

Unitech Corporate Parks Plc
(“UCP” or the “Company”)

FULL YEAR RESULTS FOR THE YEAR ENDED 31 MARCH 2011

SOLID RESULTS DRIVEN BY STRONG LETTINGS PROGRESS

Unitech Corporate Parks Plc (AIM: UCP), a company focused on commercial real estate in India, announces full year results for the year ended 31 March 2011.

Key points:

- Strong lettings progress during the period with a 113% increase of 2.7m sq ft since 31 March 2010 to a total of 5.1m sq ft of space let or subject to lease commitments
- 56% increase in revenue from investment properties to £11.7m (31 March 2010: £7.5m). Subject to the completion of scheduled building work, and of the new contracted lettings, and the implementation of indexation on existing leases – annualised rental income from the 5.1m sq ft of space already leased or committed will total approximately £33m from Q3 2013
- UCP’s 60% share in the value of the projects was £193.4m as at 31 March 2011 (30 September 2010: £171.4m; 31 July 2010: £168.8m; 31 March 2010: £274.4m). The valuation was undertaken using the revised methodology announced at the time of the Company’s last full year results which is consistent across the July and September 2010 and March 2011 valuations.
- NAV as at 31 March 2011 was £0.49 per share, a small reduction on the last reported figures of £0.50 at 30 September 2010 and 32% down on the £0.72 per share at 31 March 2010, with the latter largely arising from the change in valuation methodology referred to above
- As at 31 March 2011, UCP had £14m of cash (31 March 2010: £38m) and no bank debt. Of this cash, £6.3m is held by UCP with the balance held within SPVs to be used for the construction of projects. The Company is currently in the process of raising loans secured against its rental income to finance further development.

A full version of the full year results, including the investment manager’s report, is available on the Company’s website at <http://www.unitechcorporateparks.com>.

Commenting on the results Aubrey Adams, chairman of UCP, said:

“This year has seen periods of increased demands in certain areas, and this has translated into significant lettings over the period at some of our schemes. The market remains unpredictable, but we will take full advantage of demand where it arises.

“Although the Indian commercial real estate market environment remains challenging, we are confident that the high quality space being developed by UCP will continue to attract steady tenant demand. Once projects are substantially completed and let we expect to be well placed to realize value for shareholders and will vigorously pursue ways of returning cash to shareholders.”

For further information, please contact:

Westhouse Securities Limited Alastair Moreton / Hannah Young	Tel: +44 (0)20 7601 6118
Financial Dynamics Stephanie Highett / Richard Sunderland / Will Henderson	Tel: +44 (0)20 7831 3113

UNITECH CORPORATE PARKS PLC

Chairman's Statement

I am pleased to report that we have made good progress on letting space during the year and that this momentum has continued after the year end. The total area now leased or subject to binding pre-leasing commitments has increased by 113% to 5.1 million sq ft as at August 2011, up from 2.4 million sq ft at 31 March 2010. This has been achieved against a background where, despite continuing strong growth of Indian GDP, the commercial real estate market remains affected by rising interest rates and oversupply, particularly prevalent in the IT/ITES office sector in which UCP operates.

Financial results

The Company's share of the market valuation of the assets at 31 March 2011 was £193.4m (2010: £274.4m). It should be noted that the valuation methodology in relation to undeveloped land and partially constructed developments was adjusted at 31 July 2010 and this is referred to in greater detail in the section on valuation below.

NAV at 31 March 2011 was 49p per share representing a small reduction on the last reported 50p per share at 30 September 2010 due in part to additional expenditure on infrastructure. Compared with the NAV at 31 March 2010 of 72p there has been a 32% reduction, largely arising from the change in valuation methodology adopted last year.

However we are particularly pleased to report a 56% increase in net rental income to £11.7m (2010: £7.5m) demonstrating the considerable progress being made in letting developments. Subject to the completion of the scheduled building work, the new contracted lettings and the implementation of indexation on the existing leases, annualised rental income from the leased or committed space is now expected to be at the rate of some £33.4m from the third quarter of 2013 (UCP's interest is 60%).

Cash balances and debt

At 31 March 2011 UCP had £14m of cash (31 March 2010: £38m) of which £6.3m is held by UCP while the balance is held within the Indian SPVs to fund construction of the development properties. The Group had no debt at the year-end but we are currently in the process of raising loans secured against rental income to finance further development.

Strategy

When UCP came to the market in December 2006 it was envisaged that the six projects would by now be largely complete and a sales programme would have been implemented to realise funds in advance of the anticipated 2014 wind up date for the Company. As we are only too well aware, progress has been much slower due to the impact of the turmoil in the global economic and financial markets and changes in demand for commercial and IT/ITES office space within India.

Of all the projects G2 is the most advanced with N2 and K1 progressing well. We are therefore actively considering ways to monetise these assets in two main ways:

- Creation of a REIT – we are investigating the possibility of establishing a Singaporean Real Estate Investment Trust to acquire part interests in all or part of the more advanced developments.
- Sale of properties – as there is only a very limited institutional market in India and there are major technical limitations on transferring SEZs, direct sales are difficult but we are also testing possible interest from international funds.

However it is clear that the greatest value for shareholders will be achieved by selling income producing investments and so we are concentrating on completing and letting developments rather than selling immature projects at distressed prices.

Portfolio Update

In total 5.1m sq. ft. of space is now leased or committed, an increase of 2.7m, or 113% since 31 March 2010. A summary update on the portfolio of six assets is as follows:

- **G2:** 2.2 m sq. ft. is let/committed. We expect the project to be fully constructed and substantially let by the first quarter of 2013
- **K1:** 1.2m sq. ft. is subject to let/committed
- **N1;** 0.2m sq. ft is now let
- **N2:** 1.3m sq. ft. is committed
- **N3:** there has been some site preparation works but no construction is expected in the near future
- **G1:** construction work has now commenced following receipt of a letter of intent for 0.2m sq. ft

A full detailed update on the portfolio is given in the Investment Manager's Report.

Portfolio Spend

Total cumulative expenditure on the portfolio at 31 March 2011 amounted to £226.4m of which the company's 60% share was £135.9m. It is anticipated that to build out the full 21.4m sq. ft. would cost £774m.

Summary of Valuations

Knight Frank, our independent valuer, valued the properties at 31 March 2011 at £322.3m, of which the Company's 60% share amounted to £193.4m.

