BAC	LOAN LGP SAGE	178.26		
22-Feb-08	37635210		CHG	TWO DAY PAYMENT	0.50		3,132,036.57 CR
25-Feb-08	37655807		TRF	LOAN LG PROP GINGE	10,000.00		
26-Feb-08	37680609		TRF	LOAN LGI EUROPE	500,000.00		
26-Feb-08	37680610		TRF	LOAN LGI EUROPE	500,000.00		
26-Feb-08	37680961		TRF	LOAN LGI EUROPE	500,000.00		
26-Feb-08	37680962		TRF	LOAN LGI EUROPE	92,000.00		
26-Feb-08	37680994		TRF	LOAN LGI UK LTD		500,000.00	
26-Feb-08	37680995		TRF	LOAN LGI UK LTD		500,000.00	
26-Feb-08	37680996		TRF	LOAN LGI UK LTD		500,000.00	3,030,036.57 CR
27-Feb-08	37673032		FX	NZD 3,789.13	1,566.33		
27-Feb-08	37698663		TRF	LOAN LGP ALPINIA	15,000.00		
27-Feb-08	37704870		OPO	Loan Deon clients	500,000.00		
27-Feb-08	37704870		CHG	CHAPS CHARGE	15.00		
27-Feb-08	37704871		OPO	Loan Deon clients	37,925.48		
27-Feb-08	37704871		CHG	CHAPS CHARGE	15.00		2,475,514.76 CR
28-Feb-08	37724541		OPO	ASTWOOD LAW C/A	3,442.75		
28-Feb-08	37724541		CHG	CHAPS CHARGE	15.00		2,472,057.01 CR
29-Feb-08	37724540		OPO	LOAN-Place onthe B	626.01		
29-Feb-08	37724540		CHG	SWIFT CHARGE	20.00		
29-Feb-08	37732339		OPO	LOAN-Place onthe B	1,038.73		
29-Feb-08	37732339		CHG	SWIFT CHARGE	20.00		
29-Feb-08	37732461		TRF	GREGORY J FIX INCOME		10,000.00	
29-Feb-08	37746798		TRF	RIVERLAND CAP SETT	4,538.80		
29-Feb-08	37746799		TRF	SUNSTONE LOAN INTE	1,204.06		
29-Feb-08	37746800		TRF	LOAN INTEREST LYSI	41,585.43		
29-Feb-08	37746803		TRF	LOAN SETTLE LYSIS	188,949.91		2,244,074.07 CR

Note: Unless otherwise stated, value date = transaction date

BAC - Automated Credit BGC - Bank Giro Credit CHG - Charges CHQ - Cheque CR - Credit Balance D/D - Direct Debit DFT - Draft Issue
 DR - Debit Balance FTL - Fixed Term Loan FX - Foreign Exchange INT - Interest IPO - Inward Payment MMD - Money Market Deposit
 OPO - Outward Payment REF - Transaction Reference Number REV - Reversal S/O - Standing Order TRF - Internal Transfer TXN - Transaction

Appendix 7 - Listing of Entities

Appendix 7 – Louis Group Entities

The following list includes 135 companies on the Isle of Man Companies register that have been identified by the Inspectors as having some sort of relationship with the Louis Group. These include;

- Entities believed to be part of the Louis Group.
- Entities which, from a review transactions in the bank statements of LGSPI, are/have been involved in transactions with the LGSPI and are registered at the LGIOM's Bucks Road address.

Company Name	Company Number	Status	Entity Type	Abbreviated name used by Inspectors for Analysis
LOUIS GROUP INVESTMENTS RED LIMITED	000213V	DISSOLVED	New Manx Vehicle	RED
LOUIS GROUP INVESTMENTS PINK 2 LIMITED (formerly 'Louis Group Investments Grey limited')	000214V	LIVE	New Manx Vehicle	
LOUIS GROUP INVESTMENTS PINK LIMITED	000215V	LIVE	New Manx Vehicle	
LOUIS GROUP INVESTMENTS 18 LIMITED (formerly 'Louis Group Properties Red Limited')	000216V	LIVE	New Manx Vehicle	
LOUIS GROUP PROPERTIES GREY LIMITED	000217V	DISSOLVED	New Manx Vehicle	
LOUIS GROUP PROPERTIES PINK LIMITED	000218V	LIVE	New Manx Vehicle	
LOUIS GROUP PROPERTIES RSG LIMITED	000282V	LIVE	New Manx Vehicle	RSG
LOUIS GROUP INVESTMENTS 116 LIMITED	000304V	STRUCKOFF	New Manx Vehicle	
LOUIS GROUP PROPERTIES GR14 LIMITED	000526V	LIVE	New Manx Vehicle	
LOUIS GROUP PROPERTIES GR12 LIMITED	000527V	LIVE	New Manx Vehicle	
LOUIS GROUP PROPERTIES GR11 LIMITED	000528V	LIVE	New Manx Vehicle	
LOUIS GROUP INVESTCO PINK LIMITED	000584V	LIVE	New Manx Vehicle	PINK
LG PROPERTIES LOTUS LIMITED (formerly 'Louis Group Properties UK11 Limited')	000621V	LIVE	New Manx Vehicle	LOTUS
LG PROPERTIES LAVENDER LIMITED	000833V	STRUCKOFF	New Manx Vehicle	LAVENDER
LG PROPERTIES AZALEA LIMITED	000834V	STRUCKOFF	New Manx Vehicle	AZALEA
LG PROPERTIES ANGELICA LIMITED	000835V	LIVE	New Manx Vehicle	ANGELICA
LG INVESTMENTS LAVENDER LIMITED	000836V	LIVE	New Manx Vehicle	LAVENDER
LG INVESTMENTS AZALEA LIMITED	000837V	LIVE	New Manx Vehicle	AZALEA
LG INVESTMENTS MARIGOLD LIMITED	000838V	LIVE	New Manx Vehicle	
LG INVESTMENTS ANGELICA LIMITED	000839V	LIVE	New Manx Vehicle	ANGELICA

