# BELLE TERRE REALTY LIMITED

# FINANCIAL STATEMENTS

# FOR THE YEAR ENDED

# 31 MARCH 2012

**BELLE TERRE REALTY LIMITED**

**FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 MARCH 2012**

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**BELLE TERRE REALTY LIMITED**

**COMPANY INFORMATION**

| | | | Date of appointment |
|---|---|---|---|
| **DIRECTORS** | : | Abdool Fareed Soreefan | 4 June 2008 |
| | | Mitrajeet D. Maraye | 4 June 2008 |
| | | Gaurav Goel | 25 July 2008 |
| | | Satyapal Jain | 25 July 2008 |
| **REGISTERED OFFICE** | : | IFS Court<br>TwentyEight<br>Cybercity<br>Ebene<br>Mauritius | |
| **ADMINISTRATOR AND SECRETARY** | : | International Financial Services Limited<br>IFS Court<br>TwentyEight<br>Cybercity<br>Ebene<br>Mauritius | |
| **AUDITORS** | : | Nexia Baker & Arenson<br>Chartered Accountants<br>5th Floor, C&R Court<br>Labourdonnais Street<br>Port Louis<br>Mauritius | |
| **BANKER** | : | HSBC Bank (Mauritius) Limited<br>6th Floor, HSBC Centre<br>18 Cybercity<br>Ebene<br>Mauritius | |

**BELLE TERRE REALTY LIMITED**

**COMMENTARY OF DIRECTORS**
**FOR THE YEAR ENDED 31 MARCH 2012**

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## PRINCIPAL ACTIVITY

The principal activity of Belle Terre Realty Limited (the "Company") is investment holding.

## RESULTS

The Company's loss for the year ended 31 March 2012 is **USD12,940** (2011:USD18,197)**.**

## DIRECTORS

The present membership of the Board is set out on page 2. All directors served office during the year.

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of the Financial Statements, comprising the Company's statement of financial position at 31 March 2012, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and Mauritian Companies Act 2001.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these 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.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

## AUDITORS

The auditors, **Nexia Baker & Arenson**, have expressed their willingness to continue in office until the next Annual Meeting.

**CERTIFICATE FROM THE SECRETARY**
**UNDER SECTION 166 (d) OF THE MAURITIAN COMPANIES ACT 2001**

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We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **Belle Terre Realty Limited** under the Mauritian Companies Act 2001 during the year ended to 31 March 2012.

……………………………………………..….
***for* International Financial Services Limited**
**Secretary**

**Registered Office:**

IFS Court
TwentyEight
Cybercity
Ebene
Mauritius

Date: 21 May 2012

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BELLE TERRE REALTY LIMITED

### Report on the Financial Statements

We have audited the financial statements of **Belle Terre Realty Limited** set out on pages 7 to 24, which comprise the statement of financial position as at 31 March 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

***Directors' Responsibility for the Financial Statements***

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act 2001. 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 from 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' judgement, 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 auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. However, as stated in Note 6 to the financial statements, the Company stated its investment in associate at cost, which is contrary to the requirements of International Accounting Standards 28 – Investments in associates, which stipulates that an investor company should account investment in associated company using equity method of accounting.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BELLE TERRE REALTY LIMITED**

## Report on the Financial Statements (continued)

### *Qualified opinion arising for failure to use equity method of accounting*

Except for any adjustments that might be required had the Company accounted its investment in associated company using the equity method of accounting, in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritian Companies Act 2001 for companies holding a Category 1 Global Business Licence and comply with the Mauritian Companies Act 2001.

### *Other Matter*

This report, including the opinion, has been prepared for and only for the Company's members in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Report on Other Legal and Regulatory Requirements

### *Mauritian Companies Act 2001*

We have no relationship with or interests in the Company other than in our capacity as auditors.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

**Nexia Baker & Arenson**
**Chartered Accountants**

**Ouma Shankar Ochit FCCA**
**Signing Partner**

**Date**:………………….

**BELLE TERRE REALTY LIMITED**

**STATEMENT OF COMPRENSIVE INCOME**
**FOR THE YEAR ENDED 31 MARCH 2012**

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | **USD** | USD |
| **INCOME** | | **-** | - |
| **EXPENSES** | | | |
| Licence fee | | **1,500** | 1,500 |
| Registrar of Companies fee | | **250** | 250 |
| Directors' fees | | **1,250** | 1,250 |
| Secretarial fee | | **1,500** | 1,500 |
| Administration expenses and disbursements | | **4,035** | 5,217 |
| Professional fees | | **2,000** | 5,589 |
| Audit fee | | **2,300** | 2,558 |
| Bank charges | | **105** | 333 |
| | | **12,940** | 18,197 |
| **OPERATING LOSS FOR THE YEAR** | | **(12,940)** | (18,197) |
| Taxation | 10 | **-** | - |
| **LOSS FOR THE YEAR** | | **(12,940)** | (18,197) |
| Other comprehensive income | | **-** | - |
| **TOTAL COMPREHENSIVE LOSS FOR THE YEAR** | | **(12,940)** | (18,197) |

The notes on pages 11 to 24 form an integral part of these financial statements.
The auditors' report is on pages 5 and 6.