The valuation methodology was revised for the valuation as at 31 July 2010 and subsequent valuations. A discounted cash flow (DCF) basis has been used for actual and anticipated income from agreed lettings and where development activity is relatively certain; elsewhere less certain projects or parts thereof are valued on the basis of the underlying land value plus the cost of construction to date. The Directors believe that this methodology is in accordance with best valuation practice and is appropriate given the uncertainties of the IT office market and the resultant extended development horizons for the projects.

The Weighted Average Cost of Capital (WACC) and capitalisation rates used for the purposes of valuations at 31 March 2011 are as follows

Portfolio	WACC	Capitalisation rate
K1	17.5%	12.0%
N2	16%	11.5%
G2	15%	11.5%
N1	16.5%	11.5%

Approach by Unitech Ltd

During the year Unitech Ltd ("Unitech") made an approach to the independent directors of UCP in connection with a possible cash offer for UCP at a price of 31p per UCP share.

The Independent Directors of UCP (advised by PricewaterhouseCoopers, Arbuthnot Securities and UCP's property advisers) concluded that they could not recommend shareholders to accept such an offer. No further proposal was received from Unitech and the independent Directors now consider the matter closed.

Board of Directors

On 1 March 2011 Atul Kapur, who had been chairman since the Company's flotation in December 2006, resigned from the Company as chairman and director as a result of his other business interests requiring an increasing amount of his time. On behalf of the Board, I would like to thank Atul for his leadership and his contribution to the Company and I am pleased to have been appointed to succeed him, having been a director of the Company since IPO.

In addition and subsequent to the year end, we were delighted to appoint Nicholas Sallnow-Smith as a non executive director who brings significant expertise through a wide-ranging property, finance and management background in Asia and the UK over the last 30 years.

Outlook

Although the Indian commercial real estate market environment remains challenging, we are confident that the high quality office space being developed by UCP will continue to attract steady tenant demand. Once projects are substantially completed and let, we expect to be well placed to realise value for shareholders and will vigorously pursue ways of returning cash to investors.

Aubrey Adams
Chairman

17 August 2011

The Company's audited consolidated financial statements and associated notes are set out below.

UNITECH CORPORATE PARKS PLC
Consolidated Statement of Comprehensive Income
for the year ended 31 March 2011

	Note	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Income			
Investment property revenue		11,671,198	7,501,923
Interest income on cash balances		956,966	1,190,405
Interest income on corporate deposits	18	-	2,234,436
Income on amortisation of security deposits		2,898,578	-
Net loss from fair value adjustment on investment property	7	<u>(103,114,477)</u>	<u>(137,815,658)</u>
		<u>(87,587,735)</u>	<u>(126,888,894)</u>
Expenditure			
Goodwill impairment	9	-	44,176,857
Management fee	4	4,721,623	4,333,545
Administration and accounting fees		59,503	58,508
Directors' fees	17	190,000	190,000
Audit fees		25,647	55,649
Other operating expenses	10	<u>5,648,140</u>	<u>3,035,281</u>
		<u>10,644,913</u>	<u>51,849,840</u>
Operating loss for the year		<u>(98,232,648)</u>	<u>(178,738,734)</u>
Leasehold rights costs		(490,778)	-
Finance lease costs		-	<u>(329,590)</u>
Loss for the year before tax		<u>(98,723,426)</u>	<u>(179,068,324)</u>
Current tax expense	11	(19,905)	(700,985)
Deferred tax credit	11	<u>27,953,072</u>	<u>47,289,645</u>
Loss for the year		<u>(70,790,259)</u>	<u>(132,479,664)</u>
Other comprehensive (loss)/income			
Foreign currency translation differences for foreign operations		(10,927,481)	15,217,886
Movement in performance fee provision		-	815,841
Other comprehensive (loss)/income for the year net of income tax		<u>(10,927,481)</u>	<u>16,033,727</u>
Total comprehensive loss for the year		<u>(81,717,740)</u>	<u>(116,445,937)</u>
Basic and diluted loss per share	13	<u>(19.66)p</u>	<u>(36.80)p</u>

The Directors consider that all results derive from continuing activities.

UNITECH CORPORATE PARKS PLC
Consolidated and Company Statements of Financial Position
as at 31 March 2011

	Note	Group		Company	
		2011 £	2010 £	2011 £	2010 £
Assets					
Non-current assets					
Investment in subsidiary		-	-	149,201,823	229,438,253
Investment property	7	193,365,310	274,412,440	-	-
Property, plant and equipment	8	278,688	1,263,293	-	-
		<u>193,643,998</u>	<u>275,675,733</u>	<u>149,201,823</u>	<u>229,438,253</u>
Current assets					
Loan to subsidiary		-	-	20,951,603	16,229,979
Trade and other receivables	16	5,409,732	10,950,637	239,424	5,003,334
Cash at bank and brokers		14,053,833	38,385,317	6,307,098	7,681,889
		<u>19,463,565</u>	<u>49,335,954</u>	<u>27,498,125</u>	<u>28,915,202</u>
Total assets		<u>213,107,563</u>	<u>325,011,687</u>	<u>176,699,948</u>	<u>258,353,455</u>
Financed by:					
Equity and liabilities					
Capital and reserves					
Share capital	12	3,600,000	3,600,000	3,600,000	3,600,000
Share premium		342,918,991	342,918,991	342,918,991	342,918,991
Translation reserve		69,151,699	80,079,180	-	-
Revaluation reserve		(22,468,045)	(22,468,045)	-	-
Retained loss		(216,703,526)	(145,913,267)	(170,019,872)	(88,302,132)
		<u>176,499,119</u>	<u>258,216,859</u>	<u>176,499,119</u>	<u>258,216,859</u>
Non-current liabilities					
Leasehold rights liabilities	14	605,037	-	-	-
Finance lease liabilities	14	-	2,580,763	-	-
Deferred tax liabilities	11	23,739,931	53,942,962	-	-
		<u>24,344,968</u>	<u>56,523,725</u>	<u>-</u>	<u>-</u>
Current liabilities					
Leasehold rights liabilities	14	721,421	-	-	-
Finance lease liabilities	14	-	1,047,876	-	-
Trade and other payables	15	11,531,691	9,218,313	200,829	136,596
Income tax liabilities	11	10,364	4,914	-	-
		<u>12,263,476</u>	<u>10,271,103</u>	<u>200,829</u>	<u>136,596</u>
Total liabilities		<u>36,608,444</u>	<u>66,794,828</u>	<u>200,829</u>	<u>136,596</u>
Total equity and liabilities		<u>213,107,563</u>	<u>325,011,687</u>	<u>176,699,948</u>	<u>258,353,455</u>

