

Ishaan March 2007 Accounts

Ishaan Real Estate plc Preliminary Results

1 August 2007

PRELIMINARY RESULTS FOR THE PERIOD ENDED 31ST MARCH 2007

The Directors of Ishaan Real Estate plc announce results for the period 24 November 2006 to 31 March 2007.

Highlights:

- Admitted to the London Stock Exchange's AIM market on 24 November 2006, raising gross proceeds of £207 million.
- Excellent progress made on investments, substantially in line with the objectives set out at the time of the IPO
- £44.4 million invested in initial portfolio by 31 March 2007, £113 million invested at 30th June 2007, 85% of Initial Portfolio by value.
- Adjusted Net Asset Value per share* of Ishaan increased to 112.03p at 31 March 2007, Net Asset Value per share 96.25p
- 18% increase in the value of the initial portfolio - in which Ishaan holds or will hold 40% interests - from £445 million to £524 million since September 2006
- Positive outlook for the Indian real estate market which continues to grow at a rate of 30% per annum
- Good progress made on development of assets in the initial portfolio

Ian Henderson, Chairman of Ishaan, said "We are delighted with the progress that we have made since the IPO of Ishaan in November last year. Investment in the initial portfolio of assets is being completed largely according to plan and the increase in Adjusted Net Asset Value reflects the strong demand for our properties and the enormous potential of the Indian property market. We are very excited to be invested in such a high quality portfolio of assets and look forward to their continued successful development".

* Net asset value per share is not considered the best method of evaluating performance as it excludes any valuation surpluses attributable to the investments. Adjusted net assets per share includes these investments at current valuations in proportion to the Group's shareholdings.

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ISHAAN REAL ESTATE PLC CHAIRMAN'S STATEMENT

I am pleased to report the Group's results for the period to 31 March 2007, its first results since its successful admission to the AIM market on 24 November 2006, when it raised gross proceeds of £207 million.

Initial Portfolio

We have made good progress with our stated plan to acquire the Initial Portfolio. By 31 March 2007, we had acquired all of our 40% interest in Trion, the SPV that owns sites for shopping malls in Pune and Hyderabad, 19% in Magna, the SPV that owns a mixed use site in Bangalore, and 11 % in Serene, the SPV that owns sites for IT parks in Hyderabad and Mumbai. At the period end we have recorded a liability for the cost of the remaining 29% investment in Serene and 21% investment in Magna and therefore our interest in both entities is 40% at 31st March 2007. All three companies have been treated as associates in the financial statements. The total investments made by the year end amounted to £76.4 million, after accruing for the amount provided for the remaining investments in Magna and Serene, mostly in line with our proposed schedule at the time of the IPO.

Since the period end we have acquired 40 % stakes in SPVs Intime and Sundew, which together own a site for a further IT park in Hyderabad. We have therefore now invested a total of £113 million, completing our investments in seven of the eight projects in the Initial Portfolio constituting 85% of the Initial Portfolio by value. We expect to complete our investment in the final project in the Initial Portfolio during the next month. Details of Investments made are given in Table 1 below.

Table 1: Investments by Ishaan

Project	SPV	Up to 31/03/07 £m	Provided for at 31/3/07 (see notes 10 and 17) £m	Total investment at 31/3/07 £m	% shareholding at 31/03/07	Up to 30/6/07 £m	% shareholding at 30/6/07
Inorbit	Trion	23.9	-	23.9	40%	23.9	40%
Mindspace	Serene	12.5	26.1	38.6	40%	38.6	40%
Mindspace	Sundew	-	-	-	-	26	40%
Mindspace	Intime	-	-	-	-	10.7	40%
Commerzone	Magna	8.1	5.8	13.9	40%	13.9	40%
Vivarea	Genext	-	-	-	-	-	-
Total		44.5	31.9	76.4	-	113.1	-
Total Investments as a % of initial portfolio				57%		85%	

The only project, which has not been acquired in line with the proposed timetable at the time of the IPO has been our investment in Genext, the SPV holding the site of a residential project in Mumbai. The delay has been driven by the time it has taken to complete the land registration formalities for Ishaan to make its investment. Our Investment Adviser is confident that completion will take place during the next month and that the delay in investment will not have any adverse effect on the project itself or on Ishaan as the consideration to be paid remains unchanged from November 2006.

Results for the period ended 31st March 2007

Profit before tax for the period amounted to £1.7 million, arising from finance income on deposits, held pending investment in development projects, less administration expenses. Cash funds at the year end amounted to £154 million, of which £68.6 million has since been used to acquire more of the initial Portfolio and £20.1 million is committed for the acquisition of the last investment in the Initial portfolio.

Valuation

The Board instructed Cushman & Wakefield (India) Pvt. Limited to carry out a valuation as at 31st March 2007 of the properties in the Initial Portfolio. I am pleased to report that the updated valuation of the whole initial portfolio, prepared on the same basis as that for the IPO, shows an increase of £79 million to £524 million, giving an uplift of approximately 14% since 1st September 2006, after adjusting for expenditure in the period to 31 March 2007. In accordance with our accounting policies this valuation is not reflected in our balance sheet as our investments are carried at cost on a pro rata basis. A 40% interest in these properties is now valued at £210 million, against £178 million at Admission.

This increase in values has mainly been driven by a buoyant retail scenario leading to higher rental values and progress achieved in the development process, thereby eliminating some of the risk.

Net Asset Value per Share

The net asset value per share is 96.23p at 31 March 2007. The net asset value per share is calculated based on the group's net assets of £199.2 million at the period end divided by the number of shares in issue at the balance sheet date of 207 million shares.

The adjusted net asset value per share is 112.03p at 31 March 2007. The adjusted net asset value per share is calculated by adjusting the group's net assets of £199.2 million at year end to reflect the fair value of the properties held by the Group's investment in its associates as determined by Cushman & Wakefield (India) Pvt Ltd in proportion to our shareholding. The Group's adjusted net assets are £231.9 million after allowing for an increase in the value of the properties as if they were held at fair value by £32.7 million. The adjusted net asset value per share of 112.03p is therefore calculated using adjusted group net assets of £231.9 million divided by the number of shares in issue at 31 March 2007 of 207 million shares. On the basis that the accounting policy for properties under development is to hold them at cost, adjusted net asset value per share does not represent a measure that is extracted directly from the Group's accounts.

