

**YATRA CAPITAL LIMITED**

**Interim Unaudited Consolidated Financial Statements**

**For the six months ended 30 September 2007**

# Yatra Capital Limited

## Interim Unaudited Consolidated Financial Statements Six Months Period Ended 30 September 2007

### Contents

	Page		Page
<b>Corporate information</b>	2	<b>3 Financial risk management</b>	14
<b>Directors' report</b>	4	3.1 Strategy in using financial instruments	14
<b>Unaudited Consolidated Balance sheet</b>	5	3.2 Market price risk	14
<b>Unaudited Consolidated Income statement</b>	6	3.3 Interest rate risk	14
<b>Unaudited Statement of changes in equity</b>	7	3.4 Credit risk	14
<b>Unaudited Consolidated Cash flow statement</b>	8	3.5 Liquidity risk	14
		3.6 Currency risk	15
		<b>4 Critical accounting estimates and judgements</b>	15
<b>Notes to the financial statements:</b>		4.1 Critical accounting estimates and assumptions	15
<b>1 General information</b>	9	4.2 Critical judgements	15
<b>2 Summary of significant accounting policies</b>	9	<b>5 Taxation</b>	16
2.1 Basis of preparation	9	<b>6 Financial assets held at fair value through profit or loss</b>	17
2.2 Consolidation	10	<b>7 Advance on equity contribution</b>	18
2.3 Segment reporting	10	<b>8 Prepayments and other receivables</b>	19
2.4 Foreign currency translation	10	<b>9 Interest income</b>	19
2.5 Financial assets and financial liabilities at fair value through profit or loss	11	<b>10 Cash and cash equivalents</b>	19
2.6 Offsetting financial instruments	12	<b>11 Accruals and other payables</b>	19
2.7 Cash and cash equivalents	12	<b>12 Share capital and share premium</b>	20
2.8 Accrued expenses	12	<b>13 Earnings per share</b>	21
2.9 Revenue recognition	12	<b>14 Distribution payable</b>	22
2.10 Share capital	12	<b>15 Related party transactions</b>	22
2.11 Dividend distribution	13	<b>16 Related party fees</b>	23
2.12 Taxation	13		
2.13 Financial instruments	13	<b>17 Capital commitments and events after the balance sheet date</b>	24
2.14 Related parties	13	<b>Unaudited schedule of investments and advances on equity contributions</b>	25

# Yatra Capital Limited

## Corporate Information

<b>Registered Office:</b>	43/45 La Motte Street St Helier Jersey JE4 8SD	
<b>Board of Directors:</b>	Sir Nigel Hugh Robert Allen Broomfield Appointed 31 October 2006 David Ian Hunter Appointed 5 June 2006 Ajoy Veer Kapoor Appointed 5 June 2006 William Kay Appointed 26 May 2006 Malcolm James Geoffrey King Appointed 5 June 2006 Christopher Henry Lovell Appointed 5 June 2006 Rohin Raja Shah Appointed 5 June 2006	
<b>Advisors:</b>	<b>Mauritius</b> Saffron Capital Advisors Limited Suite 2004, Level 2 Alexander House 35 Cybercity Ebene Mauritius	<b>India</b> Saffron Asset Advisors Private Limited 4th Floor, Pharma Search House 72/73 Worli Hill Estate Dr B G Kher Road Worli, Mumbai - 18 India
<b>Administrative Agent:</b>	Minerva Fund Administration Limited PO Box 218 43/45 La Motte Street St Helier Jersey JE4 8SD	
<b>Independent Auditors:</b>	PricewaterhouseCoopers CI LLP Twenty Two Colomberie St Helier Jersey JE1 4XA	
<b>Bankers:</b>	HSBC Bank Plc PO Box 14 Library Place St Helier Jersey JE4 8NU	

# Yatra Capital Limited

## Corporate Information - Continued

### Lawyers:

#### India

Nishith Desai Associates  
93-B Mittal Court  
Nariman Point  
Mumbai 400 021  
India

#### United Kingdom

Mishcon de Reya  
Summit House  
12 Red Lion Square  
London WC1R 4QD  
United Kingdom

#### Mauritius

Mukund Gujadhur  
River Court  
St Denis Street  
Port Louis  
Mauritius

# Yatra Capital Limited

## Directors' Report

The directors present their report and the interim unaudited consolidated financial statements for the six month period ended 30 September 2007.

## Incorporation

The Company was incorporated in Jersey on 26 May 2006.

## Results and dividends

The results for the period are set out in the unaudited consolidated income statement on page 6. The directors do not propose to declare a dividend for the period.

## Directors

The present membership of the Board is set out on page 2. All directors served throughout the period.

## Directors' interests

There are no service contracts in existence between the Fund and any of its directors.