SILVER ARROW LIMITED	000887V	LIVE	New Manx Vehicle	SILVER ARROW
LGM PROPERTY SERVICES LTD	000909V	LIVE	New Manx Vehicle	
LG (SWITZERLAND) LIMITED	000916V	LIVE	New Manx Vehicle	
LGRMB INVESTMENTS LIMITED	000917V	DISSOLVED	New Manx Vehicle	
LG INVESTMENTS LOTUS LIMITED	000959V	LIVE	New Manx Vehicle	LOTUS
LG PROPERTIES ASTER LIMITED	001011V	LIVE	New Manx Vehicle	ASTER
LG PROPERTIES DIANTHUS LIMITED	001012V	LIVE	New Manx Vehicle	DIANTHUS
LG PROPERTIES ANEMONE LIMITED	001013V	STRUCKOFF	New Manx Vehicle	
LG PROPERTIES PROTEA LIMITED	001146V	LIVE	New Manx Vehicle	PROTEA
LG INVESTMENTS PROTEA LIMITED	001147V	LIVE	New Manx Vehicle	PROTEA
LG INVESTMENTS DIANTHUS LIMITED	001148V	STRUCKOFF	New Manx Vehicle	DIANTHUS
SILVER STAR ESTATES (PCC) LIMITED	001168V	LIVE	New Manx Vehicle	SILVER STAR
LOUIS GROUP (GULF) LIMITED	001188V	DISSOLVED	New Manx Vehicle	
LG PROPERTIES CYNARA LIMITED	001214V	LIVE	New Manx Vehicle	CYNARA
LG PROPERTIES ALPINIA LIMITED	001390V	LIVE	New Manx Vehicle	ALPINIA
LG PROPERTIES SCILLA LIMITED	001391V	STRUCKOFF	New Manx Vehicle	SCILLA
LG PROPERTIES MONARDA LIMITED	001392V	LIVE	New Manx Vehicle	MONARDA
LG PROPERTIES EUCHARIS LIMITED	001393V	LIVE	New Manx Vehicle	EUCHARIS
LYSIS PROPERTIES (PCC) INC.	001522V	LIVE	New Manx Vehicle	LYSIS
LG PROPERTIES CHELONE LIMITED	001670V	LIVE	New Manx Vehicle	CHELONE
LG PROPERTIES TAZETTA LIMITED	001671V	LIVE	New Manx Vehicle	TAZETTA
LG PROPERTIES JERSEY LIMITED	001672V	DISSOLVED	New Manx Vehicle	
LG PROPERTIES GINGER LIMITED	001673V	LIVE	New Manx Vehicle	GINGER
LG PROPERTIES KANSAS LIMITED	001674V	DISSOLVED	New Manx Vehicle	
LG INVESTMENTS PEONY LIMITED	001675V	LIVE	New Manx Vehicle	PEONY
LG INVESTMENTS PLUME LIMITED	001765V	LIVE	New Manx Vehicle	
LG INVESTMENTS ORCHID LIMITED	001766V	LIVE	New Manx Vehicle	ORCHID
LG INVESTMENTS BLOOM LIMITED	001767V	LIVE	New Manx Vehicle	BLOOM
LOUIS GROUP PROPERTIES BLUE LIMITED	001769V	LIVE	New Manx Vehicle	
LOUIS GROUP INVESTMENTS BLUE LIMITED	001770V	LIVE	New Manx Vehicle	BLUE

MEIKLE LIMITED	001888V	LIVE	New Manx Vehicle	MEIKLE
KINGARTH LIMITED	001890V	LIVE	New Manx Vehicle	KINGARTH
LG INVESTMENTS ACACIA LIMITED	002017V	LIVE	New Manx Vehicle	ACACIA
LG INVESTMENTS GERANIUM LIMITED	002018V	LIVE	New Manx Vehicle	GERANIUM
LG INVESTMENTS ROSEBAY LIMITED	002019V	LIVE	New Manx Vehicle	ROSEBAY
LG INVESTMENTS PRIVET LIMITED	002020V	LIVE	New Manx Vehicle	PRIVET
LG INVESTMENTS REED LIMITED	002021V	LIVE	New Manx Vehicle	REED
LOUIS GROUP CAPITAL (IOM) LIMITED (formerly 'LG INVESTMENTS AMARANTH LIMITED')	002022V	LIVE	New Manx Vehicle	
LG PROPERTIES BALM LIMITED	002023V	DISSOLVED	New Manx Vehicle	
LG PROPERTIES PERSIAN LIMITED	002024V	LIVE	New Manx Vehicle	PERSIAN
LG INVESTMENTS ORANGE LIMITED (formerly 'LG Properties Orange Limited')	002025V	LIVE	New Manx Vehicle	
LG PROPERTIES LARCH LIMITED	002026V	DISSOLVED	New Manx Vehicle	
LG PROPERTIES SAGE LIMITED	002027V	LIVE	New Manx Vehicle	SAGE
LG PROPERTIES LICHEN LIMITED	002028V	LIVE	New Manx Vehicle	
LG INVESTMENTS LARCH LIMITED	002560V	STRUCKOFF	New Manx Vehicle	
LG INVESTMENTS BEGONIA LIMITED	002623V	LIVE	New Manx Vehicle	BEGONIA
LG INVESTMENTS JASMINE LIMITED	002624V	LIVE	New Manx Vehicle	JASMINE
LG INVESTMENTS SUNFLOWER LIMITED	002638V	STRUCKOFF	New Manx Vehicle	
LG PROPERTIES SAFFRON LIMITED	002639V	LIVE	New Manx Vehicle	SAFFRON
LG PROPERTIES SENNA LIMITED	002640V	DISSOLVED	New Manx Vehicle	
LG INVESTMENTS ELDERBERRY LIMITED	002641V	STRUCKOFF	New Manx Vehicle	
LG PROPERTIES WILLOW LIMITED	002642V	STRUCKOFF	New Manx Vehicle	WILLOW
LG PROPERTIES PETUNIA LIMITED	002643V	STRUCKOFF	New Manx Vehicle	PETUNIA
LG INVESTMENTS DAHLIA LIMITED	002644V	STRUCKOFF	New Manx Vehicle	
LG PROPERTIES VIOLA LIMITED	002645V	LIVE	New Manx Vehicle	VIOLA
LG PROPERTIES MAGNOLIA LIMITED	002646V	STRUCKOFF	New Manx Vehicle	
LG INVESTMENTS BANKSIA LIMITED	002865V	STRUCKOFF	New Manx Vehicle	
LOUIS GROUP SLN LIMITED	002877V	LIVE	New Manx Vehicle	LGSLN
LG EUROPEAN PROPERTY (IOM) LIMITED	002947V	STRUCKOFF	New Manx Vehicle	
SUN STONE LIMITED	003781V	LIVE	New Manx	SUNSTONE