**BELLE TERRE REALTY LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012**

| | Notes | 2012 | 2011 |
|---|---|---|---|
| | | USD | USD |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investment in subsidiary | 5 | **30,654** | 30,654 |
| Investment in associate | 6 | **20,436** | 20,436 |
| Advances to investee companies | 7 | **22,114,564** | 22,464,564 |
| | | **22,165,654** | 22,515,654 |
| **Current assets** | | | |
| Prepayments | | **1,563** | 1,563 |
| Cash and cash equivalents | | **348,511** | 1,076 |
| **Total current assets** | | **350,074** | 2,639 |
| **Total assets** | | **22,515,728** | 22,518,293 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Stated capital | 8 | **22,584,233** | 22,574,233 |
| Accumulated losses | | **(73,305)** | (60,365) |
| | | **22,510,928** | 22,513,868 |
| **Current liabilities** | | | |
| Shareholder's loan | 9 | **-** | - |
| Accruals | | **4,800** | 4,425 |
| | | **4,800** | 4,425 |
| **Total equity and liabilities** | | **22,515,728** | 22,518,293 |

Approved by the Board on **21 May 2012** and signed on its behalf by:

.................................................. ..................................................

**Director** **Director**

The notes on pages 11 to 24 form an integral part of these financial statements.
The auditors' report is on pages 5 and 6.

**BELLE TERRE REALTY LIMITED**

**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 31 MARCH 2012**

| | Stated capital USD | Accumulated losses USD | Total USD |
|---|---|---|---|
| At 01 April 2010 | 22,469,208 | (42,168) | 22,427,040 |
| Issue of shares during the year | 105,025 | - | 105,025 |
| Total comprehensive loss for the year | - | (18,197) | (18,197) |
| At 31 March 2011 | 22,574,233 | (60,365) | 22,513,868 |
| Issue of shares during the year | 10,000 | - | 10,000 |
| Total comprehensive loss for the year | - | (12,940) | (12,940) |
| **At 31 March 2012** | **22,584,233** | **(73,305)** | **22,510,928** |

The notes on pages 11 to 24 form an integral part of these financial statements.
The auditors' report is on pages 5 and 6.

**BELLE TERRE REALTY LIMITED**

**STATEMENT OF CASH FLOW**
**FOR THE YEAR ENDED 31 MARCH 2012**

| | 2012 | 2011 |
|---|---|---|
| | **USD** | USD |
| **Cash flows from operating activities** | | |
| Operating loss for the year | **(12,940)** | (18,197) |
| Increase/(decrease) in accruals | **375** | (2,630) |
| **Net cash used in operating activities** | **(12,565)** | (20,827) |
| **Cash flows from investing activities** | | |
| Advance to investee company | **-** | (84,050) |
| Amount repaid by associate | **350,000** | - |
| **Net cash from/(used in) investing activities** | **350,000** | (84,050) |
| **Cash flow from financing activity** | | |
| Proceeds from issue of shares | **10,000** | 105,000 |
| **Net cash from financing activity** | **10,000** | 105,000 |
| **Net increase in cash and cash equivalents** | **347,435** | 123 |
| **Cash and cash equivalents at beginning of the year** | **1,076** | 953 |
| **Cash and cash equivalents at end of the year** | **348,511** | 1,076 |

The notes on pages 11 to 24 form an integral part of these financial statements.
The auditors’ report is on pages 5 and 6.

## 1. GENERAL INFORMATION

The Company was incorporated in Mauritius on 4 June 2008 as a private company limited by shares. The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission and has its registered office at IFS Court, TwentyEight, Cybercity, Ebene, Mauritius.

The principal activity of the Company is to act as investment holding company.

## 2. BASIS OF PREPARATION

*(a)* *Statement of compliance*

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") except for the requirement to prepare consolidated financial statements in compliance with requirements of the Mauritian Companies Act applicable to any company holding a category 1 Global Business Licence.

*(b)* *Basis of measurement*

The financial statements have been prepared on a historical cost basis except for financial assets and liabilities which are measured at fair value.

