



NAYA BHARAT PROPERTY COMPANY PLC

(Incorporated in the Isle of Man)

Consolidated Interim Report

Six Months ended 30 September 2008

ISIN No. IM00B1N95Z00

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Management and Administration

Directors

* independent

Shankar Dey (Non-executive Chairman)*
James Rosapepe (Non-executive Director) *
Anderson A. Whamond (Non-executive Director)
Jonathan Bradley (Non-executive Director)*
all of the registered office below:

Registered Office of the Company

Third Floor, Britannia House
St George's Street
Douglas
Isle of Man IM1 1JE
British Isles

Manager

Charlemagne Capital (IOM) Limited
St Mary's Court, 20 Hill Street
Douglas
Isle of Man IM1 1EU
British Isles

Nominated Advisor and Broker

Panmure Gordon (UK) Limited
Moorgate Hall
155 Moorgate
London EC2M 6XB
United Kingdom

Placing Agent

Charlemagne Capital (UK) Limited
39 St James's Street
London SW1A 1JD
United Kingdom

Custodian

Anglo Irish Bank Corporation (International) plc
Jubilee Buildings, Victoria Street
Douglas
Isle of Man IM1 2SH
British Isles

Administrator and Registrar

Galileo Fund Services Limited
Third Floor, Britannia House
St George's Street
Douglas
Isle of Man IM1 1JE
British Isles

Auditors

KPMG Audit LLC
Heritage Court, 41 Athol Street
Douglas
Isle of Man IM99 1HN
British Isles

Subsidiaries

Naya Bharat Property Company (Mauritius) Limited
Naya Bharat Investments (Mauritius) Limited

Registered office of the Subsidiaries

C/o Kross Border Trust Services Limited
St Louis Business Centre, Cnr Desroches & St. Louis Streets
Port Louis
Mauritius

Chairman's Statement

The Company has faced a difficult stockmarket environment over the period under review as share prices everywhere have continued to decrease in value in the face of an apparent deterioration in the outlook for economic activity and ongoing concern for financial stability globally. Real estate companies can be especially dependent upon the availability of finance and have therefore been impacted particularly harshly by these developments, with the Company's investment in Indian real estate companies proving no exception.

Although the Company seeks to provide shareholders with an attractive overall return, achieved primarily through capital growth over the longer term, it recognizes that returns over the shorter term may vary. Such periods do however allow the Company to take advantage of perceived capital market pricing anomalies by investing in established listed property investors/developers at substantial discounts to their net asset values, thus enhancing the longer term prospects of the Company.

Financial Performance

During the period under review, the Company's net loss was US\$37.972m, with unrealised losses on investments representing US\$37.664m. At 30 September 2008 the NAV per share was US\$0.44.

Market Overview

Whilst there were several positive developments for the Indian economy over the period under review, the value of Indian real estate investments fell in line with other investments around the world dependent upon the credit markets for their growth. To minimize the risks from further possible falls the Manager has concentrated on selecting the most robust companies with the highest earnings visibility. In restructuring its portfolio, the Company realised its investments in several companies where specific risks had been identified and reinvested the proceeds in companies where the investment case was more broadly based and where financial positions were more secure.

Despite current market conditions, the Manager believes that the positive structural case for Indian property remains intact.

Share Buy Backs

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

Subsequent to the period end the Company purchased at a discount and cancelled, a total of 5,925,957 Ordinary Shares of the Company. As at the date of this report there are 54,074,043 Ordinary Shares in issue.

Shankar Dey

Chairman

18 December 2008

Report of the Manager

Reporting Period: 31 March 2008 to 30 September 2008
 Reporting Currency: US\$
 Share Price Return: -59.2%
 NAV Return: -58.9%

