UCP PLC

Report and Financial Statements

For the year ended
31 March 2017

Contents

Chairman's Statement

Dear Shareholder

The Company's principal activities continue to be pursuing the recovery of monies owed to the Company, and seeking clarification that no tax is payable by the Company in India. The future life of the Company will be dictated by the time these matters take. I am conscious that some of what I write below is substantially repetition of previous reports to shareholders, but I do so here to avoid referring you to previous reports.

Recovery of Deposits from SREI and Aten: losses caused by Nectrus

At the closing of the sale of our principal subsidiary Candor to Brookfield in November 2014 the value received was reduced by £15.8 million being the sterling value at the time of our indirect interest in deposits of INR1.57 billion placed by two of the project SPVs with Indian financial institutions SREI and Aten (the latter namely Aten Capital and Aten PMS) and which were not repaid as due. The sale and purchase agreement with Brookfield provided that the amount of £15.8 million be deducted from the sale proceeds, and also sets out a mechanism by which the recovery of the deposits is to be pursued, and the sums recovered ultimately paid to UCP. The amounts being pursued include interest and ongoing legal and other costs.

Recovery of the deposits by the SPVs is being actively pursued through various avenues, including the Indian Arbitration processes prescribed under the Deposit Agreements.

A claim for damages has also been notified to the Company's former Investment Manager Nectrus, a subsidiary of Unitech Limited, for £18.2 million which comprises the £15.8 million deducted from the sale proceeds, plus interest and an estimate of the total costs UCP was expected to incur in the recovery of these funds as calculated at the time of the notification in January 2015. The amount claimed will be increased to the extent that the actual costs exceed that estimate.

The deposits were denominated in Rupees, whereas the loss suffered by UCP at closing was a Sterling amount based on the exchange rate at the time of 100 INR equals £1. The costs being incurred in seeking recovery are variously in Sterling, Rupees and US Dollars. At the time of writing, the exchange rate stands at 82 INR to £1.

The Board believes that the placing of the deposits with Indian financial institutions SREI and Aten represented breaches by Nectrus of duties and obligations owed to the Company, including under the Investment Management Agreement, and accordingly the Company withheld £18.2 million from funds otherwise payable to Nectrus pursuant to the shareholder distribution in January 2015. As set out further below, placing monies with Aten and SREI put those companies in a position to wrongfully deal with them, and these wrongful dealings are the subject of the SPVs' claims.

The Company has sought to mitigate its loss as provided in the SPA by assisting the SPVs in recovery of the deposits by way of three sets of similar actions in India.

Given that the claims are ongoing, we are not in a position to provide significant detail beyond that below, but can say that all efforts are focused on the recovery of these funds. As with all such processes, the timing and outcome are not wholly predictable, but the amendment to the Indian Arbitration and Conciliation Act 1996, which came into force in October 2015, is helpful. That amendment looks to awards being made within twelve months of the commencement of any arbitration, which may be extended by a further six months by agreement. These time limitations are subject to the possibility of further extension by the Court, and it would be fair to observe that the respondent parties are unlikely to be motivated to assist with the speedy resolution of the claims or payment of damages as and when they arise. As I wrote to you in January, if the timetables set by the Arbitrators are adhered to, awards are expected in each of the three matters later this year.

In each of the three Arbitrations, preliminary and substantive hearings have occurred and continue, as does the cross examination of witnesses put forward by SREI and Aten.

Chairman's Statement (continued)

In short, it is claimed by two of the parties, SREI and Aten Capital, that by virtue of alleged verbal agreements, the written agreements by which monies were deposited are over-ridden and thus SREI and Aten Capital are able to seize monies deposited, in satisfaction of sums due to them from Unitech Limited or other subsidiaries or affiliates of Unitech Limited. Again as I said in January, if that were the case, it would amount to the SPVs' monies, (the management of which Nectrus was responsible for) having been pledged as security for entirely unrelated borrowings of Unitech Limited or other subsidiaries/affiliates of that company which had no connection to UCP. It is argued that the inevitably undocumented, alleged, purely verbal agreements somehow over-ride or vary the very extensive written detail of the deposit agreements each of which states that it is a complete statement of that agreement.