As at the date of this report, Ajoy Veer Kapoor is also a director of Saffron Asset Advisors Private Limited and Saffron Capital Advisors Limited. William Kay is also a director of Minerva Fund Administration Limited.

Rohin Raja Shah is also a director of K2 Property Limited and Saffron Capital Advisors Limited. He was also a Director of Saffron Asset Advisors Private Limited during the period (resigned 2 May 2007).

## Directors' responsibilities for the financial statements

The directors are responsible for preparing financial statements which give a true and fair view of the state of affairs of the Company and of the revenue and expenditure of the Company for the period. In preparing those financial statements, the directors are required to:

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


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

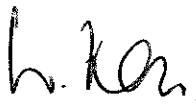
The directors' confirm that they have complied with all of the above requirements in preparing the interim unaudited consolidated financial statements.

## Independent Auditors

The auditors, PricewaterhouseCoopers CI LLP have indicated their willingness to continue in office.

Approved by the Board:

  
Christopher Henry Lovell  
(Director)

  
William Kay  
(Director)


29 November 2007


# Yatra Capital Limited

## Unaudited Consolidated Balance Sheet As at 30 September 2007

	Note	As at 30 September 2007 EUR	As at 31 March 2007 EUR
<b>Non current assets</b>			
Financial assets held at fair value through profit or loss	6	38,235,486	-
Advances on equity contributions	7	6,098,787	4,295,383
		<u>44,334,273</u>	<u>4,295,383</u>
<b>Current assets</b>			
Prepayments and other receivables	8	1,302,208	2,025,100
Amounts due from minority interests	12, 15	59	784
Cash at bank	10	49,119,349	89,320,489
		<u>50,421,616</u>	<u>91,346,373</u>
<b>Total assets</b>		<u><b>94,755,889</b></u>	<u><b>95,641,756</b></u>
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	12	-	-
Share premium	12	97,000,000	97,000,000
Minority interest	12	-	-
Retained deficit		(2,748,192)	(1,513,840)
<b>Total equity</b>		<u><b>94,251,808</b></u>	<u><b>95,486,160</b></u>
<b>Current liabilities</b>			
Accrued expenses	11	504,081	155,596
<b>Total liabilities</b>		<u><b>504,081</b></u>	<u><b>155,596</b></u>
<b>Total equity and liabilities</b>		<u><b>94,755,889</b></u>	<u><b>95,641,756</b></u>

Approved by the Board:

  
Christopher Henry Lovell  
(Director)

  
William Kay  
(Director)

29 November 2007

# Yatra Capital Limited

## Unaudited Consolidated Income Statement For the Six Months Period Ended 30 September 2007

	Note	Six months ended 30 September 2007 EUR	Period from 26 May 2006 to 31 March 2007 EUR
<b>Income</b>			
Interest income	9	1,223,915	961,521
<b>Total net income</b>		<b>1,223,915</b>	<b>961,521</b>
<b>Expenses</b>			
Set up costs		(76,891)	(1,543,633)
Investment advisory fees		(685,669)	(482,625)
Professional fees		(602,161)	-
Management fees		(243,719)	-
Administration, secretarial and registrars fees		(137,383)	(105,768)
Directors fees		(134,924)	(206,581)
Directors insurance		(21,071)	(13,934)
Audit fees		(14,823)	(25,173)
Other operating expenses		(197,306)	(98,431)
<b>Total operating expenses</b>		<b>(2,113,947)</b>	<b>(2,476,145)</b>
Net changes in fair value on financial assets held at fair value through profit or loss	6	(134,507)	-
Foreign exchange losses arising on advances on equity contributions	7	(209,813)	-
		<b>(344,320)</b>	<b>-</b>
<b>Loss for the period attributable to the equity holders of the Company</b>		<b>(1,234,352)</b>	<b>(1,514,624)</b>
<b>Basic and diluted earnings per share for loss attributable to the equity holders of the Company during the period</b> (expressed in € per share)		<b>(0.12)</b>	<b>(0.15)</b>

The Company was incorporated on 26 May 2006 and an initial placing of ordinary shares took place in December 2006. During the period from 26 May 2006 to 30 September 2006, no material transactions were undertaken. As such, a comparative income statement for the period from incorporation to 30 September 2006 has not been presented. Instead, comparative figures for the period from 26 May 2006 to 31 March 2007 have been presented.