*(i)* *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The financial statements are presented in United States Dollars (USD) which is the Company's functional currency.

*(ii)* *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at year-end exchange rates and differences in exchange are accounted for in the statement of comprehensive income.

*(c)* *Use of estimates and judgment*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 2. BASIS OF PREPARATION (continued)

*(c)* *Use of estimates and judgment (continued)*

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Changes in accounting policy and disclosures

The accounting policies are consistent with those of the previous financial year, except for the following new and amended IFRS and effective as of 1 January 2011:

*IAS 24* Related *party Disclosures*

The amended standard clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The related party disclosure note has been amended to reflect the amended standard.

Revised IAS 24 (revised), ‘Related party disclosures’, issued in November 2009. It supersedes IAS 24, ‘Related party disclosures’, issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011.

*New standards, amendments and interpretations issued but not effective for the financial period beginning 1 April 2011 and not early adopted*

- IFRS 9, ‘Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9’s full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Changes in accounting policy and disclosures (continued)

*New standards, amendments and interpretations issued but not effective for the financial period beginning 1 April 2011 and not early adopted (continued)*

- IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.

- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company is yet to assess IFRS13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2012.

- Amendments to IAS 1 - The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in other comprehensive income section such that items of other comprehensive income are grouped into two categories (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

  The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

- IAS 27 (as revised in 2011) – Separate financial statements

- IFRS 10, Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Changes in accounting policy and disclosures (continued)

*New standards, amendments and interpretations issued but not effective for the financial period beginning 1 April 2011 and not early adopted (continued)*

- IAS 28 (as revised in 2011) – Investments in Associates and Joint Ventures

*New standards, amendments and interpretations issued but not effective for the financial period beginning 1 April 2011 and not relevant to the Company's operations*

- IAS 19, 'Employee benefits' was amended in June 2011. The impact on the Company will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in statement of comprehensive income as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability/(asset).

- Amendments to IAS 12 Deferred Tax – recovery of Underlying Asset -The amendments to IAS12 provide an exception to the general principles in IAS 12 that the measurement of deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with IAS 40 Investment property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances. The amendments to IAS 12 are effective for annual periods beginning on after 1 January 2012.

(b) Investment in subsidiary

Subsidiary undertakings are those entities in which the Company has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations.

Investment in subsidiary is shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of comprehensive income. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

(c) Investment in associate

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. The investment has been stated at cost as the directors consider that the fair value approximates at least the cost.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Cash and cash equivalents

Cash comprises of currency and current deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and are held for the purpose of meeting short term cash commitments rather than investment or other purpose.

(e) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are approximately equal to their fair values.

(f) Financial instruments

Financial instruments carried on the statement of financial position include advances to investee companies, cash and cash equivalents and accruals. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(g) Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Taxation (continued)

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

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

(h) Related parties

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

(i) Trade and other payable

Payables are stated at their nominal value.

(j) Revenue recognition

Interest income is recognised on a time proportion basis unless collectibility is in doubt.

(k) Expense recognition

All expenses are accounted for in the statement of comprehensive income on the accruals basis.

(l) Stated capital

Ordinary shares and optionally convertible preference shares are classified as equity.

(m) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. At time of effective payment, the provision is deducted from the corresponding expenses.

**BELLE TERRE REALTY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 MARCH 2012**

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

*Critical accounting judgements in applying the Company's accounting policies*

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

*Determination of functional currency*

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in note 2, the directors have considered those factors therein and have determined that the functional currency of the Company is the United States Dollar.

## 5. INVESTMENT IN SUBSIDIARY

| | **2012** | 2011 |
|---|---|---|
| | **USD** | USD |
| At beginning and end of the year | **30,654** | 30,654 |

The details of the investment in subsidiary as at 31 March 2012 are as follows:

| **Name of subsidiary company** | **Country of incorporation** | **Number and type of shares** | **% holding** | **Cost** |
|---|---|---|---|---|
| | | | | **USD** |
| Oasis Holding FZC | United Arab Emirates | 75 equity shares of AED 1,500 each | 75% | 30,654 |

The directors are of opinion that there is no impairment on the value of the investments at 31 March 2012 and that the fair value approximates at least its cost. Oasis Holding FZC is engaged in real estates activities.

No consolidated accounts have been prepared as the directors of the Company have taken advantage of the exemption under the Mauritian Companies Act 2001, which exempts a Company holding a Global Business Licence 1 from preparing consolidated financial statements when it is a wholly owned or a virtually wholly owned subsidiary of any Company incorporated outside Mauritius.

