

Ishaan Real Estate plc

Interim Report

For the six months ended 30 September 2009

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ISHAAN REAL ESTATE PLC
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

The Directors of Ishaan Real Estate plc announce the Company's unaudited results for the six months ended 30 September 2009.

Overview of the six months ended 30 September 2009

Valuation	30 Sep 09	31 Mar 09	Change
Portfolio Value - INR mn	39,610	38,579	+2.7% (2)
Portfolio Value - GBP mn	518 (1)	529 (1)	-2.1% (2)
Reported NAV per share (pence) (3) (4)	78.3	84.0	-6.8%
Adjusted NAV per share (pence) (3) (4)	100.4	109.5	-8.3%

- As at 30 September 2009, rent is being received in respect of c.1.2 million sq. ft. of the portfolio, with an equivalent annualised rental income of c.£6 million.
- Net addition of c.210,000 sq. ft. to the aggregate area let, with terms agreed or under option during the period.
- Pre-sold additional c.77,000 sq. ft. at Vivarea, the premium residential project in Mumbai.
- Financing of INR 21.5 bn (c.£285 million) including debt facilities of INR 17.5 bn (c.£230 million) secured by project SPVs to fund INR 20 bn (c.£265 million) cost of the areas currently under construction.
- Cash deposits of £19.2 million at 30 September 2009.

Since the period end

- Inorbit Mall at Madhapur, Hyderabad is now 77 per cent. let by area and trading with three anchor tenants.
- An aggregate of c.51 per cent. of the saleable residential space has now been pre-sold at Vivarea, with 38,000 sq. ft. since the period end, making a total of 339,000 sq. ft. pre-sold.
- Terms agreed for an additional c.544,000 sq. ft. (including 91,000 sq. ft. under option) at Mindspace Madhapur, Hyderabad; Mindspace Airoli, Navi Mumbai and Inorbit Hyderabad. In total, c.52 per cent. of the lettable area under construction is now let or under option, which aggregates to c.3.1 million sq. ft (including 307,000 sq. ft. under option).

Ian Henderson, Chairman of Ishaan, comments:

“After experiencing the impact of the severe global economic slowdown over the previous year, the last quarter has witnessed some signs of recovery across the Indian real estate market including improved availability of financing. As global markets and economies stabilise, we expect demand for our commercial and retail real estate to pick-up, with our projects positioned to react quickly to improving market conditions.

“In particular, there has been an improvement in demand within the residential sector and we have made good progress with sales in our Vivarea project, which is now 51% pre-sold. We are also pleased with letting activity at our commercial and retail projects in Madhapur, Hyderabad post the period end.

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“Five projects in the portfolio are now yielding rental income and we estimate that a further 1 million sq. ft will be yielding rental income by March 2010. We continue to make progress on the development of our assets and remain confident in the long-term fundamentals of the Indian economy and in our ability to complete these projects successfully and deliver on our investment objectives.”

⁽¹⁾ Exchange rate used for the purpose of this statement is 1GBP = 76.43 INR, the Reserve Bank of India reference rate at 30 September 2009. Exchange rate at 31 March 2009 was 1GBP = 72.86 INR.

⁽²⁾ After adjusting for construction costs incurred in the six month period to 30 September 2009, INR portfolio value has remained flat and GBP portfolio value is down 5%.

⁽³⁾ Reported NAV per share is not considered the best method of evaluating performance as it excludes valuation surpluses attributable to the development properties intended for sale and includes the impact of deferred tax liability on valuation surpluses. Adjusted NAV per share at 30 September 2009 includes all investments at current valuations in proportion to the Group's shareholdings and a provision for a potential income tax liability in respect of the Vivarea project, but excludes the impact of the deferred tax provision on the net assets of the Company and is considered by the Board to be a more appropriate method of evaluating the performance of the Company than Reported NAV per share. Had no provision been made for the potential income tax liability in respect of the Vivarea project, the comparable NAV per share at 30 September 2009 would have been 104.7 pence.

⁽⁴⁾ Reported and Adjusted NAV per share as at 31 March 2009 have been restated on a pro-forma basis to reflect the reduced share capital post the completion of tender offer in April 2009.

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**ISHAAN REAL ESTATE PLC
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

**ISHAAN REAL ESTATE PLC
CHAIRMAN'S STATEMENT**

I am pleased to report the Company's results for the six months ended 30 September 2009.

Results for the six months ended 30 September 2009

The Company made a loss before tax for the period of £ 4.4 million, arising from the cost of investment advisory fees, share of post tax losses of associates and the write-down of investments in the Company's portfolio.

Valuation

The 100 per cent. interests in the properties in the portfolio have been valued by Cushman & Wakefield (India) Pvt. Limited ('Cushman & Wakefield') at 30 September 2009 at a total of INR 39.6 bn. This represents an increase of 2.7 per cent. against a valuation of INR 38.6 bn at 31 March 2009. If construction expenditure capitalised during the period is adjusted for, the portfolio's value remained flat over the period.