# Yatra Capital Limited

## Unaudited Consolidated Statement of Changes in Equity For the Six Months Period Ended 30 September 2007

	Note	Attributable to equity holders of the Company			Minority Interests	Total Equity
		Share Capital / Premium EUR	Retained Earnings EUR	Total EUR		
<b>Balance at 26 May 2006</b>		-	-	-	-	-
Proceeds from ordinary shares issued	12	100,000,000	-	100,000,000	-	100,000,000
Payment of placement fees	12	(3,000,000)	-	(3,000,000)	-	(3,000,000)
Loss for the period		-	(1,514,624)	(1,514,624)	784	(1,513,840)
<b>Balance at 31 March 2007</b>		<b>97,000,000</b>	<b>(1,514,624)</b>	<b>95,485,376</b>	<b>784</b>	<b>95,486,160</b>
Loss for the period		-	(1,234,352)	(1,234,352)	-	(1,234,352)
<b>Balance at 30 September 2007</b>		<b>97,000,000</b>	<b>(2,748,976)</b>	<b>94,251,024</b>	<b>784</b>	<b>94,251,808</b>



# Yatra Capital Limited

## Unaudited Consolidated Cash Flow Statement For the Six Months Period Ended 30 September 2007

	<i>Note</i>	Six months ended 30 September 2007 EUR	Period from 26 May 2006 to 31 March 2007 EUR
<b>Cash flows from operating activities</b>			
Purchase of financial assets and settlement of financial liabilities		(40,383,210)	(4,295,383)
Interest received		1,377,962	713,299
Operating expenses paid		(1,196,617)	(4,097,427)
<b>Net cash used in operating activities</b>		<b>(40,201,865)</b>	<b>(7,679,511)</b>
<b>Cash flows from financing activities</b>			
Proceeds from ordinary shares		-	100,000,000
Payment of placement fees		-	(3,000,000)
Proceeds from Class C and Class D shares		725	-
<b>Net cash from financing activities</b>		<b>725</b>	<b>97,000,000</b>
Net (decrease) / increase in cash and cash equivalents		(40,201,140)	89,320,489
Cash and cash equivalents at beginning of period		89,320,489	-
<b>Cash and cash equivalents at end of period</b>	<i>10</i>	<b>49,119,349</b>	<b>89,320,489</b>

The Company was incorporated on 26 May 2006 and an initial placing of ordinary shares took place in December 2006. During the period from 26 May 2006 to 30 September 2006, no material cash flows occurred. As such, a comparative cash flow statement for the period from incorporation to 30 September 2006 has not been presented. Instead, comparative figures for the period from 26 May 2006 to 31 March 2007 have been presented.

# Yatra Capital Limited

## Interim Unaudited Consolidated Financial Statements For the Six Months Period Ended 30 September 2007

### 1 General information

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

Subject to applicable legal regulatory and tax considerations, K2 undertakes permissible portfolio investments in equity-linked instruments of companies established to carry out real estate development, ownership and exploitation across India ("Portfolio Companies").

The Group's investment activities are advised by Saffron Capital Advisors Limited ("SCAL") with the administration of the Company being undertaken by Minerva Fund Administration Limited.

The Company's ordinary shares are listed and traded on the Eurolist stock exchange by Euronext Amsterdam.

### 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

#### 2.1 Basis of preparation

The unaudited interim consolidated financial statements of Yatra Capital Limited have been prepared in accordance with International Financial Reporting Standards (IFRS). The 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 of Directors 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 the financial statements, are disclosed in Note 4.

#### *Standards and interpretations not yet effective*

At the date of authorisation of the financial statements, the following standards were in issue but not yet effective. These statements, where applicable, will be applied in the annual financial statements in the year when they become effective.

- IFRIC 13 – Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2008).
- IFRIC 14 – IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction (effective for accounting periods beginning on or after 1 January 2008).

# Yatra Capital Limited

## Interim Unaudited Consolidated Financial Statements For the Six Months Period Ended 30 September 2007

### 2 Summary of significant accounting policies (Continued)

#### 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.

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition 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 income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The consolidated accounts comprise the results of the Company and all of its subsidiaries.

#### 2.3 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 from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

#### 2.4 Foreign Currency Translation

##### *(a) Functional and presentation currency*

The Company's investors are mainly from the Eurozone, with the subscriptions and redemptions of ordinary shares denominated in Euros. The primary activity of the Group is to invest in equity-linked instruments of companies established to carry out real estate development in India in Indian Rupees. The performance of the Group is measured and reported to the investors in Euro. The Board of Directors considers the Euro as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Euro, which is the Group's functional and presentation currency.

# Yatra Capital Limited

## Interim Unaudited Consolidated Financial Statements For the Six Months Period Ended 30 September 2007

### 2 Summary of significant accounting policies (Continued)

#### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities at the balance sheet date are translated at the foreign exchange rate ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognised in the income statement within the fair value net gain or loss.

### 2.5 Financial assets and financial liabilities at fair value through profit or loss

#### *(a) Classification*

The Group shall invest in associates and joint ventures. Associates are entities over which the Group has significant influence but which it does not control. Consistent with International Accounting Standard (IAS) 28, 'Investments in Associates', it is presumed that the Group has significant influence where it has between 20% and 50% of the voting rights in the investee. Joint ventures are entities where the Group and other parties undertake an activity which 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.

