

Building **your**  
retail **space**



# West Pioneer Properties Limited

ANNUAL REPORT 2008

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# **West Pioneer Properties Limited**

## **REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD 1<sup>ST</sup> April 2007 TO 31<sup>ST</sup> MARCH 2008**

The directors are pleased to present their Second report with the financial statements of the Company for the period 1<sup>st</sup> April 2007 to 31<sup>st</sup> March 2008

### **INCORPORATION**

The company was incorporated in the British Virgin Islands under the BVI Business Companies Act 2004 on September 5, 2006 as a company limited by shares with the name of “West Brick Holdings Limited”. The Company changed its name to “West Pioneer Properties Limited” on October 3, 2006.

### **PRINCIPAL ACTIVITY**

The principal activity of the Company is that of construction, development and operations of shopping malls, hotels and commercial office space in India through its subsidiary companies West Pioneer Properties (India) Private Limited and Westfield Entertainment Private Limited.

### **FINANCIALS**

The results for the period under review and the financial position of the Company are as shown in the annexed financial statements along with the Auditors’ Report thereon.

### **DIVIDENDS**

The company has commenced operations on 12<sup>th</sup> March 08 during the period under review and thus the Directors do not recommend any Dividends to be distributed for the period ended 31 March 2008.

### **BUSINESS REVEIW**

The past year has been transformational for West Pioneer with the opening of our Metro Junction shopping mall in Kalyan. We have moved from solely being a developer of shopping malls to an operator as well. I would like to thank the whole team who worked on Metro Junction for all their efforts in helping get the project into operation. I look forward to building on our success in Kalyan with the Group’s other projects in Aurangabad and Nashik.

### **Kalyan**

The majority of the construction of Phase 1 of Metro Junction was completed at the end of March 2008 and the Group’s major anchor tenants, McDonalds and Big Bazaar opened for business in the week commencing 28<sup>th</sup> March 2008. As at 31<sup>st</sup> March 2008, the bulk of the lower ground floor tenants and the major anchors on the ground floor had taken possession and commenced fitment of their stores, and have been open for business since June 2008.

Final consents and approvals to commence construction for the development of 250,000 sq ft of retail space under Phase 2 of the Kalyan project are expected to be received by the end of October 2008 with construction to commence shortly thereafter.

The businesses of both anchor tenants have performed extremely well and have reportedly recorded the highest turnover amongst their comparable stores in Mumbai. Despite the monsoons, footfall for July was an average of 7,000 on weekdays and in excess of 15,000 at the weekends. During the Independence Day period of 13 to 17 August, the average footfall numbers per day hit 66,000, reportedly the highest for any Mall in Mumbai. Big Bazaar reportedly registered the highest sales of any of their outlets in Mumbai.

The Kalyan project was valued by Cushman and Wakefield as at 31st March 2008. In the opinion of Cushman and Wakefield the value of the project was US\$127m of which US\$29.6m is attributable to the lower ground and ground floor. The mall was only partially let as at 31st March 2008 therefore only the fair value of the lower ground and ground floor has been included in the balance sheet.

### **Aurangabad**

The acquisition of the entire 750,000 sq ft Aurangabad land parcel was completed in the first half of 2008 and the architects have already started work on the concept and design of the proposed mall and hotel at Aurangabad. It is intended that the hotel will be operated by the Intercontinental Hotel Group. Significant interest has been shown from retailers to lease space within the site.

### **Nashik**

The acquisition of the 17 acre site land parcel at Nashik was completed in November 2007. Lewis & Hickey, a UK based firm of architects with offices in Mumbai, have been appointed as the lead architects for this project, and preliminary work on the concept and design has started. There is tremendous interest from retailers in leasing space in the Nashik site. This is strengthened by the comparative lack of modern retail formats in Nashik. Negotiations are ongoing with three large potential anchor tenants to lease space in the mall.

### **Outlook**

The Indian retail market continues to expand rapidly with considerable interest from international retailers keen to enter the market. Over the past two years organised retailing in India has grown at over 35% per annum with this trend set to continue throughout 2008. The increase in purchasing power, favourable demographics and the increasing exposure to organised retail formats, are redefining consumption patterns of the middle class in India.

As we anticipated over two years ago, modern retailing is spreading to tier 2 cities and tier 3 towns. I am confident that West Pioneer has the right strategy and team to continue to meet the growing needs of organised retail within tier 2 cities, and the suburbs of the larger metros.

The Directors would like to thank the outstanding management team, external advisors and our shareholders for assisting and supporting us during the period under review.

### **SUBSIDIARIES**

The Company has four subsidiary companies as mentioned under;

West Brick Investment Ltd. – Mauritius

West Brick Properties Ltd- Mauritius

West Pioneer Properties (India) Pvt. Ltd. – India

Westfield Entertainment Pvt. Ltd - India

## **DIRECTORS**

The directors who have held office during the period to the date of this report are as follows:

- Amit Jatia
- Jayant Sohoni
- Simon Reid
- Mihir Thacker
- Ian Greenstreet
- Nitin Dattani

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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;
- 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 comply with the Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **AUDITORS**

M/s Ernst & Young, Chartered Accountants having their office at 6<sup>th</sup> floor, Express Towers, Nariman Point, Mumbai 400021 were appointed the Statutory Auditors of the Company to conduct the audit of the Company for the financial year 2007-2008.

## **FOR AND ON BEHALF OF THE BOARD:**



Nitin Dattani  
Executive Director  
October 1, 2008

## **Independent Auditors' Report**

**To**  
**The Shareholders**  
**West Pioneer Properties Limited**

We have audited the accompanying financial statements of West Pioneer Properties Limited ('the Company') and its subsidiaries ('the Group'), which comprises the consolidated balance sheet as at 31<sup>st</sup> March 2008, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year ended and a summary of significant accounting policies and other explanatory notes.

This report is made solely to the Company's members. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31<sup>st</sup> March 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

For Ernst & Young



Dated: October 1, 2008

**WEST PIONEER PROPERTIES LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED 31<sup>ST</sup> MARCH 2008**

**Consolidated Financial Statements of West Pioneer Properties Limited for the year ended  
31<sup>st</sup> March 2008**

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**West Pioneer Properties Limited**

**CONSOLIDATED INCOME STATEMENT  
for the year ended 31<sup>st</sup> March 2008**

	Notes	For the Year ended	
		31 <sup>st</sup> March 2008 \$	31 <sup>st</sup> March 2007 \$
<b>Revenue and other income</b>			
Property Rentals		27,388	-
Property Revaluation		14,064,821	-
		<u>14,092,209</u>	<u>-</u>
Finance and other income	8	2,250,912	666,077
Total revenue and other income		<u>16,343,121</u>	<u>666,077</u>
<b>Expenses</b>			
Administrative expenses	8	(1,813,813)	(747,378)
Selling & Distribution Costs	8	-	(4,150)
Finance costs	8	(106,027)	(14,393)
Total expenses		<u>1,919,840</u>	<u>(765,921)</u>
<b>Profit/(Loss) before tax</b>		<b>14,423,281</b>	<b>(99,844)</b>
Income tax expense	9	(5,122,660)	(3,746)
<b>Profit/(Loss) after tax</b>		<b><u>9,300,621</u></b>	<b><u>(103,590)</u></b>
<b>Attributable to:</b>			
Equity holders		9,300,621	(103,590)
<b>Earnings per share</b>			
Basic and Diluted EPS	10	0.119	(0.001)




Nitin Dattani  
Executive Director  
October 1, 2008

West Pioneer Properties Limited


**CONSOLIDATED BALANCE SHEET  
AS AT 31st March 2008**

	Notes	31 <sup>st</sup> March 2008 \$	31 <sup>st</sup> March 2007 \$
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	11	7,972,670	7,038,465
Investment Property	12	29,624,061	0
Intangible assets	13	13,764	4,340
Prepayments	22	26,771,005	6,766,032
Other financial assets	15	238,048	107,555
		<b>64,619,548</b>	<b>13,916,392</b>
<b>Current assets</b>			
Investments – Held for trading	14	12,663,153	24,419,085
Other receivables	16	202,639	184,165
Prepayments	22	44,312	43,365
Advance Income Tax		45,566	6,801
Cash and cash equivalents	17	13,320,738	7,833,015
		<b>26,276,408</b>	<b>32,486,431</b>
<b>TOTAL ASSETS</b>		<b>90,895,956</b>	<b>46,402,823</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the equity holders</b>			
Issued capital	18	8,000,664	7,504,534
Share premium	18	45,717,870	34,525,188
Retained earnings		9,195,064	(105,558)
Foreign currency translation reserve	18	3,571,074	650,132
		<b>66,484,672</b>	<b>42,574,296</b>
<b>Non current liabilities</b>			
Interest bearing loans and borrowings	19	9,840,030	2,468,599
Other liabilities	21	432,898	455,026
Employee benefit liability	20	12,046	407
		<b>10,284,974</b>	<b>2,924,032</b>
<b>Current liabilities</b>			
Trade and other payables	21	6,685,565	776,526
Interest bearing loans and borrowings	19	2,130,326	-
Other liabilities	21	5,310,419	127,969
		<b>14,126,309</b>	<b>904,495</b>
<b>TOTAL LIABILITIES</b>		<b>24,411,283</b>	<b>3,828,527</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>90,895,956</b>	<b>46,402,823</b>

