YATRA CAPITAL

YATRA CAPITAL LIMITED

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

YATRA CAPITAL IS THE ONLY COMPANY LISTED ON NYSE EURONEXT INVESTING IN REAL ESTATE IN INDIA

INVESTMENT MANAGER

IL&FS | IL&FS Investment Advisors LLC

YATRA CAPITAL

Contents

Performance Highlights

- **Yatra Capital Limited ("Yatra"), listed on NYSE Euronext, raised EUR 220 million (EUR 212.13 million net funds raised) by way of two offerings. Substantially all of the funds raised have been committed and disbursed and thus the Group's acquisition program is complete.**

- **Net Asset Value ("NAV")* per share decreased by 14.61 % from EUR 5.82 at 31 March 2013 to EUR 4.97 at 30 September 2013. This decline in NAV per share is almost entirely attributable to the foreign exchange rate movements in the Indian Rupee against the EUR.**

- **Net loss for the period ended 30 September 2013 was EUR 16.19 million as compared to net gain of EUR 1.59 million for the period ended 30 September 2012. Of the net loss for the period ended 30 September 2013, 75% is attributable to the net changes in the fair value of financial assets and financial liabilities at fair value through profit or loss which in turn is almost entirely attributable to the foreign exchange rate movements arising from the decline in the Indian Rupee against the Euro.**

- **Basic loss per share for the period ended 30 September 2013 was EUR 0.84 as compared to profit per share of EUR 0.07 for the period ended 30 September 2012.**

- **Yatra through its subsidiary K2 Property Limited has remaining 13 investments, of which two are entity level investments, spread across 8 cities resulting in a development potential of over 15.9 million square feet of saleable/leasable area (excluding car parking and other non revenue generating areas). Over 6 million square feet of development space has been pre-leased/ pre-sold as at 30 September 2013. During the period Yatra has received distributions from its residential investment projects in Bangalore, in joint venture with Palladium Constructions Private Limited and in Pune, in joint venture with Kolte Patil Real Estate Private Limited. Subsequent to the period end, Yatra has exited from its investment in the residential project of Indore Treasure Town, Bijalpur, Indore, for a consideration of EUR 5.24 million of which EUR 4.57 million has been received on 5 November 2013. The balance is due by 31 March 2014 and has been secured on other assets owned by the purchaser.**

- **Construction work at 8 of Yatra's investment projects is in progress and three projects of the Company – City Centre Mall Nashik Private Limited at Nashik, Market City retail mall at Pune and Taj Gateway Hotel at Kolkata are operational.**

**NAV per share is based on Yatra's net assets as disclosed in the Statement of Financial Position as at 30 September 2013 divided by the number of shares outstanding on that date including shares held in treasury.*

YATRA CAPITAL

Chairman's Statement

Dear Shareholders,

I am pleased to present to you the unaudited financial statements of the Group for the Half Year ended 30th September 2013.

Operating Environment

Since my report to you accompanying the annual audited financial statements, global financial markets have continued to see marked volatility triggered by the continued anticipation of US Fed action to gradually wind down monetary stimulus. Economic and corporate results have driven developed market equity benchmarks towards new highs, but emerging markets have seen significant and lasting currency depreciation against developed markets. In India capital outflows, a high current account deficit and persistently high inflation do not encourage positive views, and whilst currency movements are notoriously hard to predict, we do not currently anticipate a meaningful INR recovery ahead of upcoming elections.

Disposals and Project Update

Subsequent to the favourable vote concerning realignment resolutions at the Company's EGM in the summer, we continue to focus on realisations, which have resulted in the generation of meaningful exit cash flows over the period. The Board and the Investment Manager have focussed attention on exiting assets where the opportunities of satisfactory upsides in future is limited and / or where there are real threats to the preservation of current value. The recent announcement of the exit of the Company's partially completed residential investment in the Bijalpur scheme (Indore Treasure Town) is a case in point, where our joint venture partner was unable to meet his financial obligations to us and other stakeholders. The Board acted on advice to dispose of the asset for cash notwithstanding the significant loss against original capital invested, in order to avoid a potentially significantly worse outcome. In each exit scenario presented by the Investment Manager, all options are considered and will continue to be considered in order to extract optimalvalue , including taking control of schemes and/or supporting them with additional capital within the limited scope of the Company's liquidity. With this intent, the Investment Manager continues to focus on driving value in self-liquidating residential projects and generating whatever upside is possible in targeting negotiated exits from assets where work has either stalled or is materially delayed. Construction work at eight of Yatra's investment projects is in progress and three of our projects : City Centre Mall in Nashik, Market City retail mall in Pune and the Taj Gateway hotel are operational. Pune Residential (KPRE) and Bangalore Residential have seen healthy responses to their Phase I developments, and will accordingly proceed with Phase II build-outs.

Return of Capital

As anticipated and previously announced, the Board has taken the necessary steps to shortly return an amount of EUR10 million to shareholders by way of the tender mechanism established last year. An announcement of the tender price and timing is being made concurrently with the publication of this statement. I am pleased that the amount returned is higher than the minimum target that we set ourselves back in July, enabled by the completion of more asset disposals than anticipated. We continue to plan further returns of capital on an annual basis, the quantum of which will be dictated by the Company's ability to exit investments at appropriate values and meet its residual liquidity needs.

Conclusion

As always, I take this opportunity to thank our Investment Manager, my fellow directors and our shareholders for their continuing support I take this opportunity to remind you of our upcoming investor call, on 5th December 2013, and I also urge all shareholders to give consideration to participating in our upcoming share tender, which is scheduled to close on 20th December 2013.

With best wishes

Richard Boléat

Chairman

28 November 2013

Directors' Report

The Directors present their interim report and the unaudited consolidated financial statements of Yatra Capital Limited ("the Company") and its subsidiaries (together the "Group") for the period ended 30 September 2013.

The Company

The Company was established in Jersey on 26 May 2006. The Company's ordinary shares were admitted to listing on the NYSE Euronext Market on 6 December 2006. The Company has been established to invest in Foreign Direct Investment (FDI) compliant Indian real estate development opportunities. The Company invests in a broad base of assets covering commercial, retail, residential, special economic zones, hospitality and logistics, targeting returns from development, long term capital appreciation and income.

Business Review

A review of the Group's activities during the period is set out in the Chairman's Statement on pages 3-4. At the Extraordinary General Meeting of the Company held on 19 June 2013, the shareholders passed the following resolutions:

1. The investment policy of the Company's Real Estate Shares is amended to restrict new investments solely to support existing investments for the purpose of protecting, preserving or enhancing such investments, including for completion of their development and to focus future investment management efforts on the realization of the Group's portfolio and the return of surplus capital and realization proceeds to shareholders.
2. Approved a revised Investment Management Agreement which embodies a closer alignment between the Investment Manager and shareholders and revised remuneration and termination agreements.
3. Approved changes to the Memorandum and Articles of the Company by introducing the ability to issue a new class of shares to invest in a portfolio of Indian infrastructure assets and also to introduce a number of other changes that seek to improve the corporate governance of the Company.

Results and Dividend

The Group's results for the period ended 30 September 2013 are shown in the Consolidated Statement of Comprehensive Income and related notes (pages 17 to 47). The Directors do not propose to declare a dividend for the period under review (31 March 2013-Nil).

Directors

All the directors of the Company are independent and non-executive with the exception of Shahzaad Dalal who is also a director of the Group's Investment Manager. The membership of the Board of Directors ("Board") is set out below.

Director	Date of Appointment
David Hunter	5 June 2006
Shahzaad Dalal	14 April 2011
Malcolm King	5 June 2006
Richard Boléat (Chairman)	27 January 2010
Christopher Wright	27 January 2010
George Baird (Chairman of the Audit and Risk Committee)	8 March 2012

All the directors served in office throughout the period.

Directors' Interests

The following directors had interests in the shares of the Company as at 30 September 2013.

Director	Number of Ordinary Shares
Christopher Wright	6,800
David Hunter	6,667
Malcolm King	7,500

All the directors are also directors of K2 Property Limited, a subsidiary of the Company. Shahzaad Dalal is also a director of IL & FS Investment Advisors LLC, the Investment Manager to K2 Property Limited.

Directors' Remuneration

During the period, the directors received the following emoluments from the Company and the Group:

Directors of the Company	Remuneration (in EUR)
David Hunter	35,833
Shahzaad Dalal	Nil
Malcolm King	27,917
Richard Boléat	46,667
Christopher Wright	32,500
George Baird	27,083

Directors of the Subsidiary	Remuneration (in EUR)
Rajkamal Taposeea	975
Manogaran Thamothiram	1,531
David Hunter	26,666
Malcolm King	18,333
Shahzaad Dalal	Nil
Richard Boléat	8,333
Christopher Wright	5,750
George Baird	3,780

The above figures reflect the amount paid during the period, using exchange rate as on date of payment. The payments made to Rajkamal Taposeea and Manogaran Thamothiram are included in the administration fee charged by Minerva Fiduciary Services (Mauritius) Limited, the Mauritius administrator.

There are no service contracts in existence between the Company and its directors. However, each director was appointed by a letter of appointment, which sets out the main terms of the appointment.

Management

IL & FS Investment Advisors LLC ("IIAL" or "the Investment Manager") provides investment management services to the Group and project management, property advisory, property management and monitoring services to those members of the Group which acquire properties, in each case in accordance with the investment objective, investment policy and restrictions of the Group. IIAL is a wholly owned subsidiary of IL&FS Investment Managers Limited ("IIML"), which is in turn a subsidiary of Infrastructure Leasing & Financial Services Limited ("IL&FS") a company incorporated in India. IIML is listed on the National Stock Exchange and The Bombay Stock Exchange.