Certain of the funds placed with Aten PM had previously been invested with Aten Capital and were due to mature, but were then apparently transferred to Aten PM. Aten PM say that these monies were further placed by them in non-convertible debentures with seven small local companies, and that these illiquid investments could not be broken when requested. A leading international accounting firm and a globally known firm of investigators have investigated the substance and trading history of the seven small local companies. Their analysis shows that none is or was a company in which a reasonable manager of funds would have thought appropriate to invest.

The Board of UCP had in place a Treasury Policy, which (amongst other things) set out for Nectrus the limits on dealings with surplus funds. The investments made by Aten PM would not remotely comply with what the Policy stated on acceptable risk.

In pursuing SREI, Aten Capital and Aten PM we are conscious that merely succeeding in Arbitration will be of no value if awards are achieved against parties whose assets are insufficient, or not accessible to make good the award. Accordingly, and on the basis that we separately hold Nectrus, the Unitech subsidiary, responsible under the Investment Management Agreement, we have retained £18.2 million from what might otherwise have been distributed to Nectrus as a UCP shareholder in January 2015. As and when the deposits are recovered, to the extent UCP's loss (i.e. including costs, interest and any other deductions) is mitigated by any recovery from the SPVs, its damages position will reduce accordingly.

Financial Update

The Company is reporting a loss for the year of £3.3 million. This consists almost entirely of expenditure incurred in relation to the recovery of deposits, which is made up of actual expenditure in the year of £2.5 million, and an increase in the provision for run-off costs of £0.8 million.

This provision was first made in the 2014 accounts, as required by accounting standards in situations where a company is ceasing its operating or investing activity, and plans to wind up its affairs in the foreseeable future, Its purpose is to recognise all costs expected to be incurred up to the dissolving of the company, and subsequent profits or losses would therefore equal the variance between actual costs and the amount provided. In UCP’s case, the actual costs have exceeded the amount initially provided by a wide margin, because of the problems associated with the deposit recovery, the complexity of which was not fully recognised, on advice from Unitech and Nectrus, when the provision was first made and at subsequent year-end revisions. Therefore, rather than actual expenditures being neutralised by a release from the provision since the 2014 year-end, the expenditures have caused the Company to report losses since then, as the provision has been maintained at broadly the same level. In these financial statements, the provision has been set at £2.5 million, but as in previous years this is only an estimate, and the actual future expenditure may well be significantly different.

As in the 2016 Annual Report, the claims to recover the SREI and Aten deposits are not recognised in the balance sheet, but only as an off-balance sheet contingent asset. This is not because the Directors consider them to have no value to the Company, but because they do not meet accounting standards criteria to be fully recognised in the accounts. Conversely, however, the withheld distribution described earlier, which will be payable in whole or in part to Nectrus, should the SPV’s recovery reduce the Company’s loss, is maintained as a creditor in the accounts.

Chairman's Statement (continued)

At the balance sheet date, the Company had £23.35 million in cash on deposit with major banks in Hong Kong and the Isle of Man.

Indian Tax

UCP allowed £4 million in cash for any potential Indian tax liability in its calculation of the amount available for distribution in January 2015. We continue to be advised that no tax is payable on the disposal of Candor, but that the tax filings in India were nevertheless required.

The tax return was filed in September 2015, and official confirmation of a nil assessment is being sought. Assuming the tax authorities do not raise an assessment, a further cash amount might be available for distribution to Shareholders and we hope to be able to form a view on this about the end of 2017.

Trading on AIM

The Company's shares were suspended from trading on AIM on 5 November 2015 being the 12 month anniversary of completion of the sale of Candor. In accordance with the AIM Rules, the shares were subsequently de-listed from AIM on 6 May 2016.

The Company's administrator, FIM Capital Limited ('FIM'), has agreed to provide a service to assist in providing liquidity for shareholders. FIM is regulated by the Isle of Man Financial Services Authority and the UK Financial Conduct Authority. Any shareholder interested in trading in the Company's shares should contact FIM and lodge an expression of interest. FIM will thereafter introduce buyers and sellers to each other as appropriate, with trades to be effected off-market.