Due to the nature of the Groups operations and investment strategy, the Group considers that its interests in associates and joint ventures form part of an investment portfolio held by an entity similar to a venture capital organisation, mutual fund or unit trust within the context of IAS 28. In accordance with the choices permitted by IAS 28 and IAS 31, 'Interests in Joint Ventures', the interests have been classified as fair value through profit or loss and measured at fair value, with changes in fair value recognised in the income statement.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that 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 investment advisor and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information. These financial assets are not expected to be realised within 12 months of the balance sheet date and shall therefore be classified under non current assets.

Management decides the appropriate classification of its investments at the time of the purchase and re-evaluates the classification on a regular basis.

#### *(b) Recognition/derecognition*

Regular-way purchases and sales of investments are recognised on the trade date - the date on which the Group commits to purchase or sell the investment. Investments 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.

# Yatra Capital Limited

## Interim Unaudited Consolidated Financial Statements For the Six Months Period Ended 30 September 2007

### 2 Summary of significant accounting policies (Continued)

#### *(c) Measurement*

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the income statement. Subsequent to initial recognition, all financial assets and financial liabilities 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 or financial liabilities at fair value through profit or loss' category are presented in the income statement in the period in which they arise. Interest income from financial assets at fair value through profit or loss is recognised in the income statement within interest income using the effective interest method. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement within dividend income when the Group's right to receive payments is established.

#### *(d) Fair value estimation*

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 market conditions existing at each balance sheet date. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

### 2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

### 2.7 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

### 2.8 Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

### 2.9 Revenue recognition

Revenue comprises mainly bank deposit interest. Interest income is recognised on a time-proportionate basis using the effective interest method and includes interest income from debt securities.

Dividend income is recognised when the right to receive payment is established.

### 2.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds of such issue, net of costs. Where the Company re-purchases its own ordinary shares, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the ordinary shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable

# Yatra Capital Limited

## Interim Unaudited Consolidated Financial Statements For the Six Months Period Ended 30 September 2007

### 2 Summary of significant accounting policies (Continued)

incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

The consideration received or paid for ordinary shares issued or re-purchased respectively is based on the value of the Company's net assets value per ordinary share at the date of the transaction. The Company's net asset value per ordinary share is calculated by dividing the Company's net assets with the total number of outstanding ordinary shares.

#### 2.11 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's directors.

#### 2.12 Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of prior periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### 2.13 Financial instruments

Financial instruments carried on the balance sheet include advance on equity contribution, other receivables, amount due from shareholders, cash at bank and accruals and other payables which approximate their fair values. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Group is a party are provided in Note 3.

#### 2.14 Related parties

Related parties are individuals and companies where the individual or company 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.

# Yatra Capital Limited

## Interim Unaudited Consolidated Financial Statements For the Six Months Period Ended 30 September 2007

### 3 Financial risk management

#### 3.1 Strategy in using financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### 3.2 Market price risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Group's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Group conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

#### 3.3 Interest rate risk

The majority of the Group's financial assets and liabilities are non-interest bearing. As a result, the Group is not subject to significant amounts of 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 Group's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Group's exposure to interest rate risks are mainly on cash and cash equivalent.

#### 3.4 Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the balance sheet date, if any.

The Group's overall exposure to credit risk on derivative instruments subject to a master netting arrangement can change substantially within a short period, as it is affected by each transaction subject to the arrangement. As at 30 September 2007, there were no such transactions entered into.

#### 3.5 Liquidity risk

The Group shall invest in associates, joint ventures and/or unquoted equity instruments in India. As a result, the Group may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as a deterioration in the creditworthiness of any particular issuer.

In accordance with the Group's policy, the investment advisor monitors the Group's liquidity position on a regular basis, and the Board of Directors reviews it on a quarterly basis.

# Yatra Capital Limited

## Interim Unaudited Consolidated Financial Statements For the Six Months Period Ended 30 September 2007

### 3 Financial risk management (Continued)

#### 3.6 Currency risk

The Group holds assets denominated in currencies other than the Euro, the functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

The table below summarises the Group's exposure to currency risks.

	As at 30 September 2007 EUR	As at 31 March 2007 EUR
<b>Assets</b>		
Mauritian Rupee	287,592	285,621
Indian Rupee	44,334,273	4,295,383
Cyprus Pound	2	2
Sterling	-	43,382
	<u>44,621,867</u>	<u>4,624,388</u>
<b>Liabilities</b>		
United States Dollar	84,949	49,734
Cyprus Pound	2	2
Sterling	-	139,744
	<u>84,951</u>	<u>189,480</u>

### 4 Critical accounting estimates and judgements

#### 4.1 Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the financial statements:

##### Value of Investments in Indian real estate projects

The Group's investments in Indian real estate projects (note 6) are based on market conditions and information regarding each investment. These estimates are subjective in nature and involve uncertainties and matters of significant judgement (e.g. interest rates, volatility, estimated cash flows etc) and therefore may not represent the actual proceeds that would be realised on disposal.