Directors' Responsibility Statement

Companies (Jersey) Law 1991 ("Jersey Company Law") requires the directors to prepare financial statements which give a true and fair view of the state of affairs of the Group and the profit and loss for that period. In addition, the directors have elected to prepare the interim financial statements of the Group in accordance with International Financial Reporting Standards ("IFRSs"). International Accounting Standard ("IAS") 1 requires that financial statements present fairly for each financial period the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions of and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. The directors are also required to:

- Select suitable accounting policies and then apply them consistently;

- Make judgments and estimates that are reasonable and prudent;

- State whether IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements have been properly prepared in accordance with International Financial Reporting Standards and the historical cost convention as modified by the revaluation of investments and comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud, errors and non-compliance with law or regulations.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

Corporate Governance

A statement of Corporate Governance can be found on page 10.

Key Risks

There are a number of risks attributed towards the execution of the Group's strategy. The directors wish to highlight the following key risks:

- Real estate investments are long-term, illiquid investments and therefore the Group may not be able to realize the current NAV. The Group seeks to mitigate these risks by enhancing their marketability and exploring additional routes of disposing its interests.

- The slow pace of policy reforms, uncertain tax environment and underdeveloped secondary real estate markets in India limits the potential exit opportunities for the Group's non residential portfolio.

- The commercial sector of the Indian real estate market is thinly traded and lacks depth, which may further compound the illiquidity risk to which the Group is exposed in respect of its investments.

- The Indian companies in which the Group invests obtain construction loans from banks and financial institutions. These are secured by way of a mortgage on the land and the property to be developed. In case of default in repayment, the lending banks have a first charge on the land and property so provided as well as the other assets of the land owning company.

- Changes to regulations governing foreign investments including repatriation of funds may adversely affect the Group's performance, the most recent one being the introduction of the buyback distribution tax on buyback of unlisted shares undertaken by an Indian Company. The Group, through the Investment Manager, monitors this risk and, where applicable, procures advice from specialist lawyers and tax advisors in respect of the structuring of its investments.

- The Group receives interest income on its variable rate bank balances and fixed rate treasury deposits and is exposed to interest rate risk in that regard.

- The Group invests in Indian companies ("Portfolio Companies") and the fair value of these investments is denominated in Indian Rupees. The Company's issued shares are denominated in EUR, and the Company and the Group are therefore exposed to currency risk whereby a movement in the Indian Rupee / EUR exchange rate will affect the value of the investments and the resultant unrealized and realized gain or loss thereon.

- The Group is exposed to counter-party risk, principally as a result of the joint venture and leveraged nature of its investment portfolio. The Group is dependent upon the continued activity, performance and solvency of its joint venture real estate development partners. Additionally, the success of the Group's development activities is contingent upon the continued willingness of domestic Indian financial institutions to provide development and construction finance on acceptable terms. This counter party risk can increase further due to concentration of common developers across Portfolio Companies.

- The Portfolio Companies are heavily dependent on obtaining consent from statutory bodies at key stages for the development process, the subsequent sign off/acceptance of completed schemes and subsequent release of funds. All these stages can involve protracted timescales.

- The Group has acquired minority stakes in the Portfolio Companies and hence cannot control the day to day operations of these Portfolio Companies.

- The Group is also exposed to the risk of frivolous legal Intervention by third parties causing delays in execution of projects due to the relatively slow movement in the judicial processes in India.

The Board continues to monitor and, where possible, take steps to mitigate these key risks and other uncertainties to which the Group is exposed.

Annual General Meeting

The Annual General Meeting of the Company was convened on 23 September 2013.

Independent Auditors

KPMG Channel Islands Limited were appointed as auditors replacing Pricewaterhouse Coopers CI LLP, at the Annual General Meeting held on 23 September 2013.

By Order of the Board

Richard Boléat
Chairman

George Baird
Director and Audit & Risk Committee Chairman

28 November, 2013

Corporate Governance Report

It is the Group's policy to comply with best corporate governance practices. The Group recognizes that effective governance is a fiduciary responsibility fundamental to its long-term success. The Board endeavors to foster a management culture based on effective checks and balances, proper procedures for managing risks attached to opportunities, and accountability towards stakeholders with regard to the policies pursued. The Company has been a member of the Association of Investment Companies, UK since January 2012. The Company complies with all the principles of the AIC Code of Corporate Governance.

Role of the Board

The Board has determined that its role is to consider and determine the following key matters, which it considers are of strategic and operational importance to the Group:

- the overall objectives for the Group and the Group's strategy for fulfilling those objectives within an appropriate risk framework;

- any shifts in strategy that may be appropriate in light of market conditions;

- the capital structure of the Group including consideration of any appropriate use of gearing both for the Group and in any joint ventures or similar arrangements in which the Group may invest from time to time;

- the engagement of the Investment Manager, Administrators and other appropriately skilled service providers and the monitoring of their effectiveness through regular reports and meetings;

- the key elements of the Group's performance including Net Asset Value and distributions;

- compliance with company law and regulatory obligations, including the approval of the financial statements and the recommendation as to dividends (if any).

The directors bring independent views to the board and a diversity of experience including chartered surveying, civil service, banking, law, administration, treasury, financial accounting, corporate finance and fund management to add to the Board's effectiveness, particularly in the area of property, performance of emerging markets, corporate strategy, governance and risk.

The directors take decisions objectively and in the best interests of the Group being collectively and individually responsible for its success. They are accountable to shareholders and take into consideration the need to foster the Group's business relationships with other stakeholders in discharging their obligations.

The Board has conducted a self-assessment exercise for the year ended 31 March 2013 and will continue to do so annually. The Board members have reaffirmed their independence wherever appropriate other than as disclosed elsewhere in the financial statements.

Board Decisions

The Board ensures during its meetings that strategic matters are considered as well as matters of particular concern to shareholders. The operational obligations of the Board have been delegated through appropriate arrangements to the Investment Manager and the Administrators, as all members of the Board are non-executive. The independent directors of the board meet separately at least once a year to review the performance of the Board as a whole.

Board Meetings

The Board holds at least four meetings annually and also meets as and when required to consider specific issues reserved for decision by the Board. The Board met formally 4 times during the period under review. Attendance at Board meetings by individual board members is disclosed as follows:

Director	Attendance at Meetings
David Hunter	3
Richard Boléat	4
Malcolm King	4
Christopher Wright	3
Shahzaad Dalal	3
George Baird	4

Committees of the Board

Audit & Risk Committee

The Audit & Risk Committee (ARC) is comprised entirely of independent directors: George Baird (Chairman), Christopher Wright, Richard Boléat and Malcolm King who are each considered to have the requisite expertise in matters of finance and accounting. George Baird is also Chairman of the Audit & Risk Committee of K2 Property Limited. The ARC meets at least three times a year and, if required, meetings can also be attended by the Investment Manager, the Administrator and the Independent Auditors.

The ARC is responsible for ensuring that the financial performance of the Group is properly monitored, controlled and reported on. The ARC's primary responsibilities are to review accounting policies and the financial statements, understand and agree the key underlying principles, engage in discussions with external auditors and ensure that an effective internal control framework exists. The duties of the ARC are covered under the terms of reference of the ARC and include:

- To oversee the selection process of external auditors and make recommendations to the Board in respect of their appointment, re-appointment and remuneration;
- To ensure the integrity of the financial statements;
- To monitor and review the independence of the auditors, their objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements;
- To keep under review the effectiveness of internal financial controls;
- To ensure that a member of the ARC attends the Annual General Meeting of the Members;
- To oversee the effectiveness of the processes and controls used by the Company to monitor and manage risk within the parameters adopted by the Board;
- To review the Company's major risk exposures and the steps taken to monitor and control such exposures.

During the period under review, the ARC met formally twice. The table below shows the attendance of the ARC members at the formal meetings for the period under review.

Audit & Risk Committee (Continued)

Director	Attendance at Meetings
Richard Boléat	2
Malcolm King	2
Christopher Wright	2
George Baird	2

Remuneration and Nominations Committee

The Remuneration and Nominations Committee comprises Richard Boléat, Shahzaad Dalal and David Hunter (Chairman) of which the majority is independent of the Investment Manager. This Committee is responsible for the terms of appointment and remuneration of the Company's directors and the incentive policies of the Group as a whole. The Remuneration Committee has met once during the period under review.

The table below shows the attendance of the Remuneration and Nominations Committee members at the formal meeting for the period under review.

Director	Attendance at Meetings
Richard Boléat	1
Shahzaad Dalal	1
David Hunter	1

Redemption Committee

The Redemption Committee has evaluated mechanisms for return of capital to the shareholders. This committee has now been disbanded and any future redemptions of capital will be decided by the Board.

Shareholder Relations

Shareholder communications are a priority of the Board and the Company maintains a regular dialogue with its shareholders. The Company promptly posts all relevant information and news to the Authority for Financial Markets, Euronext and on its website. The Chairman and representatives of the Investment Manager make themselves available to meet with key shareholders, analysts, current and future investors and the media. The Board is also fully informed on any market commentary on the Company made by the Group's Investment Manager and other professional advisors, including its brokers. The Board monitors its investor relations process consistently to ensure the effectiveness of the Company's communications. The notice of the Annual General Meeting is posted to the shareholders at least 42 clear days in advance of the meeting. Shareholders or their proxies are encouraged to attend and participate in the Annual General Meeting. The Chairman and representatives of the Investment Manager are available at the Annual General Meeting to address any questions that the shareholders wish to raise.