Donald Lake
Chairman

16 June 2017

Directors' Report

The Directors present their report and financial statements for the year ended 31 March 2017.

Principal Activities

UCP PLC (the "Company") is an investment company established to invest in the Indian real estate sector. The Company was previously “Unitech Corporate Parks PLC”, but changed its name to “UCP plc” on 11 November 2015.

The Company was re-registered under the Isle of Man Companies Act 2006 on 2 October 2013.

Investing Policy

The Company’s Investing Policy, as adopted on 27 June 2014, was “to return capital to Shareholders following completion of the sale of Candor. The return of capital, amounting to almost all of the expected net proceeds from the sale of Candor, is expected to be effected by way of a Shareholder distribution which will be subject to the formal approval by Shareholders of the Company at a future extraordinary general meeting. Such meeting is expected to be held within 3 months of Completion. Thereafter, the Company will conduct its affairs to comply with post Completion obligations relating to the Disposal and at the end of such period any residual funds will be returned to Shareholders by way of a members’ voluntary winding up or other restructuring, subject to approval by Shareholders. On adoption of the New Investing Policy, the Company shall not make any new investments.”

Exit Strategy

On 4 November 2014 the Board of the Company announced that it had completed the sale of the Company's wholly owned direct subsidiary Candor Investments Limited (“Candor”). The sale of Candor resulted in the sale of all the Company’s subsidiaries and joint ventures. However, the Company is entitled to recover some residual assets in India whose value was deducted from the sale consideration as described more fully in the Chairman’s Report.

Following completion of the sale of the shares of Candor, a return of capital was effected in accordance with the aforementioned Investing Policy. Future proceeds from residual assets will also be returned to Shareholders, and thereafter the Company will be wound up by way of a members’ voluntary liquidation or other restructuring, subject to approval by Shareholders.

Results

The Company’s financial statements are set out on pages 9 to 20. The Company reported net assets at the date of the Statement of Financial Position of £2.3 million (2016: £5.7 million) and for the year ended 31 March 2017 total comprehensive loss attributable to the Shareholders of £3.3 million (year ended 31 March 2016: loss £0.2 million).

Directors

The Directors of the Company throughout the year and to date were:

Mohammad Yousuf Khan
Donald Lake
Nicholas Robert Sallnow-Smith
John Keith Sleeman

Donald Lake had an interest in 42,500 shares of the Company at 31 March 2017 and 31 March 2016. In addition, a person connected with him held 115,000 shares acquired in 2007 and 2011.

No other director had any interest in the shares of the Company.

Directors' Report (continued)

Secretary

The Secretary of the Company throughout the year and to date was Philip Scales. Graham Smith acts as Assistant Company Secretary.

Public Trading in Shares

The Company's shares were admitted to trading on AIM in 2006. On 5 November 2015, being one year from the date on which the Company sold its investment portfolio and not having implemented a new Investing Policy, trading in the Company's shares on AIM was suspended. On 6 May 2016, i.e. six months after suspension, AIM cancelled the admission of the Company's shares, as a new Investing Policy had still not been implemented.

Auditors

KPMG Audit LLC, Isle of Man, being eligible, has indicated its willingness to continue in office.

By order of the Board

Graham Smith
Assistant Company Secretary **16 June 2017**

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. In addition, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs"), as adopted by the European Union ("EU").

The financial statements are required to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Financial Reporting Standards, as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time its financial position. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

By order of the Board

Graham Smith
Assistant Company Secretary **16 June 2017**

Report of the Independent Auditors, KPMG Audit LLC, to the members of UCP PLC

We have audited the financial statements of UCP PLC for the year ended 31 March 2017, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs), as adopted by the EU.

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

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition we read the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of the Company's loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the EU.

Emphasis of matter – contingent asset

In forming our opinion on the financial statements, which is not modified, we would highlight the disclosures made in note 9 to the financial statements concerning a contingent asset estimated at £17.9m excluding estimated accrued interest. The contingent asset is in respect of the recovery of funds deposited or invested by two project special purpose vehicles: Unitech Developers & Projects Limited and Unitech Realty Projects Limited with Indian financial institutions, which were deducted from the consideration received on the sale of the Company's interest in Candor. The contingent asset comprises the funds deposited or invested in Rupees and has been converted to Sterling at the year-end foreign currency exchange rate. The recovery is being pursued through a number of avenues, including arbitration in the Indian courts and a claim notified against Nectrus Limited, the former investment manager, and, as is the case in any such disputes, is uncertain.