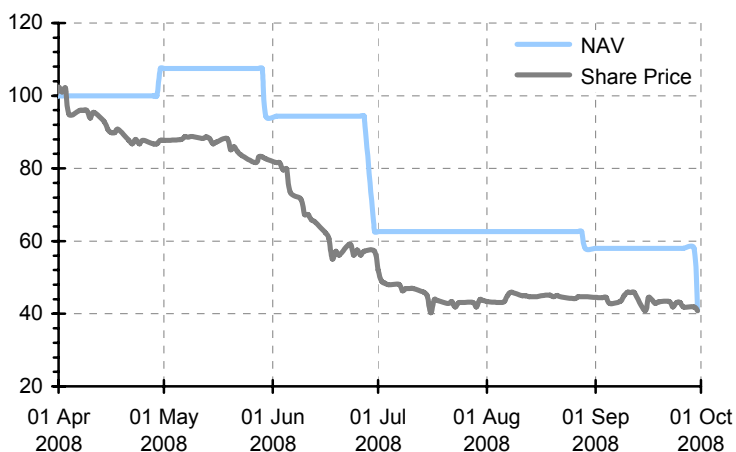


Chart rebased to 31 Mar 2008 = 100 Source: Charlemagne

The unaudited Net Asset Value of the Company stood at US\$ 0.44 per share as at 30 September 2008 representing a fall of 58.9% over the six month period to 30 September 2008.

Although, from a top-down macroeconomic perspective, there were several positive developments for the Indian economy over the period under review with inflation moderating as output continued to grow strongly, and despite favourable political developments that saw the government bolster its position, the secondary market for Indian real estate investments proved particularly vulnerable to the worldwide withdrawal of credit. Given such high fixed capital requirements and such distant pay-back time horizons, few other industries depend as heavily on long-term credit as property, especially in its development stage. This trend has in fact been in place for most of the year, with the real estate component of the broader Indian stockmarket (as measured by the Bombay Stock Exchange's SENSEX index) underperforming the wider market by some 37% over the first nine months of the year.

In such a harsh environment, a dedicated Indian property fund such as Naya Bharat can do little else other than concentrate on selecting the most robust companies with the highest earnings visibility where risks can be minimised. The current financial environment favours companies that have strong balance sheets, secure debt and access to equity capital, with dependable and growing income streams. At the operational level, we are drawn to companies exploiting IT Special Economic Zones, with a record of timely delivery of quality new space.

With this in mind, there have been a number of significant changes to the portfolio of property companies held by Naya Bharat.

Several companies which were overly exposed to the National Capital Region (NCR) were divested. These included Ansal Properties and Unitech. The NCR is threatened with an oversupply of property and could well suffer the sharpest price falls as the property market turns down. Ansal Properties is relatively highly leveraged and continues to look for additional borrowings to finance further expansion. We met the company's management in India recently and were not convinced that its present financial situation is sufficiently strong to enable it to weather any slowdown. Unitech is in a similar position. We also sold our entire holdings in Bhagyanagar India and PVP.

Naya Bharat has positioned itself in real estate companies with a focus in Mumbai. Mumbai, with a densely packed population of 20 million, is the business capital of India, with a perennial shortage of land to accommodate ever-rising demands for residential, commercial and retail property. Land acquisition has been the key entry barrier for larger developers in Mumbai.

Report of the Manager continued

Given the higher entry barriers and the higher selling prices, we believe Mumbai developers should command a premium over other developers. Of course, the current financial environment favours companies that have strong cash balances, secure debt and access to equity capital, with secure and growing income streams. At the operational level, we are drawn to companies exploiting IT Special Economic Zones, with a record of timely delivery of quality new space.

Thus, to replace the divestments, we added new holdings in DLF and Indiabulls Real Estate. DLF is the largest real estate company in India. It is well diversified with a significant presence in the residential, office and retail sectors; it is also active in hotels, infrastructure and in Special Economic Zones (SEZ). It has a nationwide footprint and is not overly dependent upon any one region. The company has also entered into several strategic alliances with global industry leaders. It is fairly strong in each of its markets and, as the market leader, is likely to gain in terms of relative market position as the property market slows.

Indiabulls Real Estate is in a unique position in the property sector as it has a cash-rich balance sheet. At current market prices, the company's net cash position is 75% of its market capitalization. The stock also trades at a 40% discount to its book value. Although Indiabulls is largely focussed on the commercial property sector in Mumbai, this is likely to prove the most resilient of sectors in any downturn.