  
Nitin Dattani  
Executive Director  
October 1, 2008

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31<sup>st</sup> March 2008**

	Issued Capital	Share premium	Retained Earnings	Foreign currency translation reserve	Total Equity
	\$	\$	\$	\$	
<b>Balance as at 1<sup>st</sup> April 2007</b>	<b>7,504,534</b>	<b>34,525,188</b>	<b>(105,558)</b>	<b>650,132</b>	<b>42,574,296</b>
Net profit for the period	-	-	9,300,622	-	9,300,622
Difference for currency translation	-	-	-	2,920,942	2,920,942
	-	-	9,195,064	3,571,074	54,795,860
Issue of share capital	496,130	-	-	-	496,130
Share premium on fresh issue of capital	-	11,596,736	-	-	11,596,736
Share issue expenses	-	(404,054)	-	-	(404,054)
<b>Balance as at 31<sup>st</sup> March 2008</b>	<b>8,000,664</b>	<b>45,717,870</b>	<b>9,195,064</b>	<b>3,571,074</b>	<b>66,484,672</b>
<b>Balance as at 1<sup>st</sup> April 2006</b>	<b>4,534</b>	<b>-</b>	<b>(1,968)</b>	<b>(6)</b>	<b>2,560</b>
Net Profit for the year	-	-	(103,590)	-	(103,590)
Foreign currency translation reserve	-	-	-	650,138	650,138
<b>Total income and expense for the year</b>	<b>-</b>	<b>-</b>	<b>(105,558)</b>	<b>650,132</b>	<b>549,523</b>
Issue of share capital as on 5 <sup>th</sup> September 2006	10	-	-	-	10
Issue of share capital as on 21 <sup>st</sup> November 2006	4,999,990	-	-	-	4,999,990
Issue of share capital as on 13 <sup>th</sup> December 2006	2,500,000	37,500,000	-	-	40,000,000
Share issue expenses	-	(2,974,812)	-	-	(2,974,812)
<b>Balance as at 31<sup>st</sup> March 2007</b>	<b>7,504,534</b>	<b>34,525,188</b>	<b>(105,558)</b>	<b>650,132</b>	<b>42,574,296</b>

  
Nitin Dattani  
Executive Director  
October 1, 2008

**CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31<sup>st</sup> March 2008**

	<b>2008</b>	<b>2007</b>
<b>Operating activities</b>		
Profit/(Loss) before tax from continuing operations	14,423,281	(99,844)
<b>Adjustments to reconcile profit before tax to net cash flows</b>		
Depreciation and impairment of property, plant and equipment	17,579	3,871
Amortisation of Preliminary Expenses	-	-
(Increase)/decrease in fair value of investment properties	(14,129,555)	(52,090)
Net gain on sale of investments	(38,851)	(1,269)
Dividend income	(1,388,600)	(297,762)
Interest Income	(732,564)	(308,628)
Interest expense	(106,027)	14,376
Working Capital Adjustment		
(Increase)/decrease in other assets (non-current)	699,359	(103,253)
(Increase)/decrease in prepayments (current)	1,983	(9,139)
(Increase)/ decrease in other receivables	(1,427)	175,280
Increase/(decrease) in trade and other payables	3,305,616	324,184
Increase/(decrease) in other liabilities current	(10,157)	185,884
Increase/(decrease) in other liabilities non current	(30,525)	42,082
Income tax paid	(8,192)	(2,747)
<b>Net cash flows from operating activities</b>	<b>2,001,920</b>	<b>(129,055)</b>
<b>Investing activities</b>		
Proceeds from sale of held-for-trading investments	76,507,680	13,852,465
Purchase of property, plant and equipment & intangible assets	(15,253,419)	(34,706)
Purchase of held-for-trading investments	(62,614,915)	(37,284,008)
(Increase)/decrease in prepayments	(20,038,101)	(6,464,639)
Increase/(decrease) in trade & other payables relating to construction costs	2,238,969	441,989
Investment in construction costs	(247,392)	(5,781,277)
Dividend income	1,388,600	121,947
Interest received	732,564	308,628
<b>Net cash flows used in investing activities</b>	<b>(17,286,014)</b>	<b>(34,839,601)</b>
<b>Financing activities</b>		
Proceeds from issue of shares	12,092,866	45,000,000
Transaction costs of issue of shares	(404,054)	(2,974,318)
Proceeds from issue/ (redemption) of preference share capital	-	(817,680)
Proceeds from borrowings	9,193,890	2,369,855
Interest paid	106,027	(14,376)
<b>Net cash flows used in financing activities</b>	<b>20,988,729</b>	<b>43,563,481</b>
Net increase/(decrease) in cash and cash equivalents	5,704,637	8,594,825
Net foreign exchange difference	(216,914)	(744,502)
Closing cash and cash equivalents – Opening balance	7,833,015	(17,308)
Closing cash and cash equivalents at 31 <sup>st</sup> March	13,320,738	7,833,015

Nitin Dattani, Executive Director  
October 1, 2008

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2008**

**1. Corporate information**

West Pioneer Properties Limited is a limited company, incorporated on 5<sup>th</sup> September 2006 and domiciled at CCS Management Limited, Sea Meadow House, Blackburne Highway, Road Town, Tortola, British Virgin Islands, whose shares are publicly traded on the Alternative Investment Market (AIM) at London Stock Exchange. The consolidated financial statements of West Pioneer Properties Limited ('the Company') and its subsidiaries ('the Group') for the year ended 31<sup>st</sup> March 2008 were authorised for issue in accordance with a resolution of the Company's directors on 2<sup>nd</sup> August 2008. Winmore Investments Limited is the holding company of the Company.

The Company has two wholly owned subsidiaries, West Brick Investment Limited, Mauritius (WBIL) and West Brick Properties Limited, Mauritius (WBPL). WBPL is incorporated on 25<sup>th</sup> January 2008. WBIL has, under an agreement with West Pioneer Properties (India) Private Limited (WPPIPL), subscribed to 99.73% of the equity shares of WPPIPL for United States Dollars 5 million on 25<sup>th</sup> November 2006. WPPIPL thus became a subsidiary of the Company. The Company and WBIL are investment holding companies, having no other business activities. WPPIPL, a company incorporated on 9<sup>th</sup> December 2004 in India, is involved in construction and managing of shopping malls in India. Both WBIL and WPPIPL are unlisted. WBIL and WPPIPL are entities under common control.

WBIL, has, under an agreement with Westfield Entertainment Private Limited (WEPL), subscribed to 99.80% of the equity shares of WEPL for United States Dollars 7.10 million on 25<sup>th</sup> February 2008. WEPL thus became a subsidiary of the Company. The Company and WBIL are investment holding companies, having no other business activities. WEPL, a company incorporated on 9<sup>th</sup> February, 2005 in India, is involved in construction and managing of shopping malls in India. Both WBIL and WEPL are unlisted. WBIL and WEPL are entities under common control.

**2. Basis of preparation**

The consolidated financial statements have been prepared on a historical cost basis, except for held-for-trading investments & investment property, which have been measured at fair value. The financial information is presented in United States Dollars (\$) and all values are rounded to the nearest \$ except when otherwise indicated.

This financial information has been prepared solely for reporting to the AIM under Rule 19 of the AIM Rules for Companies issued in February 2007.

**Statement of compliance**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union.

**(a) Basis of consolidation**

The consolidated financial statements comprise the consolidated balance sheet of the Company, WBIL, WBPL, WPPIPL and WEPL as at 31<sup>st</sup> March 2008 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year ended 31<sup>st</sup> March 2008 and a summary of significant accounting policies and other explanatory notes. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, under consistent accounting policies.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2008**

The prior period comparatives represent the balance sheet and the income statement, statement of changes in equity and cash flow statement of all entities except WBPL which is incorporated during the current year. As all the companies are entities under common control, the Company has adopted the pooling of interest method for the recording of this transaction and hence, the consolidated financial statements are presented as if the entities had always been combined in the prior year. Thus, the consolidated financial statements also include the balance sheet of WEPL as at 31<sup>st</sup> March 2007 and the income statement, statement of changes in equity and cash flow statement of WEPL for the year ended 31<sup>st</sup> March 2007. The prior period comparatives of WEPL have not been audited under IFRS.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

**(b) Segmental reporting**

As mentioned above, the Company, WBIL and WBPL are investment holding companies.

