

## EREDENE CAPITAL PLC

### UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

Eredene Capital PLC (AIM: ERE), the AIM quoted investor in Indian infrastructure, announces its interim results for the six month period ended 30 September 2013.

#### **Highlights**

- Strategic review concluded that it was not the optimum time to attempt to realise all of the Company's assets due to the historically low level of the Rupee and the uncertainty caused by the May 2014 Indian government elections.
- Realisation of all investments may take two to three years so crucial to reduce the Company's cost base during that period. In order to reduce costs, Eredene has signed an Investment Management Agreement with Ocean Dial to take over the ongoing management of the Company's operations in London. Head office costs are expected to fall from c. £1.8m in year ended 31 March 2013 to c. £0.85m per year once planned changes complete.
- As part of the handover to Ocean Dial, Alastair King, Chief Executive Officer, will leave Eredene on 31 December 2013 and Gary Varley, Chief Financial Officer, will leave on 31 March 2014. Ranveer Sharma will continue to lead Eredene's investment advisory operations in India and will work alongside Ocean Dial's experienced Mumbai advisory team to maximise the value of investment realisations.
- Loss for the period of £11.3m (30 September 2012: £10.6m) of which £4.4m relates to unrealised fair value adjustments on investments (£2.8m of adjustment due to foreign exchange movements) and £4.6m relates to a further write-down of the investment in Matheran and Gopi.
- Net Asset Value of 13.3 pence per share as at 30 September 2013 (30 September 2012: 16.7 pence, 31 March 2013: 17.2 pence).
- Adverse movement in Indian Rupee/Pound Sterling exchange rate of 19% in period which negatively affected the value of all investments - accounts for 2.1p of the 3.9p reduction in NAV.
- Return of £20m to shareholders via Tender Offer at 17.2p per share completed in October 2013. Company has now returned £35m in total and further returns of capital are expected to follow future material realisations.

## CHAIRMAN'S STATEMENT

### *Operating Review*

The Group announced in September 2013 that it would conduct a strategic review to determine the optimum realisation strategy and cost structure. This review concluded that it would not be possible to realise the Company's investments in the short term at acceptable valuations due to the historically low level of the Rupee and the economic uncertainty in India in the lead up to the May 2014 Indian government elections. The Rupee has declined by 19% against Sterling since 31 March 2013 because of concerns that the US Federal Reserve may start to taper its expansionary monetary policies. In addition, India has entered a period of uncertainty in advance of the May 2014 elections which have reduced the level of investment activity in unquoted Indian companies.

Eredene is determined to extract maximum value from its assets and is committed to returning funds to shareholders when market conditions allow realisations at acceptable valuations. It is now forecast that it may take two to three years to sell all investments and so it is crucial that the Company's annual cost base is reduced to preserve shareholder value over that period.

The Company has signed an Investment Management Agreement ("IMA") with Ocean Dial Asset Management Ltd ("Ocean Dial") to take over the ongoing management of the Company's operations as the first step in a significant cost reduction programme which will include the closure of Eredene's London office.

As part of the transition to Ocean Dial, Alastair King, Chief Executive Officer will leave Eredene on 31 December 2013 and Gary Varley, Chief Financial Officer, will leave on 31 March 2014 after completing the handover. Alastair, with Gary's assistance, founded the Company in 2005 and I would like to take this opportunity to thank them both for their invaluable contribution in building Eredene. Ranveer Sharma will continue to lead Eredene's investment advisory operations in India and will work alongside Ocean Dial's experienced Mumbai advisory team to maximise the realisation value of Eredene's investments.

Ocean Dial, which is authorised and regulated by the Financial Conduct Authority, currently manages two India focused funds, Gateway to India Fund, a Dublin listed fund investing in Indian equities, and India Capital Growth Fund, an AIM quoted investment trust investing in small and mid-cap Indian equities. Between May 2011 and May 2013, Ocean Dial was wholly owned by Caledonia Investments plc ("Caledonia"), a 21% shareholder in Eredene. In May 2013, Caledonia disposed of its entire shareholding in Ocean Dial to the Ocean Dial management team.