Report of the Independent Auditors, KPMG Audit LLC, to the members of UCP PLC (continued)

Emphasis of matter – provision for run-off costs

In forming our opinion on the financial statements, which is not modified, we would highlight the disclosures made in note 6 to the financial statements concerning the provision for run-off costs of £2.5m. These costs consist primarily of legal costs associated with the recovery of the funds described in note 9 and include general running costs of the Company and certain contingencies. This provision is inherently uncertain and any adjustment between the amount provided and costs actually incurred will be reflected in subsequent years.

KPMG Audit LLC, Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man IM99 1HN **16 June 2017**

UCP PLC

Statement of Comprehensive Income

	Notes	Year ended 31 March 2017 £ 000	Year ended 31 March 2016 £ 000
Income			
Interest income on cash balances		**33**	76
		33	76
Expenditure			
Other operating expenses	5	**2,534**	1,597
Movement in provision for run-off costs	6	**825**	(1,350)
		3,359	247
Loss for the year before tax		**(3,326)**	(171)
Current tax expense	7	**-**	-
Loss for the year and total comprehensive loss for the year		**(3,326)**	(171)
Basic and diluted loss per share	8	**(0.92)p**	(0.05)p

The notes on pages 13 to 20 form an integral part of the financial statements.

Statement of Financial Position

	Notes	31 March 2017 £ 000	31 March 2016 £ 000
Current assets			
Trade receivables and prepayments		**8**	6
Cash and cash equivalents	10	**23,355**	25,579
		23,363	25,585
Total assets		**23,363**	25,585
Financed by:			
Equity			
Share capital and reserves			
Share capital	11	**3,600**	3,600
Distributable reserves		**(1,257)**	2,069
		2,343	5,669
Current liabilities			
Trade and other payables	12	**376**	97
Distribution payable	13	**18,169**	18,169
Provision for run-off costs	6	**2,475**	1,650
Total liabilities		**21,020**	19,916
Total equity and liabilities		**23,363**	25,585

The notes on pages 13 to 20 form an integral part of the financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 16 June 2017 and signed on their behalf by:

Donald Lake
Director

Nicholas Sallnow-Smith
Director

UCP PLC

Statement of Changes in Equity

	Share capital	Distributable reserves	Total
	£ 000	**£ 000**	**£ 000**
Balance at 1 April 2015	3,600	2,240	5,840
Total comprehensive loss for the year:			
Loss for the year	-	(171)	(171)
Total comprehensive loss for the year	-	(171)	(171)
Balance at 31 March 2016	3,600	2,069	5,669
Balance at 1 April 2016	**3,600**	**2,069**	**5,669**
Total comprehensive loss for the year:			
Loss for the year	**-**	**(3,326)**	**(3,326)**
Total comprehensive loss for the year	**-**	**(3,326)**	**(3,326)**
Balance at 31 March 2017	**3,600**	**(1,257)**	**2,343**

The notes on pages 13 to 20 form an integral part of the financial statements.

UCP PLC

Statement of Cash Flows

	Year ended 31 March 2017 £ 000	Year ended 31 March 2016 £ 000
Operating activities		
Loss for the period before tax	**(3,326)**	(171)
Adjustments for:		
Interest income from cash and cash equivalents	**(33)**	(76)
Foreign exchange loss	**62**	10
Operating loss before changes in working capital	**(3,297)**	(237)
(Increase)/decrease in trade receivables and prepayments	**(2)**	10
Increase/(decrease) in trade and other payables	**279**	(110)
Increase/(decrease) in provisions	**825**	(1,350)
	1,102	(1,450)
Tax paid	**-**	-
Net cash used in operating activities	**(2,195)**	(1,687)
Investing activities		
Interest received	**33**	76
Net cash generated from investing activities	**33**	76
Financing activities		
Distributions paid to shareholders	**-**	-
Net cash used in financing activities	**-**	-
Decrease in cash and cash equivalents	**(2,162)**	(1,611)
Cash and cash equivalents at beginning of year	**25,579**	27,200
Exchange difference on cash and cash equivalents	**(62)**	(10)
Cash and cash equivalents at end of the year	**23,355**	25,579

The notes on pages 13 to 20 form an integral part of the financial statements.