These financial statements were approved and authorised for issue by the Board of Directors on 17 August 2011 and signed on their behalf by:

Aubrey Adams
Director

Donald Lake
Director

UNITECH CORPORATE PARKS PLC

Consolidated Statement of Changes in Equity for the year ended 31 March 2011

	Share capital £	Share Premium £	Translation reserve £	Revaluation reserve £	Retained loss £	Total £
Balance at 1 April 2009	3,600,000	342,918,991	64,861,294	(23,283,886)	(13,433,603)	374,662,796
Total comprehensive loss for the year:						
Loss for the year	-	-	-	-	(132,479,664)	(132,479,664)
Other comprehensive income	-	-	15,217,886	815,841	-	16,033,727
Total comprehensive income/(loss) for the year	-	-	15,217,886	815,841	(132,479,664)	(116,445,937)
Balance at 31 March 2010	3,600,000	342,918,991	80,079,180	(22,468,045)	(145,913,267)	258,216,859
Balance at 1 April 2010	3,600,000	342,918,991	80,079,180	(22,468,045)	(145,913,267)	258,216,859
Total comprehensive loss for the year:						
Loss for the year	-	-	-	-	(70,790,259)	(70,790,259)
Other comprehensive loss	-	-	(10,927,481)	-	-	(10,927,481)
Total comprehensive (loss) for the year	-	-	(10,927,481)	-	(70,790,259)	(81,717,740)
Balance as at 31 March 2011	3,600,000	342,918,991	69,151,699	(22,468,045)	(216,703,526)	176,499,119

Company Statement of Changes in Equity for the year ended 31 March 2011

	Share capital £	Share Premium £	Retained loss £	Total £
Balance at 1 April 2009	3,600,000	342,918,991	(198,067)	346,320,924
Total comprehensive loss for the year:				
Loss for the year	-	-	(88,104,065)	(88,104,065)
Balance at 31 March 2010	3,600,000	342,918,991	(88,302,132)	258,216,859
Balance at 1 April 2010	3,600,000	342,918,991	(88,302,132)	258,216,859
Total comprehensive loss for the year:				
Loss for the year	-	-	(81,717,740)	(81,717,740)
Balance at 31 March 2011	3,600,000	342,918,991	(170,019,872)	176,499,119

UNITECH CORPORATE PARKS PLC

Consolidated Statement of Cash Flows for the year ended 31 March 2011

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Operating activities		
Loss for the year before tax	(98,723,426)	(179,068,324)
Adjustment for:		
Interest income on cash balances	(956,966)	(1,190,405)
Interest income on corporate deposits	-	(2,234,436)
Income on amortisation of security deposits	(2,898,578)	-
Net loss from fair value adjustment on investment property	103,114,477	137,815,658
Goodwill impairment	-	44,176,857
Leasehold rights costs	490,778	-
Finance lease costs	-	329,590
Depreciation	42,547	79,151
Operating profit/(loss) before changes in working capital	1,068,832	(91,909)
Decrease/(increase) in trade and other receivables	5,955,237	(1,201,221)
Increase/(decrease) in trade and other payables	5,105,160	(7,558,034)
	12,129,229	(8,851,164)
Tax paid	(351,287)	(1,285,826)
Net cash generated from/(used) in operating activities	11,777,942	(10,136,990)
Investing activities		
Acquisition of investment property including advances	(35,451,595)	(17,743,721)
Acquisition of property, plant and equipment	(214,023)	(20,301)
Proceeds from sale of financial assets (including realised gains)	-	556,337
Repayment of advances by related party	-	52,999,564
Interest received	1,540,938	3,020,575
Net cash (used in)/ generated from investing activities	(34,124,680)	38,812,454
Financing activities		
Repayment of borrowings from banks	-	(16,512,361)
Payment of finance lease liability	(736,576)	(1,510,570)
Net cash used in financing activities	(736,576)	(18,022,931)
(Decrease)/increase in cash and cash equivalents	(23,083,314)	10,652,533
Cash and cash equivalents at beginning of year	38,385,317	21,493,904
Exchange difference on cash and cash equivalents	(1,248,170)	6,238,880
Cash and cash equivalents at end of the year	14,053,833	38,385,317

UNITECH CORPORATE PARKS PLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2011

1. Reporting entity

Unitech Corporate Parks PLC (the "Company") is a closed-ended investment company domiciled in the Isle of Man. It was incorporated on 6 September 2006 in the Isle of Man as a public limited company and is quoted on the Alternative Investment Market (AIM) operated and regulated by the London Stock Exchange. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in jointly controlled entities.

The Company invests in the Indian real estate sector. The Company's strategy is to invest in commercial real estate developed specifically for the high growth IT (Information Technology) and ITES (IT Enabled Services) sectors. The Company intends to focus on investment in Special Economic Zones dedicated to the IT and ITES industries (IT SEZs) or IT Parks which are suitable for foreign direct investment (FDI).

The Company does not have any employees.

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ('IFRS') and the Isle of Man Companies Acts 1931-2004.

In accordance with the provisions of Section 3 of the Isle of Man Companies Act 1982, no separate statement of comprehensive income has been presented for the Company.

2.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except that investment property and investment property under construction are measured at fair value.

2.3 Functional and presentation currency

These consolidated financial statements are presented in British pounds, which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 6: Determination of Fair Values and Note 4: Management Fees.