The Ocean Dial group has offices in London, Singapore and Mumbai and is headed by its Chairman, Raju Shukla, who was previously India Country Head for Barclays Capital from 2007 to 2012. Raju has an extensive range of contacts in India and the Board is confident that the Company will benefit from his corporate network. Ocean Dial's London based executives are Robin Sellers, Chief Executive Officer, formerly Head of Group Finance at Close Brothers, and David Cornell, Chief Investment Officer, formerly at Henderson Global Investors.

Ocean Dial will work alongside Ranveer Sharma and his team to identify and execute the sale of the investments. The Group remains committed to realising its investments and does not envisage investing in any new companies. Ocean Dial will also be responsible for the Group's accounting and administration services and will be paid a management fee of £20,000 per month. The IMA is for a 24 month period and thereafter can be terminated with three months' notice.

As a consequence of the appointment of Ocean Dial and other cost cutting measures, it is expected that the Company's head office costs will be reduced from approximately £1.8m in the year ended 31 March 2013 to approximately £850,000 per annum, once the change to external management has been completed.

Ocean Dial may also receive a capped performance fee on the sale of each investment, excluding Matheran and Gopi, varying from, on average, 0.4% to 0.6% of the sales proceeds per investment, depending on the sales price achieved, and is subject to a capped maximum. The Company has

previously announced that it is in discussions to sell its stakes in Matheran and Gopi. Should this not occur, Ocean Dial will manage the assets and will be incentivised to achieve a successful realisation for Matheran and Gopi through a capped performance fee which varies from 0.67% to a capped maximum of 5.0% of proceeds depending on the sales value achieved. The manager is incentivised to achieve the highest possible realisation price for shareholders and there is a minimum price below which the manager will not receive a performance fee.

### **Financial Results**

The Group reported a loss for the period of £11.3m (30 September 2012: £10.6m) of which £4.4m relates to unrealised fair value adjustments on investments (£2.8m of adjustment due to foreign exchange movements) and £4.6m relates to a further write-down of the investments in Matheran Realty and Gopi Resorts.

Eredene's Net Asset Value per share fell to 13.3 pence per share as at 30 September 2013 (30 September 2012: 16.7 pence, 31 March 2013: 17.2 pence). The adverse movement in the Indian Rupee to Sterling exchange rate of 19% in the period affected negatively the value of all investments and accounts for 2.1p of the total 3.9p reduction in NAV.

The Group sold its entire stake in Ocean Sparkle Ltd in June 2013 for £8.2m with the sales price representing a 39% premium over investment cost in Indian Rupee terms.

The return of £20m to shareholders via a Tender Offer at 17.2p per share completed in October 2013. The Company has now returned £35m in total and further returns of capital are expected to follow future material realisations.

### **Investee Companies**

Set out below are some of the key developments in Eredene's investee companies in India during the period to 30 September 2013.