Dividend

In accordance with the dividend policy set out in the Admission Document, which stated that it was not anticipated that dividends would be paid in the foreseeable future, as initially the projects are and will be highly capital intensive, the Board is not declaring a dividend this year. The Board will consider the payment of dividends when it becomes commercially prudent to do so.

Developments

Progress on the various developments included in the Initial Portfolio is as follows:

Properties in which the Group has made an investment

Inorbit shopping malls in Pune and Hyderabad (Trion)

These two mixed use developments consist of plans to develop a 489,000 sq ft shopping centre with 195,000 sq ft commercial space and 800 car spaces in the city of Pune in western India, and a 668,000 sq ft shopping centre with 293,000 sq ft of commercial space and 1,000 car spaces in Hyderabad. Both projects are being designed by Callison, USA.

Ishaan has completed the acquisition of its 40% stake in Trion for a total consideration of £23.9 million.

In Hyderabad the project is on schedule. The structural frames have been substantially completed and the casting of slabs is in progress. The SPV has signed Letters of Intent (agreements for lease) to lease 38% (238,000 sq. ft.) of retail space to connected parties, as disclosed at Admission and have had strong interest in the remainder of the space.

Project construction at Pune is likely to be delayed by a period of around 9 months, mainly on account of a delay in receiving the necessary permissions for the development to proceed (primarily the permission for non-agricultural use), which has now been obtained. Demolition of the existing structures has been completed and excavation is in progress. The SPV has signed Letters of Intent to lease 18% (89,223 sq ft) of retail space, to a connected party as disclosed at Admission and have strong interest in the remaining space.

Mindspace IT parks in Navi Mumbai and Hyderabad (Serene)

Ishaan owned 11% of Serene at 31st March, 2007 and completed the acquisition of its 40% stake on 26th April, 2007. The total consideration paid by Ishaan for its 40% stake was £38.6 m.

In Navi Mumbai, the development of the 3.9m sq. ft. IT Park has commenced with construction work on three of the 13 buildings to be constructed on the site underway, representing 25% of the development. A Letter of Intent to lease 271,000 sq. ft. in one of the buildings has already been signed with a large multinational company at a higher rent than anticipated at the time of the IPO. The demand for this SEZ is strong and we are in negotiation with various parties to lease out further space.

In Pocharam, Hyderabad, SEZ status has now been received for the IT park and construction of two of the twelve buildings has begun ahead of schedule, with substructure and excavation work in progress. The total area of this SEZ IT park is 3.8m sq. ft.

Commerzone IT park, hotel and retail, Bangalore (Magna)

Ishaan owned 19% of Magna at 31st March and completed the acquisition of its 40% stake on 23rd May, 2007. The total consideration paid by Ishaan for its 40% stake is £13.8 million.

The project site is located at Whitefield, Bangalore with a proposal to develop a 250 room hotel and 150 serviced apartments, a shopping centre and an IT Park, with a total area of approximately 900,000 sq. ft. Magna has now received approval for an additional retail development, such that the total area to be developed is expected to increase by around 20%, with a view to enhance the returns. This has required a change in designs, plans and project schedule, resulting in an extension to the completion date of between 6 to 9 months. The project is being designed by Smallwood, Reynolds, Stewart & Stewart.

Excavation work has commenced on site and discussions are at an advanced stage with a major hotel operator for the management of the hotel.

Mindspace IT parks, Cyberabad, Hyderabad (Intime and Sundew)

Ishaan completed the acquisitions of its 40% stake in Intime and Sundew on 12th and 27th June 2007 respectively for a total consideration of £36.7m.

The Mindspace IT parks to be developed by Intime and Sundew are on adjacent plots in Cyberabad, a district of Hyderabad in southern India. The IT park being developed by Intime has a development area of 1.4 million square feet. The IT park being developed by Sundew has SEZ status and has a development area of approximately 2.85 million square feet. Three buildings will be constructed on each site.

At the Intime development, construction work is on schedule. Substructure work is complete on one building and excavation work is underway on the other two buildings. Negotiations are at an advanced stage to let 223,000 sq ft of the development area.

At the Sundew development, work has already commenced on two of the three buildings and excavation work is due to begin shortly on the third building. Interest has already been received in letting part of one building.

Investments due to be made during the remainder of 2007

Vivarea, Mumbai (Genext)

This residential development in central Mumbai involves the development of a total area around 1.13 million sq ft constituting over 400 residential apartments in four towers, of which Genext owns 0.8m sq ft.

Despite the delay in the acquisition by Ishaan, development work has commenced with excavation work for three of the four towers completed. The foundation work is under way and the construction is progressing well. The delay in Ishaan's investment is unlikely to have any impact on Ishaan's outturn, as the investment cost to Ishaan remains the same. Sales are expected to commence when the show apartment is completed at the end of September 2007.

Blind Pool

Our Investment Adviser has recommended an additional investment of 40% in one more Mindspace IT park, which is being considered by the Board.

It is located in the Juinagar suburb of Navi Mumbai and entails the development of a 4.5 million sq. ft. IT Park which has received formal approval as a SEZ. The proposed investment would cost the company in the region of £25 million.

Finance

The Investment Adviser has successfully arranged the necessary financing for the Indian SPVs needed to date. Since admission, interest rates in India have increased quite substantially. Our Indian SPVs have obtained borrowings in the region of an initial 12%, albeit this was marginally above the rates anticipated at the time of the IPO. Future debt rates will depend on the level of bank lending rates in India. All building contracts placed to date have been in line with projected cost estimates at admission.

Special Economic Zones (SEZ)

Notified SEZs in India enable our projects to benefit from various tax incentives including:

- a) Income tax deduction of 100% of profits from developing an SEZ for 10 consecutive years out of the first 15 Years from the date of notification.
- b) Exemption of Dividend Distribution Tax
- c) Exemption (100%) from customs & excise duty for all capital goods and other goods during setting-up of SEZ

In addition the tenants also receive additional benefits.

It should be noted that none of our sites that qualify for SEZ status are on agricultural land, so they are not affected by recent announcements reducing the benefits of SEZ status for agricultural land.

Environment

Keeping in mind environmental concerns and concerns about global warming, all commercial buildings in the Portfolio are now proposed to be compliant with LEED Certified Green buildings criteria such as continuous monitoring systems for optimum energy and water performance to ensure the development of high-performance, sustainable buildings thus reducing the impact on the environment. Procedures to ensure that all buildings qualify for certification at completion are being introduced.