After conversion to £ Sterling, the 100 per cent. interests in the properties in the portfolio were valued at £518 million at 30 September 2009, with Ishaan's 40 per cent. interest valued at £207 million, compared to £212 million at 31 March 2009, a decrease of 2.4 per cent (a decrease of 4.9 per cent. after adjusting for construction expenditure capitalised during the period). This decrease in £ Sterling valuation primarily reflects a 4.7 per cent. reduction in value since 31 March 2009 on account of exchange translation loss (the exchange rate moved from INR 72.86 on 31 March 2009 to INR 76.43 on 30 September 2009).

Retail and commercial rental values and yields have generally remained unchanged since the March 2009 valuation, signalling a stabilisation in market conditions in the period. The early signs of economic revival and increasing tenant interest have not yet translated into a resumption of growth in values, although, looking ahead, there are now grounds for more optimism.

The slowdown in the global economy had a brief but immediate impact on proceeds from sales at Vivarea. In the light of this, it was considered strategically beneficial to enhance the project specification, which is reflected in the valuation.

Net Asset Value per Share

All calculations of net asset value per share as at 31 March 2009, unless otherwise indicated, have been restated on a pro-forma basis to reflect the reduction in the Company's issued share capital to 144.9m shares, following the cancellation in April 2009 of shares repurchased in the March 2009 tender offer.

Reported net asset value per share was 78.3p at 30 September 2009 against 84.0p at 31 March 2009. Reported net asset value per share is calculated based on the Group's reported net assets at period end divided by the number of shares in issue and excludes valuation surpluses attributable to the development properties intended for sale.

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INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

Adjusted net asset value per share was 100.4p at 30 September 2009 a decline of 8.3 per cent against 109.5p at 31 March 2009. Adjusted NAV per share is considered by the Board to be a more appropriate method of evaluating the performance of the Company than Reported NAV per share. Adjusted NAV per share includes all investments at current valuations in proportion to the Group's shareholdings in each project and a provision for a potential income tax liability on the Vivarea project.

The Board considers it appropriate to exclude deferred tax provisions for all investment properties in determining Adjusted NAV per share as the Group's exit from its investment in the SPVs holding the Company's projects is not expected to entail the sale of development properties, which would trigger the crystallisation of the deferred tax provision. Recent judicial developments in India have upheld the requirement that acquirers of controlling stakes in Indian companies should withhold Indian tax from consideration payable to overseas sellers. These judicial developments are tentative and inconclusive about the ultimate Indian tax liability of the overseas sellers on gains from the divestment of controlling stakes in Indian companies, and also about their applicability to divestment by overseas sellers of minority stakes in Indian companies. Given these uncertainties, the Board considered it pre-mature to include any provision in respect of deferred tax provisions, in determining the Adjusted NAV per share.

Project Progress

The Portfolio includes nine development projects in or around the Indian cities of Mumbai, Hyderabad, Bangalore and Pune. All four SEZ projects in the portfolio are now approved and formally notified as SEZs. The nine Projects in the portfolio have an aggregate planned built up area of c.22.1 million sq. ft. Of this, construction is currently under way on c.7 million sq. ft. comprising c.6 million sq. ft. of office and retail space and c.1 million sq. ft. of hotel and residential space.

Since the announcement of annual results on 30 June 2009, terms have been agreed for 786,000 sq. ft. across the projects in the portfolio and an area of 32,000 sq. ft. (22,000 sq. ft. of option and 10,000 sq. ft. of agreed terms) at Mindspace - Airoli, Navi Mumbai has not been taken up by tenants. With this the aggregate area let, terms agreed or under option has increased to c.3.1 million sq. ft., representing c.52 per cent. of the lettable area currently under construction and c.15 per cent. of the aggregate lettable area of the portfolio.

Rental income has commenced on an aggregate area of c.1.2 million sq. ft., 20 per cent. of the lettable area under construction, across five projects in the portfolio - Mindspace, Airoli, Navi Mumbai; Mindspace, Pocharam, Hyderabad; Mindspace, Madhapur, Hyderabad (SEZ); Mindspace, Madhapur, Hyderabad (Non-SEZ) and Inorbit, Hyderabad. Rent of c.£2.7 million has been generated from these lettings in the half year ended 30 September 2009. Annualised rent from this area is estimated at c.£6 million. In addition, by March 2010, the Company expects rent to commence on another c.1 million sq. ft. of space currently under construction.