- MJ Logistic Services (MJL), a multi-user third party logistics business in North India, opened a second cold storage chamber at its hub warehouse in Palwal near Delhi, doubling cold storage capacity there to 5,000 pallets. New cold storage customers include industry innovator DuPont and US food manufacturer J.R. Simplot. The high-tech warehouse at Palwal provides both cold and ambient storage over 200,000 square feet. Tata Motors is a key customer, storing and sourcing components and spare parts in MJL's automated rack shelves at Palwal. MJL also operates leased warehouses, and including Palwal it has a total warehouse capacity in North India of 800,000 square feet.
- Sattva Vichoor Container Freight Station ("CFS"), one of two joint investments with the Sattva Business Group in Tamil Nadu, saw a strong recovery in volumes with revenue for the half year up by 43% over the same period last year. The fair value of the investment has increased in Indian Rupee terms following the improvement in performance; however the Sterling value has fallen due to the negative currency movement. Customers include South Korean machinery manufacturer Doosan, NYK Line, Maersk, CMA-CGM and MSC. A new 10,000 square feet export warehouse is under construction which will take the total warehousing capacity on the 26-acre site to 97,500 square feet.
- Sattva Conware CFS, a second joint investment with the Sattva Business Group, continues to provide only domestic warehousing and empty container services. The business is still waiting for the customs authorities to assign customs staff to the site in order to process export-import containers. The 60-acre site is within reach of both Ennore and Chennai ports and the newly opened Kattupalli container terminal and has a total warehousing capacity of 74,000 square feet.
- Contrans Logistics CFS at Pipavav Port in Gujarat, one of two Contrans projects in Northwest India, saw a decline in volumes over the six-month period despite a recovery in container volumes at Pipavav Port. The fair value of the investment has been written down due to this under performance. A new container handling contract has been signed with Maersk, the operators of the port. The CFS, located on 79 acres just outside the port, is using approximately 23 acres of the site, and negotiations are under way to sell a 17-acre parcel of surplus land. Contrans is also considering selling part of its second site near Baroda, also in Gujarat.

- Eredene has two logistic parks in East India with investment partner Apeejay Surrendra Group, the Kolkata-based tea and shipping conglomerate. The two facilities - at Haldia and Kalinganagar - are operated in a 50/50 joint venture, Apeejay Infra-Logistics. They offer integrated services for multi-modal logistics through open and covered warehousing, container logistics and transportation, and both have customs bonded facilities.

The logistics park in Haldia, West Bengal, is on a 90-acre site close to the Port of Haldia, a petrochemical centre at the mouth of the Hooghly River, and all three domestic warehouses there are now leased. New contracts have been signed with shipping lines Maersk, MSC, CMA CGM, Hanjin, Tata NYK, PIL and CSAV Norasial. Haldia is providing both domestic and export-import services with a total warehousing area of 140,000 square feet. Haldia Port has seen a reduction in container volumes during the period and Apeejay's logistics park has been further impacted by a restriction on containers being handled by external CFS imposed by Haldia Port Trust. Eredene has written down the value of its investment in Apeejay Infralogistics as a result of the reduced prospects for the Haldia logistics park.

The Kalinganagar logistics park, close to local steel and metallurgical plants, has been licensed to commence export-import operations. The facility provides domestic warehousing and storage for Tata, and Apeejay is in discussions with DAMCO and Jindal Steel to handle the steel produced at Jindal Steel's nearby plant. Total warehousing capacity is 84,000 square feet.

- Eredene is still in discussions to sell its stakes in Matheran and Gopi Resorts for £3m and accordingly the Board has taken the decision to write the realisable value down to that price in these accounts. If a sale is not achieved then it would be the Company's intention to work with Matheran and Gopi to complete the first phase of the affordable housing development prior to any subsequent sale; this may require further funding from the Company.

### ***India's economy***

Against a backdrop of sluggish business activity and a weakening economy, the International Monetary Fund has lowered its projection of India's growth in Gross Domestic Product (GDP) for the year ending 31 March 2014 to 3.75%. According to official figures, GDP grew at 5% for the year ending 31 March 2013, the lowest in a decade. The Indian Rupee also came under continued downward pressure in the international money markets, sliding from 82.54 to the British Pound at 31 March 2013 to 101.38 on 30 September 2013.

### ***Non-executive director changes***

As announced at the 2013 Annual General Meeting, two of Eredene Capital's non-executive directors, Sir Christopher Benson and Mr Paul Gismondi, stepped down from the board in September 2013. The Company would like to put on record its thanks for their years of invaluable service.

### ***Outlook***

Eredene is determined to extract maximum value from its core infrastructure investments in India, and remains committed to returning more cash to shareholders when market conditions allow realisations at acceptable valuations. The Company has reduced its cost base through the move to external management, and so is well placed to weather the storms currently buffeting the Indian economy.