Notes to the Financial Statements for the year ended 31 March 2017

1. Reporting entity

UCP PLC (the "Company") is a closed-ended investment company domiciled in the Isle of Man. It was incorporated on 6 September 2006 in the Isle of Man as a public limited company.

The Company does not have any employees.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (“IFRS”) as adopted by the European Union, International Financial Reporting Interpretations Committee (“IFRIC”) interpretations and the Isle of Man Companies Act 2006.

2.2 Basis of preparation

The financial statements have been prepared on the historical cost basis. On 4 November 2014 the Company completed the sale of the entire issued share capital of Candor Investments Limited (“Candor”) to an affiliate of Brookfield Property Partners (“Brookfield”). After the distribution of cash generated by this sale the Company is expected to be wound up in accordance with its Investing Policy. In light of this the financial statements have been presented on a non-going concern basis. The assets of the Company have been stated at realisable value and provision has been made for the unavoidable costs of winding up the Company.

2.3 Functional and presentation currency

The financial statements are presented in Pounds Sterling, which is the Company's functional currency and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 6 Provision for run-off costs and note 9 Contingent assets.

2.5 Future changes in accounting policies

There are no standards or interpretations with an effective date on or after 1 April 2017 that are considered will have a significant effect on the financial statements.

Notes to the Financial Statements (continued)

3. Significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below:

3.1 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to Pounds Sterling at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Exchange differences arising on translation are recognised in Statement of Comprehensive Income.

3.2 Interest income

Interest income comprises bank interest earned on cash and cash equivalents and is recognised on an accruals basis using the effective interest rate method.

3.3 Expenses

Expenses are accounted for on an accruals basis.

3.4 Income tax expense

Income tax expense comprises current tax. Current tax is recognised in profit or loss except for 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 reporting date, and any adjustment to tax payable in respect of previous years.

3.5 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary Shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

3.7 Contingent assets

Contingent assets are assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company. Contingent assets are not recognised in the Statement of Financial Position but are disclosed in the notes to the financial statements when an inflow of economic benefit is probable.

3.8 Provision for run-off costs

Following the realisation of the Company's investments, the return of cash to Shareholders and the intention to wind-up the Company's affairs, provision is made for the total estimated future costs up to and including the winding up. The provision includes estimates of all costs incurred in dealing with outstanding matters.

Notes to the Financial Statements (continued)

4. Financial risk management

4.1 Financial risk factors

The Company's principal financial risks have changed since the sale of the entire share capital of Candor. The principal risks that the Company is exposed to are now market, credit and liquidity risk. The risk management policies employed by the Company to manage these risks are described below.

4.2 Market risk

(i) Foreign currency risk

The Company's principal operating currency is the Pounds Sterling.

All monies returned to Shareholders and the reported net asset value of the Company is denominated in Pounds Sterling.

The Company is exposed to foreign currency risk on the contingent assets which it is seeking to recover (see note 9) as these are denominated in Indian Rupees.

(ii) Cash flow and fair value interest rate risk and sensitivity

The Company holds financial assets that are interest bearing. As a result the Company is subject to interest rate risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

The table below summarises the Company's exposure to interest rate risks. It includes the Company's financial assets and liabilities at the earlier of contractual re-pricing or maturity date, measured by the carrying values of assets and liabilities:

31 March 2017	**Less than 1 month**	**Non-interest bearing**	**Total**
	£ 000	**£ 000**	**£ 000**
Financial assets			
Trade receivables and prepayments	**-**	**8**	**8**
Cash and cash equivalents	**23,355**	**-**	**23,355**
Total financial assets	**23,355**	**8**	**23,363**
Financial liabilities			
Trade and other payables	**-**	**21,020**	**21,020**
Total interest rate sensitivity gap	**23,355**	**-**	**-**