YATRA CAPITAL

Unaudited Interim Consolidated Statement of Financial Position

As at 30 September, 2013

	Notes	Group 30 September 2013 EUR	Group 31 March 2013 EUR
ASSETS			
Non Current assets			
Financial assets at fair value through profit or loss	7(a)	**61,782,008**	73,674,808
		61,782,008	73,674,808
Current assets			
Financial assets at fair value through profit or loss	7(b)	**13,524,612**	20,393,403
Prepayments and other receivables	9	**1,902,173**	5,011,168
Cash and cash equivalents	10	**18,775,213**	13,970,811
		34,201,998	39,375,382
Total assets		**95,984,006**	113,050,190
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	11	**-**	-
Share premium	11	**204,406,192**	204,406,192
Accumulated losses		**(107,607,922)**	(91,420,542)
Treasury shares	11	**(949,106)**	(715,415)
Total equity		95,849,164	112,270,235
Current liabilities			
Accruals and other payables	12	**134,842**	779,955
		134,842	779,955
Total equity and liabilities		95,984,006	113,050,190

The financial statements were approved by the Board of Directors and authorised for issue on 28 November, 2013. They were signed on its behalf by Richard Boléat and George Baird.

Richard Boléat

Chairman

George Baird

Director and Audit & Risk Committee Chairman

The notes on pages 17 to 47 form an integral part of these unaudited interim financial statements.

Unaudited Interim Consolidated Statement of Comprehensive Income

For the period ended 30 September, 2013

	Notes	Group Period ended 30 September 2013 EUR	Group Period ended 30 September 2012 EUR
INCOME			
Interest income on bank deposits		20,932	83,585
Interest income on investment		182,832	224,427
Gain on foreign currency translation		-	160
Dividend income		15,492	-
Other income		75,396	84
Net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	6	(12,132,933)	3,981,027
		(11,838,281)	4,289,283
EXPENSES			
General Administration Expenses:			
Investment Manager fee	14	1,197,014	1,909,154
Custodian, secretarial and administration fees		94,148	100,856
Legal and professional costs		425,297	146,065
Directors' fees	14	232,682	169,199
Directors' insurance		16,284	18,212
Audit expenses		65,172	173,598
Listing agents fees		10,343	17,900
Investment committee expenses		-	9,150
Other administrative expenses		135,530	127,540
Loss on disposal of financial assets at fair value through profit or loss		1,538,306	-
Loss on foreign currency translation		612,053	-
		4,326,829	2,671,674
Total Comprehensive Loss for the period before tax		(16,165,110)	1,617,609
Taxation	5	(22,270)	(23,379)
Total Comprehensive Loss attributable to:			
Equity holders of the Company		(16,187,380)	1,594,230
		(16,187,380)	1,594,230
Basic and diluted profit/(loss) per share	17	(0.84)	0.07

The notes on pages 17 to 47 form an integral part of these unaudited interim financial statements.

Unaudited Interim Consolidated Statement of Changes in Equity

As at 30 September, 2013

	Attributable to Equity Holders			
	Stated Capital	Share Premium	Retained earnings/ (accumulated losses)	Total equity
	EUR	EUR	EUR	EUR
Group:				
At 31 March 2011	-	211,906,108	(40,448,492)	171,457,616
Total comprehensive loss for the year	-	-	(43,074,498)	(43,074,498)
Purchase of Treasury shares	-	(267,569)	-	(267,569)
At 31 March 2012	-	211,638,539	(83,522,990)	128,115,549
Total comprehensive loss for the year	-	-	(7,897,486)	(7,897,486)
Share redemption		(7,499,916)	-	(7,499,916)
Reversal of profit on call of investment			(66)	(66)
Purchase of Treasury shares	-	(447,846)	-	(447,846)
At 31 March 2013	-	203,690,777	(91,420,542)	112,270,235
Purchase of Treasury shares	-	(233,691)	-	(233,691)
Total comprehensive loss for the period	-	-	(16,187,380)	(16,187,380)
As at 30 September 2013	**-**	**203,457,086**	**(107,607,922)**	**95,849,164**

The notes on pages 17 to 47 form an integral part of these unaudited interim financial statements.

Unaudited Interim Consolidated Statement of Cash Flows

For the period ended 30 September, 2013

	Notes	Group Period ended 30 September 2013 EUR	Group Period ended 30 September 2012 EUR
Cash flows from operating activities			
Total comprehensive (loss)/profit for the period before taxation		(16,165,110)	1,617,609
Adjustments for:			
Dividend income		(15,492)	-
Interest from investments		(182,832)	(224,427)
Interest from banks		(20,932)	(83,585)
Loss on foreign currency translation		575,050	(9,077)
Net changes in fair value of financial assets at fair value through profit or loss	6	12,132,931	(3,981,027)
Loss on disposal of financial assets at fair value through profit or loss		1,538,306	-
Cash used in operations		(2,138,079)	(2,680,507)
Dividend received		15,492	-
Tax paid		(22,270)	(23,379)
Proceeds from sale of financial assets at fair value through profit or loss		6,931,423	-
Interest from investments		251,906	244,087
Decrease in prepayments and other receivables		854,136	176,688
(Decrease) in accruals and other payables		(645,113)	(152,164)
Net cash used in operating activities		7,385,574	(2,435,275)
Cash flows from financing activities			
Interest from banks		16,527	83,585
Investment in fixed deposit of Bank of Cyprus		(225,929)	-
Purchase of treasury shares		(233,691)	(148,754)
Net cash used in financing activities		(443,093)	(65,169)
Net increase/ (decrease) in cash and cash equivalents		4,804,402	(2,500,444)
Cash and cash equivalents at beginning of the period		13,970,811	27,337,824
Cash and cash equivalents at end of the period	10	18,775,213	24,837,380

The notes on pages 17 to 47 form an integral part of these unaudited interim financial statements.

Notes to the Unaudited Interim Financial Statements

1. General information

Yatra Capital Limited (the "Company") is a limited liability company incorporated and domiciled in Jersey whose registered office address is at 43/45 La Motte Street, St Helier, JE4 8SD, Jersey. The Company is governed by the Collective Investment Funds (Jersey) Law 1988, as amended, and the subordinate legislation made thereunder and regulated by the Jersey Financial Services Commission. The purpose of the Company is to enable pooling of funds by investors for investment in K2 Property Limited ("K2") and its subsidiaries, together referred to as the "Group".

K2 was incorporated on 19 May 2006 and is domiciled as a limited liability company under the laws of the Republic of Mauritius. K2 holds a category 1 Global Business Licence issued by the Financial Services Commission in Mauritius. The Group makes investments in companies established to carry out real estate development and ownership across India ("Portfolio Companies").

IL&FS Investment Advisors LLC, an investment management company incorporated and domiciled in the Republic of Mauritius ("the Investment Manager") advises the Group with respect to its investment activities. The administration of the Company is undertaken by Minerva Fund Administration Limited.

The Company's ordinary shares are listed and traded on the NYSE Euronext Market, under ISIN JE00B1FBT077.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements have been consistently applied to all the periods/years presented unless otherwise stated and are set out below.

2.1 Basis of preparation

The interim consolidated financial statements are prepared on a going concern basis using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC").

The interim consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these financial statements are disclosed in Notes 4 and 5.

Notes to the Unaudited Interim Financial Statements (Continued)

Summary of significant accounting policies (Continued)

K2 makes investments in Portfolio Companies established to undertake real estate investment in India. By virtue of the controlling interest held by the Company in K2 as at 30 September 2013, the Company has consolidated the position and results of K2 in accordance with the accounting policies set out in note 2.2. Details of the interests held by the Group in Portfolio Companies are set out in note 7.

As at 30 September 2013, neither the Company nor K2 held a controlling interest in any of the Portfolio Companies in respect of which K2 has invested. As set out in note 2.4, investments in Portfolio Companies are accounted for as financial assets at fair value through profit or loss. The estimates and assumptions applied in determining the fair value of these investments are set out in note 4.1.

(a) Standards and amendments to existing standards effective 1 April 2012

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on 01 April 2012 that would be expected to have a material impact on the Group and Company.

(b) New standards ,amendments and interpretations effective after 1 April 2012 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2012, and have not been applied in preparing these financial statements. The following are those that could have an impact on the financial statements of the Group and the Company.

- IAS 27 (revised 2011), 'Separate financial statements' (effective date – 1 January 2013) – IAS 27 (revised 2011) includes the requirements relating to separate financial statements.
- IAS 28, 'Associates and Joint Ventures' (revised 2011) includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 11. IAS 28 is renamed and the scope exception for venture capital organizations, or mutual funds, unit trusts and similar entities, including investment-linked insurance funds has been eliminated and has been characterised as a measurement exemption from the requirement to measure investments in associates and joint ventures using the equity method.
- IFRS 9, 'Financial instruments' (effective date – 1 January 2015). IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an

Notes to the Unaudited Interim Financial Statements (Continued)

Summary of significant accounting policies (Continued)

entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

- IFRS 13, 'Fair measurement' (effective date - 1 January 2013). IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP.

The Group and Company are in the process of assessing the impact of the above standards and intend to adopt the standards no later than the effective date with the exception of IFRS 13. The Group and Company will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

2.2 Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred. The excess of the cost of acquisition, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated Statement of Comprehensive Income. Intra-group transactions, balances

Notes to the Unaudited Interim Financial Statements (Continued)

Summary of significant accounting policies (Continued)

and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Transactions and non-controlling interests

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Foreign currency translation

(a) Functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of primary economic environment in which the Group operates (the "functional currency"). The Board considers the Euro as the currency that most faithfully represents the economic effects of the underlying events, transactions and conditions. The financial statements are presented in Euro ("EUR"), which is the Parent's and each of the subsidiaries' functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. The EUR exchange rate used at the date of Statement of Financial Position for the translation of monetary assets and liabilities denominated in INR was 84.67 (31 March 2013 - 69.54), a 21.75% depreciation in the INR against the EUR. Translation differences on non-monetary financial assets and liabilities such as equity instruments classified as financial assets at fair value through profit or loss are recognised in the Statement of Comprehensive Income within the net gain or loss on fair valuation of financial assets at fair value through profit or loss.