Despite current market conditions, there is little doubt that the structural case for Indian property remains strong. Rising levels of wealth and favourable demographics will ensure a constant demand for residential property. The introduction of Real Estate Investment Trusts (REITs) remains under consideration by the authorities whilst a relaxation in FDI restrictions should enhance the audience of potential investors further. More recently, Indian asset managers have also been considering offering REIT products, which could provide liquidity to the sector. The companies themselves have also stopped aggressive land-bank acquisitions and are now focussed on converting existing land-banks into cash. Economic activity itself continues to grow strongly, with the current trend for lower commodity prices clearly beneficial. The recent easing of monetary policy on the part of the Reserve Bank may also offer some support to Indian property companies over the near term, with their longer term prospects remaining bright.

Top 10 Holdings as at 30 September 2008	%age of Net Assets
Era Infra Engineering	17.6%
DLF	14.7%
Orbit Corporation	13.3%
IFCI	12.6%
HDIL	8.2%
Indiabulls Real Estate	7.9%
DSK Developers	5.6%
BSEL Infrastructure Realty	5.5%
Ansal Housing	5.2%
Arihant Foundations	1.5%

Charlemagne Capital (IOM) Limited

18 December 2008

Consolidated Income Statement (Unaudited)

	Note	(Unaudited) For the period from 1 April 2008 to 30 September 2008	(Unaudited) For the period from 8 December 2006 (date of incorporation) to 30 September 2007
		\$'000	\$'000
Income			
Interest Income		9	274
Dividend income		413	256
Net changes in fair value of financial assets at fair value through profit or loss	6	(37,664)	33,427
Total net income		(37,242)	33,957
Expenses			
Manager fees:			
Annual fees	8.3	401	753
Performance fees	8.3	-	4,470
Nominated Advisor & Broker fees	9.1	29	-
Custodian fees	9.2	51	39
Administrator & Registrar fees	9.3	86	82
Listing Fee		4	6
Legal, professional and audit fees	9.5	53	20
Directors remuneration	15	62	78
Other expenses		44	78
Total operating expenses		730	5,526
(Loss)/profit before tax		(37,972)	28,431
Income tax expense	16	-	-
Retained (loss)/profit for the period		(37,972)	28,431
Basic and diluted (loss)/earnings per share (cent)	13	(63.29)	47.39

The accompanying Notes form an integral part of these consolidated financial statements

Consolidated Balance Sheet (Unaudited)

	Note	(Unaudited) At 30 September 2008 \$'000	(Audited) At 31 March 2008 \$'000
Financial assets at fair value through profit or loss	6	24,199	64,533
Due from broker		131	2,361
Other receivables and prepayments		194	96
Cash at bank	11	2,262	5
Total current assets		26,786	66,995
Issued share capital	12	600	600
Share premium		-	56,729
Foreign currency translation reserve		2	8
Retained earnings		25,903	7,129
Total equity		26,505	64,466
Other creditors and accrued expenses	10	281	2,529
Total current liabilities		281	2,529
Total liabilities		281	2,529
Total equity & liabilities		26,786	66,995

The accompanying Notes form an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity (Unaudited)

	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 8 December 2006	-	-	-	-	-
Proceeds from shares issued	600	59,400	-	-	60,000
Share issue expenses	-	(3,112)	-	-	(3,112)
Foreign exchange translation differences	-	-	9	-	9
Retained profit for the period	-	-	-	28,431	28,431
Balance at 30 September 2007	600	56,288	9	28,431	85,328
	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 8 December 2006	-	-	-	-	-
Proceeds from shares issued	600	59,400	-	-	60,000
Share issue expenses	-	(2,671)	-	-	(2,671)
Foreign exchange translation differences	-	-	8	-	8
Retained profit for the period	-	-	-	7,129	7,129
Balance at 31 March 2008	600	56,729	8	7,129	64,466
	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2008	600	56,729	8	7,129	64,466
Cancellation of Share Premium	-	(56,729)	-	56,746	17
Foreign exchange translation differences	-	-	(6)	-	(6)
Retained loss for the period	-	-	-	(37,972)	(37,972)
Balance at 30 September 2008	600	-	2	25,903	26,505

The accompanying Notes form an integral part of these consolidated financial statements

Consolidated Cash Flow Statement (Unaudited)