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INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

Updated levels of letting activity in the Company's portfolio are as follows:

Project	Area let (sq. ft.)	Terms agreed (sq. ft.)	Area under option (sq. ft.)	Aggregate area (sq. ft.)	Lettable area under constructi on (sq. ft.)	% of lettable area under constru ction (d)/(e)	Area yielding rent (sq. ft.)
	(a)	(b)	(c)	(d)= (a+b+c)	(e)	(d)/(e)	
Mindspace, Airoli, Navi Mumbai	500,000	139,000	60,000	699,000	1,432,000	49%	433,000
Mindspace, Pocharam	26,000	-	26,000	52,000	336,000	15%	26,000
Mindspace, Madhapur (SEZ)	80,000	119,000	24,000	223,000	1,042,000	21%	80,000
Mindspace, Madhapur (non-SEZ)	764,000	364,000	197,000	1,325,000	1,646,000	80%	477,000
Inorbit, Hyderabad *	491,000	96,000	-	587,000	760,000	77%	174,000
Inorbit, Pune *	-	140,000	-	140,000	489,000	29%	-
Commerzone, Bangalore *	-	105,000	-	105,000	268,000	39%	-
Total	1,861,000	963,000	307,000	3,131,000	5,973,000	52%	1,190,000

* Figures for these projects are for the retail space

Demand for residential space has picked up significantly over the last quarter. Since the year end announcement on 30 June 2009, c.115,000 sq. ft. of residential space has been pre-sold at Vivarea, Mumbai (including c.38,000 sq. ft. pre-sold since the period end). With this, a total of c.339,000 sq. ft. has been pre-sold at this project, representing c. 51 per cent. of the saleable residential space, at prices higher than those estimated at the time of IPO.

As the projects in the portfolio near completion, the Company will evaluate options for the disposal of these investments as they are completed and substantially let, subject to market conditions.

Project details:

Mindspace, Airoli, Navi Mumbai

Since 30 June 2009, terms have been agreed with multinational and IT/ITES companies for a further 69,000 sq. ft (including 20,000 sq. ft. under option). Also, area of 32,000 sq. ft. (22,000 sq. ft. of option and 10,000 sq. ft. of agreed terms) has not been taken up by tenants. With this the total area let, terms agreed or under option is 699,000 sq. ft., representing 49 per cent. of the lettable area currently under construction. Rent has commenced from an area of c. 433,000 sq. ft. at this project.

One of the buildings has been completed and is operational. Finishes and utilities work is in progress on the other three buildings. Space has been handed over to tenants for fit-outs in one of these buildings and some tenants have commenced operations. Super-structure work is in progress on the fifth building.

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Mindspace, Pocharam, Hyderabad

One building at this project is currently under construction with finishes and utilities work on-going. Super structure work is partly completed on another building. The area let or under option at this project stands at 52,000 sq. ft. The Company plans to commence construction of further buildings in this project only after a satisfactory level of agreed lettings is achieved for the unlet area currently under construction.

Mindspace, Madhapur, Hyderabad (SEZ Development)

Terms have been agreed for an additional 119,000 sq. ft. The aggregate area let, terms agreed or area under option at this project is c.223,000 sq. ft. representing c.21 per cent. of the area currently under construction.

One of the buildings is complete and rent has commenced from 80,000 sq. ft. Super-structure work is in progress on another building and excavation work has been completed on further two buildings. The Company is considering options to convert part of the SEZ area into non-SEZ, which is currently seeing better demand.

Mindspace, Madhapur, Hyderabad (Non-SEZ Development)

This project has seen encouraging leasing activity in the past few weeks. Terms have been agreed for additional 495,000 sq. ft. (including c.100,000 sq. ft. under option) at this project, increasing the aggregate area let, terms agreed or area under option to c.1.3 million sq. ft. representing c.80 per cent. of the area planned for development.

Of the three buildings in the project, two buildings are operational with rent having commenced on 477,000 sq. ft. Structural work on the third building is complete and finishing work will be stepped up based on the letting progress.

Inorbit, Madhapur, Hyderabad

The Mall was launched in mid October 2009. Three anchor tenants (Hypercity, Shoppers Stop and Lifestyle) and few other stores have commenced operations.

Terms have been agreed for additional c. 92,000 sq. ft. The aggregate area let and terms agreed at this project is now 587,000 sq. ft. representing c.77 per cent. of the retail space planned for development. Development of commercial space at this project will commence only after securing pre-lettings.

Inorbit, Pune

Super-structure work is in progress on the mall site. Terms have been agreed for 140,000 sq. ft, representing 29 per cent. of retail space planned for development. Development of commercial space at this project will only commence after securing pre-lettings.

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Vivarea, Mumbai

Since the last results announcement, c.115,000 sq. ft. of residential space been pre-sold at Vivarea, Mumbai (including c.38,000 sq. ft. pre-sold since the period end). With this, a total of c.339,000 sq. ft. has been pre-sold at this project, representing c.51 per cent. of the saleable residential space, at prices higher than those estimated at the time of IPO. Super-structure work is in progress on the three residential towers. Construction work on the fourth building has not yet started.

The slowdown in the global economy had a brief but immediate impact on proceeds from sales at Vivarea. In the light of this, it was considered strategically beneficial to enhance the project specification, which is reflected in the valuation.

Commerzone Bangalore

Super-structure work is in progress at Hotel and Retail site. Discussions are at an advanced stage with a major hotel operator for management of the hotel.