Notes to the Unaudited Interim Financial Statements (Continued)

Summary of significant accounting policies (Continued)

2.4 Financial assets at fair value through profit or loss

(a) Classification

The Group invests in joint ventures and associates and has also invested in the securities of a company listed on the Bombay Stock Exchange. A joint venture is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. An associate is an entity over which the Group has significant influence but no control, generally accompanying a shareholding of between 20% and 50% of the voting rights. As allowed under International Accounting Standards, IAS 31 (revised 2003), Interests in Joint Ventures and IAS 28 (revised 2003), Investments in Associates, the Group has designated its investments in joint ventures and associates as financial assets held at fair value though profit or loss. All of the Group's interests in Portfolio Companies are accounted for in this manner.

Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed and their performance evaluated on a fair value basis in accordance with the Group's documented investment strategy. The Group's policy is for the Board and the Investment Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

The Board, as advised by the Investment Manager, has taken an appropriate classification of investments at the time of purchase and re-evaluates the classification on a regular basis.

Financial assets that are not expected to be realised within 12 months of the reporting date are classified under non-current assets whereas those that are expected to be realised within a period of less than 12 months of the reporting date are classified under current assets.

(b) Recognition/derecognition

Purchases and sales of investments are recognised on the "trade date" – the date on which the Group contracts to purchase or sell the investment. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

(c) Measurement

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are recognized in the Statement of Comprehensive Income in the period in which they arise. Interest income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income using the effective interest method. Dividend income from financial assets at fair value

Notes to the Unaudited Interim Financial Statements (Continued)

Summary of significant accounting policies (Continued)

through profit or loss is recognised in the Statement of Comprehensive Income within dividend income when the Group's right to receive payments is established.

(*d*) *Fair value estimation*

The fair value of financial instruments traded on an active market is based on the closing quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on project status and market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants as recommended by the Royal Institution of Chartered Surveyors ("RICS").

2.5 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.6 Financial assets at amortised cost

Financial assets at amortised cost include loans due from subsidiaries, amount due to shareholders and other receivables. These financial assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of amounts due from counterparties is established when there is objective evidence that the Group or the Company will not be able to collect all amounts due from the relevant counterparty.

2.7 Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short-term, highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2.8 Accruals and other payables

Accruals and other payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

2.9 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds of the issue. Ordinary shares which have been bought back during the period are recorded as Treasury shares.

Notes to the Unaudited Interim Financial Statements (Continued)

Summary of significant accounting policies (Continued)

2.10 Interest income and dividend income

Interest income is recognised on a time-proportionate basis using the effective interest method.

Dividends are recognised when the right to receive payment is established.

2.11 Transaction cost

Transaction costs are costs incurred to acquire financial assets at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as an expense.

2.12 Current and deferred income tax

The current income tax charge is calculated on the basis of currently enacted or substantively enacted tax laws at the reporting date in the countries in which the Group generates taxable income. The Board periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from tax losses carried forward. Deferred income tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

2.13 Financial instruments

Financial instruments carried in the Statement of Financial Position include financial assets at fair value through profit or loss, other receivables, cash at bank and accruals and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. Disclosures regarding financial instruments to which the Group is a party are provided in Note 3.

2.14 Related parties

Related parties are both natural and legal persons where the person has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Notes to the Unaudited Interim Financial Statements (Continued)

Summary of significant accounting policies (Continued)

2.15 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is a group of assets and operations engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments. The Group is engaged in real estate development projects in India, being a single reportable geographical segment having an economic environment that is subject to risks and returns which are different from geographical segments operating in other economic environments.

3 Financial risk management

3.1 Strategy in using financial instruments

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The Group's overall risk management policy focuses on the management of risk at the Portfolio Company level and above and particularly seeks to minimize potential adverse effects on the Group's financial performance, flexibility and liquidity.

The Group's activities expose it to a variety of financial risks, the principal risks being credit risk, liquidity risk, and market risk (including foreign currency risk). The Group's financial instruments comprise of financial assets at fair value through profit or loss, cash and cash equivalents and other items such as accruals and other receivables, accruals and other payables which arise from its operations.

This note presents information about the Group's exposure to each of the above risks, the Board's objectives, policies and processes for measuring and managing risk and the management of capital. Further quantitative disclosures are included throughout these financial statements. The Group held no derivative instruments during the period ended 30 September 2013 (31 March 2013- Nil). A summary of the main risks is set out below:

3.2 Market risk

The Group is exposed to market risk, which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market values. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices.

(a) Cash flow and fair value interest rate risk

Interest rate risk arises from the effect of fluctuations in the prevailing levels of market interest rates on the fair value of financial instruments and future cash flow. The Group's cash flow is monitored at regular intervals by the Board. The Group's interest bearing financial instruments are the balances held in bank accounts and the investment in compulsorily convertible debentures issued by a Portfolio Company. These financial instruments have fixed interest rates. Therefore the Group is not

Notes to the Unaudited Interim Financial Statements (Continued)

Financial risk management (Continued)

exposed to significant cash flow interest rate risk. The Group is not exposed to fair value interest rate risk since cash at bank is carried at cost in the Statement of Financial Position.

(b) Foreign currency risk

Foreign currency risk arises when future transactions or recognised monetary assets and monetary liabilities are denominated in a currency other than the Parent's and each of the subsidiaries' functional currency.

The Group invests in India and holds both monetary and non-monetary assets and liabilities denominated in currencies other than the EUR, the functional currency. It is therefore exposed to foreign currency risk. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities, such as the Group's investments, to be a component of market price risk and not foreign currency risk. However, the Group and Company monitor the exposure on all foreign currency denominated assets and liabilities.

The Group has in place a policy that requires Group companies to keep under review their foreign currency risk against the functional currency. Forward contracts may be used on a transaction by transaction basis with a view to hedging foreign currency exposure. The Group will continue to monitor foreign currency risk and the need for hedging transactions. During the period under review, no foreign currency hedging transactions took place, and the Group continues to have fully unhedged INR exposures comprising substantially all of the Group's Non-Current Assets and Current Assets. The table below summarises the Group's assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the EUR:

	30 September 2013			31 March 2013		
Group	INR	USD	GBP	INR	USD	GBP
Amounts in Euro						
Assets						
Monetary assets	1,359,953	-	5,511	3,595,831	-	21,957
Non-monetary assets	75,216,146	-	-	93,977,736	-	-
Liabilities						
Monetary liabilities	10,635	-	32,126	26,877	165,982	507,731

Financial risk management (Continued)

The table below summarises the sensitivity of the Group's monetary and non monetary assets and liabilities to changes in foreign currency movements at 30 September 2013. The analysis is based on the assumptions that the relevant foreign exchange rate appreciated/depreciated against the EUR by the percentage disclosed in the table below, with all other variables held constant. This represents the directors' best estimates of a reasonable possible shift in the foreign exchange rates, having regard to the historical volatility of those rates.

	Reasonably possible shift in rate		Reasonably possible shift in rate	
	30 September 2013		31 March 2013	
Group	%	EUR	%	EUR
Currency				
Indian rupee				
- Monetary assets	+ 15%/(15%)	(0.18)/0.24 million	+ 10%/(10%)	0.40/(0.32) million
- Non – monetary assets	+ 15%/(15%)	(9.81)/13.27 million	+ 10%/(10%)	10.40/(8.50) million

At 30 September 2013, the Group did not have any outstanding capital commitments (31 March 2013 – Nil).

(c) Price risk

The Group is exposed to price risk as the investments of the Group as stated in the consolidated Statement of Financial Position are classified as financial assets at fair value through profit and loss. Where non-monetary financial instruments, such as the Group's and the Company's investments are denominated in currencies other than the Euro, the price initially expressed in foreign currency and then converted into Euro will also fluctuate because of changes in foreign exchange rates.

Paragraph (b) 'Foreign exchange risk' above sets out how this component of price risk is managed and measured.

The Group has invested in unquoted companies domiciled in India, being the Portfolio Companies. An investment in an Indian company operating in the real estate development sector involves significant risks including ownership/title risk, development financing risk and development risk. The Group relies upon the services of the Investment Manager and key service providers in India, such as legal advisors, to help mitigate these risks through measures including the conduct of full and proper due diligence, negotiation and completion of investment and joint venture documentation with due regard to appropriate risk allocation, and close performance monitoring to manage risk on an ongoing basis.

Notes to the Unaudited Interim Financial Statements (Continued)

Financial risk management (Continued)

The valuation of the property development projects held by the Portfolio Companies as at 30 September 2013 has been done by way of an internal desktop valuation conducted by the Investment Manager and explained in note 4.1 below. The table below provides a sensitivity analysis showing the impact of increases/decreases in the fair value of investments on the Group's post tax profits and losses respectively for the period and on its net assets. The analysis is based on the assumption that the valuation of the property development projects held by the Portfolio Companies as on 30 September 2013 increased/decreased by 20% (31 March 2013 - 20%), with other variables held constant.

Period ended 30 September 2013	**Increase in fair value by 20% (EUR)**	**Decrease in fair value by 20% (EUR)**
Increase/(decrease) in profit and Increase/(decrease) in net assets	EUR 14.39 million	(EUR 14.39 million)
Year ended 31 March 2013	**Increase in fair value by 20% (EUR)**	**Decrease in fair value by 20% (EUR)**
Decrease/(increase) in loss and Increase/(decrease) in net assets	EUR 17.78 million	(EUR 17.78 million)

3.3 Credit risk

Credit risk arises when a failure by a counter party to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. This counterparty risk may further increase due to concentration among developers in the portfolio.