			Vehicle	
SPRING GROVE LIMITED	003784V	LIVE	New Manx Vehicle	SPRING
MAYWORTH PROPERTIES LIMITED	003786V	LIVE	New Manx Vehicle	MAYWORTH
LGI PROPERTY HOLDINGS (GERMANY) LIMITED	004093V	LIVE	New Manx Vehicle	GERMANY
LGI PROPERTY HOLDINGS (GERMANY) 2 LIMITED	004094V	LIVE	New Manx Vehicle	GERMANY
LGI PROPERTY HOLDINGS (GERMANY) 3 LIMITED	004095V	LIVE	New Manx Vehicle	GERMANY
LOUIS GROUP INVESTMENTS YELLOW LIMITED	004096V	LIVE	New Manx Vehicle	YELLOW
SILVER LEAF PROPERTIES LIMITED	004099V	LIVE	New Manx Vehicle	SILVER LEAF
LOUIS GROUP PROFESSIONAL FUNDING PLC	004905V	DISSOLVED	New Manx Vehicle	
LG SP Investments Ltd (formerly 'Louis Group International Holdings Limited')	005152F	LIVE	Foreign company	LGSPI
LOUIS GROUP (IOM) SERVICES LIMITED	005581V	LIVE	New Manx Vehicle	
ZIRCON PROPERTIES LIMITED	007795V	LIVE	New Manx Vehicle	ZIRCON
LOUIS GROUP INTERNATIONAL TRUSTEES ISLE OF MAN	017794B	LIVE	Business name	
LOUIS GROUP TRUSTEES	020179B	DISSOLVED	Business name	
LOUIS GROUP FINANCIAL SERVICES	020517B	DISSOLVED	Business name	
LOUIS GROUP PROPERTIES	020622B	DISSOLVED	Business name	
LOUIS GROUP PROPERTIES (EUROPE)	020780B	DISSOLVED	Business name	
LOUIS GROUP TRUSTEES (IOM)	021002B	DISSOLVED	Business name	
LOUIS GROUP ISLE OF MAN	021556B	LIVE	Business name	
LOUIS GROUP	021607B	LIVE	Business name	
LOUIS GROUP SERVICES	022595B	LIVE	Business name	
LOUIS GROUP INTERNATIONAL NOMINEES (ONE) LIMITED	032627C	LIVE	IOM Company	
LOUIS GROUP SECRETARIAL LIMITED	053155C	LIVE	IOM Company	
LG Nominees (IOM) Limited	070982C	DISSOLVED	IOM Company	
Brantwood Corporation Limited	072269C	LIVE	IOM Company	BRANTWOOD
LOUIS GROUP (ISLE OF MAN) LIMITED	092332C	DISSOLVED	IOM Company	
LOUIS GROUP (IOM) LIMITED (formerly 'Louis Group International Trustees Limited')	105452C	LIVE	IOM Company	LGIOM
LE PLATINE FONDATION LIMITED	106196C	DISSOLVED	IOM Company	LE PLATINE FONDATION
LGI PROPERTY HOLDINGS (GERMANY) 2 LIMITED	112110C	DISSOLVED	IOM Company	GERMANY

LOUIS GROUP INTERNATIONAL NOMINEES (TWO) LIMITED	112766C	LIVE	IOM Company	LGINT2
OCTAVIO VENTURES LIMITED	112769C	LIVE	IOM Company	OCTAVIO
LGI PROPERTY HOLDINGS (GERMANY) 3 LIMITED	113157C	DISSOLVED	IOM Company	GERMANY
VIRTUE INVESTMENT HOLDINGS LIMITED	114932C	LIVE	IOM Company	VIRTUE
LGI LAND SECURITIES LIMITED	115283C	LIVE	IOM Company	LGI LAND SECURITIES
LGI PROPERTIES PLATINUM LIMITED	115630C	LIVE	IOM Company	PLATINUM
LGI PROPERTIES EMERALD LIMITED	115631C	LIVE	IOM Company	EMERALD
LGI PROPERTIES DIAMOND LIMITED	115632C	LIVE	IOM Company	
LGI PROPERTIES RUBY LIMITED	115633C	LIVE	IOM Company	
LGI PROPERTIES TOPAZ LIMITED	115638C	LIVE	IOM Company	TOPAZ
LGI PROPERTIES SAPPHIRE LIMITED	115645C	LIVE	IOM Company	
LGI PROPERTIES AMETHYST LIMITED	115780C	LIVE	IOM Company	
LGI PROPERTY HOLDINGS (GERMANY) LIMITED	115998C	DISSOLVED	IOM Company	
LGI PROPERTY HOLDINGS (GERMANY) 4 LIMITED	116372C	LIVE	IOM Company	
LGI PROPERTIES BERYL LIMITED	117534C	LIVE	IOM Company	
LGI PROPERTIES CRYSTAL LIMITED	117535C	LIVE	IOM Company	
LGI PROPERTIES JASPER LIMITED	117536C	LIVE	IOM Company	JASPER
LOUIS GROUP PROPERTIES (GERMANY) LIMITED	117590C	LIVE	IOM Company	GERMANY
LOUIS GROUP PROFESSIONAL FUNDING PLC	117736C	DISSOLVED	IOM Company	
LOUIS GROUP INVESTMENTS YELLOW LIMITED	117814C	DISSOLVED	IOM Company	YELLOW
LOUIS GROUP INVESTMENTS WHITE LTD (formerly 'Louis Group Properties Yellow Limited')	117815C	LIVE	IOM Company	WHITE
LOUIS GROUP INVESTMENTS BLUE LIMITED	117817C	DISSOLVED	IOM Company	
LOUIS GROUP PROPERTIES BLUE LIMITED	117818C	DISSOLVED	IOM Company	
LOUIS GROUP PROFESSIONAL SERVICES LIMITED	117925C	DISSOLVED	IOM Company	
LOUIS GROUP STRUCTURED CAPITAL LIMITED	119116C	LIVE	IOM Company	LGSC
LOUIS GROUP STRUCTURED FUND PLC	119150C	LIVE	IOM Company	LGSF or Company
LOUIS GROUP PROFESSIONAL CAPITAL LIMITED	119151C	LIVE	IOM Company	

Appendix 8 - Listing of the largest payments from LGSPI to LGIE

Appendix 8 – Listing of the largest payments identified from LGSPI to LGIE from analysis of LGSPI bank accounts

Date	Reference	Description per Statement	Payment £
26-Feb-08	37680961	LOAN LGI EUROPE	500,000
26-Feb-08	37680610	LOAN LGI EUROPE	500,000
26-Feb-08	37680609	LOAN LGI EUROPE	500,000
11-Nov-08	42763080	LOAN LGI EUROPE	300,000
07-oct-08	42203677	LOAN LGI EUROPE	200,100
06-Mar-09	44876969	LOAN LGIE	110,000
24-Nov-08	42953562	LOAN LGI EUROPE LT	100,000
19-Nov-08	42888832	LOAN LGI EUROPE LT	100,000
Total			2,310,000

Appendix 9 – LGSF Financial Statements for the year ended 28 February 2011

Louis Group Structured Fund Plc

Financial statements

**For the year
ended
28 February 2011**

Louis Group Structured Fund Plc

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Balance sheet by class	21 - 22

Louis Group Structured Fund Plc

Summary of Directors, Officers and Advisors

Directors	Robert Easton Ian Bancroft Andrew Nardone	
Secretary	Lynn Keig	
Registered Office	Louis Building 29 Bucks Road Douglas Isle of Man IM1 3DE	
Company Number	119150C	
Administrator	Cayman National Fund Services (Isle of Man) Limited Cayman National House 4-8 Hope Street Douglas Isle of Man IM1 1AQ	
Custodian	Cayman National Bank & Trust Company (Isle of Man) Limited Cayman National House 4-8 Hope Street Douglas Isle of Man IM1 1AQ	
Legal Advisors	Simcocks Advocates Limited Ridgeway House Ridgeway Street Douglas Isle of Man IM1 1EB	Callin Wild Bank Chambers 15-19 Athol Street Douglas Isle of Man IM1 1LB
Loan Administration Agent	Louis Group Structured Capital Limited Louis Building 29 Bucks Road Douglas Isle of Man IM1 3DE	
Auditors	Grant Thornton Chartered Accountants Third Floor Exchange House 54-58 Athol Street Douglas Isle of Man IM1 1JD	

Louis Group Structured Fund Plc

Glossary

Certain terms and abbreviations used in these financial statements have specific meanings as set out below:

"Board" means the board of directors

"FSC" means the Isle of Man Financial Supervision Commission

"Fund" means Louis Group Structured Fund Plc

"LGSC" means Louis Group Structured Capital Limited

"LGIE" means Louis Group International (Europe) Limited

"LGSPI" means LG SP Investments Limited, formerly Louis Group International Holdings Limited

Louis Group Structured Fund Plc

Directors' Report

The directors present their report and the audited financial statements of the Fund for the year ended 28 February 2011, which show the state of the company's affairs.