Outlook

Since admission the economic outlook in India continues to be positive. India's GDP growth of 8% over the last two years is expected to remain at a similar level over the next three years. Currently the market size of the real estate market is reported to be growing at around 30% per annum. This improvement in the Indian real estate sector is the result of a number of positive factors. These include: GDP growth; an expanding service sector; development of the Real Estate market; rising purchasing power and affluence; favorable demographics; and proactive government policies towards foreign investors. With India showing broad based economic growth, real estate too has the potential to grow across all segments – commercial, retail, residential, industrial and hospitality. This potential is particularly strong in South and West India's major commercial centres (including Mumbai, Hyderabad, Bangalore and Pune), and particularly for Grade A projects, the type in which Ishaan is investing. However, there is a real danger that the infrastructure may not keep pace with the demands upon it.

In order to provide greater flexibility for the group we will be proposing two special resolutions at the Annual General Meeting, one to permit the Directors to purchase up to 10% of the Company's issued share capital, should the appropriate circumstances arise and the other to give the Company powers to raise borrowings up to 30% of the issued share capital of the Company to enable it to invest in further projects once the 'blind pool' has been fully invested. In addition, as set out in the Admission Document, we will be proposing a special resolution to reduce the share premium account to nil.

With this background we look forward with confidence to progressing our current investment strategy to locate projects that comply with the FDI regime in India, have initial user status and have development rights, freehold or leasehold title to the land, for development, that will give a sufficiently high return in order to produce an IRR of approximately 20% to the Company after deducting the Group's costs, including any taxation, on a leveraged basis.

Ian Henderson
Chairman

ISHAAN REAL ESTATE PLC REPORT OF THE DIRECTORS

The Directors hereby submit their first annual report together with the audited financial statements of Ishaan Real Estate Plc (the "Company") and the consolidated financial statements of the Company and its subsidiaries (together "the Group") for the financial period from incorporation on 11 August 2006 to 31 March 2007.

The Company

The Company is incorporated in the Isle of Man and its principal activity is to be a holding company. It is the ultimate parent company of the Group, comprising the Company and the subsidiaries listed on page 25. The Company was established to acquire interests in foreign direct investment eligible Indian real estate development projects, with a focus on IT park development and Special Economic Zones located in southern and western India. The Company will also invest in other real estate asset types including, but not limited to commercial, hospitality, retail and residential development projects.

Business Review and Future Developments

A review of the business is presented in the Chairman's Statement on pages 4 to 6. Consideration is also given in the Chairman's Statement to the future developments of the Company.

Results and Dividends

The results and financial position of the Group and the Company at the period end are set out on pages 12 to 15 of the financial statements. The Group profit for the period after taxation amounted to £1.728 million, and this amount has been taken to reserves.

The Directors anticipate that dividends will not be paid in the foreseeable future but will consider the payment of dividends when it becomes commercially prudent to do so. The Directors do not intend to pay dividends unless the Group has generated profits and such profits have been remitted to and realised by the Company. The Directors anticipate that the earliest realisation date for any of its initial investments may be at least five years in the case of equity shares or any time after three years and before seven years from the date of investment in the case of preference shares. The Directors do not therefore intend to declare a dividend at this time.

Directors

The Directors during the period and up to the date of this Report were:

	Date appointed	Date resigned
David Anthony Karran	11-Aug-06	31-Oct-06
Anne Elizabeth Couper Woods	11-Aug-06	31-Oct-06
Moirra Thomson McHarrie (alternate to A Couper Woods and D Karran)	23-Aug-06	31-Oct-06
Rajendra Prabhakar Chitale	31-Oct-06	
Ian James Henderson (Chairman)	31-Oct-06	
Vittorio Radice	31-Oct-06	
Neel Chandru Raheja	31-Oct-06	
Timothy Graham Walker	31-Oct-06	

At each annual general meeting one third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one third) shall retire from office by rotation. The retiring Directors shall be eligible for re-election. No Director shall be required to retire and no person shall be incapable of being appointed or re-appointed a Director by reason of having attained the age of seventy or any other age.

Directors' and Other Interests

Details of Interests

Neel Raheja is a shareholder and director of various K. Raheja entities. These include Trion Properties Private Limited, Serene Properties Private Limited and Magna Warehousing & Distribution Private Limited “the Indian Investment Vehicles” which have issued shares to the Mauritian Subsidiaries.

Neel Raheja indirectly co-owns the Investment Advisor - Neerav Investment Advisory Services (Cyprus) Private Limited.

Options have been granted for nil consideration over Ordinary Shares of £0.01 each as follows:-

Name	No of Ordinary Shares under Option	Exercise Period	Exercise Price
Ian Henderson	300,000	3 years	£1
Vittorio Radice	90,000	3 years	£1

Details of the terms attaching to the share options are set out in note 22.

The interests of the Directors in the share capital of the Company as at 31 March 2007 are set out below:-

Name	No of Ordinary Shares
Ian Henderson	250,000
Vittorio Radice	150,000
Tim Walker	25,000

These Ordinary Shares are subject to certain conditions being met, and which are contained in each of the Director's contracts, and are unchanged at the date of this report.

The mid market price of each ordinary share as 31 March 2007 was £0.89 and the range during the period was £0.89 to £1.14.

Save as disclosed above, none of the directors had any interest during the period in any material contract for the provision of services which was significant to the business of the Company.

Substantial Shareholdings

As at 31 May 2007, the following interests in the Ordinary shares of the Company of 3% and over of the issued share capital had been notified to the Company:

Name	No. of shares	% of Issued Share Capital
Lone Pine Capital	29,066,728	14.04
Standard Life Investments	20,566,239	9.94
Lansdowne Partners	18,682,286	9.03
Fidelity Investments International	12,277,100	5.93
Capital	11,605,962	5.61
Oppenheimer Capital	10,000,000	4.83
ZA Capital	7,500,000	3.62
Henderson Global Investors	7,300,000	3.53
Goldman Sachs Asset Management	7,000,800	3.38

Independent Auditors

Ernst & Young LLC have expressed a willingness to continue in office in accordance with the Companies Act, 1982. A resolution to reappoint them will be put to the members at the Annual General Meeting.