2.5 Future changes in accounting policies

International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) have issued the following standards and interpretations with an effective date after the date of these financial statements:

New/Revised International Financial Reporting Standards (IAS/IFRS)	Effective date (accounting periods commencing after)
IAS 1 Presentation of Financial Statements*	1 January 2011
IAS 1 Presentation of Financial Statements – amendments to revise the way other comprehensive income is presented*	1 July 2012
IAS 12 Income Taxes – Limited scope amendment (recovery of underlying assets) (December 2010)	1 January 2012
IAS 19 Employee Benefits – Amendment resulting from the Post-Employment Benefits and Termination Benefits projects	1 January 2013
IAS 24 Related Party Disclosures – Revised definition of related parties	1 January 2011
IAS 27 Consolidated and Separate Financial Statements*	1 July 2011
IAS 27 Consolidated and Separate Financial Statements – Reissued as IAS 27 Consolidated and Separate Financial Statements (as amended in May 2011)	1 January 2013
IAS 28 Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in May 2011)	1 January 2013
IAS 34 Interim Financial Reporting*	1 January 2011
IFRS 3 Business Combinations	1 July 2010
IFRS 7 Financial Instruments: Disclosures*	1 January 2011
IFRS 7 Financial Instruments: Disclosures – Amendments enhancing disclosures about transfers of financial assets (October 2010)	1 July 2011
IFRS 9 Financial Instruments – Classification and Measurement	1 January 2013
IFRS 10 Consolidated Financial Statements**	1 January 2013
IFRS 11 Joint Arrangements**	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities**	1 January 2013
IFRS 13 Fair Value Measurement**	1 January 2013

IFRIC Interpretation

IFRIC 13 Customer Loyalty Programmes*	1 January 2011
IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – November 2009 amendments with respect to voluntary prepaid contributions	1 July 2010
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

* Amendments resulting from May 2010 Annual Improvements to IFRSs

** Original issue May 2011

The Directors do not expect the adoption of these standards and interpretations to have a material impact on the Group's financial statements in the period of initial application except IFRS 11 "Joint Arrangements" that requires the Group to account for its investment in the Indian Joint Ventures using the equity method in accordance with the IAS 28 "Investments in Associates and Joint Ventures".

3. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Joint Ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Joint ventures are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Exchange differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to British pounds at exchange rates at the reporting date. The income and expenses of foreign operations are translated to British pounds at exchange rates at the dates of the transactions. Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and presented in the translation reserve in equity. On disposal of a foreign operation, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss.

3.3 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment property comprises freehold land, freehold buildings, land held under finance lease and buildings held under finance/operating lease.

Land held under operating/finance lease is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease, if any, is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value with any change therein recognised in profit or loss. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

The valuation of the properties has been done by Knight Frank (India) Private Limited (independent professionally qualified valuers) as of 31 March 2011.

The fair value of investment property reflects, among other things, rental income from current leases, if any, and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment as prescribed by IAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss.

Investment property held for sale without redevelopment is classified as non-current assets held for sale, as prescribed by IFRS 5.

3.4 Property, plant and equipment

Recognition and measurement

Plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss in the financial period in which they are incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives are as follows:

Plant and machinery	14 years
Fixtures and fittings	16 years

3.5 Intangible assets – goodwill

Goodwill represents the difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary or joint venture at the effective date of acquisition. Goodwill on acquisition of subsidiaries and joint ventures is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment.

The gain or loss on disposal of subsidiaries and joint ventures is calculated by reference to the Group's share of net assets at the date of disposal including the attributable amount of any goodwill remaining.

3.6 Finance leases

Lease of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments, comprising of lease premium and annual lease rentals and stamp duty, if any, forms part of the initial cost of the property interest. Each lease payment is allocated between the liability and finance charges, where applicable, so as to achieve a constant rate on the final balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current liabilities. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

3.7 Investment property revenue

Revenue includes rental income, service charges and management charges from properties, and income from property trading, if any. Rental income from operating leases is recognised in income on a straight-line basis over the lease term. When the Group provides incentives to its customers, the cost of incentives are recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Service and management charges are recognised in the accounting period in which the services are rendered, i.e. on the completion of the activity relating to the service.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities.

Revenue is presented, net of goods and services tax, rebates and discounts.

Revenue is recognised as follows:

(a) Base rent, amenities income, fit-out and car park rental income

Base rent, amenities income, fit-out and car park rental income, net of incentives received, are recognised in profit or loss on a straight-line basis over the term of the lease.

Base rent comprises rental income earned from the leasing of the owned, completed and occupied lettable office area of the properties.

Amenities income is rental revenue earned from the leasing of the owned, completed and occupied lettable area at the properties for common amenities.

Fit-out rental income is rental revenue earned from fit-out provisions developed in accordance with specifications required by tenants of the properties. Fit-out rents typically arise from the higher costs related to tenant-specific fit-out requirements, which are in turn passed through to those tenants via fit-out provisions in their lease agreements. The cost of fit-outs is recovered from tenants over the lease period with an implied annual return on actual costs and a mark-up.

Car park rental income is earned from the operation of parking facilities, with parking spaces leased to tenants on a monthly basis. The parking facilities are expected to commence operations in line with the phasing schedules of the lettable area.

(b) Operations and maintenance income

Operations and maintenance income consists of revenue earned from the provision of daily maintenance, security and administration services, and is charged to tenants based on the occupied lettable area of the properties with a fixed mark-up on specific operating, maintenance and utilities expenses incurred to date.

3.8 Interest income

Interest income comprises bank interest earned on uninvested funds and is recognised on an accruals basis using the effective interest rate method.

3.9 Expenses

Expenses are accounted for on an accruals basis.

3.10 Finance costs

Finance costs comprise interest expense on lease payments and are recognised using the effective interest rate method.

3.11 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither the accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measure at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.12 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

3.14 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group invests in a single geographic region and has a single business segment.

4. Management fee

Nectrus Limited, the Investment Manager, and an affiliate of the Unitech Group, receives a management fee equivalent to 2 per cent per annum of the Company's average invested equity capital paid quarterly in arrears. With effect from 19 February 2009 25% of the management fee will be deferred until the sale of each asset is completed and will be contingent on an internal rate of return ("IRR") of 10% being achieved on that project. The remaining 75% of the management fee will be invested in UCP shares acquired in the open market.

At 31 March 2011 the total deferred management fee amounted to £3,535,829 (2010: £1,961,955). No provision for deferred management fee has been made in the financial statements at 31 March 2011, as the IRR on each project is below 10 per cent.

In addition the Group pays the Investment Manager a performance fee calculated by reference to the amount by which the internal rate of return on an investment project (Project IRR) exceeds certain benchmarks. The Investment Manager receives:

- a performance fee of 20 per cent of that part of the net cash flow generated in respect of a project that results in a Project IRR greater than 10 per cent and less than or equal to 20 per cent; and
- a performance fee of 30 per cent of that part of the net cash flow generated in respect of a project that resulted in a Project IRR greater than 20 per cent; minus
- any performance fees previously paid in respect of the relevant project.

The provision for performance fees at the year end has been determined on an individual project basis. No provision has been made at 31 March 2011 based on the Project IRRs (2010: £nil).

5. Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The risk management policies employed by the Group to manage these risks are discussed below.

5.2 Market risk

(i) Risks relating to real estate and investment property development in India

Political, economic and social factors, changes in Indian law or regulations and the status of India's relations with other countries may adversely affect the value of the Group's assets.

The performance of the Group is dependent on the state of the Indian property market and its ability to acquire interest in development projects, develop the projects, lease the developments at attractive rentals and/or sell the developments. The market value and rental rates for properties is generally affected by overall conditions in the economy, such as growth in and absolute levels of GDP, employment trends, inflation and changes in interest rates. Market value can also be affected by regional or local conditions and the Group's current development projects are mainly concentrated in the National Capital Region.

The Group focuses on development of real estate for the IT and ITES industries which are dependent on the continued popularity of business process outsourcing, principally by businesses located in Western Europe and North America. Competitive pressure from other countries providing similar services, reduction or removal of tax incentives and changes in government policy with regard to foreign direct investment may impact the results of the Group adversely.

The construction work at all of the Group's development projects is performed by third party contractors and the Group is reliant on such contractors performing these services in accordance with the relevant construction contracts. If the contractors fail to perform their obligations in a manner consistent with their contracts, the development projects may not be completed as and when envisaged, which may lead to unexpected costs. The Group has entered into a Project Management Agreement with Unitech Limited, its co-investor and one of the largest listed companies in India, under which Unitech Limited is engaged to provide property management services in respect of each of the investment properties under construction.

The Group is exposed to fluctuations in the prices of raw materials and components used in its construction projects. These commodities include steel, cement and timber. The costs of components and various small parts sourced from outside manufacturers may also fluctuate based on their availability from suppliers. Notwithstanding the Group's intention to protect itself against any increases in such costs by entering into fixed price construction contracts, nonetheless, the Group has a residual exposure to any such increases.

(ii) Risks relating to financial assets

The Group's investments in financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the instruments. Prices of financial instruments fluctuate due to changes in foreign exchange rates, market interest rates, market factors specific to the security or its issuer or factors affecting all securities traded in the market.

(iii) Foreign currency risk

The Group's principal operating currency is the British pound but substantially all of its income and expenditure are expected to be denominated in currencies other than the British pound, primarily the Indian rupee. All monies returned to shareholders and the reported net asset value of the Group will be denominated in British pounds. Consequently, the Group's performance is subject to the effect of exchange rate fluctuations with respect to the currencies in which its income and expenditure are denominated. Where feasible and, as appropriate, the Group finances assets using local currency denominated financing.

At the reporting date, the Group's currency exposure was as follows:

	2011	2010
	£	£
British pounds	8,200,501	13,881,159
Indian rupees	168,297,421	243,686,360
US dollars	1,197	649,340
Net assets	<u>176,499,119</u>	<u>258,216,859</u>

If the Indian rupee appreciated/depreciated by 5% against the British pound the effect on net assets would be to increase/decrease net assets by £8,014,220 (2010: £11,635,034).

(iv) Interest rate risk

The Group holds financial assets and liabilities that are interest bearing. As a result the Group is subject to interest rate risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

The table below summarises the Group's exposure to interest rate risks. It includes the Group's financial assets and liabilities at the earlier of contractual re-pricing or maturity date, measured by the carrying values of assets and liabilities:

31 March 2011

	Less than 3 months £	3 months to 1 year £	1 - 5 years £	Over 5 years £	Non- interest bearing £	Total £
Financial assets						
Debtors and other receivables	-	-	-	-	5,409,732	5,409,732
Cash and cash equivalents	14,053,833	-	-	-	-	14,053,833
Total financial assets	14,053,833	-	-	-	5,409,732	19,463,565
Financial liabilities						
Leasehold rights liabilities	-	721,421	605,037	-	-	1,326,458
Trade and other payables	-	-	-	-	11,531,691	11,531,691
Total financial liabilities	-	721,421	605,037	-	11,531,691	12,858,149
Net financial assets/(liabilities)	14,053,833	(721,421)	(605,037)	-		

31 March 2010

	Less than 3 months £	3 months to 1 year £	1 - 5 years £	Over 5 years £	Non- interest bearing £	Total £
Financial assets						
Debtors and other receivables	-	-	-	-	10,950,637	10,950,637
Cash and cash equivalents	37,672,266	713,051	-	-	-	38,385,317
Total financial assets	37,672,266	713,051	-	-	10,950,637	49,335,954
Financial liabilities						
Financial lease liabilities	-	1,047,876	1,581,518	999,245	-	3,628,639
Trade and other payables	-	-	-	-	9,218,313	9,218,313
Total financial liabilities	-	1,047,876	1,581,518	999,245	9,218,313	12,846,952
Net financial assets/(liabilities)	37,672,266	(334,825)	(1,581,518)	(999,245)		

The effective rate of interest on the Group's finance lease liabilities is 10% per annum.

5.3 Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment it has entered with the Group.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. This relates to financial assets carried at amortised cost, as they have a short-term maturity.

At the reporting date, the Group's financial assets exposed to credit risk amounted to the following:

	2011 £	2010 £
Trade and other receivables	5,409,732	10,950,637
Cash and cash equivalents	14,053,833	38,385,317
	19,463,565	49,335,954

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. Management does not expect any counterparty to fail to meet its obligations.

5.4 Liquidity risk

The Group manages its liquidity risk by maintaining sufficient cash balances to meet its obligations. The Group's liquidity position is monitored by the Investment Manager and the Board of Directors.

Residual contractual maturities of financial liabilities:

31 March 2011

	Less than 3 months £	3 months to 1 year £	1 - 5 years £	Over 5 years £	No stated maturity £
Financial liabilities					
Leasehold rights liabilities	-	721,421	605,037	-	-
Trade and other payables	11,531,691	-	-	-	-
	<u>11,531,691</u>	<u>721,421</u>	<u>605,037</u>	<u>-</u>	<u>-</u>

31 March 2010

	Less than 3 months £	3 months to 1 year £	1 - 5 Years £	Over 5 years £	No stated maturity £
Financial liabilities					
Finance lease liabilities	-	1,047,876	1,581,518	999,245	-
Trade and other payables	9,218,313	-	-	-	-
	<u>9,218,313</u>	<u>1,047,876</u>	<u>1,581,518</u>	<u>999,245</u>	<u>-</u>

6. Determination of fair values

Investment property and investment property under construction

The Company's investment properties were valued at fair value in accordance with the RICS Appraisal and Valuation Standards by Knight Frank (India) Private Limited at 31 March 2011. The valuer used the following valuation methodologies depending on each project's particular circumstances.

