

Regulatory Story

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EIH PLC - EIH Half-year Report
Released 17:17 29-Sep-2017

RNS Number : 3200S
EIH PLC
29 September 2017

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EIH PLC
("EIH" or the "Company")

Interim Results

The Company announces its interim results for the six months from 1 January 2017 to 30 June 2017. A copy of this announcement will shortly be available for inspection at www.eihplc.co.uk.

Chairman's Statement

The Company made a profit of US\$0.6m for the six month period to 30 June 2017 (six month period to 30 June 2016: loss US\$0.5m), and therefore earnings per share for the six month period to 30 June 2017 was 0.92 cents (six month period to 30 June 2016: loss per share 0.85 cents). The reason for the profit generated in the current period is due to the US\$0.8m increase in fair value of the Company's investment in Evolve India Fund PCC.

The unaudited net assets of the Company as at 30 June 2017 were valued at US\$25.9m and therefore net asset value ("NAV") per share at that date was 40.2 cents based on 64,500,002 ordinary shares in issue (31 December 2016 NAV per share: 43.3 cents).

During the period under review, on 21 February 2017, the Company made a capital distribution of 4 cents per share to shareholders of the Company registered as at 17 February 2017, equivalent to approximately US\$2.58m.

While the NAV per share decreased by 7.2% in the period under review, after adjusting for the capital distribution of 4.0 cents per share made in February 2017, the Company's NAV rose by 2.1% in the period.

The Company has separately announced today that it intends to make a further capital distribution of 1.5 cents per share to shareholders of the Company registered as at 20 October 2017, equivalent to approximately US\$0.97m.

Total operating costs during the period were US\$0.23m, or 1.3% below the comparable prior year figure. In addition, the Company paid certain annual management fees and expenses to Evolve India Fund PCC ("EIF") in respect of its commitments. These costs are embedded in the capital account of EIF and do not appear in the Company's statement of comprehensive income.

The Company's investment portfolio comprises the following (based on unaudited values as at 30 June 2017):

Table 1. Investments	Capital Commitment	Capital Invested	Capital Distribution	Fair value Adjustment	Fair Value
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Fund Investments (equity)					
Evolve India Fund PCC	45,120	45,120	(26,970)	1,097	19,247
Direct Investments (equity)					
EIF Co Invest VII (RSB Group)	6,970	6,970	(29)	(1,430)	5,511
	52,090	52,090	(26,999)	(333)	24,758

Further details on the Company's investment portfolio are set out below and in Note 5 to the interim financial statements.

EIF

As at 30 June 2017 the Company had US\$18.2m invested in EIF (capital called less refund capital contributions), equivalent to 28.1 cents per share. At the reporting date the Fair Value (unaudited) of the Company's investment in EIF was US\$19.2m, equivalent to 29.8 cents per share, representing a 1.06 x multiple over cost. EIF is now fully drawn down.

In local currency terms, the S&P BSE SENSEX Indian stock market index advanced by 16.1% during the period in review. It is also noted that the Indian Rupee ("INR") strengthened by 5.1% in value against the US Dollar during the period in review.

Against this backdrop EIF's underlying private equity funds performed reasonably such that on the basis of beginning and end period values, and adjusting for drawdowns and distributions made during the period, the fair value of EIF's underlying funds increased by approximately 7.8% in US Dollar terms, while their value increased by approximately 2.6% in INR terms. On the same basis of measurement, the value of EIF's direct investments increased by approximately 1.0% in US Dollar terms, while in INR terms a decrease of approximately 3.9% was experienced.

EIF's private equity fund exposure is weighted towards funds with vintages of 2006 and later. The four funds of these vintages comprise 76.8% of EIF's private equity fund weighting. The remaining six funds, with a 23.2% weighting, are all 2004 and 2005 vintages. EIF's three largest funds constitute 73.0% of EIF's private equity fund weighting. These funds are Jacob Ballas India Fund III (Growth / PIPE category), JMF India Fund I (Growth category) and HI-REF International LLC (Real Estate category). The majority of EIF's ten underlying private equity funds have fully drawn down their committed capital from EIF, and EIF's remaining commitments are concentrated in one fund, HI-REF International LLC Fund. During the period under review, EIF received net distributions from all except three of its funds, while drawdowns were extremely limited.

The Directors have reviewed certain underlying financial information provided to us by EIF's Investment Manager and we remain confident that as EIF's underlying portfolio matures and further realisations are achieved, further cash distributions will be received by the Company.

