Belle Terre Realty Limited

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2014

Belle Terre Realty Limited

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

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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 TwentyEight Cybercity Ebene Mauritius	
ADMINISTRATOR , SECRETARY AND TAX AGENT	:	International Financial Services Limited IFS Court TwentyEight Cybercity Ebene Mauritius	
AUDITORS	:	Nexia Baker & Arenson Chartered Accountants 5th Floor, C&R Court Labourdonnais Street Port Louis Mauritius	
BANKER	:	HSBC Bank (Mauritius) Limited 6th Floor, HSBC Centre 18 Cybercity Ebene Mauritius	

Belle Terre Realty Limited

COMMENTARY OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2014

The directors present the audited financial statements of **Belle Terre Realty Limited** (the "Company") for the year ended 31 March 2014.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding.

RESULTS

The results for the year are shown in the statement of profit or loss and other comprehensive income and related notes.

DIRECTORS

The present membership of the Board is set out on page 2.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

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

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

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 Mauritius Companies Act 2001. 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

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

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

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 Mauritius Companies Act 2001 during the year ended 31 March 2014.

……………………………………………..….

for **International Financial Services Limited**
Secretary

Registered Office:

IFS Court
TwentyEight
Cybercity
Ebene
Mauritius

Date: **16 April 2014**

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** (the "Company") set out on pages 7 to 24, which comprise the statement of financial position as at 31 March 2014 and the statement of profit or loss and other 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 Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

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

Basis of Qualified Opinion

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.

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 set out on pages 7 to 24 give a true and fair view of the financial position of the Company at 31 March 2014, 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 Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and comply with the Mauritius 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 Mauritius 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

Mauritius 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
Licensed by FRC

Date: 16 APR 2014

Belle Terre Realty Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014	2013
		USD	USD
INCOME		**-**	-
EXPENSES			
Licence fee		**2,400**	1,937
Professional fees		**9,918**	8,006
Audit fee		**2,600**	2,000
Bank charges		**100**	170
		15,018	12,113
OPERATING LOSS FOR THE YEAR		**(15,018)**	(12,113)
Taxation	9	**-**	-
LOSS FOR THE YEAR		**(15,018)**	(12,113)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		**-**	-
Items that may be classified subsequently to profit or loss		**-**	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(15,018)**	(12,113)

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 2014

	Notes	2014	2013
		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	**22,154,564**	22,154,564
		22,205,654	22,205,654
Current assets			
Prepayments		**1,625**	1,625
Cash and cash equivalents		**280,618**	294,736
		282,243	296,361
Total assets		**22,487,897**	22,502,015
EQUITY AND LIABILITY			
Capital and reserves			
Stated capital	8	**22,584,233**	22,584,233
Accumulated losses		**(100,436)**	(85,418)
		22,483,797	22,498,815
Current liability			
Accruals		**4,100**	3,200
Total equity and liability		**22,487,897**	22,502,015

Approved by the Board on **16 April 2014** 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 2014

	Stated capital	Accumulated losses	Total
	USD	USD	USD
At 01 April 2012	22,584,233	(73,305)	22,510,928
Total comprehensive loss for the year	-	(12,113)	(12,113)
At 31 March 2013	22,584,233	(85,418)	22,498,815
Total comprehensive loss for the year	-	(15,018)	(15,018)
At 31 March 2014	**22,584,233**	**(100,436)**	**22,483,797**

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 FLOWS
FOR THE YEAR ENDED 31 MARCH 2014

	2014	2013
	USD	USD
Cash flows from operating activities		
Operating loss for the year	**(15,018)**	(12,113)
Operating loss before working capital changes	**(15,018)**	(12,113)
Increase in prepayments	**-**	(62)
Increase/(decrease) in accruals	**900**	(1,600)
Net cash used in operating activities	**(14,118)**	(13,775)
Cash flows from investing activity		
Advance to investee company	**-**	(40,000)
Net cash used in investing activity	**-**	(40,000)
Net decrease in cash and cash equivalents	**(14,118)**	(53,775)
Cash and cash equivalents at beginning of the year	**294,736**	348,511
Cash and cash equivalents at end of the year	**280,618**	294,736

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.

The financial statements of the Company are presented in United States Dollars (USD).

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 Mauritius 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*

The Company's functional and presentation currency is USD and all values are rounded to the nearest Dollar. USD is the currency of the primary economic environment in which it operates and the Company's performance is evaluated and its liquidity is managed in USD.

(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 profit or loss and other 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.

(d) *Going concern*

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Changes in accounting policy and disclosures

Standards, Amendments to published Standards and Interpretations effective in the reporting period

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

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 standard is not expected to have any impact on the Company's financial statements.*

IAS 27, 'Separate Financial Statements' deals solely with separate financial statements. *The standard has no impact on the Company's financial statements.*

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. *The standard is not expected to have any impact on the Company's financial statements.*

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Standards, Amendments to published Standards and Interpretations effective in the reporting period (continued)

IAS 28, 'Investments in Associates and Joint Ventures'. The scope of the revised standard covers investments in joint ventures as well. IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting. *The standard has no impact on the Company's financial statements.*

IFRS 12, ‘Disclosures of interests in other entities’ includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. *The standard has no impact on the Company's financial statements.*

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 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.

IFRIC 20, ‘Stripping costs in the production phase of a surface mine’, has no impact on the Company's financial statements.