At 31 March 2011:		Value £'m
Particular	Method	
Already constructed and leased out option	Income approach – Discounted cash flow method (DCF)	107.3
Already constructed / under construction portion	Cost approach – Land and building method	18.3
Land without construction	Market approach – Land comparison method	67.8

At 31 March 2010, all properties were valued using the DCF method.

Income approach - this valuation methodology is applicable to properties which are in the nature of investments. All investments are intended to generate revenues and profits. The valuation methodology consists of ascertaining the present worth of future benefits. The income approach begins with an analysis of present income and series of projected income in the future. The primary factors that decide the yield of land and building by way of rental are the location, amenities provided in the building, occupational use, age of the building and type of neighbourhood.

Cost approach - under this valuation methodology, the value of a property is estimated by summing the land value and the depreciated value of any improvement. In most cases where the cost approach is involved, the overall methodology is a hybrid of the cost and sales comparison approaches ie while the replacement cost to construct a building can be determined by adding the labour, material and other costs, land values and depreciation must be derived from an analysis of comparable data.

Market approach - this valuation methodology is applicable to all property which is capable of being bought or sold in the market. A comparison is made for the purpose of valuation with similar properties that have recently been sold in the market and has thus been acquired at market value. The sale comparison approach is the preferred approach when sales data are available.

In the absence of a sale, sale prices of comparable properties are usually considered the best evidence of market value. Sale comparison approach models the behaviour of the market by comparing the properties being appraised with similar properties that have recently been sold or for which offers to purchase have been made. Comparable properties are selected for similarity to the subject property by way of attributes, such as age, size, shape, quality of construction, building features, condition, design, gentry, etc. Sales prices are then adjusted for their difference from the subject property and a market value is estimated from the adjusted sales price of the comparable properties.

7. Investment property

	2011 £	2010 £
Value		
Balance at start of year	274,412,440	46,603,071
Reclassification from investment property under construction	-	335,723,948
Reclassification from plant and machinery	1,094,035	-
Reversal of land finance lease liabilities	(1,572,396)	-
Additions	34,810,137	17,012,325
Revaluation of investment property	(103,114,477)	(137,815,658)
Effect of movements in exchange rates	(12,264,429)	12,888,754
Balance at end of year	<u>193,365,310</u>	<u>274,412,440</u>

Investment property was valued at market value in accordance with the RICS Appraisal and Valuation Standards by Knight Frank (India) Private Limited at 31 March 2011 and 31 March 2010 (see Note 6).

8. Property, plant and equipment

31 March 2011

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Total £
Value, cost or deemed cost				
Balance at 1 April 2010	15,754	1,071,116	351,788	1,438,658
Reclassification to investment property	-	(966,944)	(307,130)	(1,274,074)
Additions	-	105,325	108,696	214,021
Effect of movement in exchange rates	(749)	(52,152)	(17,967)	(70,868)
Balance at 31 March 2011	<u>15,005</u>	<u>157,345</u>	<u>135,387</u>	<u>307,737</u>
Depreciation				
Balance at 1 April 2010	764	131,999	42,602	175,365
Reclassification to investment property	-	(147,314)	(32,725)	(180,039)
Depreciation for the year	247	36,170	6,130	42,547
Effect of movements in exchange rates	(38)	(6,690)	(2,096)	(8,824)
Balance at 31 March 2011	<u>973</u>	<u>14,165</u>	<u>13,911</u>	<u>29,049</u>
Carrying amounts				
At 1 April 2010	<u>14,990</u>	<u>939,117</u>	<u>309,186</u>	<u>1,263,293</u>
At 31 March 2011	<u>14,032</u>	<u>143,180</u>	<u>121,476</u>	<u>278,688</u>

31 March 2010

	Land and buildings £	Investment property under construction at valuation £	Plant and machinery £	Fixtures and fittings £	Total £
Value, cost or deemed cost					
Balance at 1 April 2009	14,757	335,723,948	989,431	322,324	337,050,460
Reclassification to investment property	-	(335,723,948)	-	-	(335,723,948)
Additions	-	-	13,368	6,933	20,301
Effect of movements in exchange rates	997	-	68,317	22,531	91,845
Balance at 31 March 2010	<u>15,754</u>	<u>-</u>	<u>1,071,116</u>	<u>351,788</u>	<u>1,438,658</u>
Depreciation					
Balance at 1 April 2009	475	-	61,975	19,721	82,171
Depreciation for the year	232	-	59,458	19,461	79,151
Effect of movements in exchange rates	57	-	10,566	3,420	14,043
Balance at 31 March 2010	<u>764</u>	<u>-</u>	<u>131,999</u>	<u>42,602</u>	<u>175,365</u>
Carrying amounts					
At 1 April 2009	14,282	335,723,948	927,456	302,603	336,968,289
At 31 March 2010	<u>14,990</u>	<u>-</u>	<u>939,117</u>	<u>309,186</u>	<u>1,263,293</u>

9. Intangible assets – goodwill

	2011 £	2010 £
Cost		
Balance at start of year	-	41,379,773
Effect of movements in exchange rates	-	2,797,084
Goodwill impairment	-	(44,176,857)
Balance at end of year	<u>-</u>	<u>-</u>

The Board reviewed the potential impairment of goodwill at 31 March 2010 and have written the value down to zero accordingly. The goodwill represented the difference between the price paid for the Group's interest in the investment property owning joint venture companies ("JVs") and the fair value of the assets and liabilities acquired. In performing the impairment review the Directors assessed the fair value of the Group's interest in the JVs and compared this to the carrying value of the JVs in the financial statements, including goodwill. For this purpose, the determination of the fair value of investment property owned by the JVs was based on the valuations performed by Knight Frank (India) Private Limited as at 31 March 2010.

10. Other operating expenses

Other operating expenses comprise:

	2011 £	2010 £
Legal and professional fees	616,826	133,949
Shareholder servicing fees	96,613	103,327
NOMAD fee	113,166	89,931
Property valuation fees	30,775	49,019
Depreciation	42,547	79,151
Directors' expenses	90,875	71,532
Share of joint venture other expenses	4,354,593	2,581,671
Sundry expenses	271,631	25,964
Foreign exchange	31,114	(99,263)
	<u>5,648,140</u>	<u>3,035,281</u>

11. Taxation

A standard zero per cent rate of income tax applies for Isle of Man companies (except in relation to profits arising from banking, or from land and property in the Isle of Man).