Incorporation

The Fund was incorporated as a public limited liability company on 12 March 2007 under the Companies Acts 1931 to 2004 of the Isle of Man. The Fund is an open-ended investment company of unlimited duration that complies with the conditions of the Financial Supervision Commission Collective Investment Schemes (Experienced Investor Fund) Regulations 2010 of the Isle of Man, and as such is a Legacy Experienced Investor Fund under those Regulations.

Principal activity and current status of affairs

The principal activity of the Fund is providing competitive property-backed structured finance, as well as structured mezzanine funding, by way of loans not exceeding a term of 60 months, through an appointed Loan Administration Agent, to investors and developers of commercial, industrial, retail and residential property.

The Fund was suspended on 11 February 2010 because the directors were unable to determine the value of the underlying investments of the Fund. While valuation issues need to be addressed each year, there is also a lack of liquidity. Consequently, the directors requested LGSC to develop, and have since received, a strategy for the realisation of the underlying property investments to enable it to repay its loans to the Fund on a timely basis. It is, however, apparent that the market conditions are making it difficult for LGSC to achieve this strategy in a timely way and it is likely to seek an extension beyond the current term of the loan in an attempt to extract a higher recovery. This makes it difficult for the directors to remove the suspension of the Fund to repay its investors in a timely manner. In the meantime, the Fund remains suspended.

To improve the ability of its borrowers to maintain solvency and the value of the underlying assets, LGSC has requested that the Fund maintain the reduced rate of interest that was agreed by the directors last year. The directors have agreed to the extension of the current terms.

In parallel with the strategy agreed with LGSC, the Board has been in discussion with Dr Alan Louis with a view to seeking an alternative solution.

During the course of the year ended 28 February 2010 the auditors considered the application of the loan made by the Fund to LGSC and whether the funds had subsequently been provided to Approved Parties in respect of Approved Real Estate in line with the terms of the Fund's offering document and the agreement between the Fund and LGSC. The directors accordingly received Isle of Man legal advice on this issue. This advice concluded that the provision of a loan by the Fund to LGSC and subsequently lent by LGSC to LGSPI appeared to be in line with the objectives of the Fund, that LGSPI was an Approved Party and the funds provided to it by LGSC were used for Approved Purposes. In addition, the opinion stated that the Fund had fulfilled its responsibility to take reasonable steps to ensure that funds paid into the Fund were used by Approved Parties for Approved Purposes.

Following the receipt of this legal opinion, the FSC issued a direction to the Fund to explain whether approximately £6.5m of funds lent by the Fund to LGSC and subsequently lent by LGSC to LGSPI had then been provided to Approved Parties and used for Approved Purposes. The Fund provided the FSC with information in answer to this direction. On 30th March 2012 the FSC obtained an Order of the Isle of Man Court to appoint Inspectors to investigate six specific loans made by LGSPI to LGIE and subsequently lent to other parties amounting to approximately £6.5m and the ultimate use to which these loans were put. The Order stipulated that the investigation and knowledge of the proceedings be restricted to noticed parties, which on 25th May was extended to include the Auditor. As a consequence, at the date of this report, these financial statements are not to be released to shareholders or any party not covered by the Order.

In the meantime, discussions with Dr Alan Louis seeking an alternative solution have been suspended.

Louis Group Structured Fund Plc

Directors' Report (continued)

Results and transfer to reserves

The results for the period are set out on page 8.

The directors do not propose the payment of a dividend and recommend that the net loss of £3,121,915 (2010: Loss £9,580,112) for the year be taken to reserves.

Directors


The directors who served throughout the period and to date are:-

	Appointed	Resigned	<u>Holding</u>
Lynn Keig	12-Mar-07	02-Mar-11	-
Robert Easton	12-Mar-07		-
Andrew Nardone	18-Jun-09		-
Ian Bancroft	12-Sep-09		-
Dirk Mudge	17-Apr-07	31-Mar-10	-

Auditors

The auditors, Grant Thornton, Chartered Accountants, continue in office under the provisions of section 12(2) of the Companies Act 1982.

On behalf of the Board



Secretary

1 June 2012

Louis Group Structured Fund Plc

Statement of Directors' responsibilities in respect of the Directors' Report and financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Isle of Man company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 1931 to 2004. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the auditors are aware of that information.

Louis Group Structured Fund Plc

Independent Auditors' Report to the Members of Louis Group Structured Fund PLC

We have audited the financial statements of Louis Group Structured Fund PLC for the year ended 28 February 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Fund's members, as a body, in accordance with section 15 of the Isle of Man Companies Act 1982. Our audit work has been undertaken so that we might state to the Fund's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Fund's affairs as at 28 February 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Isle of Man Companies Acts 1931 to 2004.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Isle of Man Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

- proper books of account have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Emphasis of Matter – Going Concern and recoverability of the loans receivable

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in notes 9 and 10 to the financial statements and the Report of the Directors concerning the Fund's ability to continue as a going concern and whether the loans receivable and interest on those loans are recoverable.

Louis Group Structured Fund Plc

Independent Auditors' Report to the Members of Louis Group Structured Fund PLC (continued)

Emphasis of Matter – Going Concern and recoverability of the loans receivable (continued)

The Fund incurred a net loss in the year of £3.12m. As at 28th February 2011 there continues to exist significant doubt about the recoverability of the loan made to Louis Group Structured Capital Limited ("LGSC") and also whether interest on that loan will be received. The loan to LGSC is secured by a debenture charging all the assets of LGSC however LGSC has significantly impaired the value of the loans that it has made due to a material fall in the value of collateral provided to it by the companies that it has made loans to. As a result of this, the value of the security provided to the Fund has significantly diminished. As a result of the uncertainty regarding the recoverability of the loan capital and interest from LGSC, the Fund has impaired the value of the amounts due. The uncertainty regarding the receipt by the Fund of loan interest due to it has also adversely impacted the cash flow of the Fund. These conditions, as further explained in notes 9 and 10 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Fund's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Fund was unable to continue as a going concern.