31 March 2016	**Less than 1 month**	**Non-interest bearing**	**Total**
	£ 000	**£ 000**	**£ 000**
Financial assets			
Trade receivables and prepayments	**-**	**6**	**6**
Cash and cash equivalents	**25,579**	**-**	**25,579**
Total financial assets	**25,579**	**6**	**25,585**
Financial liabilities			
Trade and other payables	**-**	**19,916**	**19,916**
Total interest rate sensitivity gap	**25,579**	**-**	**-**

During the year, interest income from cash was £33,000 (2016: £76,000). At 31 March 2017, if interest rates on average had increased/ decreased by 0.05% (2016: 0.25%) with all other variables held constant, total comprehensive income for the year would increase/decrease by £12,000 (2016: £64,000).

Notes to the Financial Statements (continued)

4. Financial risk management (continued)

4.3 Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment it has entered with the Company.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. This relates to financial assets carried at amortised cost, as they have a short term maturity.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	2017	**2016**
	£ 000	£ 000
Trade receivables and prepayments	**8**	6
Cash and cash equivalents	**23,355**	25,579
	23,363	25,585

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position.

The Company is also exposed to credit risk related to the recoverability of deposits lent and investments made by two of the Indian joint ventures. The deposits and investments, classified as contingent assets, are denominated in Indian Rupees so the value of the adjustment may vary to that calculated at 31 March 2017. See note 9.

4.4 Liquidity risk

The Company manages its liquidity risk by maintaining sufficient cash balances to meet its obligations. The Company's liquidity position is monitored by the Board of Directors. A maturity analysis showing the remaining contractual maturities of financial liabilities at year-end is shown below:

31 March 2017	**Less than 3 months**	**3 months to 1 year**	**Total**
Financial liabilities	**£ 000**	**£ 000**	**£ 000**
Distribution payable (note 13)	**-**	**18,169**	**18,169**
Provision for run-off costs	**500**	**1,975**	**2,475**
Trade and other payables	**276**	**100**	**376**
	776	**20,244**	**21,020**

31 March 2016	**Less than 3 months**	**3 months to 1 year**	**Total**
Financial liabilities	**£ 000**	**£ 000**	**£ 000**
Distribution payable (note 13)	-	18,169	18,169
Provision for run-off costs	500	1,150	1,650
Trade and other payables	97	-	97
	597	19,319	19,916

5. Other operating expenses

Other operating expenses comprise of:

	2017	**2016**
	£ 000	**£ 000**
Administration fees	**144**	177
Legal and advisory fees	**1,915**	877
Directors fees and expenses (see note 14)	**301**	319
Audit fees	**31**	38
Professional fees	**59**	148
Other expenses	**84**	38
	2,534	1,597

Notes to the Financial Statements (continued)

6. Provision for run-off costs

A provision has been made for the estimated unavoidable costs that are expected to be incurred up to and in respect of the winding up of the Company. At 31 March 2017 it was estimated that these costs, consisting primarily of legal costs associated with the recovery of the funds described in note 9 and including general running costs of the Company and certain contingencies, are likely to be £2.5 million (31 March 2016: £1.7 million). This is a key uncertainty in the preparation of the financial statements and any adjustment between the amount provided and costs actually incurred will be reflected in subsequent years.

7. Taxation

A standard zero per cent rate of income tax applies for Isle of Man companies.

UCP had reserved £4 million in cash for a potential Indian tax liability on its disposal of Candor in its calculation of the amount available for distribution in January 2015. The Company continues to be advised that no tax is payable on the disposal of Candor, so no provision is made in the accounts. The Company was advised that a tax filing in India was nevertheless required, and a tax return was therefore filed in September 2015. The tax assessment is now awaited. Assuming the nil assessment is confirmed, a further cash amount might be available for distribution to Shareholders.

8. Basic and diluted loss per share

	2017	**2016**
Loss attributable to ordinary Shareholders (£ 000)	**(3,326)**	(171)
Weighted average number of ordinary shares in issue (number 000)	**360,000**	360,000
Basic loss per ordinary share (in pence)	**(0.92)**	(0.05)

The Company has no dilutive potential ordinary shares. The diluted loss per share is therefore the same as the basic loss per share.