The Mauritius subsidiaries are subject to taxation at 15 per cent on dividends received from the joint venture companies however a foreign tax credit will be available reducing the tax rate to 3 per cent. The Mauritius subsidiaries are not expected to have any liability to capital gains tax.

The joint venture companies are subject to corporate taxation in India at the rate of 33.22 per cent (2010: 33.99 per cent) on their net income calculated as per applicable tax rules.

	2011 £	2010 £
Tax credit in the statement of comprehensive income:		
Current tax expense in joint ventures	(19,905)	(700,985)
Deferred tax charge arising on amortisation of security deposits	(831,514)	-
Deferred tax credit arising on revaluation of investment property	28,784,586	47,289,645
	<u>27,933,167</u>	<u>46,588,660</u>
	2011 £	2010 £
Income tax liabilities at end of year		
<i>Current tax liabilities</i>		
Arising on net operating income in joint ventures	<u>(10,364)</u>	<u>(4,914)</u>
	2011 £	2010 £
Deferred tax liabilities at end of year		
<i>Deferred tax liabilities are attributable to the following:</i>		
Investment property	22,917,829	53,942,962
Security deposits	822,102	-
	<u>23,739,931</u>	<u>53,942,962</u>

Deferred tax arising on the revaluation of investment property under construction has been provided for at the reporting date as Indian capital gains tax would be payable in the event that the property was sold.

12. Share capital and reserves

12.1 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board manages the Company's affairs to achieve the shareholder returns through capital growth rather than income, and monitors the achievement of this through growth in net asset value per share.

Company capital comprises share capital, share premium and reserves. The Company is not subject to externally imposed capital requirements.

12.2 Share capital

	Number	£
<i>Ordinary shares of par value £0.01 each</i>		
Authorised	<u>500,000,000</u>	<u>5,000,000</u>
Issued	<u>360,000,000</u>	<u>3,600,000</u>

12.2 Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations.

12.4 Revaluation reserve

The revaluation reserve comprises gains arising on the revaluation of investment property under construction, net of related deferred tax and a provision for performance fees prior to reclassification as investment property.

13. Basic and diluted loss per share

The calculation of loss per share at 31 March 2011 of 19.66p (2010: loss per share of 36.80p) is based on the loss attributable to ordinary shareholders of £70,790,259 (2010: £132,479,664) and a weighted average number of ordinary shares outstanding of 360,000,000 (2010: 360,000,000 shares). The Company has no dilutive potential ordinary shares. The dilutive earnings per share therefore is the same as the basic earnings per share.

14. Leases

The land lease liability component that was previously capitalized as a finance lease was deemed to be an operating lease and was reversed in the year (see Note 7).

The outstanding land liabilities related to the land leasehold rights are payable as follows:

	2011
	£
Less than one year	721,421
Between one and five years	605,037
	<u>1,326,458</u>

The outstanding finance lease liabilities as at 31 March 2010 were payable as follows:

	2010
	£
Less than one year	1,047,876
Between one and five years	1,581,518
More than five years	999,245
	<u>3,628,639</u>

The New Okhla Industrial Development Area (Noida) authority allotted Shantiniketan Properties Limited a leasehold title to a 19.3 acre site in Noida for 90 years from 24 March 2006 for the purpose of setting up an IT and ITES project on the site. The annual ground lease rent payable is INR 7,349,865 for the first 10 years with a 10 year review cycle.

The Noida authority allotted Seaview Developers Limited a leasehold title to a 29.7 acre site in Noida for 90 years from 17 February 2006 for the purpose of setting up an IT SEZ at the project site. The annual ground lease rent payable is INR 11,766,000 for the first 10 years with a 10 year review cycle.

The Noida authority allotted Unitech Infra-Con Limited leasehold title to two sites comprising 74.75 acres in Greater Noida Technical Zone for the purpose of setting up an IT and an IT SEZ. The annual ground lease rents payable for the 90 year leases which commenced 9 June 2006 and 11 August 2006 are INR 3,311,238 and INR 2,488,997 respectively for the first 10 years with a 10 year review cycle.

15. Trade and other payables

The Group's trade and other payables are analysed as follows:

	2011	2010
	£	£
Trade payables	9,566,366	8,076,547
Amounts due to related parties (see Note 18)	822,527	622,379
Social security and other taxes	216,061	302,987
Other payables	926,737	216,400
	<u>11,531,691</u>	<u>9,218,313</u>

16. Trade and other receivables

The Group's debtors and other receivables are analysed as follows:

	2011	2010
	£	£
Amount due from related party (see Note 18)	197,798	4,919,424
Trade and other receivables	5,211,934	6,031,213
	<u>5,409,732</u>	<u>10,950,637</u>

17. Directors fees

The Group's directors' fees are analysed as follows:

	Annual fees £	Sitting fees £	2011 Total £	2010 Total £
Atul Kapur	60,000	4,000	64,000	64,000
Aubrey Adams	35,000	4,000	39,000	39,000
Ajay Chandra	25,000	4,000	29,000	29,000
Mohamed Khan	25,000	4,000	29,000	29,000
Donald Lake*	25,000	4,000	29,000	29,000
	<u>170,000</u>	<u>20,000</u>	<u>190,000</u>	<u>190,000</u>

*excluding VAT

Mr Adams was appointed chairman on 2 March 2011 and from that date his annual Director's fee increased to £60,000.

During the year, Mr Adams and Mr Lake received an additional £12,000 and £35,520* as consultancy fees (2010: £9,750 and £Nil).

18. Related-party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Ajay Chandra, a Director of the Company, is also the Managing Director of Unitech Limited.

During the year ended 31 March 2009, the Indian joint venture companies issued unsecured short-term advances to Unitech Limited, the Company's co-investor by way of quarterly loan facilities with automatic rollover. Interest was charged on the advances at commercial rates. The Company's 60% share interest of the outstanding balances as at 31 March 2009 was INR 4,263,826,500 (£58,675,842 based on the closing rate at 31 March 2009). All of the advances were repaid in full by 10 July 2009.

As at 31 March 2011 and 31 March 2010 Aubrey John Adams was beneficially interested in 300,000 Ordinary Shares of the Company.