Other Matter

During the course of the audit for the year ended 28 February 2010 we considered the application of the loan provided to LGSC and in particular the loan that it then made to LG SP Investments Limited ("LGSP") (formerly Louis Group International Holdings Limited) and whether the funds had been provided to Approved Parties in respect of Approved Real Estate in line with the terms of the Fund's offering document. We considered this requirement in respect of the loan receivable disclosed in note 4. We encountered difficulties during the audit for the year ended 28 February 2010, in confirming that funds provided to LGSC and from that company then to LGSP had all been used in line with this requirement.

The directors subsequently received Isle of Man legal advice regarding whether funds were provided to Approved Parties for Approved Purposes which concluded that the provision by LGSC of a loan to LGSP appeared to be in line with the objectives of the Fund, that LGSP fell within the definition of an Approved Party and the funds provided to it by LGSC were used for Approved Purposes and that by ensuring LGSC entered into agreement with LGSP, the Fund had discharged its responsibility to take reasonable steps to ensure that funds paid into the Fund are used by approved parties for approved purposes. We make no comment on the legal advice received. Following the receipt of this legal opinion, the Isle of Man Financial Supervision Commission ("FSC") issued a direction to the Fund to explain whether approximately £6.5m of funds lent by LGSC to LGSP had then been provided to approved parties and used for approved purposes. The Fund provided the FSC with information in answer to this direction. We make no further comment on the application of the loans made by the Fund to LGSC, and by LGSC to LGSP and beyond.

On 30th March 2012 the FSC obtained an Order of the Isle of Man Court to appoint inspectors to investigate six specific loans made by LGSP to Louis Group International (Europe) Limited. The loans being investigated originated from loans made by the Fund to LGSC and subsequently lent to LGSP, and the FSC wish to determine that the loans have been made in compliance with the offering document. The inspection had not concluded at the date of signing the audit report.

The Order stipulated that knowledge of these proceedings be restricted to noticed parties and as a consequence of this, at the date of this report, these financial statements are not to be released to shareholders or any party not covered by the Order.



Chartered Accountants
Third Floor
Exchange House
54/58 Athol Street
Douglas
ISLE OF MAN
IM1 1JD

1 June 2012

Louis Group Structured Fund Plc

Profit and loss account for the year ended 28 February 2011

	Note	2011 £	2010 £
Bank interest		59	5,566
Loan interest	4	830,743	1,361,017
Loan interest impairment	10	(830,743)	(1,222,629)
Total income		59	143,954
Expenses			
Administration fee	3	62,072	63,359
Audit fee		12,053	10,575
Bank charges		131	821
Bank interest paid		-	9
Custodian fee	3	10,044	14,606
Foreign exchange loss		44,288	12,465
Loan impairment	10	2,968,234	9,605,451
Miscellaneous fees		25,152	16,780
Total expenses		3,121,974	9,724,066
(Loss) on ordinary activities before and after taxation		(3,121,915)	(9,580,112)

All items in the profit and loss account relate to continuing operations and all gains and losses are recognised therein.

The accompanying notes on pages 12 to 22 form an integral part of the financial statements.

Louis Group Structured Fund Plc

Balance sheet as at 28 February 2011

	Note	2011 £	2010 £
Assets			
Loans receivable	4	16,536,034	19,673,553
Cash and cash equivalents		9,477	117,959
Accrued loan interest	4	-	-
Debtor for management shares		100	100
Total assets		16,545,611	19,791,612
Liabilities			
Other payables	5	36,449	36,885
Redemptions payable	5	1,571,383	422,280
Total liabilities	5	1,607,832	459,165
Net assets		14,937,779	19,332,447
Equity shareholders' funds			
Management shares	6	100	100
Participating shares	6	247	261
Share premium		25,905,434	27,229,317
Retained earnings		(10,968,002)	(7,897,231)
Equity shareholders' funds		14,937,779	19,332,447

The accompanying notes on pages 12 to 22 form an integral part of the financial statements.

The financial statements were approved by the directors on 1 June 2012 and signed on their behalf by:



Ian Bancroft
Director



Robert Easton
Director

Louis Group Structured Fund Plc**Statement of changes in net assets attributable to the holders of redeemable shares
for the year ended 28 February 2011**

	Share Capital £	Share Premium £	Retained Earnings £	Total £
Balance at 1 March 2009	246	25,476,173	1,686,113	27,162,532
Changes in net assets attributable to holders of redeemable shares resulting from operations	-	-	(9,580,112)	(9,580,112)
Issue of redeemable shares	60	6,796,042	-	6,796,102
Redemption of redeemable shares	(44)	(4,933,640)	-	(4,933,684)
Currency translation	(1)	(109,258)	(3,232)	(112,491)
Balance at 28 February 2010	261	27,229,317	(7,897,231)	19,332,347

	Share Capital £	Share Premium £	Retained Earnings £	Total £
Balance at 1 March 2010	261	27,229,317	(7,897,231)	19,332,347
Changes in net assets attributable to holders of redeemable shares resulting from operations	-	-	(3,121,915)	(3,121,915)
Issue of redeemable shares	-	-	-	-
Redemption of redeemable shares	(11)	(1,151,952)	-	(1,151,963)
Currency translation	(3)	(171,931)	51,144	(120,790)
Balance at 28 February 2011	247	25,905,434	(10,968,002)	14,937,679

The accompanying notes on pages 12 to 22 form an integral part of the financial statements.

Louis Group Structured Fund Plc

Cash flow statement for the year ended 28 February 2011

	2011	2010
	£	£
Operating activities		
(Loss) / profit from operating activities	(3,121,915)	(9,580,112)
Loan impairment	2,968,234	9,605,451
Decrease / (increase) in debtors	-	514,209
Increase / (decrease) in creditors	1,148,667	431,273
Cash flows from operating activities	994,986	970,821
Financing activities		
Proceeds from redeemable shares issued	-	6,796,102
Redemption of redeemable shares	(1,151,963)	(4,933,684)
Loans advanced	-	(4,316,909)
Exchange difference	48,495	(112,491)
Cash flows used in financing activities	(1,103,468)	(2,566,982)
Decrease in cash and cash equivalents	(108,482)	(1,596,161)
Cash and cash equivalents at 1 March 2010	117,959	1,714,120
Cash and cash equivalents at 28 February 2011	9,477	117,959

The accompanying notes on pages 12 to 22 form an integral part of the financial statements.

Louis Group Structured Fund Plc

Notes to the financial statements for the year ended 28 February 2011

1 Incorporation and principal activity

The Fund was incorporated as a public limited liability company on 12 March 2007 under the Companies Acts 1931 to 2004 of the Isle of Man. The Fund is an open-ended investment company of unlimited duration that complies with the conditions of the Financial Supervision Commission Collective Investment Schemes (Experienced Investor Fund) Regulations 2010 of the Isle of Man, and as such is a Legacy Experienced Investor Fund under those Regulations.

The principal activity of the Fund is providing competitive property-backed structured finance, as well as structured mezzanine funding, by way of loans not exceeding a term of 60 months, through an appointed Loan Administration Agent, to investors and developers of commercial, industrial, retail and residential property.

There are twenty classes of Share, offered in Sterling, United States Dollars, Euros and Swiss Francs. As at 28 February 2011, ten classes of share were in issue.

