ICICI Wealth Management

ICICI WEALTH MANAGEMENT INC.

2ND ANNUAL REPORT AND ACCOUNTS 2008

Directors
Suvek Nambiar, *Chairman*
Anup Bagchi
Girish Nayak
Hari K. Panday, *President & CEO*

Auditors
KPMG LLP

Anthony Coulthard
Corporate Secretary

Registered Office
Don Valley Business Park
150 Ferrand Drive
Suite 1200
Toronto, Ontario
Canada M3C 3E5

management's report

to the members

The Management of ICICI Wealth Management Inc. (the "Subsidiary") is pleased to present their second annual report, together with the financial statements for the year ended December 31, 2008. All information provided in this Management Report is as at December 31, 2008.

Principal Activities

The Subsidiary was incorporated under the Business Corporations Act (Canada) on July 28, 2006. The Subsidiary was granted registration by the Ontario Securities Commission as a Limited Market Dealer under the provisions of the *Securities Act* (Ontario) on March 3, 2007, giving it the ability to undertake the sale of certain securities to a restricted set of individuals in Ontario. As a wholly-owned subsidiary of ICICI Bank Canada and an indirect subsidiary of ICICI Bank Limited (the "Parent"), it primarily operates in the Greater Toronto Area.

The Subsidiary currently focuses on providing prospectus exempt India-linked and international investment opportunities, such as the sale of private equity funds and corporate debt, to Canadian accredited investors such as pension funds, corporations and eligible individual investors. The Subsidiary provides products that assist Canadian clients in diversifying their portfolio allocations with stable international and emerging market investment opportunities based on the Parent's inventory of Indian and global investment products.

Directors and Corporate Secretary

The names of the Directors and the Corporate Secretary of the Subsidiary are as follows:
Suvek Nambiar, *Chairman*
Anup Bagchi
Girish Nayak
Hari K. Panday, *President & CEO*
Anthony Coulthard, *Corporate Secretary*

Directors' Interests

None of the Directors of the Subsidiary has any interest in its share capital.

Share Capital

The Subsidiary is authorized to issue an unlimited number of common shares without par value. As at December 31, 2008, the Subsidiary has issued 2,500,001 common shares.

ANTHONY COULTHARD
Corporate Secretary

auditors' report

to the shareholder

We have audited the balance sheet of ICICI Wealth Management Inc. as at December 31, 2008 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

For KPMG LLP
Chartered Accountants,
Licensed Public Accountants

Toronto, Canada, February 26, 2009

balance sheet

ICICI Wealth Management

as at December 31, 2008

	2008	2007
		(Rs. in 000's)
ASSETS		
Cash and cash equivalents:		
Deposits with regulated financial institutions	**5,050**	*25,330*
Other:		
Fixed assets, net (note 3)	**577**	*433*
Other assets (note 4)	**32,709**	*13,079*
	33,286	*13,512*
	38,336	*38,842*
LIABILITIES AND SHAREHOLDER'S EQUITY		
Liabilities:		
Accounts payable and other liabilities	**4,596**	*19,651*
Shareholder's equity		
Share capital (note 5):		
Common shares	**99,981**	*39,993*
Deficit	**(66,241)**	*(20,802)*
	33,740	*19,191*
	38,336	*38,842*

See accompanying notes to financial statements.

Director Director

statement of operations and deficit

for the year ended December 31, 2008

	2008	2007
		(Rs. in 000's)
Interest income		
Deposits with regulated financial institutions	**303**	*223*
Non-interest income (note 7):		
Up-front fees	**537**	*1,680*
Placement fees, trailer fees and other income	**165**	*820*
Refunds:		
Up-front fees	**(880)**	—
Placement fees	**(450)**	—
	(628)	*2,500*
Total income	**(325)**	*2,723*
Non-interest expenses		
Salaries and benefits	**41,278**	*16,620*
Professional fees	**8,168**	*8,959*
General and administrative	**5,747**	*3,122*
Marketing and business development	**3,945**	*792*
Travel, moving and entertainment	**2,629**	*1,437*
Communication	**1,899**	*1,550*
Occupancy	**1,227**	*1,849*
Other	**1,088**	*595*
	65,981	*34,923*
Loss before income taxes	**(66,306)**	*(32,200)*
Future income tax recovery (note 8)	**(20,868)**	*(11,398)*
Loss for the period	**(45,439)**	*(20,802)*
Deficit, beginning of period	**(20,802)**	—
Deficit, end of the period	**(66,241)**	*(20,802)*

See accompanying notes to financial statements.