Terms have been agreed for c.105,000 sq. ft. of retail space, representing c.39 percent of the retail space of this project.

Development of serviced apartments, currently due for completion by Q1 2014, is being reviewed. Also, development of the IT space will be considered only after securing pre-letting from potential tenants but is currently planned to complete by Q3 2012.

Mindspace, Juinagar, Navi Mumbai

Provisionally scheduled for completion in the first quarter of 2015, foundation work has been completed on three buildings. The Company plans to commence further construction only after there is an evidence of occupier demand and confidence that a satisfactory level of pre-letting can be achieved.

Cost & Financing

The Indian SPVs are well funded to meet the development requirements of the area currently under construction. Against the estimated cost of c.INR 20 bn (c.£265 million) for the area currently under development (excluding Vivarea, which will be self-funded), the SPVs have secured funding of c.INR 21.5 bn (c.£285 million) comprising:

- shareholders equity of c.INR 4 bn (c.£55 million),
- debt facilities of c.INR 17.5 bn (c.£230 million) and

Of this estimated project cost of c.INR 20 bn (c.£265 million), c.INR 16 bn (c.£210 million) has been incurred up-to 30 September 2009. The Indian SPVs had drawdown debt of c.INR 11 bn (c.£145 million) at 30 September 2009. Unutilised facilities stand at c.INR 6.5 bn (c.£85 million), in excess of the funds required to meet the balance of the cost of construction of the area currently under development. In addition, c.51 per cent. of the saleable residential space at Vivarea is pre-sold, which will fund the cost of construction of this project.

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Debt facilities of c.INR 17.5 bn (c.£230 million) includes long term amortizing loans of c.INR 13.2 bn (c.£170 million). The balance of the debt facilities of c.INR 4.3 bn (c.£60 million) is construction debt.

Debt Maturity Profile:

	INR bn	INR bn
Long term amortizing loans		13.2
- Lease rent discounting loans (tenure generally around 9-10 years)	7.2	
- Other long term amortizing loans (tenure generally around 5-7 years)	6.0	
Construction debt		4.3
- Repayable in 2009-10	0.6	
- Repayable between April 2010 to March 2013	3.7	
TOTAL		17.5

Construction debt of c.INR 2.2 bn (c.£30 million) was due for repayment by 31 March 2010. Of this, c.INR 1.6 bn (c.£22 million) has already been repaid or converted into lease rent discounting loans. The remaining INR 0.6 bn (c.£8 million) of maturities due in the current financial year will be converted into lease rent discounting loans once rent commences from the projects associated with the loans.

Having secured funding for the area currently under development, the Company is confident of meeting its future development requirements through further debt financing and the surplus from Vivarea.

Improved liquidity in the banking system has helped interest rates soften. Current interest rates on the funding secured by the SPVs are c.12 per cent. – 13 per cent. p.a, a reduction of 100-200 bps compared to the interest rates incurred in previous year.

In view of the increased liquidity in the real estate sector, growing bank credit to sector and consequential inflationary pressures, the Reserve Bank of India has recently tightened requirements for lending to the real estate sector. While this is not expected to have a significant impact on the funding costs, banks are likely to remain cautious in lending to the sector.

Dividend

In accordance with the dividend policy set out in the IPO document, which stated that it was not anticipated that dividends would be paid in the foreseeable future, as projects remain in a highly capital intensive stage, the Board is not declaring a dividend for the six months ended 30 September 2009. The Board will consider payment of dividends when it becomes commercially prudent to do so.

Outlook

Many global economies have shown signs of improvement over the last few months. India too has evidenced pick-up in economic activity. Capital investment has improved and activity in the capital market has picked up. Funding from non domestic sources has also increased. The real estate sector in particular has seen significant equity inflows in the past six months by way of fund raising from public markets.

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Improved sentiment has led to an increase in residential volumes across markets, with metropolitan areas of cities seeing a modest price recovery. Demand for commercial space continues to remain weak, though some micro-markets have witnessed pick-up in leasing activity in the past few weeks. Overall commercial demand is expected to be largely driven by an improvement in the global economic situation.

The Company remains cautiously confident in the long term prospects of Indian economy and the real estate market and in its ability to continue the progress made on the development of its high quality assets. The Company will also begin to work towards the sale of investments, which are nearing completion, provided market conditions allow satisfactory values to be achieved.

Ian Henderson

Chairman

Review report by KPMG Audit LLC to Ishaan Real Estate plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 September 2009, which comprises the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in note 2 the annual financial statements are prepared in accordance with IFRS. The condensed set of financial statements included in this half yearly report have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The accounting policies that have been adopted in preparing the condensed set of financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2009.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 September 2009 is not prepared, in all material respects, in accordance with IAS 34 and the AIM Rules.