9. Contingent assets

At the time of completion of the sale of Candor to an affiliate of Brookfield Property Partners (Brookfield), funds placed by two of the project SPVs with Indian financial institutions (SREI and Aten) had not been repaid as due despite demand. Accordingly, £15.8 million was deducted from the consideration payable by Brookfield and certain provisions of the sale and purchase agreement relating to the sale of Candor (SPA) came into effect.

The project SPVs, Unitech Developers & Projects Limited, since renamed Candor Gurgaon Two Developers & Projects Limited, (UDPL) and Unitech Realty Projects Limited, since renamed Candor Gurgaon One Realty Projects Limited, (URPL), had placed funds with SREI Infrastructure Finance Limited (SREI), Aten Capital Pvt. Limited (Aten Capital) and Aten Portfolio Managers Services Pvt. Limited (Aten PM). The amounts were deposited or invested in either "inter corporate deposits" or "non-convertible debentures" as follows:

	INR	**Crores**
SREI	1,500,000,000	150
Aten Capital	30,000,000	3
Aten PM	900,000,000	90
Total	**2,430,000,000**	**243**

At the date of completion of the sale of Candor (4 November 2014) the equivalent total in GBP of UCP's interest in the amounts deposited or invested, excluding accrued interest, was £17.9 million. Interest would be expected to be accrued on the balances, but cannot be accurately estimated.

9. Contingent assets (continued)

The arrangements with SREI and Aten by the SPVs were not properly reported to, or approved by, the UCP Board, nor were they in accordance with the UCP Board's Treasury Policy and the Investment Management Agreement (IMA) between Nectrus, Candor and UCP. Nectrus has been notified of its breaches of the IMA and a claim for £18.2 million in damages arising from: (i) the non-recovery of the funds, and (ii) current and anticipated costs associated with the recovery. UCP accordingly withheld £18.2 million from the cash return attributable to the shares held by Nectrus pursuant to the distribution in January 2015, pending recovery from SREI and Aten.

Claims have been commenced against SREI and the Aten entities by UDPL and URPL. The SPVs are now both 100% subsidiaries of Brookfield (Brookfield having acquired 60% of each through the purchase of Candor, and the remaining 40% subsequently). Brookfield has undertaken to assist with recovery of the monies, including assisting in these courses of action.

Each of the agreements between UDPL and URPL and SREI and the Aten entities provides for disputes to be determined through arbitration. Arbitration proceedings and/or proceedings in aid of arbitration have been commenced in India, under the Indian Arbitration and Conciliation Act 1996.

The defences raised in response to the SPV's actions are, in summary, as follows:

(1) Aten Capital relies on an (unevidenced) oral agreement to the effect that its agreement with UDPL is terminated and, Aten Capital is entitled to hold the outstanding 3 crore until March 2019 (and possibly thereafter to offset against amounts owed to it by Unitech Limited (UL)). Aten Capital was also required by the Indian Courts, to lodge a bank guarantee in the amount of INR 36,000,000 as security. That guarantee remains in place until 14 July 2017 and UDPL is seeking an order that it remain in place until the conclusion of the matter.

(2) Aten PM pleads that both UDPL and URPL's investments, which are held through custodial accounts with IL&FS Securities Services Limited (IL&FS), were transferred in to the control of the SPVs in September 2014 after (i) Aten PM failed to liquidate the investments as instructed and (ii) on the basis that it had elected to terminate its investment activities. The investments were, however, made in the form of Non-convertible debentures with a number of private unlisted companies- none of which are now, or ever have been, investment grade; and are investments into which no reasonable advisor would have placed client funds.

(3) SREI claims that it was entitled to offset the monies deposited with it by UDPL (150 crore) against amounts due to it from UL on which UL has defaulted. In addition to this claimed right to offset, SREI is pursuing UL before the Indian Debt Recovery Tribunal (DRT) for a further amount of approximately 4.4 crore. In its claim against UL, SREI relies upon a lengthy loan agreement, which makes no reference to the UDPL deposit. SREI also has the benefit of personal guarantees by the promoters of UL. Despite these forms of security, in the proceedings SREI seeks to rely on an un-evidenced "inter se" agreement that the UDPL monies could be offset against the amounts due from UL. SREI claims to have assumed that UCP was a part of the 'Unitech group' despite all public information to the contrary, and despite having been put on notice by UCP in 2014 when the issue came to light, that any such belief was erroneous.