A separate income statement and balance sheet is provided for each class on pages 19 and 21 respectively.

As at 28 February 2011, the Fund had no employees. The Fund's registered office is Louis Building, 29 Bucks Road, Douglas, Isle of Man, IM1 3DE. The reporting currency of the financial statements is sterling.

2 Significant accounting policies

In the absence of accounting standards prescribed by law in the Isle of Man, the directors have resolved that the financial statements be prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of preparation

The Fund's shares are issued in Sterling (for classes A1, A2, A3, A4 and A5), United States Dollars (for classes B1, B2, and B5) and Euros (for classes C1 and C2). The measurement currency of each class is its respective currency and not the local currency of the Isle of Man.

Redeemable shares are issued by the Fund and allocated to whichever class is selected by the investor. The proceeds of the issue and the income arising thereon are credited to each class, which also bears expenses attributable to that class. Joint expenses are allocated to each class based upon their relative net asset values. Upon redemption, shareholders are only entitled to their proportion of the net assets held in the class to which their shares have been allocated. Net asset value per share for each class is given in note 11.

The balances at the year end for each class are translated into Sterling at the rates of exchange ruling at the balance sheet date and aggregated to provide the financial statements for the Fund.

Use of estimates

The preparation of financial statements in accordance with UK GAAP 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 income and expenses during the period. Actual results could differ from those estimates.

Income and expenses

Income and expenses have been accounted for on an accruals basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and bank overdrafts.

Loans

Interest bearing loans are initially recorded at fair value, which represents the fair value of the consideration received. Interest is calculated at each valuation point and is derived from the underlying reference rate used by each Fund class.

Louis Group Structured Fund Plc

Notes to the financial statements for the year ended 28 February 2011 (continued)

2 Significant accounting policies (continued)

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are converted into Sterling at the rates of exchange ruling at the balance sheet date.

Transactions denominated in foreign currencies are converted into Sterling at the average exchange rate for the year.

Gains and losses on exchange are taken to the profit and loss account. Exchange differences arising from the results of movements in the share premium account are taken to the statement of changes in net assets attributable to the holders of redeemable shares.

Taxation

The Fund will be subject to tax at 0% on its income in the Isle of Man.

Net asset value per participating share

The net asset value per participating share disclosed in note 12 is calculated in accordance with the Articles of Association by dividing the net assets attributable to each class by the number of redeemable shares issued for each class at the year end.

3 Fees

Administration fee

The Fund pays to the Administrator an annual fee at the rate of 0.20 per cent of the Net Asset Value that does not exceed £10,000,000; and at the rate of 0.15 per cent of that part of the Net Asset Value that exceeds £10,000,000, subject to a minimum of £7,800 per annum per Class for Class A and Class C shares, and a minimum of £2,400 per annum per class for Class B shares.

Custodian fee

The Fund pays to the Custodian an annual fee at the rate of 0.05 per cent of the Net Asset Value, subject to a minimum of £10,000 per annum.

4 Loans receivable	2011	2010
	£	£
Loans receivable	29,109,719	29,279,004
Loan impairment	(12,573,685)	(9,605,451)
Total	16,536,034	19,673,553

Loan interest received	2011	2010
	£	£
Loan interest received	830,743	1,361,017

Loan interest accrued	2011	2010
	£	£
Loan interest accrued	2,044,725	1,222,629
Loan interest impairment	(2,044,725)	(1,222,629)
Total	-	-

Louis Group Structured Fund Plc

Notes to the financial statements for the year ended 28 February 2011 (continued)

4 Loans receivable (continued)

On 16 March 2007 the Fund entered into a Loan Facility Agreement with Louis Group Structured Capital Limited to provide structured mezzanine loans. The purposes were subsequently extended in April 2009 to include competitive property-backed structured finance as well. The loans could be offered in Sterling, United States Dollars, Euros or Swiss Francs and are not subject to an aggregate maximum amount save that they do not exceed the corresponding subscription for participating shares in the Fund. The loans are secured by a debenture charging all the assets of Louis Group Structured Capital Limited to the Fund. The Board became aware that market turbulence was having a detrimental effect on the ability of borrowers to meet their interest obligations, and so felt it prudent to impair the value of loans outstanding by 46.5% (2010: 35.5%). There is provision for the interest rate charged to be re-negotiated on a monthly basis but, since the suspension of the Fund, the interest rate has not been changed and payment of interest has been deferred.

5 Other payables	2011	2010
	£	£
Administration fee	10,299	10,196
Miscellaneous expense	21,811	20,925
Custodian fee	4,339	5,764
Total	36,449	36,885
Redemptions payable	1,571,383	422,280
Total liabilities	1,607,832	459,165

The accounts for the Fund for the prior year and as approved by the Board on 17 February 2011 recognised redemptions payable and outstanding as at 28 February 2010 of £422,280. However, since the financial statements were approved it has been discovered that a number of redemption requests were made immediately prior to the suspension of the Fund on 11 February 2010, but had not been processed at that time. Having taken legal advice, the Board has agreed to accept these redemption requests. The financial statements for the period ended 28 February 2010 have not been restated in respect of these redemptions. The amount payable at 28 February 2011 in respect of such additional redemptions is £1,149,103.

6 Share capital

	2011	2010
Authorised share capital		
100 Management shares of £1.00 par value	£ 100	£ 100
600,000 Unclassified shares of £0.001 par value	£ 600	£ 600
600,000 Unclassified shares of US\$0.001 par value	US\$ 600	US\$ 600
600,000 Unclassified shares of €0.001 par value	€ 600	€ 600
600,000 Unclassified shares of CHF0.001 par value	CHF 600	CHF 600

The Management shares carry the right to one vote at annual general meetings. They do not carry the rights to participate in the profits or assets of the Fund. (Management shares in issue: 100 (2010: 100)).

Unclassified shares (the "participating shares") do not carry the right to vote at general meetings.

Participating shares entitle the holders thereof to any dividends that may be declared in respect of their shares and in the surplus on a winding up after the nominal amount of management shares has been repaid. They may be redeemed at net asset value per share, of the respective share class on any dealing day in accordance with the Fund's articles.