All such investments have been undertaken within 6 months of the balance sheet date and the Directors are of the opinion that the cost of the investments is a reasonable basis for fair value as at 30 September 2007. Investments in Indian real estate projects are denominated in Indian Rupees. All movements in the fair value of these investments recognised during the period relate to foreign exchange movements between the Indian Rupee and the Euro occurring between the date of completion of the investment and 30 September 2007. These movements are reported within the income statement within net changes in fair value on financial assets held at fair value through profit or loss of €134,507. There have been no decreases in the fair value of these investments other than those relating to foreign exchange movements between the Indian Rupee and the Euro. Refer to note 6 for further details.



# Yatra Capital Limited

## Interim Unaudited Consolidated Financial Statements For the Six Months Period Ended 30 September 2007

### 4.2 Critical judgements

#### Functional currency

The Board of Directors considers the Euro the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Euro is the currency in which the Group measures its performance and reports its results. This determination also considers the competitive environment in which the Group is compared to other European investment products.

### 5 Taxation

#### Current tax - Jersey

The Company is domiciled in Jersey, Channel Islands and pays an annual fee of GBP 600 for exemption from Jersey income tax. There are no estate, corporation, capital gains or other taxes payable by the Company.

#### Current tax - Mauritius

K2 is a tax incentive company in Mauritius and under current laws and regulations it is liable to pay income tax on its net income at a rate of 15%. K2 is however entitled to a tax credit equivalent to the higher of actual foreign tax suffered and 80% of Mauritius tax payable in respect of its foreign source income tax thus reducing its maximum effective tax rate to 3%. At 30 September 2007, K2 has accumulated tax losses and therefore no provision for taxation has been made.

No Mauritian capital gain tax is payable on profit/(loss) arising from sale of securities, and any dividends and redemption proceeds paid by K2 to the Company will be exempt in Mauritius from any withholding tax.

The tax on K2's loss before tax differs from the theoretical amount that would arise using the applicable tax rate of 15%. Information in respect of K2's loss for the period ended 30 September 2007 is set out below:

	Six months ended 30 September 2007 EUR	Period from 26 May 2006 to 31 March 2007 EUR
Net loss for the period	(1,210,114)	(1,480,184)
Tax at the applicable rate of 15%	(181,517)	(222,028)
Non allowable expense	167,154	148,923
Exempt income	(55,443)	(4,534)
Deferred tax asset not recognised	69,806	77,639
Tax expense	-	-

#### Current tax – Group

The Group invests in India and the directors expect to obtain benefits under the double taxation treaty between India and Mauritius. To obtain benefits under the double taxation treaty, the Group must meet certain tests and conditions, including the establishment of Mauritius tax residence and related requirements. The Group has obtained a tax residence certification from the Mauritian authorities and believes such certification is determinative of its resident status for treaty purposes. A Company which is tax resident in Mauritius under the treaty, but has no branch or permanent establishment in India, will

# Yatra Capital Limited

## Interim Unaudited Consolidated Financial Statements For the Six Months Period Ended 30 September 2007

### 5 Taxation (continued)

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 22.66%.

With effect from 1 April 2003, dividends are exempt in the hands of shareholders. Companies making distributions are however liable to a dividend distribution tax equivalent to 16.995% of the dividends distributed.

#### *Deferred tax*

A deferred tax asset has not been recognised in respect of the K2's tax losses carried forward and unrealised exchange losses as the directors of the Group consider that it is not probable that future taxable profit will be available against which the unused tax losses can be utilised.

### 6 Financial assets held at fair value through profit or loss

	As at 30 September 2007 EUR	As at 31 March 2007 EUR
<i>Designated at fair value through profit or loss:</i>		
- Participatory notes	4,429,098	-
- Investments in Indian real estate projects	33,806,388	-
	<u>38,235,486</u>	<u>-</u>
	As at 30 September 2007 EUR	As at 31 March 2007 EUR
<i>Net Changes in fair value on financial assets at fair value through profit or loss:</i>		
- Participatory notes	693,150	-
- Investments in Indian real estate projects	(827,657)	-
	<u>(134,507)</u>	<u>-</u>

Net changes in fair value of Indian real estate projects of €827,657 relate to foreign exchange movements between the Indian Rupee and the Euro occurring between the date of completion of the investment and 30 September 2007. There have been no decreases in the fair value of the investments other than those relating to foreign exchange movements between the Indian Rupee and the Euro.