Struan Robertson  
Non-Executive Chairman  
16 December 2013

## Investment Portfolio Summary

Investment	Amount invested at 30/9/13	Fair Value at 30/9/13	Sector	Location	Progress
1. Sattva CFS & Logistics – Vichoor CFS	£0.7m	£3.8m	Container Logistics	Chennai, Tamil Nadu	Revenue generating & dividend paying
2. Sattva Conware CFS	£3.9m	N/A as subsidiary	Container Logistics	Ennore, Tamil Nadu	Operational & revenue generating
3. Project One: Pipavav CFS	£5.7m	£6.0m	Container Logistics	Pipavav, Gujarat	Operational & revenue generating
4. Project Two: Baroda ICD			Container Logistics	Baroda, Gujarat	Pre-construction phase
5. Project One: Haldia Logistics Park	£2.9m	£2.3m	Logistics Park	Haldia, West Bengal	Operational & revenue generating
6. Project Two: Kalinganagar Logistics Park			Logistics Park	Kalinganagar, Odisha	Operational & revenue generating
7. MJ Logistic Services	£10.9m	N/A as subsidiary	Warehousing & Third Party Logistics	Northern India	Operational & revenue generating
8. Matheran Realty & Gopi Resorts	£15.3m	£2.9m Net of NCI Asset held for sale	Urban Development	Mumbai region	Construction phase
9. Ocean Sparkle	-	-	Marine operations & maintenance	Pan-India	Stake sold in period for £8.2m

**Eredene Capital PLC**  
**Consolidated Statement of Comprehensive Income**  
**for the six month period ended 30 September 2013**

	Unaudited Six months ended 30 September 2013 £'000	Unaudited Six months ended 30 September 2012 £'000	Audited Year ended 31 March 2013 £'000
Note			
<b>Portfolio return and revenue</b>			
Realised loss over fair value on disposal of investments	(529)	-	-
Unrealised adjustments on the revaluation of investments	(4,447)	(2,811)	285
Other portfolio income	33	15	70
	<b>(4,943)</b>	<b>(2,796)</b>	<b>355</b>
Revenue from services	2,131	2,111	4,376
Cost of sales for services	(1,811)	(1,609)	(3,252)
Gross profit	<b>320</b>	<b>502</b>	<b>1,124</b>
<b>Gross profit and net portfolio return</b>	<b>(4,623)</b>	<b>(2,294)</b>	<b>1,479</b>
Administrative expenses	(1,935)	(1,602)	(3,924)
Finance income	39	130	229
Finance costs	(210)	(284)	(544)
<b>Loss before taxation</b>	<b>(6,729)</b>	<b>(4,050)</b>	<b>(2,760)</b>
Taxation charge	(5)	-	(21)
Loss for the period from continuing operations	(6,734)	(4,050)	(2,781)
Loss for the period from discontinued operations	(4,553)	(6,553)	(6,301)
<b>Loss for the period</b>	<b>(11,287)</b>	<b>(10,603)</b>	<b>(9,082)</b>
<b>Other comprehensive income</b>			
Foreign currency translation	(3,634)	(546)	(49)
Total comprehensive loss for the period	<b>(14,921)</b>	<b>(11,149)</b>	<b>(9,131)</b>
<b>Loss attributable to:</b>			
Owners of the parent company	(11,278)	(10,599)	(9,062)
Non-controlling interests (NCI)	(9)	(4)	(20)
	<b>(11,287)</b>	<b>(10,603)</b>	<b>(9,082)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of the parent company	(14,121)	(11,271)	(9,322)
Non-controlling interests	(800)	122	191
	<b>(14,921)</b>	<b>(11,149)</b>	<b>(9,131)</b>
<b>Loss per share</b> Basic and diluted			
From continuing operations	(1.86)p	(0.95)p	(1.78)p
From discontinued operations	(1.26)p	(1.54)p	(0.52)p
	<b>(3.12)p</b>	<b>(2.49)p</b>	<b>(2.30)p</b>