Nectrus Limited, the Investment Manager to the Company, is an affiliate of the Unitech Group, the Company's co-investor in the investment property under construction. It receives a management fee and performance fee from the Group as detailed in Note 4. In May 2009, Nectrus Limited agreed to compensate the Company for a loss of £4,919,424 incurred on a structured note investment. This amount is being repaid by way of offsetting the investment management fee due. At 31 March 2011 the balance owed by Nectrus Limited to the Company amounted to £197,798 (2010: £4,919,424). At 31 March 2011 Nectrus Limited was beneficially interested in 16,256,517 Ordinary Shares in the Company (2010: Nil).

Unitech Limited, the Company's co-investor, acts as Property Manager for the investment property under construction and receives a fee of 5% of the total cost of construction of each project (exclusive of service tax). The fees payable to Unitech Limited for the year ended 31 March 2011 totalled £3,713,896 (year ended 31 March 2010: £1,696,803) and the amount outstanding as at 31 March 2011 was £822,527 (31 March 2010: £622,379).

Unitech Property Management Pvt. Ltd ("UPMP"), which is a wholly owned subsidiary of Unitech Limited, is rendering its services in respect of management and co-ordination of operation and maintenance services of the complexes including the common areas and certain other services. The fees payable to UPMP for the year ended 31 March 2011 totalled £1,346,957 (year ended 31 March 2010: £448,768) and the amount outstanding as at 31 March 2011 was £358,284 (31 March 2010: £128,517).

19. Group entities

19.1 Subsidiaries

	Country of incorporation	Class of shares	Percentage holding
Candor Investments Limited	Mauritius	Ordinary	100%
Acacia Properties Inc.	Mauritius	Ordinary	100%
Dotterel Estates Limited	Mauritius	Ordinary	100%
Gladiolys Realty Inc.	Mauritius	Ordinary	100%
Myna Holdings Limited	Mauritius	Ordinary	100%
Sparrow Properties Limited	Mauritius	Ordinary	100%
Tulipa Investments Inc.	Mauritius	Ordinary	100%

On 16 November 2006 the Company acquired the entire share capital of Candor Investments Limited for a consideration of US\$1. Prior to its acquisition by the Company, Candor Investments Limited had not traded.

On 28 November 2006 Candor Investments Limited acquired the entire share capital of the six underlying subsidiaries at par for a consideration of US\$1 each. Prior to their acquisition by Candor Investments Limited none of the underlying subsidiaries had traded.

On 10 January 2007 Dotterel Estates Limited acquired a 60% interest in the ordinary share capital of Seaview Developers Limited for a consideration of INR 4,526 million.

On 29 January 2007 Tulipa Investments Inc. acquired a 60% interest in the ordinary share capital of Unitech Realty Projects Limited for a consideration of INR 6,268 million.

On 11 January 2007 Gladiolys Realty Inc. acquired a 60% interest in the ordinary share capital of Unitech Developers and Projects Limited for a consideration of INR 5,709 million.

On 23 January 2007 Myna Holdings Limited acquired a 60% interest in the ordinary share capital of Unitech Hi-Tech Structures Limited for a consideration of INR 5,167 million.

On 10 January 2007 Sparrow Properties Limited acquired a 60% interest in the ordinary share capital of Unitech Infra-Con Limited for a consideration of INR 2,973 million.

19.2 Joint ventures

The following companies have been proportionately consolidated as joint ventures.

	Country of incorporation	Class of shares	Percentage holding
Shantiniketan Properties Limited	India	Ordinary	60%
Shantiniketan Properties Limited	India	Preference	100%
Seaview Developers Limited	India	Ordinary	60%
Unitech Developers and Projects Limited	India	Ordinary	60%
Unitech Hi-Tech Structures Limited	India	Ordinary	60%
Unitech Infra-Con Limited	India	Ordinary	60%
Unitech Realty Projects Limited	India	Ordinary	60%

The following amounts representing the Group's 60% share of the income and expenses of the joint ventures for the financial year are included within the statement of comprehensive income.

	2011	2010
	£	£
Income		
Investment property revenue	11,671,198	7,501,923
Interest income on cash balances	911,350	1,053,372
Interest income on corporate deposits	-	2,234,436
Income on amortisation of security deposits	2,898,578	-
Net loss from fair value adjustment on investment property	(103,114,477)	(137,815,658)
	<u>(87,633,351)</u>	<u>(127,025,927)</u>
Expenses		
Other operating expenses	4,334,801	2,596,225
	<u>4,334,801</u>	<u>2,596,225</u>
Operating loss for the year	(91,968,152)	(129,622,152)
Leasehold rights costs	(490,778)	-
Finance lease costs	-	(329,590)
Taxation	27,933,167	46,632,523
Loss for the year	<u>(64,525,763)</u>	<u>(83,319,219)</u>

The following amounts representing the Group's 60% share of the assets and liabilities of the joint ventures at the reporting date are included within the statement of financial position.

	2011	2010
	£	£
Assets		
<i>Non-current assets</i>		
Investment property	193,365,310	274,412,440
Property, plant and equipment	278,688	1,263,293
	<u>193,643,998</u>	<u>275,675,733</u>
<i>Current assets</i>		
Trade and other receivables	3,882,997	4,587,105
Cash at bank	7,145,093	30,052,705
	<u>11,028,090</u>	<u>34,639,810</u>
Total assets	<u>204,672,088</u>	<u>310,315,543</u>
Liabilities		
<i>Non-current liabilities</i>		
Leasehold rights liabilities	605,037	-
Finance lease liabilities	-	2,580,763
Deferred tax	23,739,931	53,942,962
	<u>24,344,968</u>	<u>56,523,725</u>
<i>Current liabilities</i>		
Leasehold rights liabilities	721,420	-
Finance lease liabilities	-	1,047,876
Trade and other payables	11,297,915	9,052,670
Income tax liabilities	10,364	4,914
	<u>12,029,699</u>	<u>10,105,460</u>
Total liabilities	<u>36,374,667</u>	<u>66,629,185</u>
Net assets	<u>168,297,421</u>	<u>243,686,358</u>

20. Commitments

The Group's share of capital commitments in respect of capital expenditure contracted for by the joint ventures as at 31 March 2011 was £79,607,874 (2010: £57,493,068).

21. Subsequent events

There are no significant subsequent events after the reporting date that would require disclosure in the consolidated financial statements.