KPMG Audit LLC
Chartered Accountants
Douglas
Isle of Man

30 November 2009

Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2009

		Unaudited From 1 April 2009 to 30 September 2009	Unaudited From 1 April 2008 to 30 September 2008	Audited From 1 April 2008 to 31 March 2009
	Notes	£000's	£000's	£000's
Administrative expenses	4	(2,030)	(1,944)	(4,023)
Share of post tax losses of associates	6	(1,889)	(913)	(1,438)
Write-down of investments in associates net of investment adviser performance fees	5	(579)	11,411	(55,913)
Group operating (loss)/profit from continuing operations		(4,498)	8,554	(61,374)
Net finance income		100	1,158	1,914
(Loss)/profit from continuing operations before tax		(4,398)	9,712	(59,460)
Income tax expense		-	-	-
(Loss)/profit for the period from continuing operations		(4,398)	9,712	(59,460)
Other comprehensive (loss)/ income				
Translation reserve - Associates		(3,799)	(1,645)	1,914
Other comprehensive (loss)/income for the period		(3,799)	(1,645)	1,914
Total comprehensive (loss)/income for the period attributable to equity holders of parent		(8,197)	8,067	(57,546)
Basic and diluted (loss)/earnings per share attributable to the equity holders of the parent during the period (expressed as pence per share)				
Basic (loss)/earnings per share	8	(2.84)	4.69	(28.72)
Diluted (loss)/earnings per share	8	(2.84)	4.69	(28.72)

The notes on pages 16 to 20 form an integral part of these financial statements.

Consolidated Balance Sheet As at 30 September 2009

		Unaudited 30 September 2009	Unaudited 30 September 2008	Audited 31 March 2009
	Notes	£000's	£000's	£000's
ASSETS				
Non-current assets				
Investment in associates	6	101,207	185,683	107,044
		<u>101,207</u>	<u>185,683</u>	<u>107,044</u>
Current assets				
Trade and other receivables		107	305	204
Cash and short term deposits		19,155	40,663	39,590
		<u>19,262</u>	<u>40,968</u>	<u>39,794</u>
TOTAL ASSETS		<u>120,469</u>	<u>226,651</u>	<u>146,838</u>
EQUITY AND LIABILITIES				
Equity attributable to shareholders of the parent company				
Share capital	7	1,451	2,071	2,069
Share capital redemption reserve		622	-	2
Share premium		175,933	195,481	175,933
Retained (losses)/earnings		(64,359)	8,356	(37,656)
Total equity		<u>113,647</u>	<u>205,908</u>	<u>140,348</u>
Current liabilities				
Trade and other payables		849	851	947
Non-current liabilities				
Financial liabilities		5,973	19,892	5,543
TOTAL EQUITY AND LIABILITIES		<u>120,469</u>	<u>226,651</u>	<u>146,838</u>

The notes on pages 16 to 20 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the six months ended 30 September 2009

	Unaudited From 1 Apr 2009 to 30 September 2009 £000's	Unaudited From 1 Apr 2008 to 30 September 2008 £000's	Audited From 1 Apr 2008 to 31 March 2009 £000's
OPERATING ACTIVITIES			
(Loss)/profit before tax from continuing operations	(4,398)	9,712	(59,460)
Adjustments for:			
Interest income	(100)	(1,158)	(1,914)
Share of losses of associates	1,889	913	1,438
Share based payment charge	16	2	51
Grant of directors' annual share options	80	80	160
Write-down of investments in associates net of investment adviser performance fee	579	(11,411)	55,913
Operating loss before working capital changes	(1,934)	(1,862)	(3,812)
Decrease/(increase) in trade and other receivables	97	(71)	30
(Decrease)/increase in trade and other payables	(98)	739	835
Net cash flows from operating activities	(1,935)	(1,194)	(2,947)
INVESTING ACTIVITIES			
Interest received	100	1,158	1,914
Net cash flows from investing activities	100	1,158	1,914
FINANCING ACTIVITIES			
Purchase of own share capital	(18,600)	-	(76)
Net cash flows from financing activities	(18,600)	-	(76)
Net movements in cash and cash equivalents	(20,435)	(36)	(1,109)
Cash and cash equivalents at the beginning of period	39,590	40,699	40,699
Cash and cash equivalents at the end of the period	19,155	40,663	39,590
Represented by:			
Cash and short term deposits	19,155	40,663	39,590
	19,155	40,663	39,590

The accompanying notes on pages 16 to 20 form an integral part of these unaudited consolidated financial statements

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2009

	Share capital	Share Capital Redemption Reserve	Share Premium	Retained earnings / (losses)	Foreign currency translation reserve	Total equity
	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1 April 2008	2,070	-	195,481	126	82	197,759
Total comprehensive income for the period						
Profit for the period	-	-	-	9,712	-	9,712
Other comprehensive loss						
Translation reserve - Associates	-	-	-	-	(1,645)	(1,645)
Total other comprehensive income	-	-	-	-	(1,645)	(1,645)
Total comprehensive income/(loss) for the period	-	-	-	9,712	(1,645)	8,067
Transactions with owners, recorded directly in equity (Contributions by and distributions to owners)						
Issue of shares under directors' annual options	1	-	-	(1)	-	-
Share based payment charge	-	-	-	2	-	2
Grant of directors' annual share options	-	-	-	80	-	80
Total transaction with owners	1	-	-	81	-	82
Balance at 30 September 2008	2,071	-	195,481	9,919	(1,563)	205,908
Total comprehensive loss for the period						
Loss for the period	-	-	-	(69,172)	-	(69,172)
Other comprehensive income						
Translation reserve - Associates	-	-	-	-	3,559	3,559
Total other comprehensive income	-	-	-	-	3,559	3,559
Total comprehensive (loss)/ income for the period	-	-	-	(69,172)	3,559	(65,613)