Corporate Governance

Whilst the combined code issued by the Financial Reporting Council does not apply to AIM companies, the directors consider corporate governance to be an important area and accordingly have provided the disclosure below to outline how the governance of the Group is conducted.

Board of Directors

The Company has an experienced Board which currently comprises a non-executive Chairman and four other non-executive Directors.

The Board meets regularly and is provided with relevant information on financial, business and corporate matters prior to meetings. The Directors are responsible for the determination and implementation of the Group's investment strategy and have overall responsibility for the Group's activities, including the review of the Group's investment activities and performance.

Audit Committee

The Company does not consider it necessary to establish an Audit Committee given the nature of the Company. The Board undertakes all functions that would normally be delegated to the Audit Committee including reviewing annual and interim results, receiving reports from the auditors, agreeing auditors' remuneration and assessing the effectiveness of the audit and internal control environment. Where necessary the Board will obtain specialist advice from either its auditors or other advisors.

Remuneration and Nomination Committees

The Company also does not intend to establish Remuneration and Nomination Committees as such committees would not be appropriate given the nature of the Company's operations. The Board will review annually the remuneration of the Directors and agree the level of non-executive fees. Consideration will be given by the Board to future succession plans for Board members as well as consideration as to whether the Board has the skills required to effectively manage the Company. The Company will take all reasonable steps to ensure compliance by the Directors and any employees with the provisions of the AIM Rules relating to dealings in securities of the Company and has adopted a share dealing code for this purpose.

Investment Committee

The Company has an Investment Committee consisting of the directors of I Holding Company (Mauritius) Ltd which will review any recommendations for acquisitions or divestments received from the Investment Adviser.

Internal Control

The Board undertakes all functions that would normally be delegated to the Audit Committee which includes assessing the effectiveness of the audit and internal control environment. Where necessary the Board obtains specialist advice from either its auditors or other advisers. On 1 December 2006 Morefield Financial Consultants Limited were appointed as consultants to provide the Company with non-binding advice and services on financial issues, such as accounting procedures, management accounts, cash flow in relation to the Company's property portfolio and to perform such other similar services. In addition Simcocks Trust Limited were appointed to provide administration, registrar and accounting services to the Company, such services being controlled by their own internal procedures.

There are inherent limitations in any system of internal control and such a system can provide only reasonable, but not absolute, assurances against material misstatement or loss. The Company does not have its own internal audit function but places reliance on compliance and other control functions of its service providers.

By Order of the Board
Ian Henderson
Chairman

ISHAAN REAL ESTATE PLC STATEMENT OF DIRECTORS' RESPONSIBILITIES

Isle of Man Company Law requires the Directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial period and of their profit or loss for that period. In preparing the financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors report to the members of Ishaan Real Estate Plc

We have audited the consolidated financial statements (the "financial statements") of Ishaan Real Estate Plc ("the Company") for the period ended 31 March 2007 which comprise the Consolidated and Company Income Statement, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statement and the Consolidated and Company Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, pursuant with section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company'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 described in the Statement of Directors' Responsibilities on page 10 the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable Isle of Man company law and International Financial Reporting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Isle of Man Companies Acts 1931 to 2004. We also report to you if, in our opinion, the Group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' transactions with the Group is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Group financial statements. The other information comprises the Chairman's Statement and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the Group financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the UK Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the Group's and Company's affairs as at 31 March 2007 and of the Group's and Company's profit for the period then ended; and
- the financial statements have been properly prepared in accordance with the Isle of Man Companies Acts 1931 to 1982;

Ernst & Young LLC
Chartered Accountants
Douglas
Isle of Man

**ISHAAN REAL ESTATE PLC
INCOME STATEMENT
FOR THE PERIOD FROM 11 AUGUST 2006 (DATE OF INCORPORATION)
TO 31 MARCH 2007**

	Notes	Group 2007 GBP 000s	Company 2007 GBP 000s
Administrative expenses	8	(1,469)	(381)
Share of post tax losses of associates	10	(28)	-
Group operating loss from continuing operations		(1,497)	(381)
Net finance income	5	3,225	3,128
Profit from continuing operations before tax		1,728	2,747
Taxation	6	-	-
Profit for the period from continuing operations attributable to equity holders of parent		1,728	2,747
Basic and diluted earnings per share attributable to the equity holders of the parent during the period (expressed as pence per share)			
Basic earnings per share	16	1.52	2.42
Diluted earnings per share	16	1.52	2.41

The notes on pages 16 to 29 form an integral part of these financial statements.

**ISHAAN REAL ESTATE PLC
BALANCE SHEET AS AT 31 MARCH 2007**

	Notes	Group 2007 GBP 000's	Company 2007 GBP 000's
ASSETS			
Non-current assets			
Investment in associates	10	85,047	-
Investments in subsidiaries	11	-	76,393
Amounts due from subsidiaries	12	-	1,089
		85,047	77,482
Current assets			
Trade and other receivables	13	992	985
Cash and short term deposits	14	154,063	143,403
		155,055	144,388
TOTAL ASSETS		240,102	221,870
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent company			
Share capital	15	2,070	2,070
Share premium		195,481	195,481
Retained profits		1,739	2,758
Total equity		199,290	200,309
Current liabilities			
Trade and other payables	17	32,130	21,561
Non Current liabilities			
Financial liabilities	18	8,682	-
TOTAL EQUITY AND LIABILITIES		240,102	221,870

Approved by the Board of Directors on 31 July 2007 and signed on its behalf by:

Ian Henderson
Director

Tim Walker
Director

The notes on pages 16 to 29 form an integral part of these financial statements.

**ISHAAN REAL ESTATE PLC
CASH FLOW STATEMENT
FOR THE PERIOD FROM 11 AUGUST 2006 (DATE OF INCORPORATION)
TO 31 MARCH 2007**

	Notes	Group 2007 GBP 000's	Company 2007 GBP 000's
OPERATING ACTIVITIES			
Profit before tax from continuing operations		1,728	2,747
<i>Adjustments for:</i>			
Interest income	5	(3,225)	(3,128)
Share of losses of associate	10	28	-
Share based payment charge	8	11	11
Operating loss before working capital changes		(1,458)	(370)
Increase in trade and other receivables	13	(992)	(985)
Increase in trade and other payables	17	239	224
Net cash flows from operating activities		(2,211)	(1,131)
INVESTING ACTIVITIES			
Interest received	5	3,225	3,128
Investment in associates	10	(44,502)	-
Investments in subsidiaries		-	(55,056)
Net cash flows used from investing activities		(41,277)	(51,928)
FINANCING ACTIVITIES			
Proceeds from issue of share capital		197,551	197,551
Intragroup loan		-	(1,089)
Net cash flows from financing activities		197,551	196,462
Net movements in cash and cash equivalents		154,063	143,403
Cash and cash equivalents at the beginning of period		-	-
Cash and cash equivalents at 31 March 2007		154,063	143,403
Represented by:			
Cash and short term deposits		154,063	143,403
		154,063	143,403

The notes on pages 16 to 29 form an integral part of these financial statements.

