

RNS Number : 2525N
EIH PLC
27 September 2012

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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 2012 to 30 June 2012.

Chairman's Statement

The unaudited net assets of EIH as at 30 June 2012 were valued at US\$46.9 million and therefore net asset value ("NAV") at that date was 72.7 cents per share based on 64,500,002 ordinary shares in issue.

On 8 June 2012, the Company made a capital distribution of 3 cents per share.

Adjusting for the 8 June 2012 capital distribution, the NAV per share declined by 4.7% in the period under review (31 December 2011 NAV per share: 79.4 cents per share).

Total operating costs during the period were US\$0.25m. In addition, EIH paid certain annual management fees and expenses to Evolve India Fund PCC ("EIF") in respect of its commitments to that fund. These costs are embedded in the capital account of EIF and do not appear in the profit or loss for EIH.

The Company's investment portfolio comprises the following (based on unaudited values as at 30 June 2012):

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	44,601	(14,595)	(314)	29,692
Direct Investments (equity)					
EIF Co Invest VII (RSB Group)	6,970	6,970	(29)	(694)	6,247
EIF Co Invest X (Gland Pharma Limited)	4,510	4,510	-	5,368	9,878
	56,600	56,081	(14,624)	4,360	45,817

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

EIF

Conditions in the Indian capital markets were benign during the period under review with the BSE SENSEX and BSE MIDCAP Indian stock market indices advancing by 12.8% and 19.8% respectively in Indian Rupee ("INR") terms. It is also noted that INR declined by 3.3% against the US Dollar during the period under review.

The aggregate fair value of EIF's ten underlying private equity funds declined by 0.6% (increase of 2.6% in INR), while the aggregate fair value of EIF's direct investments increased by 6.6% (increase of 10.1% in INR). In summary, therefore, EIF's underlying portfolio increased in value by 2.6% during the period under review (increase of 5.9% in INR).

During the period, many of EIF's underlying private equity funds achieved exits from certain of their investments. Three complete exits at an aggregate US\$ multiple of 1.5 X were achieved. In addition, the portfolio witnessed three partial exits through EIF's underlying funds via open market sales, realizing an aggregate US\$ multiple of 1.0 X on these investments. The majority of EIF's ten underlying private equity funds have fully drawn down their committed capital from EIF, and while EIF's remaining commitments are mostly concentrated in two funds (NYLIM Jacob Ballas India Fund III LLC and HI-REF International LLC), uncalled commitments from EIF's underlying private equity funds have declined from US\$18.4m to US\$8.8m in the period under review.

As at 30 June 2012 the Company had US\$30m invested in EIF (capital called of US\$44.6m, less refund of capital contributions of US\$14.6m), equivalent to 46 cents per share. At the reporting date the Fair Value (unaudited) of the Company's investment in EIF was US\$29.7m, equivalent to 46 cents per share, representing a 1.0 X multiple over cost.

On 9 February 2012, the Company reported that, following a cash call of US\$3.5m, 100% of EIF's committed capital had been drawn down and EIF had no outstanding commitment to EIF.

The Company subsequently received a distribution from EIF of US\$1.8m. Approximately US\$0.5m represented a partial return of the capital drawn down by EIF in February 2012, such that EIF has now technically only drawn down 98.85% of its committed capital, with 1.15% remaining undrawn. However, EIF's managers have informed us that this unfunded commitment will likely be adjusted against future distributions, such that no further cash calls are likely to be made by EIF.

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.

Gland Pharma Limited ("Gland")

Gland is a specialised generic pharmaceuticals company based in Hyderabad. Gland has delivered strong compound revenue growth and stable EBITDA margins over the past four years and continues to deliver very strong revenue growth and stable EBITDA margins driven by sales to regulated markets. Moreover, it has a promising pipeline of US FDA approved products.

The Company's direct investment in Gland is held through EIF Co Invest X. The shareholders in EIF Co Invest X are the Company and EIF, which invested US\$4.5m and US\$12.5m respectively, for a total investment of US\$17.0m. Furthermore, EIF Co Invest X is, in turn, an investor in EILSF Co-Invest I, the entity through which EILSF ("Evolence India Life Sciences Fund") invested US\$12.5m in Gland. No fees are payable on the Company's investment in EIF Co Invest X, while the Company's indirect investment in Gland (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\$6.8m invested in Gland (at cost) compared to the US\$4.5m invested in Gland through EIF Co Invest X.