The notes on pages 16 to 20 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity (continued)
For the six months ended 30 September 2009

	Share capital	Share Capital Redemption Reserve	Share Premium	Retained earnings / (losses)	Foreign currency translation reserve	Total equity
	£000's	£000's	£000's	£000's	£000's	£000's
Transactions with owners, recorded directly in equity (Contributions by and distributions to owners)						
Share based payment charge	-	-	-	49	-	49
Grant of directors' annual share options	-	-	-	80	-	80
Own shares acquired	(2)	2	-	(76)	-	(76)
Court approved capital reduction	-	-	(19,548)	19,548	-	-
Total transaction with owners	(2)	2	(19,548)	19,601	-	53
Balance at 31 March 2009	2,069	2	175,933	(39,652)	1,996	140,348
Total comprehensive loss for the period						
Loss for the period	-	-	-	(4,398)	-	(4,398)
Other comprehensive income						
Translation reserve - Associates	-	-	-	-	(3,799)	(3,799)
Total other comprehensive loss	-	-	-	-	(3,799)	(3,799)
Total comprehensive loss for the period	-	-	-	(4,398)	(3,799)	(8,197)
Transactions with owners, recorded directly in equity (Contributions by and distributions to owners)						
Issue of shares under directors' annual options	2	-	-	(2)	-	-
Share based payment charge	-	-	-	16	-	16
Grant of directors' annual share options	-	-	-	80	-	80
Own shares acquired	(620)	620	-	(18,600)	-	(18,600)
Total transaction with owners	(618)	620	-	(18,506)	-	(18,504)
Balance at 30 September 2009	1,451	622	175,933	(62,556)	(1,803)	113,647

The notes on pages 16 to 20 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1 The Company

The Company was incorporated in the Isle of Man on 11 August 2006 as a public company under the Isle of Man Companies Acts 1931 to 2004 with registered number 117470C. The Company's Ordinary Shares are traded on AIM.

The principal activity of the Company and its subsidiaries is that of investment holding.

The consolidated financial statement of Ishaan Real Estate plc comprises of the company and its subsidiaries (together referred to as the "Group").

This interim financial information for the period ended 30 September 2009 is unaudited and does not constitute statutory accounts within the meaning of the Companies Acts 1931 to 2004.

The statutory accounts for the period from 1 April 2008 to 31 March 2009 which were prepared in accordance with International Financing Reporting Standards (IFRS) have been filed and copies can be obtained from the Registered Office of the Company at Top Floor, 14 Athol Street, Douglas, Isle of Man. The auditors' report on those accounts was unqualified. This unaudited interim financial information includes the results of the Company and its wholly owned subsidiaries for the period under review.

2 Significant Accounting Policies

(a) Basis of accounting

The condensed financial statements have been prepared under historical cost convention except for investment properties that have been measured at fair value.

(b) Basis of preparation

Except as described below, the condensed financial statements have been prepared using accounting policies that are consistent with those followed in preparation of the Group's annual financial statements for the period 1 April 2008 to 31 March 2009, and in accordance with International Accounting Standards ("IAS") 34: Interim Financial Reporting. The consolidated financial statements have been prepared in pounds sterling.

The Group applies revised IAS 1 *Presentation of Financial Statements* (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these interim financial statements as of and for the six months period ended on 30 September 2009. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(c) Other financial liabilities – Investment adviser performance fees

The provision for performance fees payable to the Investment Adviser represents the directors estimate of the present value of the future cash flows payable, discounted using the Directors' estimate of the risk adjusted value of money. These fees are considered to be directly attributable to the acquisition by the Group of its investment in its associates and the amount provided has been included in the cost of the Group's investment in associates. Subsequent to the date of acquisitions, revisions to these provisions are charged to the Income Statement.

(d) *Investment property*

At 31 March 2009, the Group adopted Amendment to IAS 40 Investment property that amended the definition of investment property to include property that is being constructed or developed for future use as investment property.

Land and buildings owned by the Group for the purposes of generating rental income or capital appreciation or both and property that is being constructed or developed for future use as investment property (which includes freehold/leasehold land) are classified as investment properties.