**Eredene Capital PLC**  
**Consolidated Balance Sheet**  
**As at 30 September 2013**

	Unaudited 30 September 2013 £'000	Unaudited 30 September 2012 £'000	Audited 31 March 2013 £'000
<b>Non-current assets</b>			
Property, plant and equipment	13,556	15,259	16,054
Investments held at fair value through profit or loss	12,120	22,186	17,061
Intangible assets	754	902	917
Deferred income tax asset	-	6	-
Other receivables	149	103	115
	<u>26,579</u>	<u>38,456</u>	<u>34,147</u>
<b>Current assets</b>			
Trade and other receivables	1,002	1,187	989
Cash and cash equivalents	24,335	21,502	19,543
	<u>25,337</u>	<u>22,689</u>	<u>20,532</u>
Non-current assets classified as held for sale	-	-	8,724
Assets of disposal group classified as held for sale	11,436	16,134	16,673
<b>Total assets</b>	<u><b>63,352</b></u>	<u><b>77,279</b></u>	<u><b>80,076</b></u>
<b>Current liabilities</b>			
Trade and other payables	(766)	(566)	(883)
Current income tax liabilities	(15)	(6)	(21)
Borrowings	(995)	(862)	(1,213)
Provisions	(310)	-	(310)
<b>Non-current liabilities</b>			
Borrowings	(2,865)	(4,586)	(4,083)
Liabilities of disposal group classified as held for sale	(8,233)	(8,216)	(8,478)
<b>Total liabilities</b>	<u><b>(13,184)</b></u>	<u><b>(14,236)</b></u>	<u><b>(14,988)</b></u>
<b>Total net assets</b>	<u><b>50,168</b></u>	<u><b>63,043</b></u>	<u><b>65,088</b></u>
<b>Equity</b>			
Share capital	36,199	36,199	36,199
Share premium	16,268	16,268	16,268
Special reserve	17,311	17,311	17,311
Capital redemption reserve	8,492	8,492	8,492
Foreign exchange reserve	(3,065)	(928)	(466)
Retained deficit	(26,998)	(16,892)	(15,409)
Capital and reserves attributable to equity shareholders of the company	<u><b>48,207</b></u>	<u><b>60,450</b></u>	<u><b>62,395</b></u>
Non controlling interests (NCI)	1,961	2,593	2,693
<b>Total Equity</b>	<u><b>50,168</b></u>	<u><b>63,043</b></u>	<u><b>65,088</b></u>

**Eredene Capital PLC**
**Consolidated Statement of Changes in Equity for the six months ended 30 September 2013**

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Foreign exchange reserve £'000	Retained deficit £'000	Share holders equity £'000	NCI £'000	Total equity £'000
<b>Six months ended 30/9/13 unaudited</b>									
As at 1 April 2013	36,199	16,268	17,311	8,492	(466)	(15,409)	62,395	2,693	65,088
Loss for the period	-	-	-	-	-	(11,278)	(11,278)	(9)	(11,287)
Other comprehensive income for the period	-	-	-	-	(2,599)	(244)	(2,843)	(791)	(3,634)
Total comprehensive income for the period	-	-	-	-	(2,599)	(11,522)	(14,121)	(800)	(14,921)
Share based payment	-	-	-	-	-	1	1	-	1
NCI on dilution of shareholding	-	-	-	-	-	(68)	(68)	68	-
As at 30 September 2013	<b>36,199</b>	<b>16,268</b>	<b>17,311</b>	<b>8,492</b>	<b>(3,065)</b>	<b>(26,998)</b>	<b>48,207</b>	<b>1,961</b>	<b>50,168</b>