	Note	(Unaudited) For the period from 1 April 2008 to 30 September 2008	(Unaudited) For the period from 8 December 2006 (date of incorporation) to 30 September 2007
		\$'000	\$'000
Cash flows from operating activities			
Purchase of financial assets and settlement of financial liabilities		(11,748)	(71,236)
Proceeds from sale of investments		16,649	15,387
Dividends received		307	19
Interest received		9	274
Interest paid		-	(6)
Operating expenses paid		(2,959)	(249)
Net cash generated from/(used in) operating activities		2,258	(55,811)
Financing activities			
Proceeds from the issue shares		-	60,000
Share issue costs		-	(3,021)
Net cash from financing activities		-	56,979
Net increase in cash and cash equivalents		2,258	1,168
Effects of exchange rate changes on cash and cash equivalents		(1)	3
Cash and cash equivalents at beginning of period		5	-
Cash and cash equivalents at end of period	11	2,262	1,171

The accompanying Notes form an integral part of these consolidated financial statements

Notes to the Unaudited Consolidated Financial Statements

1 The Company

Naya Bharat Property Company plc (the "Company") was incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004 on 8 December 2006 as a public company with registered number 118539C.

Pursuant to an Admission Document dated 21 February 2007 there was an original placing of up to 60,000,000 Ordinary Shares. Following the close of the placing on 26 February 2007 60,000,000 Ordinary Shares were issued.

The Shares of the Company were admitted to trading on the AIM market of the London Stock Exchange on 26 February 2007 when dealings also commenced.

The Company's agents and the Manager perform all significant functions. Accordingly, the Company itself has no employees.

Dividend Policy

The Directors have absolute discretion as to the payment of dividends and do not currently intend to pay dividends on the Ordinary Shares.

Financial Year End

The financial year end of the Company is 31 March in each year.

2 The Subsidiaries

Naya Bharat Property Company (Mauritius) Limited a wholly owned subsidiary of the Company, was incorporated as a limited liability company under the provisions of the Mauritius Companies Act 2001, Mauritius on 12 January 2007, registered number 067911 C1/GBL. 2 shares of US\$1 each have been issued to the Company. The Directors of the subsidiary are Dhanun Ujoodha, Mowlooda Randerah Taher, Anderson Whamond and Jane Bates.

Naya Bharat Investments (Mauritius) Limited is a wholly owned subsidiary of the Company. It was incorporated as a limited liability company under the provisions of the Mauritius Companies Act 2001, Mauritius on 28 December 2007, registered number 76564 C1/GBL. 2 shares of US\$1 each have been issued to the Company. The Directors of the subsidiary are Dhanun Ujoodha, Mowlooda Randerah Taher, Jane Bates and Adrian Jones.

3 Significant Accounting Policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the group in its consolidated financial statements for the period ended 31 March 2008. The Interim report of the Company for the period ending 30 September 2008 comprises the Company and its subsidiaries (together referred to as the "Group"). The interim consolidated financial statements are unaudited.

These interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34: Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the period ended 31 March 2008.

4 Comparative Period

The comparative period used for the Income Statement and Statement of Changes in Equity is longer than the current period owing to the Company being incorporated in December 2006 and no financial statements being prepared at 31 March 2007.

Notes to the Unaudited Consolidated Financial Statements continued

5 Net Asset Value per Share

The net asset value per share as at 30 September 2008 is US\$0.44 per share based on 60,000,000 ordinary shares in issue as at that date (31 March 2008: US\$1.07).

6 Investments

The investments listed below are held via Participatory Notes ("P Notes"). These are instruments issued by registered foreign institutional investors to investors who wish to participate in the Indian stock markets without SEBI registration. The P Notes below are issued by EU rated credit institutions and derive their value from the underlying local Indian stock upon which they are issued and are listed on the Luxembourg or Dublin Stock Exchange.