Investment properties are initially measured at cost, including related transaction costs. Subsequent to initial recognition, investment properties are accounted for using the fair value model under IAS 40. Any gain or loss arising from a change in value is recognized in the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements Continued

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized directly in equity as revaluation surplus if it is a gain. Upon disposal of the item, the gain is transferred directly to retained earnings to the extent of the revaluation surplus recognized in equity. Any loss arising in this manner is recognized in the consolidated income statement immediately.

If the investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

3 Segment Reporting

The directors consider the Group to be operating in one geographic segment and one business segment since all investments are in India and all the operations in India are concerned with property development. Consequently no segmental disclosures have been presented.

4 Administrative expenses

	Unaudited From 1 April 2009 to 30 September 2009 £000's	Unaudited From 1 April 2008 to 30 September 2008 £000's	Audited From 1 April 2008 to 31 March 2009 £000's
Directors' fees and expenses	32	38	75
Secretarial and administration	60	77	133
Audit fees	33	25	65
Investment adviser fees	1,520	1,520	3,040
Other professional fees	186	109	325
Other expenses	103	93	174
Share based payment charge	16	2	51
Grant of Directors' annual share options	80	80	160
	2,030	1,944	4,023

5 Write-down of investments in associates

At 30 September 2009, the Group wrote-down its investments in associates, including the cost of performance fees payable, to its share of net assets in respect of those associates holding investment properties which were stated at valuation. The investment in one of the associates, which holds properties held for sale, was not written down and is stated at cost plus share of profits/losses and cost of performance fees payable.

	Unaudited 30 September 2009 £000's	Unaudited 30 September 2008 £000's	Audited 31 March 2009 £000's
Write-down of investments to share of net assets in associates	(149)	-	(81,673)
Investment adviser performance fees	(430)	11,411	25,760
	(579)	11,411	(55,913)

Notes to the Consolidated Financial Statements Continued

6 Investments in associates

	Unaudited 30 September 2009 £000's	Unaudited 30 September 2008 £000's	Audited 31 March 2009 £000's
Unquoted			
Balance at the beginning of the period	107,044	188,241	188,241
Share of post tax losses of associates	(1,889)	(913)	(1,438)
Write-down of investments to share of net assets in associates*	(149)	-	(81,673)
Foreign currency translation	(3,799)	(1,645)	1,914
Balance at the end of the period	101,207	185,683	107,044

* As detailed in note 5, the Group wrote-down its investments in associates except for one associate which holds properties held for sale. Had the fair value gains on the properties in this associate been recorded in the books, the investment in associate would have been higher by GBP 22.279 million (31 March 2009: GBP 19.767 million).

Properties held by the associates have been valued by Cushman & Wakefield (India) Pvt. Limited at 30 September 2009. All the properties were valued on the basis of market value. The valuations have been made in accordance with the appropriate sections of both the current Practice Statements and United Kingdom Practice Statements contained within the RICS Appraisal and Valuation Standards, 6th Edition (the "Red Book"). For development projects, the valuation assumes completion to a high standard and is based on gross development value less future expenditure to be incurred on costs of development.

The valuers in their report have drawn attention to the reduction in the volume of transactions due to current difficulties in the financial markets which have led to degree of uncertainty in the property market as to the volatility of values in the near future. The valuers have made certain assumptions for the input variables to form an opinion of value. While they consider their assumptions as reasonable and appropriate the values reported are valid only within the context of the assumptions adopted by them.

Summarised financial information extracted from the interim financial statements of associates for six month period ended 30 September 2009 is given below:

	Genext £000's	Trion £000's	Serene £000's	Magna £000's	Sundew £000's	Intime £000's	Newfound £000's
Share of the associates balance sheet:							
Total assets	22,343	30,570	49,297	10,890	33,784	27,786	15,432
Total liabilities	17,597	21,314	29,298	6,820	16,209	19,089	4,574
Share of the associates results:							
Total revenue	-	231	553	-	113	598	-
Profit/(loss) for the period (excluding movements in valuation of properties)	153	(360)	(21)	(27)	(436)	(473)	(122)

Notes to the Consolidated Financial Statements Continued

6 Investments in associates (continued)

Summarised financial information extracted from the interim financial statements of associates for six month period ended 30 September 2008 is given below:

	Genext £000's	Trion £000's	Serene £000's	Magna £000's	Sundew £000's	Intime £000's	Newfound £000's
Share of the associates balance sheet:							
Total assets	10,532	12,825	19,651	6,150	9,871	10,382	3,953
Total liabilities	6,737	10,710	15,899	3,601	7,420	7,554	1,803
Share of the associates results:							
Total revenue	-	31	8	-	4	156	-
Profit/(loss) for the period	69	(62)	(248)	(23)	(555)	(37)	(57)

Details of the investments in associates are as follows:

Investee company	Country of Incorporation	Type of Shares	% Holding
Trion Properties Private Limited	India	Equity Preference	40% 100%
Serene Properties Private Limited	India	Equity Preference	40% 100%
Magna Warehousing and Distribution Private Limited	India	Equity Preference	40% 100%
Genext Hardware and Parks Private Limited	India	Equity Preference	38.80% 100%
Intime Properties Private Limited	India	Equity Preference	39.89% 100%
Sundew Properties Private Limited	India	Equity Preference	39.87% 100%
Newfound Properties and Leasing Private Limited	India	Equity Preference	38.64% 100%

The principal activity of all associates is real estate development.