Complaints were also made to the appropriate regulators: the Reserve Bank of India and the Securities and Exchange Board of India.

UCP will continue to vigorously pursue all avenues of recovery and, in the light of the above, the Company continues to believe that recovery will be made.

In accordance with accounting standards, this receivable estimated to be £17.9 million, excluding accrued interest, is treated as a contingent asset, and accordingly, not included within the Statement of Financial Position.

Notes to the Financial Statements (continued)

10. Cash and cash equivalents

The Company's cash and cash equivalents are held with two major global banks and are analysed as follows:

	2017 £ 000	2016 £ 000
Short-term deposits	**8,031**	25,541
Current accounts	**15,324**	38
	23,355	25,579

11. Share capital and reserves

11.1 Capital management

Company capital comprises share capital and distributable reserves. The Company is not subject to externally imposed capital requirements.

11.2 Share capital

	Number 000	£ 000
Ordinary shares of par value £0.01 each		
Authorised	**500,000**	**5,000**
Issued	**360,000**	**3,600**

12. Trade and other payables

The Company's trade and other payables are analysed as follows:

	2017 £ 000	2016 £ 000
Trade payables	**244**	66
Accruals	**132**	31
	376	97

13. Distribution payable

A distribution of 49.25 pence per share was declared on 7 January 2015. From the total distribution payable of £177.3 million, £18.2 million was withheld from the amount due to Nectrus in its capacity as the beneficial owner of 49,042,428 Ordinary Shares in the Company. The Company has an outstanding claim against Nectrus with respect to significant damages resulting from breaches by Nectrus of the Investment Management Agreement and generally in relation to the contingent assets as described in note 9, and the withheld distribution equalled the estimated total loss. This consisted of £15.8 million withheld from the sale proceeds of Candor in relation to the deposits and investments, plus estimated legal costs of £2.4 million relating to their recovery.

Nectrus had previously filed proceedings in Cyprus for the non-payment of the distribution. UCP applied to strike out that action, and in December 2016 it was withdrawn by Nectrus. A separate action for an injunctive relief, filed in India and reliant on the Cyprus action remains the subject of strike-out proceedings.

Notes to the Financial Statements (continued)

14. Directors' fees

Mr. Lake receives an annual Director's fee of £60,000 (2016: £60,000) for carrying out his role as Chairman of the Board. He also received an additional £96,000 during the year (2016: 108,000) for extra work carried out from mid 2014 onwards. This extra work comprised management of the sale of Candor, which could not be carried out by Nectrus because of their clear conflict of interest, and of the subsequent legal actions in relation to the contingent assets as described in note 9. The remainder of the Board considered that his role in these activities was over and beyond his normal duties as non-executive Chairman, and that it was necessary because the Company has no internal management resources and it represented the most cost effective method of handling the matters.

The other Directors receive fees of £27,500 per annum (2016: £27,500).

All directors receive a sitting fee of £1,000 for each Board Meeting attended.

Mr. Sallnow-Smith receives an additional £5,000 per annum (2016: £5,000) for his role as Chairman of the Audit Committee.

15. Related-party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

As at 31 March 2017 and at 31 March 2016 Donald Lake was beneficially interested in 42,500 Ordinary Shares in the Company, and a person connected with him held 115,000 shares.

16. Net asset value per share

	2017	**2016**
Net asset value (£ 000)	**2,343**	5,669
Ordinary shares in issue (number 000)	**360,000**	360,000
Net asset value per ordinary share (pence)	**0.7**	1.6

17. Subsequent events

There are no significant subsequent events.

Company Information

Directors (all non-executive)

Donald Lake (Chairman)
Mohammad Yousuf Khan
Nicholas Robert Sallnow-Smith
John Keith Sleeman

Company Secretary Philip Peter Scales
Assistant Company Secretary Graham Roger Smith

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