**Six months ended 30/9/12 unaudited**

As at 1 April 2012	44,691	16,268	32,826	-	(256)	(6,121)	87,408	1,600	89,008
Loss for the period	-	-	-	-	-	(10,599)	(10,599)	(4)	(10,603)
Other comprehensive income for the period	-	-	-	-	(672)	-	(672)	126	(546)
Total comprehensive income for the period	-	-	-	-	(672)	(10,599)	(11,271)	122	(11,149)
Share based payment	-	-	-	-	-	2	2	-	2
Purchase and cancellation of treasury shares	(8,492)	-	(15,515)	8,492	-	-	(15,515)	-	(15,515)
NCI on dilution of shareholding	-	-	-	-	-	(174)	(174)	174	-
NCI on acquisition of discontinued operations	-	-	-	-	-	-	-	697	697
As at 30 September 2012	<b>36,199</b>	<b>16,268</b>	<b>17,311</b>	<b>8,492</b>	<b>(928)</b>	<b>(16,892)</b>	<b>60,450</b>	<b>2,593</b>	<b>63,043</b>

**Year ended 31/3/13 audited**

As at 1 April 2012	44,691	16,268	32,826	-	(256)	(6,121)	87,408	1,600	89,008
Loss for the period	-	-	-	-	-	(9,062)	(9,062)	(20)	(9,082)
Other comprehensive income for the period	-	-	-	-	(210)	(50)	(260)	211	(49)
Total comprehensive income for the period	-	-	-	-	(210)	(9,112)	(9,322)	191	(9,131)
Share based payment	-	-	-	-	-	4	4	-	4
Purchase and cancellation of treasury shares	(8,492)	-	(15,515)	8,492	-	-	(15,515)	-	(15,515)
NCI on dilution of shareholding	-	-	-	-	-	(180)	(180)	180	-
NCI on acquisition of discontinued operations	-	-	-	-	-	-	-	722	722
As at 31 March 2013	<b>36,199</b>	<b>16,268</b>	<b>17,311</b>	<b>8,492</b>	<b>(466)</b>	<b>(15,409)</b>	<b>62,395</b>	<b>2,693</b>	<b>65,088</b>



**Eredene Capital PLC**  
**Consolidated Cash Flow Statement**  
**for the six months ended 30 September 2013**

	Unaudited Six months ended 30 September 2013 £'000	Unaudited Six months ended 30 September 2012 £'000	Audited Year ended 31 March 2013 £'000
<b>Cash flows from operating activities</b>			
Loss before taxation	(6,729)	(4,050)	(2,760)
Adjustments for:			
Finance income	(39)	(130)	(229)
Dividend income	(33)	(15)	(70)
Realised loss over fair value on disposal of investments	529	-	-
Unrealised adjustments on the revaluation of investments	4,447	2,811	(285)
Share based payment charge	1	2	4
Foreign exchange differences	398	59	(323)
Depreciation	157	129	339
Amortisation	12	12	25
Increase in trade and other receivables	(51)	(235)	(50)
(Decrease)/increase in trade and other payables	(117)	125	441
Decrease in provisions	-	(362)	(52)
Taxation paid	(6)	-	-
<b>Net cash used in operating activities</b>	<b>(1,431)</b>	<b>(1,654)</b>	<b>(2,960)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(627)	(216)	(707)
Disposal of property, plant and equipment	-	-	2
Purchase of investments	(70)	-	(504)
Disposal of investments	8,160	-	-
Purchase of disposal group held for sale	-	(2,642)	(2,642)
Interest received	42	146	244
Dividends received	33	15	70
<b>Net cash generated from/(used in) investing activities</b>	<b>7,538</b>	<b>(2,697)</b>	<b>(3,537)</b>
<b>Cash flows from financing activities</b>			
Purchase of treasury shares	-	(15,514)	(15,515)
Repayment of borrowings	(452)	(361)	(716)
Proceeds from issue of shares in subsidiary to NCI	19	-	27
<b>Net cash used in financing activities</b>	<b>(433)</b>	<b>(15,875)</b>	<b>(16,204)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,674</b>	<b>(20,226)</b>	<b>(22,701)</b>
Cash and cash equivalents at the beginning of the period	19,543	41,839	41,839
Exchange (losses)/gains	(882)	(111)	405
<b>Cash and cash equivalents at the end of the period</b>	<b>24,335</b>	<b>21,502</b>	<b>19,543</b>