WPPIPL and WEPL are involved in construction of shopping malls and leasing commercial space therein. WPPIPL and WEPL's risks and return are affected predominantly by only this one business segment. WPPIPL is generating revenue in the form of lease rentals from leasing of Lower Ground Floor & Ground Floor of the mall at Kalyan for which part Occupation Certificate has been received. First floor & Second floor are still in the process of construction & will start earning lease rentals upon completion.

WEPL is in the process of constructing a mall at Nashik, Maharashtra State (Western India) and will start earning lease rentals upon completion of the project.

The company is primarily engaged in a single segment business of constructing and managing mall and accordingly this is the only primary reportable segment.

The company is engaged in business of constructing and managing mall within India and there is only one geographical segment.

**3. Changes in accounting policies and disclosures**

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new IFRS during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures, including in some cases, revisions to accounting policies.

• IFRS 7 Financial Instruments: Disclosures

The principal effects of these changes are as follows:

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where needed.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2008**

**4. Significant accounting estimates and assumptions**

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation of uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Estimates are based upon management's best assessment of the current business environment. Actual results could differ from these estimates.

**Post employment benefits**

The cost of defined retirement benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to long term nature of these plans, such estimates are subject to significant uncertainty. The net employee benefit liability as at 31<sup>st</sup> March 2008 is \$ 12,046 (31<sup>st</sup> March 2007 - \$ 407). Further details are contained in Note 21.

**Valuation of Investment Property**

**Investment Property**

Investment properties are stated at fair value based on income approach. This approach capitalizes an income stream into a present value. This involves making assumptions about expected future rentals, other income arising out of mall operations, future rent increase and discount rates. Such estimates are subject to significant uncertainty.

At 31 March 2008, the value of Investment property was \$ 29,624,060 (31st March 2007 - \$ Nil)

**5. Summary of significant accounting policies**

**Foreign currency translation**

The consolidated financial statements are presented in United States Dollars (\$), which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to income statement. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined.

The functional currency of Indian entities is Indian Rupees (INR). As at the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Company United States Dollars (\$) at the rate of exchange ruling at the balance sheet date and the amounts in the income statements and cash flow statement are translated at the average exchange rate for the period. The exchange differences arising on the translation are taken directly to balance sheet as a separate component of equity.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2008**

**Investment Property**

Investment Property represents completed part of Shopping centre comprising leasehold land and building including integral plant and equipment and leasehold improvements, constructed thereon.

Land & Buildings are considered as having the function of an investment and therefore are regarded as a composite asset, the overall value of which is influenced by many factors, the most prominent being income yield, rather than by the diminution in the value of the building due to effluxion of time. Accordingly the buildings and all components thereof, including integral plant and equipment, are not depreciated.

Investment property is measured initially at cost. Subsequent to initial recognition, investment property is stated at fair value based on income approach at the balance sheet date as the property is held to earn rentals. Gains and losses arising from changes in the fair values of investment property are included in the income statement in the year in which they arise.

At each reporting date, the carrying value of the portfolio of shopping centre investment property is assessed by the directors and where the carrying value differs materially from the directors' assessment of fair value, an adjustment to the carrying value is recorded as appropriate.

The directors' assessment of fair value of investment property is confirmed by an independent valuation. In determining the fair value, the capitalisation of net income method and discounting of future cash flows to their present value have been used which are based upon assumptions including future rental income, anticipated costs, appropriate discount rate and residual value of land.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

**Property, plant and equipment**

Property, plant & equipment are stated at cost less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Income Statement.

Depreciation is calculated on straight line basis considering management's estimate of the useful life of the assets. The useful life of property, plant and equipment is disclosed in note 11.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2008**

**Borrowing costs**

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings and other costs incurred in connection with the arrangement of borrowings. Financing costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised to the cost of the asset. Where funds are borrowed by the Group for the acquisition or construction of a qualifying asset, the associated financing costs are capitalised

Borrowing Costs are recognised as an expense when incurred unless they relate to the construction of a qualifying asset.

Borrowing costs directly attributable to construction of the qualifying assets are capitalised. The borrowing costs incurred till date and capitalised under Investment Property and Capital work-in-progress are \$ 642,490 (31<sup>st</sup> March 2007- \$ 50,001).

**Operating lease costs**

Operating lease costs of land that are incurred during the construction period are capitalised as a part of the construction cost of buildings. Amount of operating lease costs incurred till date and capitalised under Investment Property and Capital work-in-progress as expenses incurred during construction period is \$ 600,250 (31<sup>st</sup> March 2007- \$ 242,618).

**Impairment of non financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**Business combinations involving entities under common control**

Business combination involving entities under common control is accounted for, using the pooling of interest method. This involves recognising the assets and liabilities of the investee company at their carrying amounts. No adjustments are made to reflect fair values or to recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2008**

**Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

**Investments and other financial assets**

Financial assets in the scope of IAS-39 are classified as financial assets at fair value through profit and loss, loans and receivables, held to maturity investments, and available for sale investments, as appropriate. When the financial assets are recognised initially, they are measured at fair value, plus, in case of investments not at fair value through profit and loss, directly attributable transaction costs.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in profit and loss.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

As at 31<sup>st</sup> March 2008, the amount of financial assets that have been designated as at fair value through profit and loss is \$ 12,663,153 (31<sup>st</sup> March 2007- \$ 24,419,085).

*Loans and receivables*

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2008**

integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through an amortisation process.

*Fair value*

The fair value of investments that are actively traded in organised financial markets is determined by reference to Net Asset Value (NAV) at the close of business on the balance sheet date.

*Impairment of financial assets*

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

*Assets carried at amortised cost*

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

*Available-for-sale financial investments*

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

**Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2008**

**Financial liabilities-**

**Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently carried at amortized cost using the effective interest method. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized amount and the maturity amount. Amortized cost is calculated by taking into account any transaction costs, and any discount or premium on settlement.

Gains and losses are recognized in net profit or loss when the liabilities are derecognized as well as through the amortization process.

**De-recognition of financial assets and liabilities**

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2008**

effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**Employee benefits**

WPIPL operates one defined benefit plan towards retirement in form of gratuity. This benefit is unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for the plan at the end of the previous reporting year exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less past service cost not yet recognised. The past service cost is recognised as an expense on a straight line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service cost not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

**Leases**

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- a. There is a change in contractual terms, other than a renewal or extension of the arrangement.
- b. A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term.
- c. There is a change in the determination of whether fulfilment is dependant on a specified asset.
- d. There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a), c) or d) and at the date of renewal or extension period for scenario b).

*Group as a lessee*

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

*Group as a lessor*

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2008**

**Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and taxes or duties. The following specific recognition criteria must also be met before revenue is recognised:

*Interest income*

Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

*Dividends*

Revenue is recognised when the Group's right to receive the payment is established.

*Rental Income*

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.

**Taxes**

*Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

*Deferred income tax*

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2008**

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

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

**6. Future changes in accounting policies**

During the year, the IASB and IFRIC have issued the following standards and interpretations.

		<i>Effective date, periods commencing</i>
<b>International Financial Reporting Standards (IFRS)</b>		
IAS 23	Borrowing Costs – Revised	1 January 2009
IAS 39 Revised	Financial Instruments: Recognition and Measurement- Amended by amendments to IAS 32 and IAS 1	1 January 2009
IAS 32 Amended	Financial Instruments: Presentation	1 January 2009
IFRS 2	Share-based Payment – Amendments to vesting conditions and cancellations	1 January 2009
IFRS 3 Revised	Business Combinations	1 July 2009
IAS 27 Amended	Consolidated and Separate Financial Statements	1 January 2009
IFRS 8	Operating Segments	1 January 2009

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31<sup>st</sup> March 2008**

**International Financial Reporting Interpretations Committee (IFRIC)**

IFRIC 12	Service concession agreements	1 January 2008
IFRIC 14 IAS 19	The Limit on a Defined benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008
IFRIC 13	Customer Loyalty Programmes	1 July 2008
IFRIC 15	Agreements for the Construction of Real Estate	1 January, 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October, 2008

Annual amendments/improvement projects 2008 may have an effect on the financial performance or position of the Group especially with respect to assets under construction. The Group is in the process of evaluating the financial implications of the same. The Group expects that other future changes are not expected to have a material impact on the Group's financial statements, except for certain disclosure requirements.