Investments in participatory notes represent an investment in beneficiary participatory notes issued by Barclays Capital Mauritius Limited. The participatory notes are linked to the value of the equity shares of Phoenix Mills Limited, an Indian real estate company listed on the Bombay Stock Exchange.

The fair value of the participatory notes as at 30 September 2007 has been determined based on the market price of the equity shares of Phoenix Mills Limited as quoted on the Bombay Stock Exchange on 30 September 2007. The fair value of the participatory notes as at 30 September 2007 is as follows:

	As at 30 September 2007 EUR	As at 31 March 2007 EUR
Participatory notes issued by Barclays	4,429,098	-
	<u>4,429,098</u>	<u>-</u>

# Yatra Capital Limited

## Interim Unaudited Consolidated Financial Statements For the Six Months Period Ended 30 September 2007

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

Investments in Indian real estate projects represent investments in associates and joint ventures in India. All investments have been undertaken within 6 months of the balance sheet date and the Directors are of the opinion that the cost of the investments is a reasonable basis for fair value as at 30 September 2007. Investments in Indian real estate projects are denominated in Indian Rupees. All movements in the fair value of these investments recognised during the period relate to foreign exchange movements between the Indian Rupee and the Euro occurring between the date of completion of the investment and 30 September 2007. These movements amount to €826,657 and are reported in the income statement within net changes in fair value on financial assets held at fair value through profit or loss of €134,507. There have been no decreases in the fair value of the investments other than those relating to foreign exchange movements between the Indian Rupee and the Euro.

The fair values of investments in Indian real estate projects as at 30 September 2007 is as follows:

	As at 30 September 2007 EUR	As at 31 March 2007 EUR
Kolte Patil Real Estate Private Limited	4,399,859	-
Vamona Developers Private Limited	11,545,231	-
City Centre Mall Nashik Pvt Ltd	7,195,041	-
Five Star Properties Pvt Ltd	3,002,584	-
Twenty First Century Properties Pvt Ltd	3,703,800	-
Modi Organisers Private Limited	3,959,873	-
	<u>33,806,388</u>	<u>-</u>

### 7 Advances on equity contributions

Advance payments made in respect of investments in Indian private companies as at 30 September 2007 are comprised as follows:

	As at 30 September 2007 EUR	As at 31 March 2007 EUR
Kolte-Patil Real Estate Private Limited	-	4,295,383
Alliance Hospitality Private Limited	774,375	-
Tangerine Developers Private Limited	3,564,468	-
Gangetic Developers Private Limited	1,759,944	-
	<u>6,098,787</u>	<u>4,295,383</u>

Advance payments made in respect of Indian private companies are denominated in Indian Rupees. During the six months period ended 30 September 2007, foreign exchange losses of €209,813 were recognised in the income statement. These losses represent foreign exchange movements between the Indian Rupee and the Euro occurring between the date of the advance and 30 September 2007.

# Yatra Capital Limited

## Interim Unaudited Consolidated Financial Statements For the Six Months Period Ended 30 September 2007

### 8 Prepayments and other receivables

	As at 30 September 2007 EUR	As at 31 March 2007 EUR
Prepaid advisory fees	804,437	1,447,876
VAT receivable	287,592	285,621
Prepaid management fees	14,056	-
Bank interest receivable	94,175	248,222
Prepaid director insurance	6,759	27,830
Prepaid director fees	80,559	9,201
Prepaid administration fees	1,788	5,521
Prepaid annual government and exempt company tax fee	-	829
Sundry prepayments	12,842	-
	<u>1,302,208</u>	<u>2,025,100</u>

### 9 Interest income

Interest income comprises of bank deposit interest.

### 10 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise balances with original maturity of less than 90 days.

### 11 Accruals and other payables

	As at 30 September 2007 EUR	As at 31 March 2007 EUR
Amount due to related parties (Note 15)	165,851	72,106
Accruals	338,230	83,490
	<u>504,081</u>	<u>155,596</u>

# Yatra Capital Limited

## Interim Unaudited Consolidated Financial Statements For the Six Months Period Ended 30 September 2007

### 12 Share capital and share premium

	Share Capital EUR	Share Premium EUR	Total EUR
10,000,000 ordinary shares of no par value issued at a premium of €10 per share	-	100,000,000	100,000,000
Less placement fees	-	(3,000,000)	(3,000,000)
	-	97,000,000	97,000,000

All issued ordinary shares of the Company are fully paid and have been admitted to the official listing of the Eurolist stock exchange. The Company's capital are represented by these ordinary shares and with each carrying one vote. They are entitled 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 on 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 re-purchase when necessary, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

#### *Placement fees*

As required by IAS 32, "Financial Instruments: Presentation", incremental costs directly attributable to the issue of new shares have been recorded as a deduction from the proceeds of such issue. Accordingly, placement fees incurred during the period, €3,000,000, have been offset against the proceeds arising from the issue of shares, €100,000,000.