## 6. INVESTMENT IN ASSOCIATE

| | 2012 | 2011 |
|---|---|---|
| | USD | USD |
| At beginning and end of the year | **20,436** | 20,436 |

The details of the investment in associate as at 31 March 2012 are as follows:

| Name of associate | Country of incorporation | Number and type of shares | % holding | Cost USD |
|---|---|---|---|---|
| Searock Developers FZC | United Arab Emirates | 50 equity shares of AED 1,500 each | 50% | 20,436 |

The investment in associate has been valued at cost. Searock Developers FZC is engaged in real estates activities.

## 7. ADVANCES TO INVESTEE COMPANIES

| | 2012 | 2011 |
|---|---|---|
| | USD | USD |
| At beginning of the year | **22,464,564** | 22,380,514 |
| Amount received during the year | **(350,000)** | - |
| Advances made during the year | **-** | 84,050 |
| At end of the year (see note 12 (b)) | **22,114,564** | 22,464,564 |

The advances to investee companies are unsecured, interest free and are expected to be settled in cash after more than 1 year.

## 8. STATED CAPITAL

| | 2012 | 2011 |
|---|---|---|
| | USD | USD |
| ***Issued and fully paid*** | | |
| Ordinary shares of USD1 each | | |
| At beginning and end of the year | **9,933** | 9,933 |
| Optionally convertible preference shares of USD1 each | | |
| At beginning of the year | **22,564,300** | 22,459,275 |
| Issued during the year | **10,000** | 105,025 |
| At end of the year | **22,574,300** | 22,564,300 |
| Total | **22,584,233** | 22,574,233 |

## 8. STATED CAPITAL (continued)

Ordinary shares are non-redeemable shares and have right to distribution. Holders of the ordinary shares have the right to vote on all matters submitted to shareholders except those requiring approval of the optionally convertible preference shareholders.

Optionally convertible preference shares ("OCPS") are redeemable at par by the Company to its holders and are not to be redeemed below its issue price. The OCPS can be converted into ordinary shares at the option of its holder as well as at the option of the Company at any time after issue of OCPS. The OCPS can be converted within 10 years in the ratio of one OCPS for one ordinary share. The OCPS do not have any voting rights at shareholders' meetings of the Company except on matters affecting their rights. The OCPS have priority for distribution over ordinary shares on winding up.

## 9. SHAREHOLDER'S LOAN

| | **2012** | 2011 |
|---|---|---|
| | **USD** | USD |
| At beginning of the year | **-** | 25 |
| Loan capitalised during the year | **-** | (25) |
| At end of the year | **-** | - |

## 10. TAXATION

*Income tax*

The Company is under current laws and regulations, liable to pay income tax on its net income at a rate of 15%. The Company is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritius tax payable in respect of its foreign source income tax thus reducing its maximum effective tax rate to 3%.

The Company has received a Tax Residence Certificate from the Mauritian Revenue Authority which entitles it to certain reliefs pursuant to the treaty concluded between Mauritius and India for the avoidance of double taxation. The tax residence certification is renewable on an annual basis, subject to the tax residency conditions being satisfied.

No Mauritian capital gain tax is payable on profits arising from sale of securities, and any dividends and redemption proceeds paid by the Company to its shareholders will be exempt in Mauritius from any withholding tax.

At 31 March 2012, the Company had accumulated tax losses of **USD54,937** (2011: USD41,997) and, therefore, no provision for income tax has been made.

## 10. TAXATION (continued)

*Deferred tax*

A deferred tax asset of **USD1,648** (2011: USD1,260) has not been recognised in respect of the tax losses carried forward as the directors consider that it is not probable that future taxable profit will be available against which the unused tax losses can be utilised.

The reconciliation between the actual tax expense and the tax calculated at the applicable rate of 15% for the year under review is as follows:

| | **2012** | 2011 |
|---|---|---|
| | **USD** | USD |
| Operating loss for the year | **(12,940)** | (18,197) |
| Tax at the rate of 15% | **(1,941)** | (2,730) |
| Tax effect of: | | |
| Tax losses brought forward | **(6,299)** | (3,570) |
| Tax credit of 80% | **6,592** | 5,040 |
| Deferred tax not recognised | **1,648** | 1,260 |
| Tax expense | **-** | - |

## 11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The Company is exposed to various types of risks that are associated with the financial instruments. The most important types of financial risk to which the Company is exposed are market risk, credit risk and liquidity risk.

The nature and extent of the financial instruments outstanding at the end of the reporting period and the risk management policies employed by the Company are discussed below.

(a) Market risk

Market risk embodies the potential for both loss and gains and includes currency risk, interest rate risk and price risk. The Company's market risk is managed by the Company in accordance with policies and procedures in place.