EILSF Co-invest I / Gland Pharma Limited ("Gland")

At the beginning of the period under review and calculated on a "look through" basis, the Company retained an approximate US\$2.0m interest in EILSF Co-invest I (held through EIF Co Invest X and EIF) representing its share of the Gland proceeds retained to address any potential contingencies. The final distribution amounting to US\$1.4m comprising largely of the Company's share of its interest in EILSF Co-invest I occurred in January 2017.

RSB Group ("RSB")

RSB is a large automotive components group based in Pune with a multi-product portfolio comprising of propeller shafts, gears, axles, machined engine components, trailers and construction equipment parts. The Company's direct investment in RSB is held through EIF Co Invest VII. The shareholders in EIF Co Invest VII are the Company and EIF, which invested US\$7.0m and US\$10.0m respectively, for a total investment of US\$17.0m. No fees are payable on the Company's investment in EIF Co Invest VII, while the Company's indirect investment in RSB (through its interest in EIF) attracts standard management and carried interest fee arrangements. Through the above arrangements, and on a look-through basis, the Company has a total of US\$6.9m invested in RSB (at cost) compared to the US\$7.0m invested in RSB through EIF Co Invest VII.

Through the above arrangements, and on a look-through basis, the fair value of the Company's total interest in RSB is 10.7 cents per share; while the fair value of the Company's direct interest in RSB (held through EIF Co Invest VII) is 8.5 cents per share. These values represent a 0.8 times multiple over cost. The Fair Value of the Company's interest in RSB is based on a valuation performed by EIF's investment manager.

Table 2. Investments (Fair Values)	As per LP reports	RSB (EIF)	Pro-forma
	US\$'000	US\$'000	US\$'000
Fund Investments			
EIF (PE funds)	11,730		11,730
EIF (direct investments)	7,065	(1,424)	5,641
EIF (other)	452		452
Direct Investments			
RSB Group	5,511	1,424	6,935
	24,758	-	24,758

Table 2 extracts the Company's "look through" interest in RSB (from EIF) and adds it to the Company's direct interest in RSB (held by EIF Co Invest VII). On this basis, 28.0% of the Company's Financial Assets at Fair Value (US\$6.9m, equivalent to 10.7 cents per share), is accounted for by its interest in RSB on an underlying pro-forma basis.

Table 2 further shows that 47.4% of the Company's Financial Assets at Fair Value is accounted for by its interests in EIF's ten PE fund investments, and a further 22.8% by its interests in EIF's direct investments (excluding RSB).

Board changes

On 26 June 2017, Paul Garnett resigned, and Brett Miller was appointed, a director of the Company. On 30 June 2017, Andrew Baker resigned, and Tim Shepherd was appointed, the secretary of the Company.

Other matters

At the date of signing this report, the Company holds US\$1.12m in net cash balances, equivalent to 1.74 cents per share.

As a Board we will continue to manage operating costs carefully. Our objective remains to realise assets at the appropriate time and value, and to return the proceeds, less expenses, to our shareholders.

On behalf of the Board of Directors, I thank all Shareholders for their support.

Respectfully yours,

Rhys Cathan Davies

29 September 2017

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EIH PLC
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Note	For the period from 1 January 2017 to 30 June 2017	For the period from 1 January 2016 to 30 June 2016
		US\$'000	US\$'000
Income			
Interest income on cash balances		1	1
Loss on disposal of investments at fair value through profit or loss		(4)	-
Fair value movement on investments at fair value through profit or loss	5	824	(318)
Net investment income/(expenditure)		821	(317)
Expenses			
Administrative expenses		(103)	(107)
Legal and other professional fees		(100)	(98)
Audit fees		(22)	(20)
Other expenses/income		(2)	(5)
Total operating expenses		(227)	(230)
Profit/(loss) before taxation for the period		594	(547)
Income tax expense		-	-
Profit/(loss) after taxation for the period		594	(547)
Other comprehensive income		-	-
Total comprehensive income/(expenditure) for the period		594	(547)
Basic and fully diluted earnings/(loss) per share (US cents)			
	6	0.92	(0.85)

The accompanying notes form an integral part of these interim financial statements.

EIH PLC
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	As at 30 June 2017 US\$'000	As at 31 December 2016 US\$'000
Non-current assets			
Financial assets at fair value through profit or loss	5	24,758	26,645
Total non-current assets		24,758	26,645
Current assets			
Trade and other receivables		37	18
Cash and cash equivalents		1,208	1,314
Total current assets		1,245	1,332
Total assets		26,003	27,977
Equity			
Issued share capital		1,265	1,265
Share premium		22,402	24,982
Retained earnings		2,261	1,667
Total equity		25,928	27,914
Current liabilities			
Trade and other payables		75	63
Total current liabilities		75	63
Total liabilities		75	63
Total equity and liabilities		26,003	27,977

The accompanying notes form an integral part of these interim financial statements.