#### *Minority interest*

At 30 September 2007, the Company's subsidiary K2 had issued 1,250,000 class A shares to Yatra Capital Limited, 67,500 class C shares to Saffron Capital Securities Limited, 7,500 class C shares to Yasu Management Limited and 25,000 class D shares to Saffron Capital Advisors Limited. All the shares of K2 have a par value of USD0.01 each.

# Yatra Capital Limited

## Interim Unaudited Consolidated Financial Statements For the Six Months Period Ended 30 September 2007

### 12 Share capital and share premium (Continued)

K2 Issued Share Capital as at 30 September 2007	Class of Shares	EUR	EUR
<i>Issued and fully paid:</i>			
1,250,000 Shares of USD0.01 each	A		9,652
<i>Minority interest issued and fully / partly paid :</i>			
75,000 Shares of USD0.01 each (partly paid)	C	588	
25,000 Shares of USD0.01 each (fully paid)	D	196	784
			<u>10,436</u>

All classes of shares are redeemable at the option of K2. Holders of class A 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' meeting.

All classes of shares have identical rights except with respect to dividends and other distributions and with respect to certain voting rights. Advisor Shareholders will be entitled to a "carried interest" share of profits of K2 equivalent to 20% of all the profits arising on K2 provided that the Investor Shareholders have been paid, by way of distributions, a sum equivalent to their respective contributions plus a "hurdle rate of return", being an annual compound return of 11% on their net contributions. For the avoidance of doubt, the carried interest share of profits shall be applied to all profits arising from K2, including the hurdle rate of return specified above.

The carried interest shall be divided between the Advisor Shareholders pro rata to the number of such class C shares and class D shares held at the time of such distribution provided that the carried interest shall not be paid to the extent that it shall have the effect of reducing the hurdle rate of return payable to Investor Shareholders.

As K2 has recorded accumulated losses as at 30 September 2007, nil value attaches to its C and D share classes as, in the event that K2 was to be wound up as at 30 September 2007, all proceeds would firstly be applied to the Investor Shareholders. Accordingly, as at 30 September 2007, the value of Minority Interests in the Consolidated Balance Sheet of the Group is Nil.

### 13 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

	Six months ended 30 September 2007 EUR	Period from 26 May 2006 to 31 March 2007 EUR
Loss attributable to equity holders	<u>(1,234,352)</u>	<u>(1,513,840)</u>
Weighted average number of ordinary shares in issue	<u>10,000,000</u>	<u>10,000,000</u>
Basic loss per share - basic and diluted (€ per share)	(0.12)	(0.15)

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

# Yatra Capital Limited

## Interim Unaudited Consolidated Financial Statements For the Six Months Period Ended 30 September 2007

### 14 Distribution payable

No dividends were paid or proposed for the period ended 30 September 2007 as the Group incurred a loss.

### 15 Related party transactions

During the period under review, the Group entered into the following related party transactions. All transactions were carried out on an arm's length basis.

	Six months ended 30 September 2007 EUR	Period from 26 May 2006 to 31 March 2007 EUR
<i>Saffron Capital Advisors Limited</i>		
Reimbursement of set up costs	-	965,250
Advisory fees	699,725	482,625
	<u>699,725</u>	<u>1,447,875</u>
<i>Minerva Fiduciary Services (Mauritius) Limited</i>	EUR	EUR
Set-up cost	76,891	13,797
Custodian, secretarial and administration fees	19,716	9,135
Others	4,002	3,417
	<u>100,609</u>	<u>26,349</u>
<i>Minerva Fund Administration Limited</i>	EUR	EUR
Administration fees	96,381	94,680
	<u>96,381</u>	<u>94,680</u>

*Amounts outstanding at 30 September 2007 arising from transactions with related parties*

	As at 30 September 2007 EUR	As at 31 March 2007 EUR
<i>Amount due from related parties:</i>		
Advisory fees prepaid to Saffron Capital Advisors Limited (note 8)	818,493	1,447,876
Administration fees prepaid to Minerva Fund Administration Limited (Note 8)	1,788	5,521
	<u>820,281</u>	<u>1,453,397</u>
<i>Amounts due to related parties:</i>	EUR	EUR
Payable to Minerva Fiduciary Services (Mauritius) Limited (Note 11)	74,671	26,349
Payable to Minerva Fund Administration Limited (Note 11)	91,180	45,757
	<u>165,851</u>	<u>72,106</u>

# Yatra Capital Limited

## Interim Unaudited Consolidated Financial Statements For the Six Months Period Ended 30 September 2007

### 15 Related party transactions (Continued)

The amount due to related parties are unsecured, interest free and are payable within one year.