Through the above arrangements, and on a look-through basis, the fair value of the Company's interest in Gland is US\$14.8m or 23.0 cents per share, while the fair value of the Company's interest in Gland held through EIF Co Invest X is valued at 15.3 cents per share. These values represent a 2.2 X multiple over cost. The Fair Value of the Company's interest in Gland is held at the 31 December 2011 Fair Value despite its continued delivery of very strong revenue growth and stable EBITDA margins in the period under review. The movement in fair value in the period is due to the effect of exchange rates. The Directors have reviewed certain underlying financial information pertaining to Gland and the valuation basis employed in the fair valuation calculation.

RSB Group ("RSB")

RSB is an automotive component manufacturer based in Pune. 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\$8.8m 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 interest in RSB is US\$7.9m or 12.2 cents per share, while the fair value of the Company's interest in RSB held through EIF Co Invest VII is valued at 9.7 cents per share. These values represent a 0.90 X multiple over cost. The Fair Value of the Company's interest in RSB is based on a valuation performed by EIF's investment manager and is based on an average valuation multiple of comparable companies.

Other matters

At the date of this report, net cash balances held by the company amount to US\$1.0m.

Our objective remains to realise assets at the appropriate time and value, and to return the proceeds less expenses to our shareholders.

Respectfully yours,

Rhys Cathan Davies

26 September 2012

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EIH PLC
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Note	For the period from 1 January 2012 to 30 June 2012 US\$'000	For the period from 1 January 2011 to 30 June 2011 US\$'000
Income			
Interest income on cash balances		-	10
Realised gain on investments at fair value through profit or loss	5	-	1,133
Movement in fair value of investments through profit or loss	5	(2,180)	(3,333)
Net investment expense		(2,180)	(2,190)
Expenses			
Administrative expenses		(146)	(136)
Legal and other professional fees		(85)	(128)
Audit fees		(18)	(29)
Other expenses		(2)	5
Value Added Tax recovered		-	-
Total operating expenses		(251)	(288)
Loss before taxation		(2,431)	(2,478)
Income tax expense		-	-
Loss after taxation for the period		(2,431)	(2,478)
Basic and fully diluted loss per share (US cents)	7	(3.77)	(3.81)

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

EIH PLC
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	As at 30 June 2012 US\$'000	As at 31 December 2011 US\$'000
Non-current assets			
Financial assets at fair value through profit or loss	5	45,817	46,603
Total non-current assets		45,817	46,603
Current assets			
Trade and other receivables		29	42
Cash and cash equivalents		1,065	4,653
Total current assets		1,094	4,695
Total assets		46,911	51,298
Equity			
Issued share capital		1,265	1,265
Share premium	6	44,655	46,590
Retained earnings		941	3,372
Total equity		46,861	51,227
Current liabilities			
Trade and other payables		50	71
Total current liabilities		50	71
Total liabilities		50	71
Total equity and liabilities		46,911	51,298

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 2012

	Share capital US\$'000	Share premium US\$'000	Retained earnings US\$'000	Total US\$'000
Balance at 1 January 2011	1,275	58,580	13,951	73,806
Total comprehensive income (Loss) for the period	-	-	(2,478)	(2,478)
Transactions with owners of the company recorded				
Return of capital	-	(6,500)	-	(6,500)
Balance at 30 June 2011	1,275	52,080	11,473	64,828
Balance at 1 January 2012	1,265	46,590	3,372	51,227
Total comprehensive income (Loss) for the period	-	-	(2,431)	(2,431)
Transactions with owners of the company recorded directly in equity				
Return of capital	-	(1,935)	-	(1,935)
Balance at 30 June 2012	1,265	44,655	941	46,861

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 2012

	Note	For the period from 1 January 2012 to 30 June 2012 US\$'000	For the period from 1 January 2011 to 30 June 2011 US\$'000
<i>Cash flows from operating activities</i>			
(Loss) before taxation		(2,431)	(2,478)
<i>Adjustments:</i>			
Movement in fair value of investments through profit or loss	5	2,180	3,333
Realised (gain) on investments through profit or loss	5	-	(1,133)
Interest income on cash balances		-	(10)
Operating loss before working capital changes		(251)	(288)
Decrease in trade and other receivables		13	3
(Decrease) in trade and other payables		(21)	(191)
Net cash used in operations		(259)	(476)
Interest received		-	10
Net cash used in operating activities		(259)	(466)
<i>Cash flows from investing activities</i>			
Capital calls		(3,021)	-
Capital distribution received		1,627	-
Proceeds from sale of investment	5	-	5,000
Net cash (used in)/generated by investing		(1,394)	5,000
<i>Cash flows from financing activities</i>			
Return of capital	6	(1,935)	(6,500)
Net cash used in financing activities		(1,935)	(6,500)
Net (decrease) in cash and cash equivalents		(3,588)	(1,966)
Cash and cash equivalents at 1 January		4,653	12,320
Cash and cash equivalents at 30 June		1,065	10,354