The Group's credit risk arises principally from cash at bank and other receivables. The Group's policy is to maintain cash balances and short term deposits with a reputable banking institution and to monitor the placement of cash and deposit balances on an ongoing basis. As at 30 September 2013, all cash balances and short term deposits were placed with the HSBC Banking Group which had a credit rating of "AA-" from Standard and Poor's, Barclays Bank Plc which had a credit rating of "A" from Standard and Poor's and Mauritius Commercial Bank Limited which had a credit rating of "BAA1/P-2" from Moody's Global Credit Research.

The credit rating issued by Moody's Global Credit Research for the Bank of Cyprus was downgraded to "Ca" from Caa3 on 27 March 2013, following the introduction of capital controls for all banks of Cyprus operating in Cyprus. The credit risk remains downgraded at Caa3. The credit risk is high from the cash at bank held by the Bank of Cyprus for the Cypriot subsidiary. The Group maximum exposure to credit risk on its cash balance available with Bank of Cyprus amounted to EUR 267,547.

The Group has invested less than 2% of its investible funds in the securities of a company listed on the Bombay Stock Exchange. It is the Group's policy that all the transactions in listed securities are settled /paid for upon delivery using appropriately licensed brokers. The risk of default with respect to such settlement is considered minimal, as delivery of securities sold is only completed once the broker

Notes to the Unaudited Interim Financial Statements (Continued)

Financial risk management (Continued)

has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Group's credit risk also arises in respect of other receivables as disclosed in note 9 below. The Board has considered the recoverability of these balances as at 30 September 2013 and does not consider the risk of failing to recover these amounts to be significant. Additionally, before any company in the Group enters into transactions with another party it will make an assessment of the credit worthiness of that party.

3.4 Liquidity risk

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can do so on terms that are materially disadvantageous. As a policy, the Group minimises these risks by maintaining sufficient cash and highly liquid current assets to meet all anticipated future payment obligations. As at 30 September 2013, the total financial liabilities of the Group amounted to EUR 0.13 million (31 March 2013: EUR 0.78 million).

The table below analyses the Group's and Company's non-derivative financial liabilities into relevant maturity groupings at the financial position date.

The Group has invested in unquoted companies domiciled in India, being the Portfolio Companies. The Group may be subject to liquidity risk in the event that the Group is unable to find a potential buyer to dispose its stake in the Portfolio Companies without undue delay at a price close to its market value to meet its financial obligations. At 30 September 2013, the Group had sufficient liquid financial assets to meet its current financial obligations.

The outstanding capital commitments of the Group amounted to EUR Nil as at 30 September 2013 (31 March 2013 – EUR Nil).

Details	Group		Group	
	Due - less than 12 months		Due - more than 12 months	
	30 September 2013 EUR Millions	31 March 2013 EUR Millions	30 September 2013 EUR Millions	31 March 2013 EUR Millions
Accruals and other payables	0.13	0.78	-	-
Outstanding Commitments	-	-	-	-
Total payable	**0.13**	**0.78**	**-**	**-**

On the basis of the above, the Board considers liquidity risk to be low.

Notes to the Unaudited Interim Financial Statements (Continued)

Financial risk management (Continued)

3.5 Fair values

The carrying amount of financial assets at fair value through profit or loss, loans to subsidiaries, other receivables, cash and cash equivalents, accruals and other payables and net asset attributable to holders of the Company's shares approximate their fair values.

Financial assets at fair value through profit or loss are the only assets carried at fair value. The fair values of those that are traded in active markets are based on quoted market prices at the close of trading on the period end date.

The fair values of financial assets at fair value through profit or loss that are not traded in an active market are determined by using valuation techniques. The techniques used by the Group are explained in Note 4.1 below.

IFRS 7 requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 inputs are inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, that measurement is a level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Group. The Group considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the related market.

Notes to the Unaudited Interim Financial Statements (Continued)

Financial risk management (Continued)

The following table analyses within the fair value hierarchy the Group's financial assets measured at fair value:

Assets	EUR Level 1	EUR Level 2	EUR Level 3	EUR Total Balance
30 September 2013 Group				
Financial assets designated at fair value through profit or loss	1,709,267	-	73,597,353	75,306,620
31 March 2013 Group				
Financial assets designated at fair value through profit or loss	2,503,586	-	91,564,625	94,068,211

The Group holds an investment in an entity listed on the Bombay Stock Exchange. That investment whose value is based on quoted prices in an active market has been classified within level 1. The Group does not adjust the quoted price for this instrument.

The other investments of the Group, designated at fair value through profit or loss, consist of unquoted shares in the Portfolio Companies. In the absence of observable prices, as described in Note 4.1, the Group makes use of valuation techniques to compute the fair value. The fair value as at 30 September 2013 is based on the internal desktop valuation carried out by the Investment Manager derived from the valuations prepared by the independent international property valuer CB Richard Ellis South Asia Private Limited ("the Valuer") as at 31 March 2013 based on the guidelines issued by the Royal Institution of Chartered Surveyors (RICS), U.K. The valuations makes use of two main methods, namely Direct Comparable Method ("DCM") and Discounted Cash Flow ("DCF"), to value the different projects of the Group, depending on the stage of each project and depending on the availability of comparable transaction prices in the market. Both methods make use of recent real estate transactions similar in nature to each individual project and of a number of assumptions and judgments obtained from the Investment Manager. Hence, the other investments of the Group are classified under level 3. The projects valued using the DCM constitutes 4.53% (31 March 2013 – 4.20%) of the total financial assets at fair value through profit or loss.

There has been no transfer between levels during the period ended 30 September 2013 (31 March 2013 – Nil).

3.6 Capital risk management

The Group's objectives when managing capital are to safeguard the ability of each of the companies within the Group to continue as a going concern in order to provide returns and value for shareholders. The Group has no borrowings and accordingly it has a nil gearing ratio. The Portfolio Companies in which the Group has invested have borrowings related to their real estate development activities without any recourse to the Group.

Notes to the Unaudited Interim Financial Statements (Continued)

Financial risk management (Continued)

3.7 Counterparty risk

Counterparty risk is defined as the current and prospective risk to earnings or capital arising from a counterparty's failure to meet the terms of any obligation to the Group or otherwise to perform as agreed. Counterparty risk arises when funds are extended, committed, invested, or otherwise exposed through actual or implied contractual agreements.

Counterparty risk to the Group arises primarily from two types of commercial arrangements:

1. The continuing willingness by banks and other financial institutions to provide finance on agreed terms to Portfolio Companies, to enable those companies to execute their planned real estate development within budget tolerances.

2. The ability and willingness of the Group's joint venture partners at Portfolio Company level to carry out the relevant real estate development project in accordance with agreed budgets, timescales and quality standards.

A failure by a constituent member of either of these commercial counterparty groups to perform as agreed could lead to a material negative performance of an individual Portfolio Company investment. The Investment Manager seeks to ensure that counterparty risk is mitigated by way of continuous monitoring of Portfolio Companies, the joint venture parties, banks and financial institutions with whom they contract. Identified risks are escalated and actions taken by the Group as necessary. In the case of Indore Treasure Market City Private Limited, due to a breach of the joint venture partner's obligations to the Portfolio Company, the Portfolio Company has been unable to repay its existing debt and hence the project has been classified as a non performing asset by its lenders and is in the process of being auctioned. In respect of Indore Treasure Town Private Limited, there remains a counterparty risk to the extent of the exit consideration of balance INR 54 million to be received due to the current weak financial standing of the joint venture partner. In the case of K2's investment in Forum IT Parks Pvt Ltd, there exists a counterparty risk due to the unwillingness of the Promoter to complete the balance development as per agreed timelines.

Notes to the Unaudited Interim Financial Statements (Continued)

Financial risk management (Continued)

3.8 Financial instrument by category

Group 30 September 2013 Non current and current assets	Loans and receivables EUR	Financial Assets at fair value through profit or loss EUR	Total EUR
Financial assets at fair value through profit or loss (Non Current)	-	61,782,008	61,782,008
Financial assets at fair value through profit or loss (Current)	-	13,524,612	13,524,612
Cash and cash equivalents	18,775,213	-	18,775,213
Prepayments and other receivables	1,902,173	-	1,902,173
Total	**20,677,386**	**75,306,620**	**95,984,006**
Group 31 March 2013 Non current and current assets			
Financial assets at fair value through profit or loss (Non Current)	-	73,674,808	73,674,808
Financial assets at fair value through profit or loss (Current)	-	20,393,403	20,393,403
Cash and cash equivalents	14,211,313	-	14,211,313
Prepayments and other receivables	4,770,666	-	4,770,666
Total	**18,981,979**	**94,068,211**	**113,050,190**

Group 30 September 2013 Current liabilities	Accruals and other payables EUR	Total EUR
Accruals and payables	134,842	134,842
Total	**134,842**	**134,842**
Group 31 March 2013		
Accruals and payables	779,955	779,955
Total	**779,955**	**779,955**

Notes to the Unaudited Interim Financial Statements (Continued)

4 Critical accounting estimates and judgements

4.1 Critical accounting estimates and assumptions

As part of its ongoing business, the Group, through the Board, makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are outlined below.