EIH PLC
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Share capital US\$'000	Share premium US\$'000	Retained earnings US\$'000	Total US\$'000
Balance at 1 January 2016	1,265	26,595	4,063	31,923
Total comprehensive income				
Loss for the period	-	-	(547)	(547)
Transactions with owners of the company recorded directly in equity				
Return of capital	-	-	-	-
Balance at 30 June 2016	1,265	26,595	3,516	31,376

Balance at 1 January 2017	1,265	24,982	1,667	27,914
Total comprehensive income				
Profit for the period	-	-	594	594
Transactions with owners of the company recorded directly in equity				
Return of capital	-	(2,580)	-	(2,580)
Balance at 30 June 2017	1,265	22,402	2,261	25,928

The accompanying notes form an integral part of these interim financial statements.

EIH PLC
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS TO 30 JUNE 2017

	Note	For the period from 1 January 2017 to 30 June 2017 US\$'000	For the period from 1 January 2016 to 30 June 2016 US\$'000
Cash flows from operating activities			
Profit/(loss) before taxation		594	(547)
<i>Adjustments:</i>			
Loss on disposal of investments at fair value through profit or loss		4	-
Fair value movement on investments at fair value through profit or loss	5	(824)	318
Interest income on cash balances		(1)	(1)
Operating loss before working capital changes		(227)	(230)
Increase in trade and other receivables		(19)	(6)
Increase in trade and other payables		12	18
Net cash used in operations		(234)	(218)
Net cash used in operating activities		(234)	(218)
Cash flows from investing activities			
Interest income on cash balances		1	1
Proceeds from disposal of investment		1,352	-
Capital distribution received	5	1,355	723
Net cash generated by investing activities		2,708	724
Cash flows from financing activities			
Return of capital		(2,580)	-
Net cash used in financing activities		(2,580)	-
Net (decrease)/increase in cash and cash equivalents		(106)	506
Cash and cash equivalents at 1 January		1,314	2,114
Cash and cash equivalents at 30 June		1,208	2,620

The accompanying notes form an integral part of these interim financial statements.

Notes to the Unaudited Interim Results

For the six months ended 30 June 2017

1 The Company

EIH PLC (formerly Evolve India Holdings plc) was incorporated and registered in the Isle of Man under the Isle of Man Companies Act 1931-2004 on 10 November 2006 as a public company with registration number 118297C. On 28 March 2011 the Company re-registered under the Isle of Man Companies Act 2006 with registration number 006738V.

Pursuant to a prospectus dated 19 March 2007 there was a placing of up to 65,000,000 Ordinary Shares of £0.01 each. The number of Ordinary Shares in issue immediately following the placing was 65,000,002. The shares of the Company were admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM") following the close of the placing on 23 March 2007. The Company purchased 500,000 of its own shares for US\$0.60 each on 30 September 2011.

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

2 Duration

The Company currently does not have a fixed life but the Board considers it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, at the annual general meeting of the Company in 2018 a resolution will be proposed that the Company ceases to continue as presently constituted. Shareholders holding at least fifty one per cent of the shares must vote in favour of this resolution for it to be passed. If the resolution is not passed, a similar resolution will be proposed at every third annual general meeting of the Company thereafter. If the resolution is passed, the Directors will be required, within 3 months of the resolution, to formulate proposals to be put to Shareholders to reorganise, unitise or reconstruct the Company or for the Company to be wound up.

3 Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

3.1 Basis of presentation

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 financial statements of the Company for the year ended 31 December 2016. The interim financial statements are unaudited.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2016.

Notes to the Unaudited Interim Results

For the six months ended 30 June 2017 (continued)

3.2 Investments at fair value through profit or loss

Investments are designated as financial assets at fair value through profit or loss. They are measured at fair value with gains and losses recognised through profit or loss.

The Company's investments at fair value through profit and loss comprise funds and co-investment vehicles, where fair value is estimated by the Directors to be the Company's share of net asset value per latest financial results reported by the underlying fund administrator.

3.3 Segment reporting

The Company has one segment focusing on maximising total returns through investing in an Indian private equity portfolio of investments. No additional disclosure is included in relation to segment reporting, as the Company's activities are limited to one business and geographic segment.