**Eredene Capital PLC**  
**Notes to the Interim Statement**

**1. Basis of preparation**

The interim financial information for the periods ended 30 September 2013 and 30 September 2012 has neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board and does not constitute statutory accounts within the meaning of the Companies Act 2006. The statutory accounts for the period ended 31 March 2013, which were prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, have been delivered to the Registrar of Companies. The auditors' opinion on those accounts was unqualified, did not include any references to any matters to which the auditors drew attention without qualifying their report, and did not contain a statement made under Section 498(2) or Section 498(3) of the Companies Act 2006.

The financial information in this report comprises the Group balance sheets as at 30 September 2013, 31 March 2013 and 30 September 2012 and related statements of comprehensive income, cash flow, changes in equity and related notes for the period then ended ("financial information"). The financial information has been prepared in accordance with the Group's principal accounting policies as set out in the Annual Report for the period ended 31 March 2013. There have been no changes in the existing policies. It has been prepared on the historical cost basis, except for the revaluation of certain investments.

As permitted, the Group has not applied IAS 34 "Interim Reporting" in preparing this interim report.

**2. Critical accounting judgements and estimates**

The preparation of the Group's financial statements requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the financial statements.

*Accounting for investments*

Investments in which the Group has a long-term interest and over whose operating and financial policies it exerts significant influence, but which are held as part of an investment portfolio, the value of which is through their marketable value as part of a basket of investments, are not regarded as joint ventures or associated undertakings. The treatment adopted is in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" and the exemptions applying to venture capital organisations in IAS 28 "Investments in Associates" and IAS 31 "Interests in Joint Ventures".

*Value of investments*

The Group's investments held at fair value through profit or loss are valued based on the International Private Equity and Venture Capital Guidelines. The valuations are made based on market conditions and information about the investment. These estimates are subjective in nature and involve uncertainties and matters of significant judgement (e.g interest rates, volatility and estimated cash flows).

*Non-current assets held for sale and disposal groups*

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;

- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the group's accounting policy; and
- fair value less costs to sell.

The determination of fair value for an unlisted investment requires the use of estimates and assumptions.

### **3. Earnings per share and net asset value per share**

The calculation of the basic earnings per share is based on the loss for the period attributable to equity shareholders of £11.3m (2012: £10.6m) and the weighted average number of shares in issue during the period of 361,994,426 (2012: 425,862,314). The shares under option were non-dilutive due to the loss for the period. The calculation of net asset value per share is based on the net assets attributable to equity shareholders of £48.2m (30/9/12: £60.5m; 31/3/13: £62.4m) and the number of shares in issue at the period end of 361,994,426 (30/9/12 and 31/3/13: 361,994,426).

### **4. Forward-looking statements**

This document may contain forward-looking statements relating to the future financial condition, business performance and results of Eredene Capital PLC. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of Eredene Capital PLC including, amongst other things, UK, Indian and global economic and business conditions, market related risks such as fluctuations in interest rates, foreign exchange rates, inflation, the impact of competition, delays in implementing proposals, the timing, impact and other uncertainties of future investments, the impact of tax or other legislation and other regulations in the jurisdictions in which Eredene Capital PLC and its affiliates operate. As a result, Eredene Capital PLC's actual future condition, business performance and results may differ materially from the plans, goals and expectations expressed or implied in these forward-looking statements.

### **5. Interim Results**

Copies of the Interim Results will be available from [www.eredene.com](http://www.eredene.com).