**7. Business combination**

On 25<sup>th</sup> November 2006, the Company, through its wholly owned subsidiary WBIL, subscribed to 99.73% of the voting shares of WPIPL. On 25<sup>th</sup> February 2008, the Company, through its wholly owned subsidiary WBIL, subscribed to 99.80% of the voting shares of WEPL. The business combination is accounted under the pooling of interest method, since the entities involved in business combination are entities under common control.

The consolidated financial statements are presented in the manner that the entities were always combined. Accordingly, the assets and liabilities of WPIPL and WEPL are consolidated at their respective carrying values and there are no adjustments arising out of business combination.

**Acquisitions in 2007-08**

On 25<sup>th</sup> February 2008, the Group acquired 99.80 % of the voting shares of Westfield Entertainment Private Limited, a company based in India, specialising in construction of shopping malls. The fair value of the identifiable assets and liabilities of WEPL as at the date of acquisition were:

	\$ Fair value recognised on acquisition	\$ Previous Carrying Value
Cash and cash equivalents	1,928	1,928
Deferred income tax liability	196	196
Equity minority interests	2,267	2,267
Net assets	1,887	1,887
Share Premium	7,098,113	7,098,113
Consideration, satisfied by cash	7,100,000	7,100,000
Cash flow on acquisition:		
Net cash acquired with the subsidiary	1,928	1,928
Cash Paid	7,100,000	7,100,000
Net Cash Outflow	(7,098,072)	(7,098,072)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31<sup>st</sup> March 2008**

**8. Finance and other income and other expenses**

	<b>For the year ended 31<sup>st</sup> March:</b>	
	<b>2008</b>	<b>2007</b>
	\$	\$
<b>Finance and other income</b>		
Change in fair value of investments (Note 14)	474	52,090
Dividend earned on investments	1,388,600	297,762
Profit on sale of investments (net of loss)	38,851	1,269
Bank interest	732,563	308,628
Other Income	90,424	6,328
<b>Total (on a historical cost basis)</b>	<b><u>2,250,912</u></b>	<b><u>666,077</u></b>

**Administrative expenses**

Employee costs		
Salaries	705,237	271,294
Provident Fund	10,469	0
Gratuity	9,413	91
Legal & professional fees	293,753	193,170
General expenses	668,178	278,952
Rent	109,184	-
Depreciation and amortization	17,579	3871
<b>Total</b>	<b><u>1,813,813</u></b>	<b><u>747,378</u></b>

**Selling and Distribution Expenses**

Selling and Distribution Expenses	0	4,150
	<b><u>0</u></b>	<b><u>4,150</u></b>

**Finance costs**

Bank Service charges	53,568	1,505
Interest expense	52,459	12,888
<b>Total</b>	<b><u>106,027</u></b>	<b><u>14,393</u></b>

**9. Income taxes**

The Company, WBIL and WBPL are companies incorporated and registered in tax-free jurisdictions, thus there are no tax implications. WPIPL and WEPL are incorporated and registered in India and subject to the Indian Income Tax Act, 1961.

Current tax expense is recognized on the income chargeable to tax.

The components of the tax expense are as follows:

	<b>31<sup>st</sup> March</b>	
	<b>2008</b>	<b>2007</b>
	\$	\$
Current tax expense	15,266	3,746
Deferred tax expense on origination and reversal of temporary differences	5,107,394	-
	<b><u>5,122,660</u></b>	<b><u>3,746</u></b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31<sup>st</sup> March 2008**

The current tax expense comprises of income tax.

Reconciliation between the tax expense of WPPIPL, WEPL and the product of the accounting profit multiplied by the their domestic tax rate for the year ended 31<sup>st</sup> March 2008 and 2007 are as follows:

	<b>31<sup>st</sup> March 2008</b>	<b>31<sup>st</sup> March 2007</b>
	\$	\$
Accounting profit before tax	14,423,821	(99,844)
Less: Adjustments in respect of entities in tax free jurisdiction	(239,204)	(37,143)
Accounting profit/ (loss) for entities in taxable jurisdiction	14,663,025	(136,987)
Average statutory tax rate	33.99%	33.66%
<b>Tax at the statutory income tax rate</b>	<b>4,983,962</b>	<b>(46,110)</b>
Non-deductible expenses	3,103	167,566
Tax free income- Dividend Income	(469,048)	(118,086)
Exchange rate difference	(11,618)	-
Loss carried forward	616,261	-
<b>Effective income tax</b>	<b>5,122,660</b>	<b>3,746</b>
<b>Effective income tax rate</b>	<b>34.94%</b>	<b>-2.73%</b>

The change in effective tax rate is due change in tax free and non tax income in the current year. The tax impact of loss carried forward is based on business loss of \$ 932485 which can be carried forward for a period of 8 years and unabsorbed depreciation of \$ 880,579 which can be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these losses.

**10. Earnings per share**

Basic earning per share amount is calculated by dividing net profit/ (loss) after tax for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. There are no dilutive potential ordinary shares.

The following reflects the income and share data used in the earning per share computations for the year ended on 31<sup>st</sup> March:

	<b>31<sup>st</sup> March 2008</b>	<b>31<sup>st</sup> March 2007</b>
	\$	\$
Profit attributable to equity holders	9,300,622	(103,590)
<b>Number of Shares:</b>		
Weighted average number of shares for:	78,398,149	75,020,101
Basic and diluted earning per share	0.119	(0.001)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31<sup>st</sup> March 2008**

**11. Property, plant and equipment**

	Office equipment \$	Office furniture \$	Computers \$	Vehicles \$	Plant & Machinery \$	Capital work in progress * \$	Total \$
Cost or Valuation:							
At 1st April 2006	1,372	655	8,045	52	0	954,178	964,302
Additions	20,495	2,168	7,669	-	-	5,771,699	5,802,031
Disposals	-	-	-	-	-	-	-
Exchange adjustment	753	15	407	-	-	280,245	281,420
As at 31st March 2007	<b>22,620</b>	<b>2,838</b>	<b>16,121</b>	<b>52</b>	<b>0</b>	<b>7,006,122</b>	<b>7,047,753</b>
At 1st April 2007	22,620	2,838	16,121	52	0	7,006,122	7,047,753
Additions	4,537	7,682	42,260	25,443	447	795,980	876,349
Disposals	-	-	(2,734)	-	-	-	(2,734)
Exchange adjustment	1,726	73	1,217	214	3	75,399	78,632
As at 31st March 2008	<b>28,883</b>	<b>10,593</b>	<b>56,864</b>	<b>25,709</b>	<b>450</b>	<b>7,877,501</b>	<b>8,000,000</b>
Depreciation:							
At 1st April 2006	74	655	926	52	-	-	1,707
Depreciation charge for the year	3,254	1,825	2,502	-	-	-	7,581
Disposals	-	-	-	-	-	-	-
As at 31st March 2007	3,328	2,480	3,428	52	-	-	9,288
At 1st April 2007	3,328	2,480	3,428	52	-	-	9,288
Depreciation charge for the year	3,060	3,323	7,867	3,245	84	-	17,579
Disposals	-	-	463	-	-	-	463
As at 31st March 2008	<b>6,388</b>	<b>5,803</b>	<b>11,758</b>	<b>3,297</b>	<b>84</b>	-	<b>27,330</b>
Net book value							
At 31st March 2008	<b>22,495</b>	<b>4,790</b>	<b>45,105</b>	<b>22,412</b>	<b>366</b>	<b>7,877,501</b>	<b>7,972,670</b>
At 31st March 2007	19,292	358	12,693	-	-	7,006,122	7,038,465
At 1st April 2006	1,298	-	7,119	-	-	954,178	962,595

**Notes:**

1. The useful lives of property, plant and equipment are estimated as follows:

Assets	Years
Computers	4
Office equipments	5
Office furniture	5
Vehicles	5
Plant & machinery	4

2. Computers include owned computers, servers and laptops. Office equipments include printers, telephone systems, air conditioners, other equipments and generator.

3. All the property, plant and equipment of Kalyan project, which is under construction is subject to first charge to secure the term loan facility availed by WPPIPL from the State Bank of India. (Refer Note: 19)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2008**

4. Management estimates that the residual value of all major categories of fixed assets is not likely to be material at the end of their useful lives and hence the same have been estimated at nil residual value.
5. WPIPL has contractual commitments amounting to \$ 4,487,989 (31<sup>st</sup> March 2007 - \$ 6,595,714) towards construction and for the acquisition of property, plant and equipment for the project under construction.
6. Amount of depreciation for the year ended 31<sup>st</sup> March 2008 and 31<sup>st</sup> March 2007 of WPIPL, which is capitalized under capital work-in-progress, is \$ 3,240 and \$ 3,869 respectively.