Financial assets at fair value through profit or loss:

Security name	Number	Fair Value US\$'000
ABN AMRO Bank 3/7/09 (HDIL)	248,967	886
Citigroup Global Markets 17-Jan-2012 (HDIL)	210,013	748
Citigroup Global Markets 17-Jan-2012 (Orbit Corporation)	398,995	1,455
Citigroup Global Markets 17-Jan-2012 (IFCI Limited)	1,848,446	1,459
Citigroup Global Markets 20-Jan-2010 (Era Infra Engineering)	2,133,630	4,301
Citigroup Global Markets 20-Jan-2010 (DSK Developers)	601,958	750
Deutsche Bank AG 11/05/09 (Arihant Found & Housing)	45,868	84
Deutsche Bank AG 30/03/17 (Orbit Corporation)	547,917	1,998
Deutsche Bank AG London (DLF Limited)	217,677	1,629
Deutsche Bank AG London (Housing Dev)	150,350	535
Deutsche Bank AG London 04/01/18 (Era Infra Engineering)	147,000	296
Deutsche Bank AG London 12-May-2009 (DSK Developers)	202,434	252
Deutsche Bank AG London 23-Jul-2008 (IFCI)	2,320,050	1,831
Deutsche Bank AG London 27/03/17 (Indiabulls)	583,065	2,093
Deutsche Call Wts 05/12/16 (Ansal Housing)	63,068	112
Merrill Lynch Intl & Co 07-Mar-2011 (BSEL Infrastructure Realty)	2,366,365	1,444
Merrill Lynch Intl & Co 08-Mar-2011 (Ansal Housing)	702,431	1,242
Merrill Lynch Intl & Co 12-Jul-2010 (DSK Developers)	427,397	532
Merrill Lynch Intl & Co 30-Nov-2011 (Arihant)	169,032	310
MQ (DLF Limited)	299,591	2,242
		24,199

Net changes in fair value on financial assets at fair value through profit or loss:

	US\$'000
Realised	(10,203)
Unrealised	(27,461)
Total losses	(37,664)

Notes to the Unaudited Consolidated Financial Statements continued

7 Interest Bearing Loans

On 1 March 2008, a loan facility between the Company and its subsidiary Naya Bharat Investments (Mauritius) Limited (the "Subsidiary") for a maximum of US\$70,000,000 came into effect. The Subsidiary uses the loan solely for the purpose of investing in listed equity securities and to meet operational expenses. The loan is repayable by the Subsidiary on demand of the Company. Interest is accrued daily from the date the loan came into effect, at a rate equal to the USD overnight LIBOR on a basis of 360 days a year.

8 Related Party Transactions

8.1 Directors of the Company

Anderson Whamond is a director of the Manager and holding through a nominee, holds 65,000 ordinary shares in the Company. Mr Whamond is a director and shareholder of Charlemagne Capital Limited ("CCL") the parent of the Manager and the Placing Agent.

Jonathan Bradley is a director of the Placing Agent and holds 20,000 ordinary shares in the Company.

Charlemagne Capital (Investments) Limited, an entity associated with the Investment Manager, holds 397,181 ordinary shares in the Company.

As at 30 September 2008 Shares of the Company were held by a number of employees of the Manager and by an employee benefit trust managed by an independent trustee, Sanne Trust Company Limited of which certain employees of the Manager and their families may be potential beneficiaries.

CCL's shares are listed on the AIM Market of the London Stock Exchange.

Save as disclosed above, none of the Directors had any interest during the period in any material contract for the provision of services which was significant to the business of the Company.

8.2 Directors of the Subsidiaries

Anderson Whamond, Jane Bates and Adrian Jones are directors of the Manager. In compliance with local regulations the subsidiaries have appointed directors who are employees of or are associated with, the registered office service provider.

8.3 Manager fees

Annual fees

The Manager is entitled to an annual management fee of 1.75% per annum of the monthly net asset value of the Company. This fee will accrue monthly and is payable monthly in arrears.

The Manager shall also be entitled to recharge to the Group all and any reasonable costs and disbursements properly incurred by it in the performance of its duties including costs of travel save to the extent that such costs are staff costs or other internal costs of the Manager. All amounts payable to the Manager by the Company shall be paid together with any value added tax, if applicable.

Annual management fees payable during the period ended 30 September 2008 amounted to US\$400,710 (2007: US\$752,956), of which US\$152,045 is outstanding at the period end.

Performance fees

The Manager is entitled to a performance fee, accrued monthly and calculated and payable after the end of each performance fee period, equal to 15% of any excess of the net asset value per ordinary share (after adding back dividends and other distributions and ignoring any accrued performance fee) as at the end of each performance fee period over the benchmark multiplied by the time weighted average number of ordinary shares in issue over the relevant period.