(In thousands of Indian Rupees)

year ended December 31, 2008, with comparative figures for 2007

	2008	2007
	(Rs. in 000's)	
Cash provided by (used in):		
Operating activities:		
Loss for the period	**(45,439)**	*(20,802)*
Items not involving cash:		
Depreciation	**158**	*16*
Future income taxes	**(20,868)**	*(11,398)*
Other items, net	**(13,817)**	*17,971*
	(79,966)	*(14,213)*
Financing activities:		
Proceeds from issue of common shares	**59,989**	*39,993*
Investing activities:		
Purchase of fixed assets	**(303)**	*(450)*
Increase in cash and cash equivalents	**(20,280)**	*25,330*
Cash and cash equivalents, beginning of period	**25,330**	*—*
Cash and cash equivalents, end of period	**5,050**	*25,330*
Represented by:		
Interest bearing deposits with regulated financial institutions	**2,202**	*25,132*
Non-interest bearing deposits with regulated financial institutions	**2,848**	*198*
	5,050	*25,330*

See accompanying notes to financial statements.

year ended December 31, 2008

ICICI Wealth Management Inc. (the "Company") is a wholly owned subsidiary of ICICI Bank Canada (the "Parent"). The Company was incorporated under the Canada Business Corporations Act on July 28, 2006. The Company was granted registration by the Ontario Securities Commission as a Limited Market Dealer under the provisions of the Securities Act (Ontario) on March 3, 2007, giving it the ability to undertake the sale of certain securities to a restricted set of individuals in Ontario. As a wholly owned subsidiary of the Parent and an indirect subsidiary of ICICI Bank Limited, it primarily operates in the Greater Toronto Area.

The Company is applying to become a member of the Investment Industry Regulatory Organization of Canada ("IIROC") as a Type 2 Introducing Broker. The Company will be engaged in a single line of business as a securities broker-dealer, which comprises several classes of service, including principal transactions, agency transactions, corporate finance and investment advisory. The Company will surrender its registration as an "LMD" upon its approval as an Investment Dealer. The Company will be subject to regulation by the IIROC, the Company's designated self-regulatory organization. Under the regulations prescribed by the IIROC, the Company will be required to maintain prescribed/minimum levels of risk-adjusted capital, which are dependent on the nature of the Company's assets and operations.

The Company is dependent on its Parent to fund operating losses and to maintain sufficient capital. It is expected that additional funding will be required in 2009. The Parent has confirmed that it will provide ongoing financial support to the Company.

The significant accounting policies used in the preparation of these financial statements are summarized in each note below. These accounting policies conform, in all material respects, to Canadian generally accepted accounting principles.

1. Significant accounting policies:

(a) Cash and cash equivalents:

The Company considers cash and cash equivalents to represent cash balances on hand, interest bearing and non-interest bearing deposits with regulated financial institutions with an original maturity of 90 days or less.

(b) Revenue recognition:

The Company has signed a distribution agreement with a Fund and an Investment Manager, both incorporated in Mauritius, to offer services to the Investment Manager to source, identify and introduce prospective Canadian investors to the Fund. Investors may invest either directly in the Fund or through the Company (the "Omnibus Route").

The Company earns fees from the placing of investments in the Fund which may include up-front fees, placement fees and trailer fees. The Company recognizes fees revenue as earned.

(c) Fixed assets:

Fixed assets are carried at cost less accumulated depreciation, which is provided by using the straight-line method over the estimated useful lives of the assets.

(d) Use of estimates:

The preparation of financial statements 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 revenue and expenses during the year. Actual results could differ from those estimates.

2. Changes in accounting policies:

Effective January 1, 2008, the Company adopted The Canadian Institute of Chartered Accountants' Handbook Section 1535, Capital Disclosures, Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments – Presentation. The adoption of these new standards had a minimal impact on the Company's financial statements.