ISHAAN REAL ESTATE PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 11 AUGUST 2006 (DATE OF INCORPORATION)
TO 31 MARCH 2007

	Note	Issued Capital GBP 000's	Share Premium GBP 000's	Retained Earnings GBP 000's	Total Equity GBP 000's
GROUP					
Shares issued on incorporation	15	-	-	-	-
Shares issued in the period	15	2,070	204,930	-	207,000
Share issue expenses		-	(9,449)	-	(9,449)
Share based payment charge	22	-	-	11	11
Retained profit for the period		-	-	1,728	1,728
At 31 March 2007		2,070	195,481	1,739	199,290

	Note	Issued Capital GBP 000's	Share Premium GBP 000's	Retained Earnings GBP 000's	Total Equity GBP 000's
COMPANY					
Shares issued on incorporation	15	-	-	-	-
Shares issued in the period	15	2,070	204,930	-	207,000
Share issue expenses		-	(9,449)	-	(9,449)
Share based payment charge	22	-	-	11	11
Retained profit for the period		-	-	2,747	2,747
At 31 March 2007		2,070	195,481	2,758	200,309

The notes on pages 16 to 29 form an integral part of these financial statements.

ISHAAN REAL ESTATE PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 11 AUGUST 2006 (DATE OF INCORPORATION)
TO 31 MARCH 2007

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.

2. Authorisation of Financial Statements and Statement of Compliance with IFRS

The Group and the Company's financial statements are prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") as adopted by the European Union. A summary of the principal accounting policies which have been applied consistently, is set out in note 3. The preparation of financial statements in accordance with International Financial Reporting Standards requires the directors to make estimates and assumptions that could affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

The financial statements of the Group for the period from incorporation to 31 March 2007 were authorised for issue by the Board of Directors on 27 July 2007 and were signed on the Board's behalf on 31 July 2007.

3. Accounting Policies

(a) *Basis of accounting*

The financial statements are prepared under the historical cost convention.

(b) *Standards and interpretations not yet effective*

At the date of authorisation of the financial statements, the following standards and interpretation were in issue, but not yet effective. The impact of these statements on the Group's financial statements in the period of initial application is not known at this stage. These statements, where applicable, will be applied in the year when they are effective.

International Accounting Standards (IAS/IFRS)		Effective for accounting periods beginning on or after
IFRS 7	Financial Instruments : Disclosures	1 January 2007
IFRS 8	Operating Segments	1 January 2007
IAS 1	Amendment - Presentation of Financial Statements: Capital Disclosures	1 January 2007
IFRIC 8	Scope of IFRS 2	1 May 2006
IFRIC 9	Reassessment of Embedded Derivatives	1 June 2006
IFRIC 10	Interim Financial Reporting and Impairment	1 November 2006
IFRIC 11	IFRS 2 - Group and Treasury Share Transactions	1 March 2007
IFRIC 12	Service Concession Arrangements	1 January 2007
IFRIC 13	Customer Loyalty Programmes	1 July 2008
IFRIC 14	IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008

(c) Basis of preparation

The Company and the Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”). The consolidated financial statements are presented in pounds sterling.

3. Accounting Policies (Continued)

(d) Basis of consolidation

The Group financial statements incorporate the net assets and liabilities of the Group at the balance sheet date and their results for the period then ended.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The financial statements of subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them are eliminated.

(e) Investment in subsidiaries

In the Company's financial statements, investments in subsidiaries are shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount is greater than the estimated recoverable amount, the difference is charged to the income statement. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

(f) Interests in associates

The Group's interests in its associates, being those entities over which it has significant influence and which are neither subsidiaries nor joint ventures, are accounted for using the equity method of accounting. The accounting policies of associates are adjusted where necessary to be consistent with those of the Group.

Under the equity method, the investment in an associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of the net assets of the associate, less distributions received and less any impairment in value of individual investments. Cost includes fees directly attributable to the acquisition of associates, including those payable to third parties for finding and recommending the acquisition of the investment measured at the date of acquisition (see “Adviser Fees” below). The group income statement reflects the share of the associate's results after tax, with any other changes in the Group's share of an associate's net assets being included within the consolidated statement of changes in equity.

Provided that business activities are restricted to the holding or the development of property, acquisitions of interests in property via corporate entities (including interests held by associates) are not treated as business combinations. Accordingly, no goodwill arises on such acquisitions and the cost of the entity is allocated between the individual identifiable assets and liabilities acquired based on their relative fair values at the date of acquisition.

(g) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding sales taxes. In particular:

- (a) Revenue from the disposal of properties is recognised on legal completion of the contract
- (b) Where properties are under development and agreement has been reached to sell such properties when construction is complete, revenue is recognised when the significant risks and rewards of ownership and effective control of the real estate have been transferred to the buyer. In most cases the significant risks and rewards of ownership and control over the existing incomplete real estate are not transferred until the buyer obtains possession at contractual completion. If the revenue recognition criteria have been met before construction is complete, then:
 - (i) if remaining work is required to finish construction of real estate already delivered into the possession of the buyer, then an obligation is recognised for the costs to complete the construction at the same time as the sale is recognised; or
 - (ii) if the remaining work represents goods or services that are separately identifiable from the real estate already delivered to the buyer, then part of sale proceeds are allocated, based on the relative fair values of the completed and outstanding work, to the outstanding work and is recognised when the outstanding work is performed.
- (c) Rental income represents amounts in respect of operating leases where the Group is lessor. Rentals receivable under operating leases, and incentives given for lessees to enter into lease arrangements, are spread on a straight-line basis over the term of the lease, even if payments are not made on that basis.

(h) Adviser fees

Adviser fees in respect of executory contracts, such as fees payable under the Investment Advisory Agreement for ongoing advisory services, are charged to the income statement as they accrue.