**12. Investment Property**

	As at 31 <sup>st</sup> March 2008	As at 31 <sup>st</sup> March 2007
<b>Movement in investment properties</b>		
Balance at the beginning of the year	-	-
Development costs	15,559,240	-
Net gains or losses from fair value adjustments	<u>14,064,821</u>	-
Balance at the end of the year	<u>29,624,061</u>	<u>-</u>

The Lower Ground Floor & Ground Floor of the shopping centre at Kalyan have been valued for \$ 29,624,060 by the independent valuation done by Cushman & Wakefield (India) Private Ltd as of July 08. This valuation has been conducted in accordance with Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Standards. The difference between the cost of the investment property and its fair valuation is recorded as gain in the income statement. This gain has arisen primarily on account of the land leased from a related party (Refer Note 24).

The Company has used income approach for arriving at fair value of property. As the comparable land transactions are not available, 'Market Approach' or 'Sales Comparable Method' is not being used.

**The detailed methodology and key estimates for the valuation are as follows:**

- The effective gross annual income of the property has been estimated based on expected **rentals**, other income arising out of mall's operations. The inflows considered for calculating the value of the property are Lease Revenue, Security Deposit, and Common Area Maintenance (CAM) Revenue.
- The Outflow considered for calculating the value of the property are CAM expenses, Brokerage for Lease and Sale, Property Tax, Collection and Management Expenses. The average lease rates have been assumed an average base rent of Rs.65/- per sq.ft. per month based on the lease contracts entered into. Increase in rentals of 15% every 3 years.
- Net operating income calculated for ten years of operation and capitalized at the end of this period. The terminal yield has been assumed at 10% (on operating income), to reflect a likely disposition value at the end of the 10-year cash flow horizon. This also considers the development of other comparable properties in the target market as the sector matures.
- Discount rate of 12% including Current Capitalisation Rate for Retail properties of 10% and Risk for Real Estate and Illiquidity 2%

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31<sup>st</sup> March 2008**

**13. Intangible assets**

**Computer Software - Acquired**

	\$
<b>Cost:</b>	
At 1 <sup>st</sup> April 2006	-
Additions	4,420
Exchange adjustment	82
At 31 <sup>st</sup> March 2007	<u>4,502</u>
At 1 <sup>st</sup> April 2007	4,502
Additions	11,811
Exchange difference on conversion	400
<b>As at 31<sup>st</sup> March 2008</b>	<b><u>16,713</u></b>
 <b>Amortization:</b>	
At 1 <sup>st</sup> April 2006	-
Amortization charge for the period	159
Exchange difference on conversion	3
At 31 <sup>st</sup> March 2007	<u>162</u>
At 1 <sup>st</sup> April 2007	162
Amortization charge for the period	2,772
Exchange difference on conversion	15
<b>As at 31<sup>st</sup> March 2008</b>	<b><u>2,949</u></b>
 <b>Net Book Value:</b>	
<b>As at 31<sup>st</sup> March 2008</b>	<b>13,764</b>
At 31 <sup>st</sup> March 2007	4,340
At 1 <sup>st</sup> April 2006	<u>-</u>

1. These intangible assets are computer software used in WPP IPL's operations. These are amortised evenly over their useful life of 4 years.
2. There are no contractual commitments for acquisition of intangibles.

**14. Held-for-trading investments**

	<b>As at 31<sup>st</sup> March 2008</b>	<b>As at 31<sup>st</sup> March 2007</b>
	\$	\$
Investment in Fixed Maturity Plans of Mutual funds	9,533,655	1,309,840
Investment in Floating Maturity Plans of Mutual funds	-	23,109,245
Investment in Liquid Plus Plans of Mutual funds	3,129,498	-
<b>Total</b>	<b><u>12,663,153</u></b>	<b><u>24,419,085</u></b>

The above investments are held-for-trading investments with a maturity from one month to three months. However, the investments can be redeemed and liquidated at any point of time till maturity.

The above investments are valued at the fair value through profit and loss account.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> March 2008

15. Other financial assets (non-current)

	As at 31 <sup>st</sup> March 2008 \$	As at 31 <sup>st</sup> March 2007 \$
Deposit for office premises	103,759	41,943
Deposit for electricity	99,228	63,586
Deposit for water	2,573	-
Other deposits	32,488	2,026
<b>Total</b>	<b>238,048</b>	<b>107,555</b>

16. Other Receivables

	As at 31 <sup>st</sup> March 2008	As at 31 <sup>st</sup> March 2007
Advances to suppliers	-	806
Other advances	202,639	183,359
<b>Total</b>	<b>202,639</b>	<b>184,165</b>

As at 31 March, the ageing analysis of trade receivables is as follows:

Year	Total	Neither past due nor impaired	<30 days	Past due but not impaired			
				30-60 days	60-90 days	90-120 days	>120 days
	\$	\$	\$	\$	\$	\$	\$
2007	190,966	-	-	-	183,305	-	7,661
2008	248,204	-	116,582	-	73,281	-	58,341

17. Cash and cash equivalents

	As at 31 <sup>st</sup> March 2008	As at 31 <sup>st</sup> March 2007
Bank balances	1,772,849	779,473
Short term deposits	11,547,889	7,053,542
<b>Total</b>	<b>13,320,738</b>	<b>7,833,015</b>

Cash at bank earns interest at floating rate based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

The above are also considered as cash and cash equivalents for consolidated cash flow statement for the period ended 31<sup>st</sup> March 2008 and 31<sup>st</sup> March 2007.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31<sup>st</sup> March 2008**

**18. Issued capital and reserves**

**18.1. Issued capital:**

**Equity Share Capital**

	<b>Number</b>	<b>Amount (\$)</b>
<b>Issued and fully paid up capital:</b>		
<b>At 31<sup>st</sup> March 2006</b>	<b>20,100</b>	<b>4,534</b>
Issued on 5 <sup>th</sup> September 2006 and fully paid	1	10
Split of Face Value from \$10 to \$ 0.10 on 21 <sup>st</sup> November 2006	100	-
Issued on 21 <sup>st</sup> November 2006 and fully paid	49,999,900	4,999,990
<b>At 31<sup>st</sup> March 2007</b>	<b><u>75,020,101</u></b>	<b><u>7,504,534</u></b>
Issued on 25 <sup>th</sup> July 2007	4,961,298	496,130
<b>At 31<sup>st</sup> March 2008</b>	<b><u>79,981,399</u></b>	<b><u>8,000,664</u></b>

The Company has no authorized share capital but is authorized to issue 1,000,000,000 ordinary shares with a par value of \$ 0.10 of a single class with a single series.

**18.2. Share premium:**

	<b>Number</b>	<b>Amount (\$)</b>
At 1 <sup>st</sup> April 2006		-
Received on issue of share capital on 13 <sup>th</sup> December 2006	25,000,000	37,500,000
Less: Share issue expenses		<u>(2,974,812)</u>
At 31 <sup>st</sup> March 2007		34,525,188
Received on issue of shares on 25 <sup>th</sup> July 2007	4,961,298	11,596,736
Less: Share issue expenses		<u>(404,054)</u>
At 31 <sup>st</sup> March 2008		<u>45,717,870</u>

**Other reserve:**

**Foreign currency translation:**

At 1 <sup>st</sup> April 2006	(6)
During the period	<u>650,138</u>
At 31 <sup>st</sup> March, 2007	650,132
At 1 <sup>st</sup> April 2007	650,132
During the period	<u>2,920,942</u>
At 31 <sup>st</sup> March 2008	<u>3,571,074</u>

The foreign currency translation reserve is used to record exchange difference arising from translation of the financial statements of WPPIPL and WEPL, the foreign subsidiaries.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31<sup>st</sup> March 2008**

**19. Interest bearing loans and borrowings**

Particulars	Effective interest rate%	Maturity	At 31 <sup>st</sup> March 2008 \$	At 31 <sup>st</sup> March 2007 \$
<b>Current:</b>				
	1% below the State Bank Average Rate			
State Bank of India		June 2008	2,130,326	-
<b>Total</b>			<b>2,130,326</b>	<b>-</b>
<b>Non-Current:</b>				
	1% below the State Bank Average Rate			
State Bank of India		March 2014	9,899,749	2,532,228
Less: Upfront loan processing fee (amortized)			(59,719)	(63,629)
<b>Total</b>			<b>9,840,030</b>	<b>2,468,599</b>
<b>Grand Total</b>			<b>11,970,356</b>	<b>2,468,599</b>

**Terms and conditions of loans and borrowings:**

**State Bank of India**

The total loan sanctioned by the Bank amounts to \$12,781,955 is repayable in 24 quarterly installments of \$ 532,581 starting from June 2008 till March 2014. Of the total, \$ 12,030,075 has been withdrawn and outstanding as at 31<sup>st</sup> March 2008. The rate of interest payable on the loan is 1% below the State Bank Average Rate, with a minimum of 9.75% p.a. at monthly rests. As at 31<sup>st</sup> March 2008 the rate of interest was 11.25%. The loan is secured by a first charge on all the property, plant and equipment at Kalyan Project, which is under construction (Refer note 11).