Fair value of financial assets at fair value through profit or loss

The Group holds financial instruments that are not quoted in active markets in the form of unquoted shares of the Portfolio Companies. The principal activities of these Portfolio Companies are to select sites, acquire land, construct, develop, let, sell and manage real estate projects in India. In the absence of an active market, the fair value of such unquoted investments has been determined based on the fair value of the underlying net assets of the Portfolio Companies. The major components of the net assets of each Portfolio Company are the land and any development and/or any capital work in progress, and its related borrowings. Their net assets also include other current assets and liabilities. The fair value of the Group's investments in the Portfolio Companies has been determined based on the net assets of these Portfolio Companies, as adjusted for:

(1) differences between IFRS and Indian GAAP; and

(2) fair valuation of all of the underlying assets and liabilities.

Adjustments have been made to the extent of tax expected to be suffered on any gain arising on the fair valuation of the projects (including land and the development costs of such land) derived from the valuation data provided by the Investment Manager as of 30 September 2013. Tax adjustments are taken on the net gain on projects which have a saleable model whereas for leasable models the tax adjustments are on the taxable income from lease rentals instead of on exit value as the disposal of the investment in the leasable model at exit value is to be done at Portfolio Company level. Having determined the fair value of the net assets, the Group carries these investments based on its pro-rata share, with no discount or premium being applied to reflect control or liquidity. After taking advice from the Investment Manager, the Directors believe that there should be no adjustment on account of control as the investments are in joint ventures, where in accordance with the shareholders' agreements, all major decisions of the Portfolio Companies require the affirmative vote of the investing Group companies. In respect of investments which are intended to be held until the completion of the relevant development project or, if exited earlier based on the DCF of the project cash flows, the Board believes that there should be no adjustment on account of the liquidity of the investments notwithstanding that they are not traded on an active market. In case of investments anticipated to be exited earlier than the completion of the project and not based on DCF of the project cash flows, the Board has assessed that their illiquidity shall have no material impact on the carrying value of these investments. The Board will continue to review this semi-annually.

Notes to the Unaudited Interim Financial Statements (Continued)

Critical accounting estimates and judgements (Continued)

The valuations of each project held by the Group through the Portfolio Companies have been carried out through an internal desktop valuation conducted by the Investment Manager. Such valuations are based on information contained in the valuations provided by the Valuer at 31 March 2013 subject to adjustments relevant to the property and the market as of 30 September 2013. The Investment Manager has taken into account and reflected all the significant changes at the Portfolio Company level during the period in the desktop valuation.

To value the properties, the Investment Manager has used the DCF technique, under the income approach, for projects where construction is either under progress or about to start and the DCM where the business plans of the Portfolio Company are yet to be finalised or where the project has been stopped. The Investment Manager has used a systematic approach to gather, classify and analyse the data which is required by both approaches to value an asset.

Under the DCF method of the income approach, all the future cash flows arising from the properties are forecasted using a combination of actual property data such as details of leases or sales completed and market information such as sales price, market rental rates, yields, disposal date and the cost of constructions. Assumptions made by the Directors and the Investment Manager and used for valuations include: the expected date of the start of the projects and the completion date, the time required for the projects to be fully occupied, the financing ratio (debt/equity), and the availability of finance. These assumptions are also reviewed by the Investment Manager where the latter believes they do not appropriately reflect the market conditions. These cash flows are then discounted to a present value using an appropriate discount rate, as determined by the Investment Manager at 30 September 2013. Under the DCM, recent transactions of land situated in the vicinity of subject land are considered and adjusted for discounts or premiums in prices to arrive at an appropriate price for subject property being valued. These discounts or premiums are necessary to reflect the specific features of the property (physical, legal and planning) due to the volatility of the Indian market, paucity of empirical evidence and lack of comparable transactional data. Some of the factors for which discounts or premiums are used are differences between specified land and comparable land on account of location advantage/disadvantage, frontage availability, permissible usage of land, permissible Floor Space Index (FSI) on the land, size of land parcel, approach and connectivity, special incentives if any etc. The market value of each property as on 30 September 2013, as reported by the Investment Manager, is then used in the fair valuation of the net assets of the Portfolio Companies.

As at 30 September 2013, the Board and the Investment Manager believed that the non residential Portfolio Companies (except Indore Treasure Market City Private Limited and Forum IT Parks Private Limited) will be able to meet their estimated financial commitments through a combination of equity and debt. Out of the total debt requirement estimated for the non residential projects, 96% (31 March 2013 – 96%) of the debt has been sanctioned by the Banks/Financial Institutions and the balance 4% (31 March 2013 – 4%) is not yet in place. Since there is no project construction activity in Indore Treasure Market City Private Limited and Forum IT Parks Private Limited, the debt requirements for these two projects have been removed from the calculations. Had these two projects been included in the debt requirement numbers, the percentages of sanctioned debt would have been 72% and balance 28%.

Notes to the Unaudited Interim Financial Statements (Continued)

Critical accounting estimates and judgements (Continued)

In the case of large residential projects, execution is generally carried out over several phases. Such residential projects will be partly financed by equity and internal accruals, being receipts from pre-sales and advance payments for the residential units sold and partly by small amounts of debt which may be required to fund the projects. Typically, internal accruals for residential projects are in the range of 40-60% of the total cost of a residential project. When a residential project is launched, typically 10-20% of the total sales consideration for a unit is received upfront and further payments are linked to the construction milestones. This reduces exposure to debt requirements. In case of the Group's investment in Alliance Hospitality Services Private Limited, the business plan of this Portfolio Company has been amended to a residential development and hence this has been valued on the basis of DCF method of valuation.

Based on the aforementioned paragraphs, the directors believe that the liquidity risk for all current active projects has been adequately addressed. The fair value of the Group's investment in Indore Treasure Market City has been considered as nil as the project is in the process of being auctioned by the lending banks due to non-payment of interest and principal. Further, because no construction activity has been undertaken at Forum IT Parks Private Limited as from June 2012, the fair value of the Group's investment in this Portfolio Company has been written down to nil.

The valuation techniques adopted for the internal desktop valuations make use of observable data, assumptions and estimates, upon which the Board relies, for their valuation of the financial assets at fair value through profit or loss. Given the inherent uncertainty in valuing development projects of this nature and the underlying assumptions involved, the resulting fair value of those financial assets at fair value through profit or loss could materially differ from the value that would have been used had a ready market for those similar assets existed or from the value at which those assets could have been disposed of in arm's length transactions.

Following the restructuring measures agreed between the Eurogroup and the Cyprus government, 37.5% of the bank deposits held with Bank of Cyprus were converted into Ordinary Shares. The Board continues to consider recording these 286,503 Ordinary Shares (of nominal value of EUR 1 each) issued by Bank of Cyprus at an impaired value of EUR 90,475. As on the reporting date, these shares were not traded on an active market.

4.2 Critical judgements

Functional currency

The Board considers the EUR as the currency that most faithfully represents the economic effects of the Group's underlying events, transactions and conditions. EUR is the currency in which the Group measures its financial performance and reports its results. This determination also considers the competitive environment in which the Group operates compared to other European investment products.

Notes to the Unaudited Interim Financial Statements (Continued)

5 Taxation

5.1 Current tax – India

The Group invests in India and the Board expects that the Group will obtain benefits under the double taxation treaty between India and Mauritius ("Tax Treaty"). To obtain benefits under the Tax Treaty, each relevant company in the Group must meet certain tests and conditions, including the establishment of Mauritius tax residence and related requirements. Each of the Company's subsidiaries in Mauritius has obtained a tax residence certification from the Mauritian authorities and such certification is determinative of resident status for treaty purposes. A company which is tax resident in Mauritius under the Tax Treaty, but has no branch or permanent establishment in India, will not be subject to capital gains tax in India on the sale of securities but is subject to Indian withholding tax on interest earned on Indian securities at the rate of 20.60% (31 March 2013 - 20.60%).

No withholding tax is payable on dividends distributed by Indian companies and such dividends are exempt in the hands of shareholders. Indian companies making distributions are however liable to a Dividend Distribution Tax equivalent to 16.99% (31 March 2013 -16.99%) of the dividends distributed.

The Finance Bill 2013 has introduced a new buyback distribution tax effective 1 June 2013, according to which any Indian company undertaking buyback of unlisted shares shall be liable to pay tax at 20% on the difference between the proceeds of the buy-back and the amount that is received as subscription towards the shares bought back.

5.2 Current tax – Cyprus

The Company's indirect subsidiary, Mildren Holding Limited ("Mildren"), incorporated in Cyprus, is subject to income tax on taxable profits at the rate of 10% up to 31 December 2012, and at the rate of 12.5% as from 1 January 2013. As from tax year 2012 brought forward losses of only five years may be utilised.

From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 10%; increased to 15% as from 31 August 2011, and to 30% as from 29 April 2013.

In certain cases dividends received from abroad may be subject to special contribution for defence at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% from 1 January 2012 to 31 December 2013. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon, etc) are exempt from Cyprus income tax.

Notes to the Unaudited Interim Financial Statements (Continued)

Taxation (Continued)

5.3 Current tax – Mauritius

Each of the companies in the Group in Mauritius is liable to pay income tax on its net income at the applicable rate of`15% (31 March 2012 - 15%). These are however entitled to a tax credit equivalent to the higher of actual foreign tax suffered and 80% (31 March 2013 - 80%) of the Mauritius tax payable in respect of foreign source income tax thus reducing its maximum effective tax rate to 3% (31 March 2013 - 3%). A company holding at least 5% of the share capital of an Indian company and receiving dividends may claim a credit for tax paid by the Indian company on its profits out of which the dividends were distributed including Dividend Distribution Tax.

No Mauritius tax on capital gains is payable in respect of the Group's investments and any dividend and redemption proceeds paid by any company in the Group to its shareholders are not subject in Mauritius to any withholding or other tax. At 30 September 2013, the accumulated tax losses within the Group in respect of Mauritian tax amounted to EUR 2,863,116 (31 March 2013 - EUR 2,277,918) and therefore no provision for taxation in Mauritius has been made. The tax losses arising in a period can be carried forward for set-off against income derived in the five succeeding income years by the respective companies.