Adviser fees payable in respect of other services, such as the performance fees payable under the Investment Advisory Agreement for finding and recommending investments to the Group, are recognised when the service has been provided. Performance fees are not payable until the Group exits from each investment.

Where such fees are directly attributable to the acquisition by the Group of an associate they are included in the cost of investment in that associate. However, any subsequent changes in the discounted estimates of the payments to be made are recognised in the income statement (see “Other financial liabilities—adviser fees” below).

(i) Properties held as inventory in the accounts of the associates

Properties intended for sale in the ordinary course of business (including properties under development) are classified as inventory on the date of their acquisition and carried at the lower of cost and net realisable value in the accounts of the associates.

Cost includes all costs of purchase, conversion and other costs incurred in bringing the properties to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Upon a change in use resulting in the transfer of a property held for sale to investment property, the property is accounted for at fair value and any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in the income statement.

(j) Borrowing costs

Borrowing costs are recognised as an expense in the period they are incurred, except to the extent they are capitalised.

Borrowing costs that are directly attributable to the development of properties are capitalized in the cost of those properties. The interest capitalised is the gross interest incurred on the specific borrowings less any investment income arising from the temporary investment of those borrowings. Interest is capitalised from the commencement of development work until the date of practical completion when the asset becomes available for occupation. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted.

(k) Share based payments

The cost of equity-settled transactions with employees and directors is measured by reference to the fair value at the date on which the entitlement is granted and is recognised in the income statement, together with a corresponding increase in equity, over the vesting period.

Fair value is determined by reference to the equity instrument issued using an appropriate option pricing model where necessary. In valuing equity settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions). No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

(l) Foreign currency translation

Each subsidiary and associate of the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(l) Foreign currency translation (continued)

The functional currency of the operations in India is the Indian Rupee. The functional currency of the subsidiaries in Mauritius is Sterling. At the reporting date, the assets and liabilities of the company's associates are translated into the presentation currency of the Group at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

(m) Financial instruments

Interest-bearing loans and borrowings

Loans and borrowings are initially recognised at fair value net of directly attributable issue costs.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised or impaired, as well as through the amortisation process.

Other financial liabilities—Adviser fees

Liabilities arising from Adviser fees that are determined by amounts realised on disposal of investments, or by the occurrence of other events, are financial liabilities and are initially recognised at fair value. Fair value is determined as the directors' estimate of the present value of the future cash flows payable. Where no reliable indicators of future market conditions exist, the directors base their estimates of future cash flows on conditions in the market at the date of approval of the financial statements. The discount rate used represents the directors' estimate of the risk adjusted value of money.

After initial recognition the liability is measured at amortised cost using the effective interest rate method. The estimates of the payments to be made are reviewed at each balance sheet date and the carrying value of the liability is adjusted to reflect actual and revised estimated cash flows using the instrument's original effective interest rate. The adjustment is recognised in the income statement.

Derivative financial instruments

Derivative financial instruments, such as interest rate swaps, are used to hedge risks associated with interest rate fluctuations. Such derivative financial instruments are stated at fair value.

Fair value for an interest rate swap is market value, determined with reference to market values for similar Instruments.

For the purpose of hedge accounting, interest rate swaps are designated as cash flow hedges where they hedge exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction. The element of the gain or loss on the derivative instrument that is determined, and documented, to be an effective hedge is recognised directly in equity. The gain or loss on any ineffective element of a hedge is recognised in the income statement immediately.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects the income statement, such as when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If a forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs and are transferred to the income statement or to the initial carrying amount of a non-financial asset or liability as above. If the related transaction is not expected to occur, the amount is taken to profit or loss.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement.

(n) Taxation

Current tax assets and liabilities are measured at the amounts expected to be paid to or recovered from the taxation authorities, based on tax rates and laws that are enacted or substantially enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

(a) where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss:

b) in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and

(c) deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilized.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charge to equity. Otherwise income tax is recognised in the income statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(o) Impairment of assets

At each balance sheet date, the carrying amounts of assets are assessed to determine whether there is any indication of impairment. If such indication exists, the Group estimates the recoverable amount of the asset, being the higher of the asset's net selling price and its value in use. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense in the income statement.

(p) Related parties

Related parties are individuals and companies where the individuals or companies have the ability, directly or indirectly, to control or exercise significant influence over the other party in making financial and operating decisions.

(q) Financial instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are initially measured at cost which includes transaction costs. Subsequent to initial recognition, they are measured as set out below:-

Trade and other payables

Trade and other payables are stated at their nominal value.

Amount due to ultimate holding company

The amount due to ultimate holding company is stated at proceeds received net of any capital repayments, and is interest free.

Loans to subsidiaries

Loans to subsidiaries are stated at amount disbursed net of any capital repayments, and are interest free.

(r) Revenue recognition

Interest income is recognised on a time proportion basis.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash deposited with banks and bank overdrafts repayable on demand.

4. Critical accounting judgments and key sources of estimation uncertainty

Critical accounting judgments in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3, the directors have made the following judgments that have the most effect on the amounts recognised in the financial statements:

Determination of functional currency

The determination of the functional currency of the Group is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. The directors have considered those factors therein and have determined the functional currency of the Group is the GBP.

Provision for fees payable to the Investment Adviser

In accordance with the accounting policy presented in note 3, the directors have made their best estimate of the amount payable to the Investment Adviser at the balance sheet date. In order to determine the liability, the directors have used a model to calculate the expected IRR of each project which forms the basis of the adviser fees payable. Inputs to the model are based on various assumptions including future sale proceeds, build costs, financing costs, and an appropriate discount rate.

5. Net finance income

	Group 2007 GBP 000's	Company 2007 GBP 000's
Interest income	3,225	3,128
Net finance income	3,225	3,128

6. Taxation

Isle of Man

With effect from 6 April 2006 the Corporate Income Tax rate for companies in the Isle of Man is zero per cent. As such the Company's tax liability is zero. Additionally, the Isle of Man does not levy tax on capital gains.

Shareholders resident outside the Isle of Man will not suffer any income tax in the Isle of Man on any income distributions to them.

United Kingdom

The affairs of the Company are conducted so that the central management and control of the Company is not exercised in the UK and so that the Company does not carry out any trade in the UK (whether or not through a permanent establishment situated there). On this basis, the Company should not be liable for UK taxation on its income and gains, other than certain income deriving from a UK source.