Notes to the Unaudited Consolidated Financial Statements continued

For these purposes the benchmark shall be equal to the highest net asset value per share as at the last valuation day in any preceding performance fee period and, in the case of the first performance fee period, shall be the Placing Price.

Performance fee periods shall commence on 1 April and terminate on 31 March of the following year (or on the termination of the Management Agreement, if earlier).

Performance fees accrued but not paid during the period ended 30 September 2008 amounted to US\$Nil (2007: US\$4,470,361).

8.4 Placing agent

In accordance with the terms of the Placing, the Placing Agent was entitled to receive from the Company an amount equal to 4% of the amount raised by the Placing Agent on behalf of the Company.

Placing fees paid during the period ended 30 September 2008 amounted to US\$Nil (2007: US\$2,400,000).

9 Charges and Fees

9.1 Nominated Adviser and Broker fees

Pursuant to the Placing and in its capacity as AIM Sponsor, the Nominated Adviser and Broker was entitled to receive a fee of £75,000. The payment of this fee was conditional upon admission of the Company's Shares to AIM taking place on or before 26 February 2007 or such later date as may have been agreed, not being later than 31 March 2007. This amount was charged to equity as a share issue expense.

As Nominated Adviser and Broker to the Company for the purposes of the AIM rules, the nominated adviser and broker is entitled to receive with effect from 1 January 2008 an annual fee of £25,000, payable twice yearly in advance.

Nominated Advisor and Broker fees paid for the period ended 30 September 2008 amounted to £28,641 (2007: US\$Nil).

9.2 Custodian fees

The Custodian is entitled to receive fees calculated as 5 basis points per annum of the net asset value of the portfolio of the Company, subject to a minimum monthly fee of US\$2,250, calculated monthly and payable quarterly in arrears.

Custodian fees for the period ending 30 September 2008 amounted to US\$50,760 (2007: US\$58,537), of which US\$30,350 was outstanding at the period end.

9.3 Administrator and Registrar fees

The Administrator is entitled to receive a fee of 10 basis points per annum of the net asset value of the Company, subject to a minimum monthly fee of US\$7,500, calculated monthly and payable quarterly in arrears.

The Administrator shall assist in the preparation of the financial statements of the Company for which it shall receive a fee of US\$3,250 per set.

The Administrator shall provide general secretarial services to the Company for which it shall receive a minimum annual fee of US\$10,000.

The Administrator may utilise the services of a CREST accredited registrar for the purposes of settling share transactions through CREST. The cost of this service will be borne by the Company. It is anticipated that the cost will be in the region of £6,000 per annum subject to the number of CREST settled transactions undertaken.

Administration fees for the period ending 30 September 2008 amounted to US\$71,293 (2007: US\$60,631), secretarial fees were US\$6,312, financial statement preparation fees were US\$3,819 and CREST fees were US\$4,510.

Notes to the Unaudited Consolidated Financial Statements continued

9.4 Other operating expenses

The costs associated with maintaining the Company's subsidiaries, to include the costs of continuing incorporation and third party service providers, shall be chargeable to each subsidiary.

9.5 Legal, professional and audit fees

Legal, professional and audit fees payable for the period ending 30 September 2008 amounted to US\$61,726. Legal and professional fees amounted to US\$16,773 and audit fees amounted to US\$36,285, of which US\$22,120 was outstanding at the period end.

10 Other Creditors and Accruals

	30 September 2008	31 March 2008
	US\$'000	US\$'000
Performance fee payable	-	790
Management fee payable	152	1,569
Administration fees payable	32	51
Audit fee payable	22	35
CREST fees payable	2	2
Custodian fees payable	30	50
Directors fees and expenses payable	25	19
Other payables	18	13
Total	281	2,529

11 Cash and Cash Equivalents

	30 September 2008	31 March 2008
	US\$'000	US\$'000
Bank balances	2,262	5
Cash and cash equivalents	2,262	5

12 Share Capital

	Number	US\$'000
Ordinary Shares		
In issue at the start of the period	60,000,000	600
Issued during the period	-	-
In issue at 30 September 2008	60,000,000	600

The Company has an authorised share capital of US\$3,000,000 divided into 300,000,000 Ordinary Shares of US\$0.01 each.