Amendment to IFRS 7, ‘Financial instruments: Disclosures’, on asset and liability offseting. This amendment includes new disclosures and is not expected to have any impact on the Company's financial statements.

Amendment to IFRS 1 (Government Loans) has no impact on the Company's financial statements.

Annual Improvements to IFRSs 2009-2011 Cycle

IFRS 1 (Amendment), ‘First time adoption of IFRS’, has no impact on the Company’s *operations.*

IAS 1 (Amendment), ‘Presentation of financial statements’, clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either as required by IAS 8, ‘Accounting policies, changes in accounting estimates and errors' or voluntarily.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Annual Improvements to IFRSs 2009-2011 Cycle (continued)

*I*AS 16 (Amendment), 'Property, plant and equipment', clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. *The amendment does not have an impact on the Company's operations.*

IAS 32 (Amendment), 'Financial instruments: Presentation', clarifies the treatment of income tax relating to distributions and transaction costs. The amendment does not have *an impact on the Company's operations.*

IAS 34 (Amendment), 'Interim financial reporting', clarifies the disclosure requirements for segment assets and liabilities in interim financial statements.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2014 or later periods, but which the *Company* has not early adopted.

At end of the reporting period, the following were in issue but not yet effective:

IFRS 9 Financial Instruments
IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
IFRIC 21: Levies
Recoverable Amount Disclosures for Non- financial Assets (Amendments to IAS 36)
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
IFRS 9 Financial instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
Annual Improvements to IFRSs 2010-2012 cycle
Annual Improvements to IFRSs 2011-2013 cycle

Where relevant, the Company is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 profit or loss and other 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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 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.

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 end of each 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 profit or loss and other 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.

(n) Impairment

At end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

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 (b), 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

	2014	2013
	USD	USD
(Unquoted)		
At beginning and end of the year	**30,654**	30,654

The details of the investment in subsidiary as at 31 March 2014 are as follows:

Name of subsidiary	**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**

Oasis Holding FZC is engaged in investment of own financial resources and has incurred expenses for plots of leasehold land to be utilised for construction of labour accommodation.

The directors are of opinion that there is no impairment on the value of the investment at 31 March 2014 and that the fair value approximates at least its cost.

No consolidated accounts have been prepared as the directors of the Company have taken advantage of the exemption under the Mauritius 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

	2014	2013
	USD	USD
(Unquoted)		
At beginning and end of the year	**20,436**	20,436

The details of the investment in associate as at 31 March 2014 are as follows:

Name of associated company	**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**

Searock Developers FZC is engaged in Real Estate Development and related activities.

The investment in associate has been valued at cost.

Belle Terre Realty Limited

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

7. ADVANCES TO INVESTEE COMPANIES

	2014	2013
	USD	USD
At beginning of the year	**22,154,564**	22,114,564
Advances made during the year	**-**	40,000
At end of the year (see note 11)	**22,154,564**	22,154,564

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

8. STATED CAPITAL

	2014	2013
	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 and end of the year	**22,574,300**	22,574,300
Total	**22,584,423**	22,584,233

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. 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 Mauritius 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 2014, the Company had accumulated tax losses of **USD81,918** (2013: USD67,050) and, therefore, no provision for income tax has been made.

Deferred tax

A deferred tax asset of **USD2,458** (2013: USD2,011) 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:

	2014	2013
	USD	USD
Operating loss for the year	**(15,018)**	(12,113)
Tax at the rate of 15%	**(2,253)**	(1,817)
Tax effect of:		
Unauthorised deduction	**23**	-
Tax credit of 80%	**1,784**	1,454
Deferred tax not recognised	**446**	363
Tax expense	**-**	-

Belle Terre Realty Limited

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

10. 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.

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:

	2014		2013	
	Financial assets	**Financial liabilities**	Financial assets	Financial liabilities
	USD	**USD**	USD	USD
Dirhams	**22,154,564**	**-**	22,154,564	-
United States Dollars	**280,618**	**4,100**	294,736	3,200
	22,435,182	**4,100**	22,449,300	3,200

Sensitivity analysis

The following table details the Company's sensitivity to a 5% increase and decrease in Dirhams against the USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the Dirhams strengthens 5% against the USD. For a 5% weakening of Dirhams against the USD, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

10. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis (continued)

	Increase /(decrease) in foreign exchange rate	**Effect on equity**	
		2014	2013
		USD	USD
Depreciation of USD in relation to Dirhams	**+5%**	**(1,054,979)**	(1,054,979)
Appreciation of USD in relation to Dirhams	**-5%**	**1,166,030**	1,166,030

(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 was insignificant on its cash at bank as at 31 March 2014.

(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.

10. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(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.

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

	2014	2013
	USD	USD
Advances to investee companies	**22,154,564**	22,154,564
Cash and cash equivalents	**280,618**	294,736
	22,435,182	22,449,300

(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 2014	**Less than one year USD**	**Between 1 and 5 years USD**
Accruals	**4,100**	**-**
At 31 March 2013		
Accruals	3,200	-

(d) Capital risk 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.

10. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(d) Capital risk management (continued)

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.

11. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties during the year ended 31 March 2014:

Advances to investee companies

			Balance	
Related parties	**Relationship**	**Nature of transactions**	**2014** **USD**	2013 USD
Oasis Holding FZC	Subsidiary	Amount advanced	**6,500,075**	6,500,075
Searock Developers FZC	Associate	Amount advanced	**15,654,489**	15,654,489
			22,154,564	22,154,564

12. 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.

13. 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 2014.