	As at 30 September 2007 EUR	As at 31 March 2007 EUR
<i>Amounts due from shareholders:</i>		
Amounts due in respect of shares issued to:		
Saffron Capital Advisors Limited	-	196
Yasu Management Limited	59	59
Saffron Capital Securities Limited	-	529
	<u>59</u>	<u>784</u>

The amounts due from shareholders are interest free and are receivable within one year.

### 16 Related party fees

#### *(a) Advisory fee*

The Group is advised by Saffron Capital Advisors Limited, an investment management company incorporated in Mauritius. Under the terms of the agreement dated 22 June 2006 and amended on 11 August 2006, the Fund appointed SCAL as an investment advisor to provide investment advisory services to the Fund. The annual fees are equivalent to 2% of total capital commitments.

#### *(b) Administrative and secretarial fee*

Minerva Fiduciary Services (Mauritius) Limited ("Minerva") has been appointed to provide administrative, registrar and secretarial services to K2. Minerva is entitled to an annual fee of USD 25,000 payable quarterly in arrears. The administration agreement may be terminated by either party by giving not less than ninety days notice.

The Company has engaged the services of Minerva Fund Administration Limited to provide administrative, registrar and secretarial services for a fee. The Company will pay the Jersey administrator a minimum annual fee of GBP 30,000 plus such additional fees as may be incurred based on the amount of work carried out for the Company. Total administration fees charged for the period are disclosed in Note 15.

#### *(c) Board of Directors' remuneration*

The total remuneration paid to directors during the period was EUR 134,924 and consisted of only fixed directors' fees.



# Yatra Capital Limited

## Interim Unaudited Consolidated Financial Statements For the Six Months Period Ended 30 September 2007

### 17 Capital commitments and events after the balance sheet date

As at 30 September 2007, the Group had outstanding capital commitments in respect of investments in Indian private companies amounting to INR 1,765.99 millions. The total Euro equivalent of these commitments using the exchange rate prevailing on 30 September 2007 of INR 56.82 = EUR 1 amounts to EUR 31.08 millions.

The Group has not entered into any further capital commitments as between the balance sheet date of 30 September and the date of approval of these financial statements.

On 19 October 2007, the Group completed an additional public offering and private placement of new ordinary shares on Eurolist by Euronext Amsterdam N.V. under the existing symbol "Yatra", ISIN Code JE00B1FBT077. A total of 11,428,571 new ordinary shares were placed at a price of €10.50 raising approximately €120 million.

# Yatra Capital Limited

## Interim Unaudited Consolidated Financial Statements For the Six Months Period Ended 30 September 2007

### Unaudited Schedule of Investments and Advances on Equity Contributions – 30 September 2007

#### Schedule of Investments

Name of Investment	Description of Transaction	Cost of Investment as at 30 September 2007 EUR(Millions)	Fair Value of Investment as at 30 September 2007 EUR(Millions)	Commitments Outstanding as at 30 September 2007 INR(Millions)	Commitments Outstanding as at 30 September 2007 EUR(Millions)
Participatory Notes					
	Participatory notes issued by Barclays Capital Mauritius Limited linked to equity shares of Phoenix Mills Limited.	3.74	4.43	0.00	0.00
Kolte Patil Real Estate Private Limited	50% stake in a residential development in Pune	4.30	4.40	950.00	16.72
Vamona Developers Private Limited	24% stake in a shopping centre project in Pune	11.93	11.55	301.00	5.30
City Centre Mall Nashik Pvt Ltd	50% stake in a shopping centre project in Nashik	7.42	7.19	0.00	0.00
Five Star Properties Pvt Ltd	30% stake in a retail led mixed use development in Indore	3.10	3.00	353.70	6.22
Twenty first century properties pvt ltd	38% stake in a residential development in Indore	3.82	3.70	11.29	0.20
Modi Organizers Private Limited	50% stake in a shopping centre in Bhavnagar	4.08	3.96	150.00	2.64
<b>Total</b>		<b>38.39</b>	<b>38.23</b>	<b>1765.99</b>	<b>31.08</b>

#### Schedule of Advances on Equity Contributions

Name of Investment	Description of Transaction	Amounts Advanced as at 30 September 2007 EUR(Millions)
Alliance Hospitality Private Limited	20% stake in a hotel development project in Pune	0.77
Tangerine Developers Private Limited	50% stake in a hotel & serviced apartment project in Bangalore	3.56
Gangetic Developers Private Limited	28% stake in a shopping centre project in Agra	1.76
<b>Total</b>		<b>6.09</b>

Total Euro equivalent Commitments Outstanding as at 30 September 2007 have been determined using the exchange rate prevailing on 30 September 2007 of INR 56.82 = EUR 1.