Other

The subsidiaries of the Company are taxed in accordance with the applicable tax laws in the countries in which they were incorporated.

7. 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 are presented.

8. Administrative expenses

	Group 2007 GBP 000's	Company 2007 GBP 000's
Directors' fees and expenses	31	31
Secretarial and administration	109	101
Audit fees	190	176
Professional fees	1,083	28
Other expenses	45	34
Share based payment charge	11	11
	<u>1,469</u>	<u>381</u>

The Company has no employees.

9. Directors' Remuneration

Details of the directors' remuneration is as follows:

	Basic Salary per annum £000's	No of Ordinary Shares under option
R.P.Chitale	30	nil
T.G. Walker	30	nil
I .J Henderson	nil	300,000
V Radice	nil	90,000
N.C.Raheja	nil	nil

Total fees paid to the Directors for the period ended 31st March 2007 amounted to £26,000.

The Directors are each entitled to receive reimbursement of any expenses in relation to their appointment. Total expenses reimbursed to the Directors for the period ended 31st March 2007 amounted to £5,000.

10. Investments in associates

	Group 2007 GBP 000's	Company 2007 GBP 000's
<u>Unquoted</u>		
At cost	76,393	-
Performance fees payable to the investment advisor (note 18)	8,682	
Share of post-acquisition losses	(28)	-
At 31 March 2007	<u>85,047</u>	<u>-</u>

Summarised financial information extracted from the 2007 financials of the associates is given below:

	Magna 2007 GBP 000's	Serene 2007 GBP 000's	Trion 2007 GBP 000's
Share of the associate's balance sheet:			
Total assets	3,461	6,363	4,531
Total liabilities	669	1,973	2,102
Share of the associate's results:			
Total revenue	40	-	-
Loss for the year	(4)	(3)	(21)

Details of the investments in associates are as follows:

Investee Company	Country of Incorporation	Type of shares	% Holding
Trion Properties Private Limited	India	Equity	40%
Serene Properties Private Limited	India	Equity	40%
Magna Warehousing and Distribution Private Limited	India	Equity	40%

The principal activity of all associates is to do business in real estate.

All associates draw up their accounts to 31 March.

As at 31 March 2007 the Group had acquired 11% of the share capital of Serene Properties Private Limited comprising 6,059 new equity shares and 2,400 non cumulative redeemable preference shares and 19% of the share capital of Magna Warehousing and Distribution Private Limited comprising 11,745 new equity shares and 2,400 non cumulative redeemable preference shares. The investment to acquire the remaining equity shares, to increase the Group's investment to 40% of the issued share capital of both companies occurred on 26 April 2007 and 23 May 2007 in the case of

Serene and Magna respectively. The accounting policy is to equity account for these entities as if the Group had a 40% investment as at 31 March 2007 on the basis that the Group is considered to have a significant influence over these entities at the balance sheet date by virtue of the terms set out in the shareholder agreements. The Group has accrued for the cost of shares acquired on 26 April 2007 and 23 May 2007 on the basis that it was committed to acquire them at the balance sheet date. This commitment arises as substantially all conditions precedent set out in both the shareholder agreements and the letter of intent had been satisfied by 31 March 2007.

11. Investment in subsidiaries

	Group 2007 GBP 000's	Company 2007 GBP 000's
Additions during the period	-	76,393
At 31 March 2007	-	76,393

Details of investments in subsidiaries are given below:

Name of subsidiaries	Country of incorporation	% Holding	Principal activity	
Held by the Company				
I Holding Company (Mauritius) Ltd	Mauritius	100%	Investment holding	Ord Shares
Held by				
I Holding Company (Mauritius) Ltd				
I-1 Company (Mauritius) Ltd	Mauritius	100%	Investment holding	Ord Shares
I-2 Company (Mauritius) Ltd	Mauritius	100%	Investment holding	Ord Shares
I-3 Company (Mauritius) Ltd	Mauritius	100%	Investment holding	Ord Shares
I-4 Company (Mauritius) Ltd	Mauritius	100%	Investment holding	Ord Shares
I-5 Company (Mauritius) Ltd	Mauritius	100%	Investment holding	Ord Shares
I-6 Company (Mauritius) Ltd	Mauritius	100%	Investment holding	Ord Shares

The registered office of each of the above subsidiary undertakings is 6th Floor, MaxCity Building, 21 Remy Ollier Street, Port Louis, Mauritius.

12. Amounts due from subsidiaries

	Group 2007 GBP 000's	Company 2007 GBP 000's
Loan due from I-Holding Company (Mauritius) Ltd	-	1,089
	-	1,089

The above loan is unsecured, interest free, has no fixed repayment terms and will not be recalled within the next twelve months.

13. Trade and other receivables

	Group 2007 GBP 000's	Company 2007 GBP 000's
Prepayments	992	985

14. Cash and short term deposits

	Group 2007 GBP 000's	Company 2007 GBP 000's
Cash at bank and in hand	45	8
Short term deposits	154,018	143,395
	154,063	143,403

The short term deposits are made for varying periods between one month and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The interest rate earned on short term deposits fluctuated between 4.88% and 5.53% during the period.

15. Share capital and share premium

	Number of ordinary shares of £0.01 each	GBP 000's
Authorised: 31 March 2007	400,000,000	4,000
Allotted, called up and fully paid : 31 March 2007	207,000,000	2,070

The Company was incorporated on 11 August 2006 with an authorised share capital of £2,000 comprising 2,000 shares of £1 each.

On 7 November 2006, all 2,000 of the issued and unissued Ordinary shares of £1 each in the capital of the Company were sub-divided into 200,000 Ordinary Shares of £0.01 each and the authorised share capital of the Company was increased from £2,000 to £4,000,000 by the creation of 399,800,000 new Ordinary Shares of £0.01 each.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's assets.

During the period, the following shares were issued:

	Number of shares	Nominal value £	Share premium £	Total £
Subscriber shares: 11 August 2006	2	2	-	2
<hr/>				
Reduction and cancellation of share capital: 7 November 2006	(2)	(2)	-	(2)
<hr/>				
Share sub-division and increase: 7 November 2006	200	2	198	200
<hr/>				
Shares issued on listing: 24 November 2006	206,999,800	2,069,998	195,480,802 *	197,550,800
As at 31 March 2007	207,000,000	2,070,000	195,481,000	197,551,000

* net of share issue expenses of £9,449,000.