3. Fixed assets:

	2008			*2007*
	Cost Rs.	**Accumulated depreciation Rs.**	**Net book value Rs.**	*Net book value Rs.*
Furniture, fixtures and equipment	424	(106)	**318**	*117*
Leasehold improvements	337	(78)	**259**	*316*
	761	(184)	**577**	*433*

(In thousands of Indian Rupees)

4. Other assets:

	2008 Rs.	2007 Rs.
Future income tax asset [note 8]	**32,267**	*11,399*
Prepaid expenses, deposits and accounts receivable	**442**	*1,680*
	32,709	*13,079*

5. Share capital:

The Company is authorized to issue an unlimited number of common shares without par value.

	2008		2007	
	Number of shares	**Amount Rs.**	*Number of shares*	*Amount Rs.*
Common shares	**2,500,001**	**99,981**	*1,000,001*	*39,993*
		99,981		*39,993*

The Company has issued the common shares for cash consideration to the Parent. During 2008, the Company has issued 1,500,000 (2007 - 1,000,000) common shares for cash consideration of Rs. 59,989 (2007 - Rs. 39,993) to the Parent.

6. Related party transactions:

The Parent allocates a portion of its expenses to the Company in respect of infrastructure and manpower shared by the Company. For the year ended December 31, 2008, the Company had incurred costs of Rs.11,118 (2007 - Rs.11,598) related to these services, of which Rs. 1,360 (2007 - Rs. 11,598) remains payable at December 31, 2008.

7. Non-interest income:

	2008 Rs.	2007 Rs.
Up-front fees	**537**	*1,680*
Placement fees, trailer fees and other income	**165**	*820*
Refunds:		
Up-front fees	**(880)**	—
Placement fees	**(450)**	—
	(628)	*2,500*

During the year, the Company reversed a portion of the placement and up-front fees received in 2007 on account of redemption of units of a fund distributed to clients in 2007.

The Company currently focuses on providing prospectus exempt India-linked and international investment opportunities, such as the sale of private equity funds and corporate debt, to Canadian accredited investors, such as pension funds, corporations and eligible individual investors. The Company provides products that assist Canadian clients in diversifying their portfolio allocations with stable international and emerging market investment opportunities based on the Parent and third-party inventory of Indian and global investment products.

8. Income taxes:

The Company uses the asset and liability method of accounting for income taxes, whereby income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for book purposes compared with their carrying amounts for income tax purposes. Accordingly, a future income tax asset or liability is determined for each temporary difference based on the tax rates that are expected to be in effect when the underlying items of income or expense are expected to be realized. Net future income taxes accumulated as a result of these temporary differences are included in other assets or other liabilities.

The Company's income taxes for the year ended December 31, 2008 are summarized as follows:

	2008 Rs.	2007 Rs.
Future income tax recovery	**(20,868)**	*(11,398)*

Significant components of the Company's future income tax asset are as follows:

	2008 Rs.	2007 Rs.
Fixed assets	**80**	*164*
Non-capital losses carried forward	**32,187**	*11,235*
Net future income tax asset	**32,267**	*11,399*

The following table reconciles income tax recovery at the combined Canadian federal and provincial statutory rate with the recovery of income taxes in the financial statements:

	2008 Rs.	2007 Rs.
Income taxes at statutory tax rate	**(22,213)**	*(11,631)*
Permanent differences	**179**	*68*
Other	**1,166**	*164*
Future income tax recovery	**(20,868)**	*(11,399)*

As at December 31, 2008, the Company had non-capital loss carryforwards of Rs. 97,611 (2007 - Rs.31,997) for income tax purposes. If not utilized, these losses will expire as follows:

	2008 Rs.	2007 Rs.
2027	**31,997**	*31,997*
2028	**65,615**	-
	97,611	*31,997*

The benefits associated with these loss carryforwards have been substantially recognized within the financial statements.

9. Employee future benefits:

The Company implemented a defined contribution group retirement savings plan for its employees. Under the plan, the Company employees are allowed to contribute a portion of their annual salary to the plan and the Company matches such contributions up to 5% of the employee's annual salary. The amount of the benefit expense is included in salaries and benefits in the statement of operations and deficit.