The foregoing is based upon current interpretation and practice and is subject to future changes in Mauritian tax laws and in the tax treaty between India and Mauritius.

The Group's Mauritius losses before tax differ from the theoretical amount that would arise using the respective Companies' applicable tax rates. Information in respect of the Group's Mauritius losses for the period ended 30 September 2013 is as follows:

	30 September 2013	31 March 2013
	EUR	EUR
Operating profit/(loss) for the period/year before taxation	**(15,542,778)**	(5,740,896)
Tax calculated at domestic rates applicable to profits in the respective countries	**(2,323,457)**	(825,080)
Impact of:		
Non-allowable expenses	**2,225,920**	846,515
Special defence contribution	**1,118**	2,365
10% Indian withholding tax	**16,580**	44,200
Exempt income – Net	**(1,176)**	(533)
Cyprus corporation tax	**4,572**	1,649
Income not subject to tax	**-**	(52,974)
Under provision of tax liability	**-**	-
Deferred tax asset not recognised	**98,713**	32,073
Actual income tax expense	**22,270**	48,215

Notes to the Unaudited Interim Financial Statements (Continued)

Taxation (Continued)

5.4 Current tax – Jersey

The Company is domiciled in Jersey, Channel Islands. Any profits arising in the company are subject to tax at the rate of 0%.

5.5 Deferred income tax

A deferred income tax asset has not been recognised in respect of tax losses carried forward, as the Board considers that it is not probable that future taxable profit will be available against which the unused tax losses can be utilised. The unrecognised deferred tax balance at 30 September 2013 arising from accumulated tax losses amounted to EUR 85,893 (31 March 2013 – EUR 68,338) for the Group.

6 Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss

The non-current financial assets at fair value through profit or loss are as follows:

	Listed shares	**Unlisted shares**	**Total**
	EUR	**EUR**	**EUR**
Group			
At 1 April 2012	1,945,669	81,296,934	83,242,603
Additions	-	361,899	361,899
Transfer to current assets	(1,945,669)	(8,435,646)	(10,381,315)
Transfer from current assets	-	1,258,205	1,258,205
Loss on fair valuation	-	(806,584)	(806,584)
At 31 March 2013	-	73,674,808	73,674,808
Transfer from current assets	-	3,969,788	3,969,788
Transfer to current assets	-	(6,995,475)	(6,995,475)
Disposal	-	(1,683,078)	(1,683,078)
Loss on fair valuation	-	(7,184,035)	(7,184,035)
At 30 September 2013	-	**61,782,008**	**61,782,008**

Notes to the Unaudited Interim Financial Statements (Continued)

Net Changes in fair value of financial assets and financial liabilities at fair value through profit or loss (Continued)

Financial asset at fair value through profit or loss classified under current assets during the period are as follows:

	Listed shares	Unlisted shares	Total
	EUR	EUR	EUR
Group			
At 1 April 2012	-	13,079,179	13,079,179
Transfer to non- current assets	-	(1,258,205)	(1,258,205)
Transfer from non-current assets	1,945,669	8,435,646	10,381,315
Disposal	-	(663,635)	(663,635)
Gain/(loss) on fair valuation	557,917	(1,703,168)	(1,145,251)
At 31 March 2013	2,503,586	17,889,817	20,393,403
Transfer to non current assets	-	(3,969,788)	(3,969,788)
Transfer from non current assets	-	6,995,475	6,995,475
Disposal	-	(4,945,580)	(4,945,580)
Loss on fair valuation	(794,319)	(4,154,579)	(4,948,898)
At 30 September 2013	**1,709,267**	**11,815,345**	**13,524,612**

7 (a) Financial assets at fair value through profit or loss - Non Current Assets

Financial assets classified under non-current assets are those that are not expected to be realised within a period of less than 12 months.

At 30 September 2013, the Group has an amount of EUR 61,782,008 (31 March 2013- EUR 73,674,808) classified as non-current assets comprising of the following investments:

Notes to the Unaudited Interim Financial Statements (Continued)

Financial assets at fair value through profit or loss (Continued)

Group	30 September 2013	31 March 2013
Name of Entity	Holding %	Holding %
Unlisted Equity Investment in Portfolio Companies		
Alliance Hospitality Services Pvt Ltd – Market City Hospitality, Pune	20%	20%
Indore Treasure Market City Pvt Ltd – Treasure Market City Retail, Indore (*)	27.9%	27.9%
Kolte Patil Real Estate. Pvt. Ltd. – Residential, Pune	49%	49%
Palladium Constructions. Pvt. Ltd. – Residential, Bangalore	30%	30%
Platinum Spaces Pvt Ltd. – Residential, Bangalore	30%	30%
Riverbank Holdings Pvt. Ltd – Residential Batanagar, Kolkata	50%	50%
Vamona Developers Pvt. Ltd – Market City Retail, Pune	24%	24%
Saket Engineers Pvt. Ltd. – Residential Entity Level, Hyderabad.	27.25%	27.25%
Bank of Cyprus	N.A.	N.A.
Jalan Intercontinental Hotels Pvt Ltd – Hotel, Kolkata	40%	-
Forum IT Parks Pvt Ltd – IT SEZ, Kolkata	-	49%
Indore Treasure Town Pvt Ltd – Treasure Town Bijalpur, Indore (**)	-	42.77%
(*) The equity holding in this entity has come down as the undisbursed commitment was with drawn. (**) The equity holding in this entity is 40% and the balance represents additional economic Interest.		

7 (b) Financial assets at fair value through profit or loss - Current Assets

Financial assets classified under current assets are those that are expected to be realised within a period of less than 12 months.

At 30 September 2013, the Group has classified an amount of EUR 13,524,612 (31 March 2013- EUR 20,393,403) as current assets comprising of the following investments:

Notes to the Unaudited Interim Financial Statements (Continued)

Financial assets at fair value through profit or loss (Continued)

Group	30 September 2013	31 March 2013
Name of Entity	Holding %	Holding %
Listed Equity Investments		
Phoenix Mills Limited	<1%	<1%
Unlisted Equity Investment in Portfolio Companies		
Gangetic Developers Pvt Ltd – Phoenix United Mall, Agra	28%	28%
City Centre Mall Nashik Pvt. Limited – City Centre Mall, Nashik	50%	50%
Indore Treasure Town Pvt Ltd – Treasure Town Bijalpur, Indore (*)	42.77%	-
Forum IT Private Limited – IT SEZ, Kolkata	49%	-
Jalan Intercontinental Hotels Pvt Ltd – Hotel, Kolkata	-	40%
Palladium Constructions. Pvt. Ltd. – Residential, Bangalore	-	30%
(*) The equity holding in this entity is 40% and the balance represents additional economic Interest.		

8 Investment in subsidiary undertakings

The Company has investments in both direct and indirect subsidiaries.

Indirect subsidiaries are those entities in respect of which the Company has the power to govern the financial and operating polices by virtue of an investment in a direct subsidiary.

A list of the significant investments in subsidiaries, including the name, principal activity, country of incorporation and the proportion of ownership interest is given below:

8.1 Direct subsidiary

Name of subsidiary	Principal Activity	Country of incorporation	Class of share	Percentage held by the Company
K2 Property Limited	Investment holding	Mauritius	Ordinary	100%

K2 issued 1,250,000 Class A shares on 16 January 2007, and 1,578,366 Class B shares on 7 January 2008 to Yatra Capital Limited and 75,000 Class C shares and 25,000 Class D shares to IFS Trustees (as

Notes to the Unaudited Interim Financial Statements (Continued)

Investment in subsidiary undertakings (Continued)

Trustee of Saffron Investment Trust). All the shares have a par value of USD 0.01 each.

K2 has a finite life of 15 years, which can be extended by the Board of Directors of K2 by two successive terms each of one year. Class A and Class B shares are redeemable at the option of K2. The date of redemption of the Class A and B shares is 30 September 2016. Holders of Class A and Class B shares are referred to as "Investor Shareholders", whereas holders of Class C and D shares are referred to as "Advisor Shareholders". Both Investor and Advisor Shareholders are entitled to vote at shareholders' meetings. Class C and Class D shares issued by K2 as referred to above are not held by the Company.

All classes of shares have identical rights except with respect to distributions and with respect to certain voting rights. Under the amended constitution of K2 post 31 March 2013, the Advisor Shareholders will now be entitled to a "Carried Interest" share from the realisations of the Group's portfolio and this is payable as a percentage of the Net Proceeds of realisation of investments received by K2, calculated as percentages of base case valuations agreed for the entire portfolio of Indian real estate assets. As on 30 September 2013, the Company has a commitment of EUR 12,307,073 (31 March 2013 – EUR 12,307,073) representing unpaid share capital to its subsidiary K2.