16. Earnings per share

Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the net 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 equity holders of the 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.

	Group	Company
Profit attributable to equity holders of the company (£'000)	1,728	2,747
Weighted average of number of ordinary shares in issue (thousands)	113,717	113,717
Dilution in respect of employee share option schemes (thousands)	242	242
Weighted average number of ordinary shares in issue (diluted) (thousands)	113,959	113,959
Basic earnings per share (pence)	1.52	2.42
Diluted earnings per share (pence)	1.52	2.41

17. Trade and other payables

	Group 2007 GBP 000's	Company 2007 GBP 000's
Amounts due to I Holding Company (Mauritius) Ltd	-	21,337
Amounts due to related parties	31,891	-
Accruals	239	224
	<u>32,130</u>	<u>21,561</u>

Amounts due to related parties and amounts due to I Holding Company (Mauritius) Ltd represent the amount payable for the purchase of the remaining equity in Serene Properties Private Limited and Magna Warehousing and Distribution Private Limited to increase the Group's investment to 40%.

18. Financial liabilities

	Group 2007 GBP 000's	Company 2007 GBP 000's
Financial liabilities - adviser fees	8,682	-
As at 31 March 2007	<u>8,682</u>	<u>-</u>

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 Groups investment in associates (see note 10).

19. Related party transactions

Terms and Conditions of transactions with Subsidiaries

At the balance sheet date there was a £1.089 million amount due from the Company's subsidiary, I Holdings Limited. This loan is unsecured, interest free, has no fixed repayment terms and will not be recalled within the next 12 months. There are other intercompany loans between I Holdings and the Mauritian SPVs outstanding at 31 March 2007 which are eliminated on consolidation and are not disclosed in these accounts.

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 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 31 March 2007 is £8.682million. In addition,

the annual base fee paid to the Investment Adviser for the period in accordance with the terms of the agreement is £765,552.

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 and the Indian Investment Vehicles which the Company has invested in post year end, the K Raheja entities which have sold shares in the Indian Investment Vehicles to the Company and K Raheja Services Private Limited which is contracted to provide services to the Indian Investment Vehicles. The amount paid by the Group's associates to K Raheja Services Private Limited during the period was £58.226 million. Neel Raheja indirectly co owns the Investment Adviser, Neerav Investment Advisory Services.

The amounts paid to certain K Raheja entities for shares in the Indian Investment Vehicles were as follows: £16.498 million for 7,871 ordinary shares in Trion Properties Private Limited £26.098 million for 16,365 ordinary shares in Serene Properties Private Limited and £5.793 million for 12,953 ordinary shares in Magna Warehousing and Distribution Private Limited.

Information on Directors' emoluments and share options is given in note 9.

20. Financial instruments

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments that are carried in the financial statements.

Primary Financial Instruments

	Carrying amount GBP 000's	Fair value GBP 000's
Financial assets		
Cash and short term deposits (note 14)	154,018	154,018
Financial liabilities		
Investment adviser fees (note 18)	8,682	8,682
Other creditors (note 17)	32,130	32,130

The interest rate profile of the Group's financial assets was as follows:

	2007 GBP 000's
Floating rate financial assets	154,018

Floating rate financial assets comprise cash and short term deposits at call and money market rates for varying periods between one month and three months.

Foreign currency risk

The functional and reporting currency of the group's associates is Indian rupees ("INR"). Consequently, the Group is exposed to the risk that the exchange rate of the GBP relative to the INR may change in a manner which has a material effect on the reported values of the Group's assets which are denominated in INR.

20. Financial instruments (continued)

Concentration risk

The Company holds investments in India, which involves certain risks not typically associated with investments in other more developed countries. Future economic and political developments in Mauritius could affect the operations of the investee companies.

Credit risk

There are no significant concentrations of credit risk in the Company.

21. Holding and ultimate holding company

Ishaan Real Estate Plc, is the holding and ultimate parent company of the Group.

22. Share based payment

In November 2006, 390,000 share options were granted to senior executives under the "IPO option plan" and remain outstanding at the year end. The exercise price of the options is equal to the market price of the shares on the date of grant. The options vest within three years from date of grant. The fair value of the options granted is estimated at the date of grant using a binomial pricing model, taking into account the terms and conditions upon which the options were granted. The weighted average contractual life of each option granted is ten years. There are no cash settlement options. The IPO options will generally become exercisable at the third anniversary of their date of grant ("exercise date"), and are not subject to the satisfaction of performance targets. The IPO options may not be exercised under any circumstances following the tenth anniversary of grant. The fair value of options granted during the period ended 31 March 2007 was estimated on the date of grant using the following assumptions:

Dividend yield (%)	-
Expected volatility (%)	17.32
Risk - free interest rate (%)	5.81
Expected life (years)	3
Weighted average share price (£)	1.0646

The weighted average fair value of options granted during the period was £0.259.

The expected volatility assumption reflects the assumption that the historical volatility is indicative of future trends which may not necessarily be the actual outcome.

23. Post balance sheet events

The Group made the following investments in the period since 31 March 2007.

I-5 Company (Mauritius) Limited

Subscription for 100,665 Ordinary Shares and 2,400 Convertible Preference Shares in Sundew Properties Private Limited for a consideration of £8,163,723 on 21 June 2007.

Acquisition of 336,181 Ordinary Shares in Sundew Properties Private Limited for a consideration of £17,865,009 on 26 June 2007. These shares were acquired from K. Raheja Corp entities which is a related party of Neel Raheja.

I-6 Company (Mauritius) Limited

Subscription for 319,783 Ordinary Shares and 2,400 Convertible Preference Shares in Intime Properties Private Limited for a consideration of £7,619,835 on 30 April 2007.

Acquisition of 204,710 Ordinary Shares in Intime Properties Private Limited for a consideration of £3,076,316 on 11 June 2007. These shares were acquired from K. Raheja Corp entities which is a related party of Neel Raheja.

24. Commitments

The Group is committed to the following investment, subject to the satisfactory completion of certain conditions precedent as set out in the share subscription agreement dated 16 November 2006.

I-1 Company (Mauritius) Limited

4,696 Ordinary Shares and 2,400 Preference Shares in Genext Hardware and Parks Private Limited, for a consideration of £20,127,633.