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's assets.

12.1 Capital management

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

Gearing may be employed by the Group with the aim of enhancing shareholder returns. This would be in the form of bank borrowings, secured on the investment portfolio.

Notes to the Unaudited Consolidated Financial Statements continued

Group capital comprises share capital, share premium and reserves.

During the accounting period the Share Premium account was cancelled and transferred to distributable reserves following the approval of the application to the High Court in the Isle of Man.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

13 Basic and Diluted (Loss)/Earnings per Share

Basic and diluted (loss)/earnings per share are calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period

	2008	2007
(Loss)/Profit attributable to equity holders of the Company (US\$'000)	(37,972)	28,431
Weighted average number of ordinary shares in issue (thousands)	60,000	60,000
Basic and diluted (loss)/earnings per share (cent per share)	(63.29)	47.39

14 Exchange Rates

The following exchange rates were used to translate assets and liabilities into the reporting currency at 30 September 2008:

Sterling	0.5616
Indian Rupee	0.02129
Euro	0.7096

15 Directors' Remuneration

The Company

The maximum amount of remuneration payable to the Directors permitted under the Articles of Association is US\$200,000 per annum. The Directors each receive a fee of US\$25,000 per annum accrued monthly and payable quarterly in arrears. Additionally the Directors are entitled to receive reimbursement of any expenses incurred in relation to their appointment. Total fees and expenses payable to the Directors for the period ended 30 September 2008 amounted to US\$52,187. Additionally, the Company paid an amount of US\$9,538 for directors and officers liability insurance cover.

The Subsidiaries

No fees are paid to the Directors of the subsidiaries except in circumstances where a director is appointed in compliance with local regulations and in such cases the fees payable are nominal.

16 Taxation

Isle of Man taxation

The Company is resident for taxation purposes in the Isle of Man by virtue of being incorporated in the Isle of Man and is technically subject to taxation on its income but the rate of tax will be zero. An annual corporate charge is payable. The exemption fee charge for 2008/2009 tax year is £250.

There are no corporation, capital gains or inheritance taxes payable in the Isle of Man. No Isle of Man stamp duty or stamp duty reserve tax will be payable on the issue, transfer, conversion or redemption of Ordinary Shares.

Shareholders resident outside the Isle of Man will not suffer any income tax in the Isle of Man on any income distributions to them. Shareholders resident in the Isle of Man will, depending upon their particular circumstances, be liable to Manx income tax on dividends received from the Company.

Notes to the Unaudited Consolidated Financial Statements continued

Mauritius taxation

The subsidiaries are registered as Category 1 Global Business Companies ("GBC1") and each have obtained a Category One Global Business Licence certificate from the Mauritius Financial Supervision Commission. They each maintain a registered office in Mauritius and as such, the subsidiaries are deemed residents of the Republic of Mauritius and a certificate of tax residence for each of the subsidiaries has been obtained from the Mauritius Revenue Authority. Accordingly, the subsidiaries have been advised that they should maintain their place of effective management in Mauritius so as to be resident in Mauritius and qualify as a resident of Mauritius for the purposes of the Mauritius/India income tax treaty.

A GBC1 is taxed on its chargeable income (including dividends, interests and other income but not capital gains less expenses) at a corporate rate of 15% which is reduced to a net effective tax rate of 3% or even less :

Normal tax rate 15% less EITHER

Deemed tax credit of 80% on foreign sourced income – 80% of 15% (12%) – 3%

OR

Actual foreign tax credit, if written evidence is available where then the tax payment in Mauritius can even be (Actual foreign tax credit) – Nil

A GBC1 is exempt from capital gains tax in Mauritius.

United Kingdom

The affairs of the Company are conducted so that the central management and control of the Company is not exercised in the UK and so that the Company does not carry out any trade in the UK (whether or not through a permanent establishment situated there). On this basis, the Company should not be liable for UK taxation on its income and gains, other than certain income deriving from a UK source.

17 Post Balance Sheet Events

Subsequent to the period end the Company purchased at a discount and cancelled, a total of 5,925,957 Ordinary Shares of the Company. As at the date of this report there are 54,074,043 Ordinary Shares in issue.