7 Share capital

	Unaudited 30 September 2009	Unaudited 30 September 2008	Audited 31 March 2009
Authorised:			
Number of ordinary shares of £0.01 each	400,000,000	400,000,000	400,000,000
Share Capital (£ 000's)	4,000	4,000	4,000
Allotted, called up and fully paid:			
Number of ordinary shares of £0.01 each	145,146,422	207,131,644	206,897,644
Share Capital (£ 000's)	1,451	2,071	2,069

The Company repurchased 61,999,985 ordinary shares as a result of a tender offer in April 2009. The ordinary shares repurchased have been cancelled.

8 Loss per share

Basic and diluted (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to the equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equitable holders of the

Notes to the Consolidated Financial Statements Continued

8 Loss per share (continued)

Basic and diluted (loss)/earnings per share (continued)

parent by the weighted average number of Ordinary Shares outstanding during the year, plus the weighted average number of ordinary Shares that would be issued on the conversion of all the dilutive potential Ordinary Shares into Ordinary Shares.

	Unaudited 30 September 2009	Unaudited 30 September 2008	Audited 31 March 2009
(Loss)/profit attributable to equity holders of the company (£'000)	(4,398)	9,712	(59,460)
Weighted average of number of ordinary shares in issue (thousands)	155,064	207,034	207,035
Weighted average number of ordinary shares in issue (diluted) (thousands)	155,064	207,064	207,035
Basic (loss)/earnings per share (pence)	<u>(2.84)</u>	<u>4.69</u>	<u>(28.72)</u>
Diluted (loss)/earnings per share (pence)	<u>(2.84)</u>	<u>4.69</u>	<u>(28.72)</u>

9 Related party transactions

Investment Adviser Fees

The Investment Adviser is entitled to a performance fee in respect of each Mauritian SPV which is designed to encourage the Investment Adviser to seek the highest returns on the underlying projects. Pursuant to the performance fee arrangements, if the Mauritian SPVs achieve an SPV level IRR in respect of the partial or total realisation of an investment in excess of 10 per cent, then the Investment Adviser will be entitled to a performance fee of 20 per cent of the realised proceeds which exceeds the proceeds required to achieve a 10 per cent SPV level IRR (with such participation increasing to 30 per cent for that portion of the realised proceeds from an investment which exceeds the proceeds required to achieve a 20 per cent SPV level IRR). The fair value of the total performance fee payable to the Investment Adviser at 30 September 2009 is £5,973 million (31 March 2009: £5,543 million).

In addition, the annual base fee paid to the Investment Adviser for the period in accordance with the terms of the agreement is £1,519,800 (for the period ending 30 September 2008: £1,519,800). The annual base fee is calculated on a quarterly basis based on the agreed formula of 2% on committed capital less an allowance of £150,000 pro-rated per quarter less a further deduction of £500,000 pro-rated per quarter up to 31 December 2007.

Directors' Interests

Neel Raheja is a shareholder and director of various K Raheja Corp entities. These entities include the Indian Investment Vehicles, which are 40% owned by the Company, the K Raheja entities which have sold shares in the Indian Investment Vehicles to the Company and K Raheja Corporate Services Private Limited which is contracted to provide services to the Indian Investment Vehicles.

The amount charged to the Indian Investment Vehicles by K Raheja Corporate Services Private Limited during the period was £1.252 million (September 2008: £3.621million) and other amounts paid to other K Raheja Corp entities were £0.057 million (30 September 2008: £0.122 million). In addition, amounts of loan taken during the period from K Raheja Corp entities was £1.698 million (period ending 30 September 2008: £1.978 million) and loan amounts repaid during the period was £1.570 million (period ending 30 September 2008: £3.955 million).

The amount paid to K Raheja Corp Private Limited during the period was £2.221 million (September 2008: £1.037 million) towards deferred consideration for transfer of development rights for a project developed by one of the Indian Investment Vehicles.

Neel Raheja indirectly co-owns the Investment Adviser - Neerav Investment Advisory Services (Dubai) Limited. As at 30 September 2009, Neerav Investment Advisory Services (Cyprus) Private Limited, the parent company of the investment adviser, held 6,643,811 shares of the Company (31 March 2009: 6,143,811 shares).

10. Comparatives

Certain comparative figures have been reclassified to conform to the presentation adopted in these consolidated financial statements.

Corporate Information

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Registered number:

Registered in the Isle of Man
No: 117470C

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Anne Elizabeth Couper Woods

Directors:

Ian James Henderson (Chairman)
Rajendra Prabhakar Chitale
Vittorio Radice
Neel Chandru Raheja
Timothy Graham Walker
Stephen John Roland Vernon

Investment adviser

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