8.2 Indirect subsidiaries

Name of subsidiaries	Principal Activity	Country of incorporation	Class of share	Percentage held by the Group
K2 Private Equity Limited	Investment Holding	Mauritius	Ordinary	100%
K2 Hospitality Limited	Investment Holding	Mauritius	Ordinary	100%
K2 Residential Limited	Investment Holding	Mauritius	Ordinary	100%
K2 Commercial Limited	Investment Holding	Mauritius	Ordinary	100%
K2 Retail Limited	Investment Holding	Mauritius	Ordinary	100%
K2C Residential Limited	Investment Holding	Mauritius	Ordinary	100%
K2A Private Equity Limited	Investment Holding	Mauritius	Ordinary	100%
K2A Hospitality Limited	Investment Holding	Mauritius	Ordinary	100%
K2F Residential Limited (formerly K2B Hospitality Limited)	Investment Holding	Mauritius	Ordinary	100%
K2C Hospitality Limited	Investment Holding	Mauritius	Ordinary	100%
K2A Residential Limited	Investment Holding	Mauritius	Ordinary	100%
K2E Residential Limited (formerly K2A Commercial Limited)	Investment Holding	Mauritius	Ordinary	100%
K2B Commercial Limited	Investment Holding	Mauritius	Ordinary	100%
K2A Retail Limited	Investment Holding	Mauritius	Ordinary	100%
K2B Retail Limited	Investment Holding	Mauritius	Ordinary	100%
K2C Retail Limited	Investment Holding	Mauritius	Ordinary	100%
K2G Residential Limited (formerly K2D Retail Limited)	Investment Holding	Mauritius	Ordinary	100%
Mildren Holding Limited	Investment Holding	Cyprus	Ordinary	100%

Notes to the Unaudited Interim Financial Statements (Continued)

9 Prepayments and other receivables

Particulars	Group 30 September 2013 EUR	Group 31 March 2013 EUR
Amount due from Tangerine Developers Private Limited	**1,210,518**	3,199,597
Prepayments on management fees (Note 14)	**192,680**	1,004,334
Amount due from Modi Organisors Private Limited	**-**	177,728
Investment in fixed deposit of Bank of Cyprus	**225,929**	240,502
Other receivables	**273,046**	389,007
Total	**1,902,173**	5,011,168

The Board has reviewed the above receivables at 30 September 2013 to determine whether any impairment provision is required. The Board has concluded that there was no indication of impairment at 30 September 2013.

On 23 September 2013, an amount of INR 120 million (equivalent to EUR 1,415,873) had been repatriated by Tangerine Developers Private Limited to the Group with the approval of the Reserve Bank of India. The Promoter is arranging for the balance amount due of INR 102.25 million to be repatriated.

On 19 April 2013, the Group received the balance proceeds of EUR 177,728 from the sale of shares of its investment in Modi Organisors Private Limited.

EUR 225,929, comprising of fixed deposits, is under Bank of Cyprus liquidity restrictions (31 March 2013 - EUR 240,502).

10 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances:

	Group 30 September 2013 EUR	Group 31 March 2013 EUR
Cash and cash equivalents	**18,775,213**	13,970,811

Notes to the Unaudited Interim Financial Statements (Continued)

11 Stated capital and share premium

Authorised and issued stated capital

	Number of Ordinary shares of no par value	Stated Capital EUR	Share Premium EUR	Total EUR
As at 1 April 2013	19,054,326	-	203,690,777	203,690,777
Shares bought back during the period	(74,044)	-	(233,691)	(233,691)
Shares redeemed during the period	-	-	-	-
As at 30 September 2013	18,980,282	-	203,457,086	203,457,086

All issued ordinary shares of the Company are fully paid and have been admitted to the official list of NYSE Euronext. The Company's capital is represented by these ordinary shares, each of which carries one vote and has full entitlement to dividends when declared. The Company has no restrictions or specific capital requirements on the issue and re-purchase of ordinary shares. The relevant movements in capital are shown on the statement of changes in equity. In accordance with the objectives outlined in Note 1 and the risk management policies in Note 3, the Company endeavours to invest the proceeds from the issue of ordinary shares in appropriate investments while maintaining sufficient liquidity to meet its working capital and investment needs on an ongoing basis, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

The Company announced the commencement of a revised share buy-back program in its annual general meeting held on 31 October 2012 pursuant to which the Ordinary Shares in the Company may be repurchased subject to a maximum limit of 14.99% of the Ordinary Shares in issue as at 31 October 2012. This share buy-back program will terminate on the earlier of the following:

i. the date of the annual general meeting of the Company in 2013,

ii. the date on which the maximum number of existing shares are repurchased in which case, the program will end on the date on which this maximum is reached and such early termination will immediately be announced by the Company.

At the annual general meeting held on 23 September 2013, shareholders voted at the recommendation of the Board, not to renew the share buy-back programme, noting the expressed intention of the Board to return capital to shareholders by means of an annual tender to be held in the fourth quarter of each calendar year.

Notes to the Unaudited Interim Financial Statements (Continued)

12 Accruals and other payables

	Group 30 September 2013 EUR	Group 31 March 2013 EUR
Amount due to related parties	**-**	2,000
Other payables	**124,207**	26,877
Accruals	**10,635**	751,078
Total	**134,842**	779,955

13 Distribution payable

No dividend was paid during the period ended 30 September 2013 (31 March 2013 - Nil).

14 Related party transactions

The Group entered into transactions with related parties in respect of Investment management fees, secretarial and administration fees and director's remuneration as set out below:

Investment Manager Fee

The Group is advised by the Investment Manager. The annual fees payable under the revised Investment Management Agreement are equivalent to 1.25% of adjusted Net Capital Commitments, as explained more fully in the notice of Extraordinary General Meeting issued to shareholders on 7 May 2013. Total fees paid to the Investment Manager for the period amounted to EUR 1,197,014 (31 March 2013 - EUR 3,792,167). Of this fee EUR 325,311 is the incentive fee paid to the Investment Manager as per the revised arrangements. The investment management fees are payable in advance for a six month period and the amount prepaid to the Investment Manager as at 30 September 2013 is EUR 192,680 (31 March 2013 - EUR 1,004,334).

Recharged expenses

The Company has a receivable as at 30 September 2013 of EUR 92,767 (31 March 2013 – EUR 92,767) being expense recharged to the Investment Manager.

Shahzaad Dalal, who is a director of Yatra Capital Limited and K2 Property Limited, is also a director of the Investment Manager.

Secretarial and administration fee

Group

Minerva Fiduciary Services (Mauritius) Limited ("K2 Administrator") has been appointed to provide administrative, registrar and secretarial services to K2 and its subsidiaries. The administration, secretarial and other fees paid to the K2 Administrator for the period amounted to EUR 43,963 (31 March 2013 – EUR 81,095). The services of the K2 Administrator may be terminated by either party

Notes to the Unaudited Interim Financial Statements (Continued)

Related party transactions (Continued)

by giving not less than ninety days' notice. The amount payable at the end of the period was EUR Nil (31 March 2013 - EUR 2,000).

Manogaran Thamothiram and Rajkamal Taposeea who are directors of K2 Administrator, are also directors of K2.

Directors' remuneration
Group

The total remuneration paid to Directors who are related parties (being all the directors of the Company) for the period was EUR 232,682 (31 March 2013 - EUR 339,203).

15 Ultimate controlling party

In the opinion of directors, there is no party who meets the definition of Ultimate Controlling Party.

16 Capital and other commitments

The capital commitments of the Group are disclosed under Notes 3.4 and 8.1.

17 (Loss)/profit per share

Basic (loss)/profit per share is calculated by dividing the net loss attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the period.

	30 September 2013 EUR	30 September 2012 EUR
(Loss)/profit attributable to equity holders of the Company	**(16,187,380)**	**1,594,230**
Weighted average number of ordinary shares in issue	**19,285,738**	**21,291,231**
Basic (loss)/profit per share – Basic (EUR per share)	**(0.84)**	**0.07**

The diluted (loss)/profit per share for the period ending 30 September 2013 is EUR (0.84) (30 September 2012 – 0.07).

The shares in issue include shares held in treasury as these have not been cancelled.

The Company has not issued any other shares or instruments that are considered to have dilutive potential.

18 Subsequent Events

The Group has exited from its investment in the residential project of Indore Treasure Town, Bijalpur, Indore, for a consideration of EUR 5.24 million of which EUR 4.57 million has been received on 5 November 2013. The balance is due by 31 March 2014 and has been secured on other assets owned by the purchaser.

As at 30 September 2013, Yatra has a commitment of EUR 12,307,073 representing unpaid share capital to its subsidiary K2. The Board has agreed to return capital of EUR 10 million to its shareholders. Of this sum, EUR 5 million shall be distributed from K2 to Yatra by way of share buyback and the Board of K2 has approved this buy-back on 26 November 2013.

As on the date of approval of the financial statements, i.e. 26 November 2013, the INR has moved 0.09% adversely against the EUR at INR 84.75 to the EUR. Had this rate been considered, the value of the financial assets at fair value through profit or loss would be lower by 0.09%.

19 Segment information

The chief operating decision maker ("CODM") in relation to the Group is deemed to be the Board of the Company itself. The factor used to identify the Group's reportable segments is geographical area. Based on the above and a review of information provided to the Board it has been concluded that the Group is currently organised into one reportable segment; India.

There are four types of real estate projects within the above segment; these are commercial, hospitality, residential and retail property. The CODM considers on a quarterly basis the results of the aggregated position of all property types as a whole as part of their ongoing performance review.

The CODM receives regular reports on the Group’s assets by the Investment Manager. In addition, period end valuation reports are reviewed and reported on by the Investment Manager to the Board of Directors.

Other than cash and cash equivalents and related interest and charges, the results of the Group are deemed to be generated in India.

Corporate Information

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Jersey

Investment Manager to K2
IL& FS Investment Advisors LLC
4TH Floor, Ebene Heights
34 Cybercity Ebene
Mauritius

Independent Auditor:
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Jersey

Administrator:
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Minerva Fund Administration Limited
PO Box 218
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St Helier

Administrator:
Mauritius
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Ebene, Mauritius

Custodian
Mauritius
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Corporate Brokers & Advisors
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For more information on **Yatra**, please log on to **www.yatracapital.com**.

For more information on **IL & FS Investment Advisors LLC**, please log on to:

www.ilfsinvestmentmanagers.com

INVESTMENT MANAGER

IL&FS | IL&FS Investment Advisors LLC