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EIH PLC
28 September 2009

25 September 2009

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

Interim Results

The Company announces its interim results for the six months from 1 January 2009 to 30 June 2009.

On 20 July 2009 the Company changed its name from Evolvence India Holdings PLC to EIH PLC.

Chairman's Statement

The unaudited net assets of EIH as at 30 June 2009 were valued at US\$49.9 million and therefore net asset value ("NAV") per share at that date was US\$0.768 an increase in NAV per share of 7.7% based on 65,000,002 ordinary shares in issue. This reflected the rise in market values as opposed to market changes in the trading performance of the Company's investments.

During the quarter ended 30 June 2009, private equity activity in India picked - up with approximately US\$ 888 million being invested across 44 deals. Following the definitive verdict in national elections, Evolvence India Fund ("EIF")'s underlying funds took advantage of the opportunity and made a number of exits from listed investments at attractive multiples over investment cost. This resulted in EIF receiving distributions of approximately US\$ 5.92 million during the quarter. There were no further cash calls on EIH.

Evolve India Life Sciences, by contrast, made a further investment in a specialist manufacturer of active pharmaceutical ingredients used in the treatment of central nervous disorders and made a cash call on EIH of US\$183,008.

Contact was maintained with most of the underlying funds and a company visit was made to Gland Pharma, one of two co-investments, whose revenues continue to impress. A meeting with the RSB group, the Pune based automotive parts manufacturer, in which EIH co-invested with EIF, is also currently being planned. With regard to the loan to Katra Holdings, which remains outstanding, legal proceedings have been initiated by EIH in New York against the personal guarantor of the loan to enforce his guarantee.

As previously announced the Company's management agreement with Evolve India Advisors will shortly expire and we expect to be able to announce the new arrangements that we anticipate entering into during early October.

The Board, the majority of whose members are independent, continues to remain wholly confident about the opportunities for private equity investing in India and, as recovery broadens, foresees an increasing number of cash generative exit opportunities and growth in the amount of IPO activity.

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25 September 2009

EIH PLC
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS TO 30 JUNE 2009

	Note	For the period from 1 January 2009 to 30 June 2009 US\$'000	For the period from 1 January 2009 to 30 June 2009 US
Income			
Interest income on cash balances		1	
Interest income on short-term loans		406	
Realised gains on investments at fair value through profit or loss		-	
Gain on fair valuation of investments	5	4,397	
Other income		-	
Net investment income		4,804	
Expenses			
Performance fees	7	(328)	
Management fees		(50)	
Administrative expenses		(208)	
Legal and other professional fees		(99)	
Audit fees		(77)	
Impairment provision		(406)	
Other expenses		(55)	
Total operating expenses		(1,223)	(1,223)
Profit/(loss) before taxation		3,581	
Income tax expense		-	
Profit/(loss) after taxation and comprehensive income/(loss) for the period		3,581	
Basic and fully diluted earnings/(loss) per share (US cents)		5.51	

The accompanying notes form an integral part of

these interim financial statements.

EIH PLC
UNAUDITED BALANCE SHEET
AS AT 30 JUNE 2009

	Note	As at 30 June 2009 US\$'000	Dece
Non-current assets			
Financial assets at fair value through profit and loss	5	40,730	
Total non-current assets		40,730	
Current assets			
Trade and other receivables		90	
Cash and cash equivalents		9,977	
Total current assets		10,067	
Total assets		50,797	
Equity			
Issued share capital		1,275	
Share premium		58,580	
Retained loss		(9,946)	
Total equity		49,909	
Liabilities			
Trade and other payables	7	888	
Total current liabilities		888	
Total liabilities		888	
Total equity & liabilities		50,797	

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

EIH PLC
UNAUDITED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS TO 30 JUNE 2009

	Share capital US\$'000	Share premium US\$'000	Revaluation reserve US\$'000	Retain (loss)/earnin US\$'000
Balance at 1 January 2008	1,275	58,580	13,148	2,2
<i>Transactions with owners:</i>				
Reclassification to financial assets at fair value through profit or loss	-	-	(13,148)	13,1
Dividend paid	-	-	-	(1,9)
	-	-	(13,148)	11,1
Loss for the year	-	-	-	(26,9)
Balance at 31 December 2008	1,275	58,580	-	(13,5)
Balance at 1 January 2009	1,275	58,580	-	(13,5)
Profit for the period	-	-	-	3,5
Balance at 30 June 2009	1,275	58,580	-	(9,9)

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 2009

	For the 6 months from 1 January 2009 to 30 June 2009 US\$'000	For the 6 months from 1 January 2008 to 30 June 2008 US\$'000
<i>Cash flow from operating activities</i>		
Profit/ (loss) before taxation	3,581	(1,000)
<i>Adjustments:</i>		
Realized gains on investments	-	(1,000)
Gain on fair valuation of investments	(4,397)	(1,000)
Interest income on cash balances	(1)	(1,000)
Interest income on short term loans	(406)	(1,000)

Provision for bad & doubtful debts	406
Operating loss before working capital changes	(817)
Decrease in trade & other receivables	8
(Decrease)/increase in trade and other payables	(90)
Cash used in operations	(899)
Interest received	1
Net cash (used in)/generated by operating activities	(898)
<i>Cash flow from investing activities</i>	
Purchase of financial assets	(183)
Repayment received against short term loan	-
Realized gain on distributions received	-
Capital distribution received	-
Net cash (used in)/generated by investing activities	(183)
<i>Cash flow from financing activities</i>	
Dividend paid	-
Net cash flow used in financing activities	-
Net (decrease)/ increase in cash and cash equivalents	(1,081)
Cash and cash equivalents at 1 January 2009/2008	11,058
Cash and cash equivalents at 30 June 2009/2008	9,977

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

Notes to the Unaudited Interim Results

For the period ended 30 June 2009

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.