The future payments for the repayment of loan withdrawn as at period end are disclosed as under:

	At 31 <sup>st</sup> March 2008 \$
During year ended March 09	2,005,012
During year ended March 10	2,005,013
During year ended March 11	2,005,012
During year ended March 12	2,005,013
During year ended March 13	2,005,012
During year ended March 14	2,005,013
<b>Total future payments for loan drawn and outstanding as at 31<sup>st</sup> March 2008</b>	<b>12,030,075</b>

At 31<sup>st</sup> March 2008, WPPIL had available un-drawn committed borrowing facilities amounting to \$ 751,880 in respect of which all conditions precedent had been met.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2008**

**20. Employee benefits**

WPPIPL has a defined benefit plan towards retirement benefits viz. a gratuity plan, covering substantially all of its employees. The benefit is unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. The following tables summarize the components of the net benefit expense recognized in the income statement and the funded status and amounts recognized in the balance sheet for the gratuity plan:

**Defined benefit plan – Gratuity**

	<b>31<sup>st</sup> March 2008</b>	<b>31<sup>st</sup> March 2007</b>
	<b>\$</b>	<b>\$</b>
<b>Net benefit expenses</b>		
Current service cost	6,939	188
Interest cost	946	15
Foreign currency translation	859	14
<b>Expense recognised in the P&amp;L</b>	<b>8,744</b>	<b>217</b>

**For the year ended 31<sup>st</sup> March 2008**

**Benefit liability**

Liability as at the end of the year	12,408	3,302
Payable by Group	12,408	3,302
Unrecognized actuarial loss as at the end of the year	(362)	(2,895)
<b>Benefit liability</b>	<b>12,046</b>	<b>407</b>

**Changes in the present value of the defined benefit obligation are as follows:**

Liability at the beginning of the year	3,302	191
Interest cost	946	15
Current service cost	6,939	188
Actuarial loss	362	2,895
Foreign currency translation	859	13
<b>Defined benefit obligation at the end of the period</b>	<b>12,408</b>	<b>3,302</b>

**Changes in the future value of the plan assets are as follows**

Fair value of asset at the beginning of the year	-	-
Fair value of asset at the end of the period	-	-
<b>Total actuarial loss to be recognized</b>	<b>(362)</b>	<b>(2,895)</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31<sup>st</sup> March 2008**

The assumptions used in accounting for the gratuity plan are set out as below:

	<b>2008</b>	<b>2007</b>
Discount rate	8.00%	8.00%
Future salary increases	5.00%	5.00%

WPIPL evaluates these assumptions annually based on its long-term plans of growth and industry standards. The WPIPL's gratuity plan is unfunded as at March 31, 2008. The unrecognized net actuarial loss at 31<sup>st</sup> March 2008 is \$ 362 (31<sup>st</sup> March 2007 - \$ 2,895).

**21. Trade and other payables**

	<b>As at 31<sup>st</sup> March 2008</b>	<b>As at 31<sup>st</sup> March 2007</b>
	\$	\$
Trade payables	1,628,929	288,742
Other payables	5,056,636	487,784
	<b><u>6,685,565</u></b>	<b><u>776,526</u></b>

Trade payables are non interest bearing and are normally settled within a year. Other payables including advance from customers are liabilities which were payable within one month from the balance sheet date.

**Other liabilities (Non Current)**

	<b>As at 31<sup>st</sup> March 2008</b>	<b>As at 31<sup>st</sup> March 2007</b>
	\$	\$
Deposits	432,898	87,841
Provision for expenses	-	367,184
	<b><u>432,898</u></b>	<b><u>455,025</u></b>

**Other liabilities**

	<b>As at 31<sup>st</sup> March 2008</b>	<b>As at 31<sup>st</sup> March 2007</b>
	\$	\$
Deferred tax liability	5,156,752	3,902
Provision for Tax, TDS, VAT and other expenses	153,667	124,067
	<b><u>5,310,418</u></b>	<b><u>127,969</u></b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31<sup>st</sup> March 2008**

**22. Prepayments**

	<b>31<sup>st</sup> March 2008</b>	<b>31<sup>st</sup> March 2007</b>
<b>Non- Current</b>		
Prepayments	26,771,005	6,701,417
Payments to related party	-	64,615
<b>Total</b>	<b>26,771,005</b>	<b>6,766,032</b>
<b>Current</b>		
Prepayments	44,312	43,365
<b>Total</b>	<b>44,312</b>	<b>43,365</b>
<b>Grand Total</b>	<b>26,815,317</b>	<b>6,049,728</b>

Prepayments consist of lease payments made for land under operating leases.

**23. Commitment and Contingencies**

**a. Guarantees**

The Company has not provided any guarantees.

**b. Contingencies**

The Group does not have any contingencies outstanding at 31<sup>st</sup> March 2008 (31<sup>st</sup> March 2007– \$ Nil), except for WPIPL which is mentioned below:

Mr. Amit Jatia, a Director of WPIPL and WPIPL are defendants in a claim brought by MIP Metro Group Intellectual Property GmbH. & Co. KG ('MIP Metro') which was initially filed on 7<sup>th</sup> July 2006. The claim relates to the intention by the Group to use the name 'Metro Junction' for its projects. MIP Metro has claimed that the use of 'Metro Junction' by WPIPL infringes its registered trademarks and is seeking to have an injunction granted against WPIPL restricting it from using this name as well as claiming damages from WPIPL of \$ 50,125 (31<sup>st</sup> March 2007 – \$ 46,040).

WPIPL is contesting the claim and does not believe that the proceedings will have a material adverse impact on the Group.

**c. Operating Lease Commitments**

*Group as lessee*

WPIPL has entered into operating leases for leasehold land, residential and office premises.

**Lease 1:**

WPIPL has obtained land under a lease arrangement with Hardcastle & Waud Manufacturing Company Limited, for a period of 99 years for its Kalyan Project ('the Property').

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2008**

The lease agreement was entered into on 5<sup>th</sup> May, 2005 for a period of 99 years based on which the rent payable for the Property is as follows:

<b>Period</b>	<b>Rent in \$ per month</b>
From 1 <sup>st</sup> May 2005 to 30 <sup>th</sup> April 2007	627
From 1 <sup>st</sup> May 2007 to 30 <sup>th</sup> April 2010	6,266
From 1 <sup>st</sup> May 2010 to 30 <sup>th</sup> April 2015	7,519
From 1 <sup>st</sup> May 2015 to 30 <sup>th</sup> April 2025	8,772
From 1 <sup>st</sup> May 2025 to 30 <sup>th</sup> April 2045	10,025
From 1 <sup>st</sup> May 2045 to 30 <sup>th</sup> April 2065	11,278
From 1 <sup>st</sup> May 2065 to 30 <sup>th</sup> April 2085	12,531
From 1 <sup>st</sup> May 2085 to 30 <sup>th</sup> April 2104	13,784

The key terms and conditions for the lease are as under:

- WPIPL can assign the lease interest in land to other third party with prior permission of lessor. WPIPL has right to mortgage the leasehold interest in the land
- WPIPL may build structures as well as demolish present buildings on the property. WPIPL has a right to sublease without the prior permission of the lessor. The income from sub-letting will belong to WPIPL.
- The lessee has an option to renew the period of the lease for two successive terms of 99 years each on a written notice of 5 years in advance of the expiry of the period of the lease, when a fresh documentation in the nature of a fresh lease would be executed by both parties at the cost of WPIPL. The lease rental for such extensions shall be at the then current rental values discounted by 20%.
- The lessee has an option (to be exercised in writing) during the band of 10 years namely, not earlier than May 1<sup>st</sup> 2020 and not later than April 30<sup>th</sup> 2030, to buy the land at the then current value of the land (such value not to be affected by the improvements, infrastructure provided/made by WPIPL and the buildings constructed by WPIPL upon the land, which would belong to WPIPL), discounted by 20%.
- There is no contingent rent payable for this lease.