*(i) Currency risk*

The Company may enter into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than the USD.

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## 11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(a) Market risk (continued)

*(i) Currency risk (continued)*

Currency profile

The Company's total net exposure to fluctuations in foreign currency exchange rates at the end of the reporting period was as follows:

| | **2012** | | 2011 | |
|---|---|---|---|---|
| | **Financial assets** | **Financial liabilities** | Financial assets | Financial liabilities |
| | **USD** | **USD** | USD | USD |
| Dirhams | **22,114,564** | **-** | 22,464,564 | - |
| United States Dollars | **348,511** | **4,800** | 1,076 | 4,425 |
| | **22,463,075** | **4,800** | 22,465,640 | 4,425 |

*(ii) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's financial assets (except bank deposits) and liabilities are non-interest-bearing. As such, the Company is not subject to significant risk due to fluctuations in the prevailing levels of the market interest rates. Interest income from bank deposits may fluctuate in amount, in particular due to changes in the interest rates. However, the interest rate risk of the Company would be insignificant on its cash at bank as at 31 March 2012.

*(iii) Price risk*

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to the investment or all factors affecting all instruments traded in the market.

The Company is not exposed to price risk as the shares of the investee companies are not quoted.

(b) Credit risk

Credit risk represents the potential loss that the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Company. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

## 11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(b) Credit risk (continued)

The maximum exposure of financial assets to credit risk for the year is as follows:

| | **2012** | 2011 |
|---|---|---|
| | **USD** | USD |
| Advances to investee companies | **22,114,564** | 22,464,564 |
| Cash and cash equivalents | **348,511** | 1,076 |
| | **22,463,075** | 22,465,640 |

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities:

| *At 31 March 2012* | **Less than one year USD** | **Between 1 and 5 years USD** |
|---|---|---|
| Accruals | **4,800** | **-** |
| *At 31 March 2011* | | |
| | | - |
| Accruals | 4,425 | - |

(d) Capital Management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern.

The Company defines "capital" as including all components of equity.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Company. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company, to the extent that these do not conflict with the directors' fiduciary duties towards the Company or the requirements of local regulation.

The Company was not subject to externally imposed capital requirements during the year under review.

**BELLE TERRE REALTY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 MARCH 2012**

## 11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(e) Fair value measurements recognised in the statement of financial position

Financial instruments measured and reported at fair value are classified and disclosed in one of the following categories:

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

The fair value measurements recognised in the statement of financial position is based on unobservable inputs for the year ended 31 March 2012 and 2011.

| | **2012** | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | **USD** | **USD** | **USD** | **USD** |
| **Financial assets** | | | | |
| Advances to investee companies | **-** | **-** | **22,114,564** | **22,114,564** |
| Cash and cash equivalents | **-** | **-** | **348,511** | **348,511** |
| | **-** | **-** | **22,463,075** | **22,463,075** |
| **Financial liability** | | | | |
| Accruals | **-** | **-** | **4,800** | **4,800** |

| | 2011 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | USD | USD | USD | USD |
| **Financial assets** | | | | |
| Advances to investee companies | - | - | 22,464,564 | 22,464,564 |
| Cash and cash equivalents | - | - | 1,076 | 1,076 |
| | - | - | 22,465,640 | 22,465,640 |
| **Financial liabilities** | | | | |
| Accruals | - | - | 4,425 | 4,425 |

## 12. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties during the year ended 31 March 2012.

| | **2012** | 2011 |
|---|---|---|
| | **USD** | USD |
| (a) International Financial Services Limited (Secretary) | | |
| Directors' and secretarial fees | **2,750** | 2,750 |
| Administration expenses and disbursements | **4,035** | 5,217 |
| | **6,785** | 7,967 |

The above services from International Financial Services Limited have been provided on commercial terms and conditions.

(b) Advances to investee companies

| **Related parties** | **Relationship** | **Nature of transactions** | **2012 USD** | 2011 USD |
|---|---|---|---|---|
| Oasis Holding FZC | Subsidiary | Amount advanced | **6,460,075** | 6,460,075 |
| Searock Developers FZC | Associate | Amount advanced | **15,654,489** | 16,004,489 |
| | | | **22,114,564** | 22,464,564 |

## 13. HOLDING COMPANY

The directors regard Jai Realty Ventures Limited as the Company's holding company and Jai Corp Limited as its ultimate holding company, both companies incorporated in India. Jai Corp Limited is listed on the National Stock Exchange and Bombay Stock Exchange in India.

## 14. EVENTS AFTER THE REPORTING PERIOD

There have been no material events since the end of the reporting period which would require disclosures or adjustments to the financial statements for the year ended 31 March 2012.