Louis Group Structured Fund Plc

Notes to the financial statements for the year ended 28 February 2011 (continued)

6 Share capital (continued)

Issued share capital

	Class A1 shares	Class A2 shares	Class A3 shares	Class A4 shares	Class A5 shares	Total
Shares of £0.001 each	£	£	£	£	£	£
At 01 March 2010	60	87	37	8	38	230
Issued in period	-	-	-	-	-	-
Redeemed in period	(6)	(4)	-	-	-	(10)
At 28 February 2011	54	83	37	8	38	220

	Class A1 shares	Class A2 shares	Class A3 shares	Class A4 shares	Class A5 shares	Total
Number of shares of £0.001	Number	Number	Number	Number	Number	Number
At 01 March 2010	59,477.54	86,255.66	37,845.59	8,623.43	37,948.01	230,150.23
Issued in period	-	-	-	-	-	-
Redeemed in period	(6,217.63)	(3,864.26)	-	-	-	(10,081.89)
At 28 February 2011	53,259.91	82,391.40	37,845.59	8,623.43	37,948.01	220,068.34

	Class B1 shares	Class B2 shares	Class B5 shares	Total
Shares of US\$0.001 each	US\$	US\$	US\$	US\$
At 01 March 2010	1	1	25	27
Issued in period	-	-	-	-
Redeemed in period	(1)	-	-	(1)
At 28 February 2011	-	1	25	26

	Class B1 shares	Class B2 shares	Class B5 shares	Total
Number of shares of US\$0.001 each	Number	Number	Number	Number
At 01 March 2010	972.68	1,000.00	25,000.00	26,972.68
Issued in period	-	-	-	-
Redeemed in period	(925.50)	-	-	(925.50)
At 28 February 2011	47.18	1,000.00	25,000.00	26,047.18

	Class C1 shares	Class C2 shares	Total
Shares of €0.001 each	EUR	EUR	EUR
At 01 March 2010	9	5	14
Issued in period	-	-	-
Redeemed in period	-	-	-
At 28 February 2011	9	5	15

Louis Group Structured Fund Plc

Notes to the financial statements for the year ended 28 February 2011 (continued)

6 Share capital (continued)

	Class C1 shares Number	Class C2 shares Number	Total Number
Number of shares of €0.001 each			
At 01 March 2010	9,434.99	4,688.90	14,123.89
Issued in period	-	-	-
Redeemed in period	(290.67)	-	(290.67)
At 28 February 2011	9,144.32	4,688.90	13,833.22

The nominal value of participating shares as at the year end is £247, which is made up of £220.08 for GBP shares, £16.03 for USD shares (\$25), and £11.74 for EUR shares (€14).

7 Related party transactions

The aggregate value of transactions and outstanding balances with related parties is as follows:

Entity	Relationship	Transaction Value £	Transaction Value £	Balance Outstanding £
Louis Group Structured Capital Limited	Common directors	Loan advance		
At 01 March 2010			19,673,553	19,673,553
Change in period			(3,137,519)	(3,137,519)
At 28 February 2011			16,536,034	16,536,034

The loan interest receivable as due from L.G.S.C. for the year ended 28th February 2011 amounted to £830,743 (2010: £1,361,017). This was fully impaired at the balance sheet date.

The following entities, which have a director in common with the Fund, are investors at the balance sheet date:

Louis Group Investments 18 Limited (formerly Louis Group Properties Red Limited)
Louis Group International Nominees (TWO) Limited on behalf of Louis Group SLN Ltd
Louis Group (IOM) Limited as trustees of Buckingham Trust
Silver Star Estates (PCC) Limited

Ian Bancroft is Managing Director of Cayman National Bank & Trust Company (Isle of Man) Limited and of Cayman National Fund Services (Isle of Man) Limited, who as custodian and administrator respectively to the Fund, are entitled to fees as outlined in note 3.

All transactions with related parties, are conducted on normal commercial terms and at non-preferential interest rates.

8 Ultimate controlling party

L.G.S.P.I. (formerly Louis Group International Holdings Limited) and L.C.H.E. each hold 50% of the management shares in the Fund. The Louis Family Foundation is considered the ultimate controlling party.

9 Recoverability of loans

Further to note 4 in the notes to the financial statements and having considered that the loans made are not fully recoverable at the year-end, the directors have instigated an asset realisation strategy as set out in the directors report with a view to realising assets in an orderly fashion to maximise recoverability of the loans in the future.

Notes to the financial statements for the year ended 28 February 2011 (continued)

9 Recoverability of loans (continued)

The prospects for realising assets at good value would appear to be diminishing since the initial indicators of a recovery have reversed. The property owning companies have come under severe pressure from their primary lenders who are, in many instances, imposing rental sweeps or requiring compliance with covenants. It appears that scope to renegotiate terms are limited with most banks not supportive of renewing facilities or agreeing new terms. The asset realisation strategy that has been put in place, with a view to realising assets in an orderly fashion to maximise value and build up reserves to meet redemptions when the suspension of the Fund is lifted, has not been able to meet expectations.

10 Loan impairment and suspension of Fund

At a board meeting of the Fund held on 4 December 2009, it was agreed to make an impairment provision of 10% of the face value of loans due and receivable from LGSC, with effect from 01 October 2009, pending further discussions with the directors of LGSC regarding repayment of its obligations to the Fund.

At a meeting held on 11th February 2010 the Board's initial reassessment of the assets of the Fund revealed a level of uncertainty in the total value of the assets such that, in the opinion of the directors, the Net Asset Value could not be ascertained with sufficient certainty. As a result, in accordance with the powers given to the Board under article 35 of the Articles of Association, the Board decided to exercise prudence and to suspend the determination of the NAV while it sought revaluations and further financial information in respect of the underlying assets to provide evidence upon which it can reasonably establish a value. This led the directors to make an impairment as at February 2010 of 35.50%.

The Board has continued to review the valuations received on the underlying assets. It has been found that poor market conditions and the inability of the property company directors to get commitments from their bankers for ongoing support, has resulted in difficulty in ensuring that the asset realisation strategy being carried out by LGSC will produce a reasonably determined outcome. This cannot be ascertained with the level of reliability that would enable the directors to lift its suspension of the Fund. This has necessitated a further impairment of £2,968,234 of capital and £830,743 of accrued interest for the year under review. It is expected that there will be further impairments in the 2012 & 2013 financial years as valuations remain exposed to the economic conditions that are prevailing at this time.

11 Comparatives

The comparative figures for the year ended 28 February 2010 cash flow statement have been restated in accordance with FRS 28 - "Corresponding Amounts", to reclassify the loan impairment of £9,605,451 as part of the operating activities and to restate the loans advanced to £4,316,909. This is to ensure comparability with the current year figures. This reclassification has had no financial impact on the cash and cash equivalents.

Louis Group Structured Fund Plc

12 Net Asset Value per participating share

As at 28 February 2011

	Class A1 £	Class A2 £	Class A3 £	Class A4 £	Class A5 £	Class B1 US\$	Class B2 US\$	Class B5 US\$	Class C1 £	Class C2 £
Net Assets	3,322,283	4,928,363	2,212,273	504,080	2,377,429	2,699	55,352	1,430,022	539,095	259,223
Issued Participating Shares	53,259.91	82,391.40	37,845.59	8,623.43	37,948.01	47.18	1,000.00	25,000.00	9,144.32	4,688.90
Net Asset Value per share	62.38	59.82	58.46	58.45	62.65	57.21	55.35	57.20	58.95	55.28

As at 28 February 2010

	Class A1 £	Class A2 £	Class A3 £	Class A4 £	Class A5 £	Class B1 US\$	Class B2 US\$	Class B5 US\$	Class C1 £	Class C2 £
Net Assets	4,593,053	6,351,448	2,719,536	618,297	2,909,728	68,806	68,330	1,749,709	688,183	320,002
Issued Participating Shares	59,477.54	86,255.66	37,845.59	8,623.43	37,948.01	972.68	1,000.00	25,000.00	9,434.99	4,688.90
Net Asset Value per share	77.22	73.64	71.86	71.70	76.68	70.74	68.33	69.99	72.94	68.25