The lease rental is accounted on straight line basis from the inception of the lease. The expenses incidentals to obtaining the lease are amortized over the lease term. The amortization is capitalised under Capital Work in Progress as expenditure incurred during construction period.

Amounts of the operating lease rental recognised as an expense but capitalised under Capital Work in Progress as expenditure incurred during construction period are as follows:

	<b>For the year ended 31<sup>st</sup> March 2008</b>	<b>For the year ended 31<sup>st</sup> March 2007</b>
	<b>\$</b>	<b>\$</b>
Lease rental for leasehold land – Amount paid during the period	69,549	6,630
Lease rental for leasehold land – Amount amortized for the period and capitalized under Capital-work-in -progress as expenses incurred during construction period	131,347	115,817

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31<sup>st</sup> March 2008**

The future minimum lease payments are disclosed as under:

	At 31 <sup>st</sup> March 2008 \$	At 31 <sup>st</sup> March 2007 \$
Not later than one year	75,188	246,562
Later than one years but not later than five years	434,837	696,164
Later than 5 years	12,471,178	16,666,428
<b>Total future minimum payments</b>	<b>12,981,203</b>	<b>17,609,154</b>

**Lease 2:**

WPPIPL has entered into an agreement for lease of land at Aurangabad, India for construction and development of malls.

The terms of the agreement are as under:-

- The land consists of three plots which have been provided on lease of 95 years by the owner to intermediate third parties.
- WPPIPL has negotiated with the transferor to purchase and obtain in its favour, full and complete assignment of the leasehold interest of the entire land along with all the necessary approvals for development of the property for a comprehensive and composite lump sum consideration of \$15,037,594. The residual leasehold term is 71 years for one of the plots and 62 years for the other two plots.
- The time frame for payment of the above consideration of \$15,037,594 is based on certain performances by the transferor which has been specified in the Memorandum of Agreed Terms.
- On 29<sup>th</sup> March 2007, WPPIPL has paid \$5,513,784 to the transferor for assignment of the land lease rights for one of the plots.
- On 28<sup>th</sup> March 2008, WPPIPL has paid \$1,186,792 to the transferor for assignment of the land lease rights for 2nd plot. The remaining amount is payable upon the assignment of the land lease of the other plot.
- The title of the land rests with the owner.
- Lessee has an option to renew the lease for a similar term on payment of a premium determined by the owner at the expiry of the lease term.

The premium paid for the assignment of the leasehold rights is amortized over the term of the lease. The lease rental recognises as an expense but capitalized under Capital work in progress as expenditure incurred during the construction period is USD 0.05

This is a non-cancellable lease and the future minimum lease payments (including the amortization of prepaid lump sum consideration paid) are disclosed as under:

	At 31 <sup>st</sup> March	
	2008 \$	2007 \$
Not later than one year	91,111	77,312
Later than one years but not later than five years	455,557	309,248
Later than 5 years	5,922,242	5,102,604
<b>Total future minimum payments</b>	<b>6,468,910</b>	<b>5,489,164</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2008**

**Lease 3:**

Company has obtained residential premises on lease for a period of 2 years with effect from 27<sup>th</sup> January 2007. The rent payable for the premises is as follows:

Period	Rent per month
From 27 <sup>th</sup> January 2007 to 26 <sup>th</sup> January 2008	3,475
From 27 <sup>th</sup> January 2008 to 26 <sup>th</sup> January 2009	3,648

The lease is cancellable. The lease is renewable at the option of both the parties. The premises can be used only for residential purposes and not as a guest house or for any commercial purposes. The lease rentals for first 12 months are already paid in advance and grouped under prepayments. There is no contingent rent payable for this lease. The lease rental is accounted on straight line basis from the inception of the lease.

Amounts of the operating lease rental recognised as an expense during the period are as follows:

	For the year ended 31 <sup>st</sup> March 2008	For the year ended 31 <sup>st</sup> March 2007
Lease rental for residential premises	43,982	6,657

**Lease 4:**

WEPL has entered into an agreement for lease of land at Nashik India for construction and development of malls.

The terms of the agreement are as under:-

- The land consists of three plots which have been provided on lease of 95 years by the owner to intermediate third parties.
- WPIPL has negotiated with the transferor to purchase and obtain in its favour, full and complete assignment of the leasehold interest of the entire land along with all the necessary approvals for development of the property for a comprehensive and composite lump sum consideration of \$ 15,982,657. The residual leasehold term is 56 years for one plot, 57 years for second plot and 69 years for third plot.
- On 21<sup>st</sup> November 2007, WPIPL has paid \$14,411,228 to the transferor for assignment of the land lease rights for all three plots. The remaining amount is payable as per agreed terms of Memorandum of Agreed Terms.
- The title of the land rests with the owner.
- Lessee has an option to renew the lease for a similar term on payment of a premium determined by the owner at the expiry of the lease term.

The lease rental recognises as an expense but capitalized under Capital work in progress as expenditure incurred during the construction period is USD 0.075

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2008**

This is a non-cancellable lease and the future minimum lease payments (including the amortization of prepaid lump sum consideration paid) are disclosed as under:

	At 31 <sup>st</sup> March	
	2008 \$	2007 \$
Not later than one year	288,602	0
Later than one years but not later than five years	1,443,011	0
Later than 5 years	15,223,040	0
<b>Total future minimum payments</b>	<b>16,954,653</b>	<b>0</b>

**Lease 5:**

WPPIPL has obtained office premises on lease for a period of 11 months with effect from 1<sup>st</sup> January 2007 which is further renewed for 11 months with effect from 1<sup>st</sup> December, 2007. The rent payable for the premises is as follows:

Period	Rent \$ per month
From 1 <sup>st</sup> April 2008 to 31 <sup>st</sup> October 2008	8,647

Amount of the operating lease rental recognised as an expense during the period is as follows:

	For the year ended 31 <sup>st</sup> March 2008 \$	For the year ended 31 <sup>st</sup> March 2007 \$
Lease rental for office premises	75,234	9,729

The key terms and conditions for the lease are as under:

- The lease is cancellable.
- The lease is renewable at the option of both the parties.
- Interest-free security deposit paid for the lease amounts to \$ 103,759 and has been grouped under other assets.
- There is no contingent rent payable for this lease.

**Lease 6:**

During the current period, WPPIPL has obtained residential premises on lease for a period of 2 years with effect from 30<sup>th</sup> July 2007. The rent payable for the premises is as follows:

Period	Rent in \$ per month
From 30 <sup>th</sup> July 2007 to 29 <sup>th</sup> July 2008	3,132
From 30 <sup>th</sup> July 2008 to 29 <sup>th</sup> July 2009	3,289

Amount of the operating lease rental recognised as an expense during the period is as follows:

	For the year ended 31 <sup>st</sup> March 2008 \$	For the year ended 31 <sup>st</sup> March 2007 \$
Lease rental for office premises	24,823	-

The key terms and conditions for the lease are as under:

- The lease is cancellable.
- The lease is renewable at the option of both the parties.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2008**

- Interest-free security deposit paid for the lease amounts to \$ 21,930 and has been grouped under other assets.
- There is no contingent rent payable for this lease.

***Group as lessor***

WPIPL has entered into agreed Heads of Term with prospective retailers for approximately 60 percent of the gross leasable area of Phase I and 10 percent of the gross leasable area of Phase II of its Kalyan project. WPIPL has not entered into any lease arrangements in the current period since the mall is still under construction.

This is a non-cancellable lease and the future minimum lease payments are disclosed as under:

	<b>At 31<sup>st</sup> March</b>	
	<b>2008</b>	<b>2007</b>
	\$	\$
Not later than one year	642,778	0
Later than one years but not later than five years	2,378,816	0
Later than 5 years	0	0
<b>Total future minimum payments</b>	<b>3,021,594</b>	<b>0</b>

**24. Related parties**

The financial statements of the Group include financial statements of the Company and the subsidiaries listed in the following table:

	<b>Country of incorporation</b>	<b>% age Equity Interest</b>
West Brick Investment Limited	Mauritius	100%
West Brick Properties Limited	Mauritius	100%
Westfield Entertainment Private Limited	India	99.80%
West Pioneer Properties (India) Private Limited	India	99.73%

Winmore Investments Limited, who owns 62.53% of the equity shares of the Company, is the parent company.

**Other related parties:**

**The ultimate controlling Party**

Winmore Investments Limited, a Company owned by affiliates of the Jatia family.

**Enterprises with common directorships**

**a. Hardcastle Restaurants Private Limited**

Amit Jatia, Director in WPIPL is the Managing Director of this Company.