4 Net asset value per share

The unaudited net asset value per share as at 30 June 2017 is 40.2 cents per share based on 64,500,002 ordinary shares in issue as at that date (31 December 2016: 43.3 cents per share based on 64,500,002 ordinary shares).

5 Financial assets at fair value through profit or loss

The objective of the Company is to make indirect investments in Indian private equity funds and companies via Mauritian based investment funds and to also co-invest directly in certain portfolio companies of the underlying funds. As at 30 June 2017, the investment portfolio comprised the following assets:

Investments (Unlisted)	Capital Commitment	Capital Invested	Capital Distribution	Fair value Adjustment	Fair Value
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Fund Investments (equity)					
Evolve India Fund PCC	45,120	45,120	(26,970)	1,097	19,247
Direct Investments (equity)					
EIF Co Invest VII (RSB Group)	6,970	6,970	(29)	(1,430)	5,511
	52,090	52,090	(26,999)	(333)	24,758

Notes to the Unaudited Interim Results**For the six months ended 30 June 2017 (continued)****5 Financial assets at fair value through profit or loss (continued)**

The fair value of the Company's investments has been estimated by the Directors with advice from Evolvence India Advisors Inc. The movement in investments during the period was as follows:

	30 June 2017	31 December 2016
	US\$'000	US\$'000
Fair value brought forward	26,645	29,922
Disposal of investments at fair value	(1,356)	-
Capital distributions	(1,355)	(1,356)
Movement in fair value	824	(1,921)
Fair value at period/year end	24,758	26,645

The outstanding capital commitments as at 30 June 2017 were US\$nil (31 December 2016: US\$nil).

Evolvence India Fund PCC (EIF)

Evolve India Fund PCC, a Protected Cell Company formed under the laws of Mauritius having limited liability, is a private equity fund of funds with a co-investment pool, focusing primarily on investments in India. The fund size of EIF is US\$250m, of which approximately two-thirds have been invested in different private equity funds (including growth capital, mezzanine and real estate funds) with significant focus on India, and the balance has been invested in co-investment opportunities, primarily in Indian companies or companies with significant operations in India. The fund investments of EIF include Baring India Private Equity Fund II, IDFC Private Equity Fund II, India Value Fund II (Formerly GW Capital), Leverage India Fund, New York Life Investment Management India Fund II, Ascent India Fund, JM Financial India Fund I, HI-REF International LLC Fund, NYLIM Jacob Ballas India Fund III and IDFC Private Equity Fund III.

Valuation basis

The fair value of the investment in EIF is based on the Company's share of the net assets of EIF at 30 June 2017 per its results as reported by the underlying fund administrator. The financial statements of EIF are prepared under IFRS, with all investments stated at fair value. The valuation of the investment portfolio of EIF has been performed by its investment manager at 30 June 2017. The investment portfolio comprises investments in private equity funds, where fair value is based on reported net asset values, and co-investments in private companies where fair values are based on valuation techniques.

Notes to the Unaudited Interim Results**For the six months ended 30 June 2017 (continued)****5 Financial assets at fair value through profit or loss (continued)****EIF Co Invest VII**

The Company has invested US\$7m in RSB Group through a Special Purpose Vehicle (SPV), EIF Co Invest VII. RSB Group is a leading manufacturer of automotive components and construction aggregates. The fair value of the investment in Co Invest VII is based on the Company's share of the net assets of Co Invest VII at 30 June 2017 per its financial results as reported by the underlying fund administrator. The financial statements of EIF Co Invest VII are prepared under IFRS, with all investments stated at fair value. The underlying valuation of RSB Group, which is unlisted, is based on the trading multiples of RSB's comparable group and the application of a liquidity discount thereto.

EIF Co Invest X

The Company held its interest in Gland Pharma Limited through an SPV, EIF Co Invest X. EIF Co Invest X sold its interest in Gland Pharma Limited during the year ended 31 December 2014, but retained an amount of the sale proceeds to address any possible contingencies. The Company received its final distribution of US\$1.4m in respect of this interest on 24 January 2017.

6 Earnings/(loss) per share

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

	30 June 2017	30 June 2016
	'000	'000
Profit/(loss) attributable to equity holders of the Company (US\$)	594	(547)
Weighted average number of ordinary shares in issue	64,500	64,500
Basic earnings/(loss) per share (cents per share)	0.92	(0.85)

There are no dilutive potential ordinary shares in issue, therefore there is no difference between the basic and fully diluted earnings per share for the period.

7 Subsequent events

The Company intends to make a further capital distribution of 1.5 cents per share to shareholders of the Company registered as at 20 October 2017, equivalent to approximately US\$0.97m.

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