Louis Group Structured Fund Plc

Profit and loss account by Class

2011	Class A1	Class A2	Class A3	Class A4	Class A5	Class B1	Class B2	Class B5	Class C1	Class C2
	£	£	£	£	£	US\$	US\$	US\$	£	£
Income										
Bank interest	-	-	58	-	-	-	-	-	1	-
Loan interest	154,277	279,748	130,826	31,920	160,486	(1,852)	2,012	80,605	17,382	7,732
Loan interest impairment	(154,277)	(279,748)	(130,826)	(31,920)	(160,486)	1,852	(2,012)	(80,605)	(17,382)	(7,732)
Total income	-	-	58	-	-	-	-	-	1	-
Expenses										
Administration fee	14,682	20,303	8,694	1,977	9,302	235	233	5,968	2,375	1,104
Custodian fee	2,376	3,286	1,407	320	1,506	38	38	966	385	179
Audit fee	2,851	3,942	1,688	384	1,806	46	45	1,159	461	214
Loan impairment	579,898	986,031	491,904	110,736	515,917	(27,467)	10,812	260,945	102,280	54,907
Bank charges	-	-	105	-	-	-	-	-	30	-
Miscellaneous expense	5,950	8,228	3,523	801	3,770	96	95	2,419	963	448
Exchange (gain)/loss	-	-	-	-	-	130	1,756	48,231	12,484	3,928
Total expenses	605,757	1,021,790	507,321	114,218	532,301	(26,922)	12,979	319,688	118,978	60,780
Profit on ordinary activities before and after taxation	(605,757)	(1,021,790)	(507,263)	(114,218)	(532,301)	26,922	(12,979)	(319,688)	(118,977)	(60,780)

Louis Group Structured Fund Plc

Profit and loss account by Class

2010	Class A1	Class A2	Class A3	Class A4	Class A5	Class B1	Class B2	Class B5	Class C1	Class C2
	£	£	£	£	£	US\$	US\$	US\$	£	£
Income										
Bank interest	735	1,668	967	230	1,196	50	12	440	366	146
Loan interest	353,119	423,018	195,566	46,733	219,885	1,468	2,761	94,076	45,393	22,959
Loan interest impairment	(229,722)	(423,017)	(195,566)	(46,733)	(219,884)	(1,468)	(2,761)	(84,398)	(36,339)	(19,034)
Total income	124,132	1,669	967	230	1,197	50	13	10,118	9,420	4,071
Expenses										
Administration fee	17,223	19,271	8,359	2,048	9,325	452	215	5,493	2,553	1,104
Custodian fee	4,927	10,315	4,363	1,047	4,669	32	104	2,437	323	143
Audit fee	3,978	4,659	1,990	438	1,988	57	51	1,291	519	237
Loan impairment	2,341,320	3,132,318	1,326,742	299,369	1,408,886	37,256	35,694	900,311	350,959	161,058
Bank charges	198	110	33	70	129	120	34	177	59	26
Bank interest paid	2	-	-	-	-	-	-	-	-	8
Exchange (gain)/loss	-	-	-	-	-	(1,610)	(94)	925	8,910	5,561
Total expenses	2,367,648	3,166,673	1,341,487	302,972	1,424,997	36,307	36,004	910,634	363,323	168,137
Profit on ordinary activities before and after taxation	(2,243,516)	(3,165,004)	(1,340,520)	(302,742)	(1,423,800)	(36,257)	(35,991)	(900,516)	(353,903)	(164,066)

Louis Group Structured Fund Plc

Balance sheet by Class

2011	Class A1	Class A2	Class A3	Class A4	Class A5	Class B1	Class B2	Class B5	Class C1	Class C2
	£	£	£	£	£	US\$	US\$	US\$	£	£
Assets										
Loans receivable	9,656,124	8,419,627	3,817,850	799,260	3,662,737	256,900	92,000	2,299,000	938,730	386,500
Loan impairment	(2,921,218)	(4,118,348)	(1,818,646)	(410,106)	(1,924,804)	(12,284)	(48,897)	(1,221,559)	(472,010)	(224,579)
Cash and bank balances	(2,324,463)	1,037,587	216,554	115,717	647,326	(148,113)	12,705	364,265	107,752	99,483
Accrued loan interest	384,000	702,766	326,391	78,654	380,371	(384)	4,773	165,003	53,721	26,766
Loan interest provision	(384,000)	(702,765)	(326,391)	(78,654)	(380,371)	384	(4,773)	(165,003)	(53,721)	(26,766)
Total assets	4,410,443	5,338,867	2,215,758	504,871	2,385,259	96,503	55,808	1,441,706	574,472	261,404
Liabilities										
Other payables	6,027	8,147	3,486	792	3,730	773	456	11,685	5,265	2,181
Redemptions payable	1,082,132	402,355	-	-	4,100	93,031	-	-	30,113	-
Total liabilities	1,088,159	410,502	3,486	792	7,830	93,804	456	11,685	35,378	2,181
Net assets attributable to holders of redeemable shares	3,322,284	4,928,365	2,212,272	504,079	2,377,429	2,699	55,352	1,430,021	539,094	259,223

Louis Group Structured Fund Plc

Balance sheet by Class

2010

	Class A1	Class A2	Class A3	Class A4	Class A5	Class B1	Class B2	Class B5	Class C1	Class C2
	£	£	£	£	£	US\$	US\$	US\$	£	£
Assets										
Loans receivable	9,656,124	8,419,627	3,817,850	799,260	3,662,737	256,900	92,000	2,299,000	938,730	386,500
Loan impairment	(2,341,320)	(3,132,317)	(1,326,742)	(299,369)	(1,408,886)	(37,256)	(35,694)	(900,311)	(350,959)	(161,058)
Cash and bank balances	(2,298,707)	1,073,203	231,910	119,184	663,643	(150,067)	12,479	362,662	105,660	96,734
Accrued loan interest	229,722	423,019	195,566	46,733	219,885	1,468	2,761	84,398	36,339	19,034
Loan interest provision	(229,722)	(423,018)	(195,566)	(46,733)	(219,885)	(1,468)	(2,761)	(84,398)	(36,339)	(19,034)
Total assets	5,016,097	6,360,514	2,723,018	619,075	2,917,494	69,577	68,785	1,761,351	693,431	322,176
Liabilities										
Other payables	5,924	8,005	3,425	779	3,665	771	455	11,643	5,248	2,174
Redemptions payable	417,119	1,061	-	-	4,100	-	-	-	-	-
Total liabilities	423,043	9,066	3,425	779	7,765	771	455	11,643	5,248	2,174
Net assets attributable to holders of redeemable shares	4,593,054	6,351,448	2,719,593	618,296	2,909,729	68,806	68,330	1,749,708	688,183	320,002