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**For the year ended 31<sup>st</sup> March 2008**

**b. Anand Veena Twisters Private Limited**

Anurag Jatia, Director in WPPIPL is the Director of this Company

**Enterprises over which significant influence exercised by the Jatia family:**

**a. Hardcastle & Waud Manufacturing Company Ltd.**

Amit Jatia and Anurag Jatia, Directors of WPPIPL are from the same family which has a majority ownership in this Company.

**b. Vishwas Investment & Trading Company Private Limited**

Amit Jatia and Anurag Jatia, Directors of WPPIPL are from the same family which has a majority ownership in this Company.

**Key Managerial Person:-**

Amit Jatia, Chairman  
 Nitin Dattani, Executive Director  
 Jayant Sohonie, Chief Executive Officer  
 Ian Greenstreet, Non-Executive Director  
 Simon Reid, Non-Executive Director  
 Mihir Thakkar, Non-Executive Director

The following table provides the total amount of transactions, which have been entered into with the related parties during the year ended 31<sup>st</sup> March 2008 and also the outstanding balances as at 31<sup>st</sup> March 2008.

<b>Related Party:</b>	<b>April to March 2008 \$</b>	<b>April to March 2007 \$</b>
<b>Transactions with parent company</b>		
<b>a. Winmore Investments Limited</b>		
Consultancy fees	120,025	38,927
<b>Amount due to related party</b>	<b>Nil</b>	<b>38,927</b>
<b>Transactions with other related parties</b>		
<b>a. Hardcastle Restaurants Private Limited</b>		
Receipt of Deposit for premises to be leased	50,125	4,604
Reimbursement of expenses by WPPIPL	52,235	2,186
<b>Amount due to related party</b>	<b>100,251</b>	<b>4,604</b>
<b>b. Hardcastle &amp; Waud Manufacturing Company Ltd.</b>		
Reimbursement of expenses by WPPIPL	-	19,686
Payment of lease rent for Kalyan land by WPPIPL	77,654	6,331
Receipt of share application money	-	575,506
Repayment of share application money	-	575,506
Repayment of preference share capital	-	368,664
<b>Amount due to related party</b>	<b>Nil</b>	<b>Nil</b>
<b>c. Vishwas Investment &amp; Trading Company Private Limited</b>		
Reimbursement of expenses	9,393	1,429
Payment of office premises rent	75,961	9,910

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**For the year ended 31<sup>st</sup> March 2008**

Repayment of share application money	-	633,057
Security deposit paid	103,759	39,641
Receipt of share application money	-	633,057
<b>Amount due from related party</b>	<b>Nil</b>	<b>39,641</b>
<b>d. Anand Veena Twisters Private Limited</b>		
Receipt of Short Term Loan	626,566	-
Repayment of Short Term Loan with Interest	628,218	-
<b>Amount due from related party</b>	<b>Nil</b>	<b>Nil</b>
<b>Transactions with key managerial personnel</b>		
Consultancy	189,916	-
Payment against foreign Travel	1535	-
Payment of Flat Rent	18,797	-
Payment of deposit for flat	21,930	-
Short-term employee benefits	227,701	189,034
Post - employment benefits	1,338	98
<b>Amount due from related party</b>	<b>Nil</b>	<b>189,067</b>

**Terms and conditions of transactions with related parties:**

The transaction for the lease obtained from Hardcastle & Waud Manufacturing Company Limited by WPP IPL, is of specialized nature for which there are no comparable rates available (Refer Note 12). Other transactions for the related parties were made at normal market prices. Outstanding balances at the period end are unsecured, interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31<sup>st</sup> March 2008 and 2007, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

**25. Financial risk management objectives and policies**

The Group's principal financial instruments comprise of cash, interest bearing term loan from bank and interest free security deposits from retailers. The main purpose of these financial instruments is to raise finance for the Group's capital expenditure and operations, apart from ensuring that the retailers comply with the terms of the arrangements entered into by WPP IPL with them for use of retail space in its malls. The Group has various financial assets such as cash and short – term deposits with banks and investments in units of mutual funds.

There is no trading in the financial instruments except for held-for-trading investments.

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk and credit risk. The policies for managing each of these risks are summarized below:

**Liquidity risk**

The Group's objective is to maintain a balance between continuity of funding and flexibility through borrowings and internal accruals. The Group monitors its risk to shortage of funds using periodic review of forecast budgets and the strategic plan.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2008**

Table below summaries the maturity profile of the Groups financial liabilities at March 31, 2008 based on contractual and undiscounted payments

<b>Year ended March 31st, 2008</b>	<b>On demand</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Interest bearing loans and borrowings	0	441,537	1,503,759	10,025,060	0	11,970,356
Trade and other payables	0	6,685,564	0	0	0	6,685,564
Other Liabilities	0	432,898	0	0	0	432,898

<b>Year ended March 31st, 2007</b>	<b>On demand</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Interest bearing loans and borrowings	0	41,881	316,528	2,110,190	0	2,468,599
Trade and other payables	0	776,526	0	0	0	776,526
Other Liabilities	0	455,026	0	0	0	455,026

**Foreign currency risk**

The Group does not have significant foreign currency transactions and thus, there is no foreign currency risk.

**Credit risk**

The Group services only recognised and creditworthy third parties. WPPiPL has a policy to generally take bank guarantees for the amounts advanced to third parties. WPPiPL is taking refundable interest free security deposits ranging between three to nine months of license fee amounts from various retailers against which WPPiPL has a right on default to set off dues of license fees, utility charges and other charges.

With respect to the other credit risks arising from the financial assets of the Group, which comprise of the bank balances in the current account, investments, other assets and other receivables, the Group's exposure arising from the default of the counter parties, with a maximum exposure of **\$280,679 at 31<sup>st</sup> March 2008 (31<sup>st</sup> March 2007 – \$ 107,812)**

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**For the year ended 31<sup>st</sup> March 2008**

During the year ended 31<sup>st</sup> March 2008, WPIPL has paid an amount of \$ 827,067 as advance against land at Aurangabad, Maharashtra State, India which is adjustable against the transfer of title of the two land parcels. Both the parties to the arrangement are bound to perform the deliverables.

In November 2007, the company has received objection on this from some parties. Management has got an indemnity from vendors for any claims that may be made by any third party with respect to the leases of two land parcels.

There are no significant concentrations of credit risk within the Group.

**Interest rate risk**

The Group's exposure to market risk for changes in interest rates relates primarily to the WPIPL's bank line of credit. The Group earns interest on short-term deposits with banks and on investments with mutual funds at floating rates WPIPL is exposed to the risk of increase in rate of interest on the line of credit from the lending bank.

**Investment Property Risk**

The fair valuation of investment property is dependent on the key assumptions relating to expected inflows and outflows, including rent escalations, terminal yield of 10% and discount rate of 12%. WPIPL is exposed to the risk of non achievement of any of the key assumptions mentioned above.

**Sensitivity Analysis**

The Group's financial liabilities comprise bank loans. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

**Interest rate risk**

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

**Interest rate risk table**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's equity.

<b>2008</b>	<b>Increase/ Decrease in Basis points</b>	<b>Effect on Profit before tax</b>
USD	+100	(120,900)
USD	-100	120,900
<b>2007</b>		
USD	+100	(27,521)
USD	-100	27,521

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**For the year ended 31<sup>st</sup> March 2008**

**Capital Management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. As is the Group is in initial stages of operations the capital requirements are mainly met by shareholders fund and bank debt.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the period ended 31<sup>st</sup> March 2008 and 31<sup>st</sup> March 2007.

The Group monitors the capital using a gearing ratio, which is net debt, divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents.

	<b>At 31<sup>st</sup> March 2008</b>	<b>At 31<sup>st</sup> March 2007</b>
	\$	\$
Interest bearing loans and borrowings	11,970,356	2,468,599
Trade and other payables	6,685,564	776,526
Less: Cash and short term deposits	<u>(13,320,738)</u>	<u>(7,833,015)</u>
Net Debt	4,664,818	(4,587,890)
<b>Equity Capital</b>	66,484,672	42,574,296
<b>Capital and net debt</b>	<u><b>71,149,490</b></u>	<u><b>37,986,406</b></u>
Gearing ratio	8.02%	0%

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

	Carrying Amount		Fair Value	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash	1,772,848	779,473	1,772,848	779,473
Short term deposit	11,547,889	7,053,542	11,547,889	7,053,542
Available for sale investments	12,603,443	24,364,681	12,663,153	24,419,085
<b>Financial Liabilities</b>				
Interest bearing loans and borrowings	11,970,356	2,468,599	11,970,356	2,468,599
Other financial liabilities	-	-	-	-

Market values have been used to determine the fair value of available-for-sale financial assets. The fair value of borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of other financial assets has been calculated using market interest rates.