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

Notes to the Unaudited Interim Results

For the period ended 30 June 2012

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 registered number 118297C. On 23 March 2011 the Company re-registered under the Isle of Man Companies Act 2006.

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'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 2015 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 as at and for the year ended 31 December 2011. 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 2011.

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 fair value of investments at fair value through profit or loss in unlisted equity investments is estimated by the Directors, with input from Evolvence India Advisors Inc. In estimating the fair value of the Company's investments in private equity funds consideration is taken of the valuations of underlying investments performed by the directors and managers of those funds. The valuation of the unlisted holdings in the co-investments and underlying funds investments are performed by using the most appropriate valuation techniques, including the use of recent arms' length market transactions, use of market comparables, use of discounted cash flows, recent financial statements or any other valuation technique that provides a reliable estimate. Under the discounted cash flow method, free cash flows have been discounted using an appropriate weighted cost of capital.

Listed holdings in the co-investments and underlying funds are valued based upon prevailing market prices as of the date of valuation. Exited investments are valued using the respective exited multiples.

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 2012 is 72.7 cents per share based on 64,500,002 ordinary shares in issue as at that date (31 December 2011: 79.4 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 2012, 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)					
Evolvence India Fund PCC	45,120	44,601	(14,595)	(314)	29,692
Direct Investments (equity)					
EIF Co Invest VII (RSB Group)	6,970	6,970	(29)	(694)	6,247
EIF Co Invest X (Gland Pharma Limited)	4,510	4,510	-	5,368	9,878
	56,600	56,081	(14,624)	4,360	45,817

Notes to the Unaudited Interim Results

For the period ended 30 June 2012 (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 the input from Evolve India Advisors Inc. The movement in investments during the period was as follows:

	30 June 2012 US\$'000	31 December 2011 US\$'000
Fair value brought forward	46,603	61,669
Disposal of investment at cost	-	(3,867)
Capital calls	3,021	2,482
Capital distributions	(1,627)	(2,511)
Movement in fair value	(2,180)	(11,170)
Fair value at period/year end	45,817	46,603

The outstanding capital commitment as at 30 June 2012 is US\$0.5m (31 December 2011: US\$3.5m).

Evolve 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. EIF was 98.85% drawn down as at 30 June 2012. Moreover, EIF has distributed 33% of its drawn capital.

Valuation basis

The fair value of the Company's investments has been estimated by the Directors with input from Evolve India Advisors Inc. Underlying listed investments have been valued as per the closing market prices of the respective companies listed on the Bombay Stock Exchange. For unlisted underlying investments, a number of valuation methodologies have been used depending on the nature of the investment and the availability of suitable financial information.

Evolve India Life Sciences Fund (EILSF)

On 27 June 2011, the Company sold its investment in EILSF for a consideration of US\$5.0m, realising a gain of US\$1.1m against cost.

EIF Co Invest VII

EIF 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 valuation in RSB Group which is unlisted, is based on a valuation performed by EIF's investment manager and is based on an average valuation multiple of comparable companies.

Notes to the Unaudited Interim Results

For the period ended 30 June 2012 (continued)

EIF Co Invest X

EIH has invested US\$4.5m in Gland Pharma Limited through an SPV, EIF Co Invest X. Gland Pharma Limited is a Hyderabad based pharmaceutical company. The investment in Gland Pharma has been fair valued as at 30 June 2012 based on the value included in the 31 December 2011 audited financial statements of EILSF.

6 Return of capital

On 8 June 2012, the Company made a capital distribution of 3 cents per share.

7 Earnings per share

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

	30 June 2012 '000	30 June 2011 '000
(Loss) attributable to equity holders of the Company (US\$)	(2,431)	(2,478)
Weighted average number of ordinary shares in issue	64,500	65,000
Basic (loss) per share (cents per share)	(3.77)	(3.81)

There is no difference between the basic and fully diluted loss per share for the period