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 and the Investment Manager 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 2012 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 2008. 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 2008, except for the impact of the adoption of the Standards and Interpretations described below.

Notes to the Unaudited Interim Results

For the period ended 30 June 2009 (continued)

3.2 Change in accounting policies

IAS 1 Presentation of financial statements

The Company applies revised IAS 1 *Presentation of Financial Statements* (2007), which became effective as of 1 January 2009. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

3.3 Investments at fair value 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 the advice of the Investment Manager. 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 technique, including the use of recent arm's length market transactions, use of market comparable's, use of discounted cash flows 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.

Under the comparable companies method, appropriate multiple (e.g. EV/PBDIT or EV/Revenue or Price to Earnings multiple) has been used. From the equity valuation arrived using the above approaches, adjustments have been made for company specific discounts/premiums, scale discount, illiquidity discount and forward looking financials discount/premium.

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

3.4 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.

Notes to the Unaudited Interim Results

For the period ended 30 June 2009 (continued)

4. Net Asset Value Per Share

The unaudited net asset value per share as at 30 June 2009 is US\$0.7678 per share based on 65,000,002 ordinary shares in issue as at that date (31 December 2008: US\$0.713 per share based on 65,000,002 ordinary shares).

5. Investments at Fair Value

The Company's investments have been classified as 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 2009, the investment portfolio comprised the following assets:

Investments (Unlisted)	Capital Commitment	Capital Invested	Capital Distribution	value Adj
	US\$	US\$	US\$	
<i>Fund Investments (equity)</i>				
Evolve India Fund PCC	45,120,000	36,096,000	(1,594,604)	(4,
Evolve India Life Sciences Fund	6,000,000	2,103,008	-	(
<i>Direct Investments (equity)</i>				
EIF Co Invest VII (RSB Group)	6,969,600	6,969,600	-	(2,
EIF Co Invest X (Gland Pharma Limited)	4,510,000	4,510,000	-	
	62,599,600	49,678,608	(1,594,604)	(7,

The fair value of the Company's investments has been estimated by the Directors with the advice of the Investment Manager. The movement in investments in the period was as follows:

30 June 2009	31 Decem
US\$	

Fair value brought forward	36,149,784	53
Capital calls	183,008	€
Carried interest adjustment	-	
Capital distributions	-	(
Movement in fair value	4,397,128	(24,
Fair value at period/year end	40,729,920	36

The outstanding capital commitment as at 30 June 2009 is US\$12,920,992 (31 December 2008: US\$13,104,000).

Notes to the Unaudited Interim Results

For the period ended 30 June 2009 (continued)

5. Investments at Fair Value (continued)

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\$ 250 million, of which approximately sixty percent will be invested in different private equity funds (including growth capital, mezzanine and real estate funds) with significant focus on India and the balance, not more than forty percent, will be 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. EIF is 80% drawn down till 30 June 2009 and has invested around US\$ 166.3 million in 112 portfolio companies through ten underlying funds and eight co-investments. Of this US\$ 166.3 million, US\$58.5 million is invested in co-investments and balance US\$107.8 million (on investment cost basis) is invested in fund Investments. Approximately US\$31.3 million of fund investments is liquid and balance US\$76.5 million is illiquid. As regards the co-investment portfolio of EIF, around US\$11.9 million is liquid and balance US\$46.6 million is illiquid.

EIF has distributed 12% of its drawn down capital. It has received distributions amounting to US\$31.1 million out of which around US\$23.9

million has been distributed to its investors. In April and May 2008, EIF exited from its co-investment in Centurion Bank of Punjab realising a gross multiple of around 2.6x and an approximate IRR of 54%.

Valuation basis

Audited financial statements for EIF for the year ended 31 December 2008 are not yet available. The investment in EIF has been fair valued based on a valuation performed by its investment manager of the portfolio at 30 June 2009, as adjusted for EIF expenses and carried interest cost. The valuation was reviewed by an independent specialist employed by EIF. 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, the following valuation methodologies have been used depending on the nature of the investment:

- comparables methodology - the valuation of comparable listed companies was used as a benchmark to arrive at the valuation of portfolio companies;
- comparable transactions were utilised to arrive at the valuation where listed comparables were not available;
- discounted cash flows (DCF) methodology - the free cash flows of portfolio companies were discounted by the weighted average cost of capital for the portfolio companies. The Capital Asset Pricing Model was used to calculate the cost of equity. The risk free rate was assumed at 8% and the market risk premium at 7%. The industry beta was calculated for a period of three years against the market returns represented by BSE Sensex.
- where DCF could not be performed, the investment was valued at cost.

Notes to the Unaudited Interim Results

For the period ended 30 June 2009 (Continued)

5. Investments at Fair Value (continued)

Evolve India Fund PCC (EIF) (continued)

Valuation basis (continued)

After the equity valuation of the portfolio companies calculated using the above valuation techniques, a set of discounts/premium factors were applied to arrive at the final valuation. These factors are:

- company premium discount - the portfolio companies were then benchmarked to various parameters like business model, management quality, track record, profitability margins and future prospects against comparable companies to arrive at the respective premium/discount for the portfolio company;
- scale discount - the scale discounts accounts for the difference in the valuation multiples because of the difference in size of the target and comparable companies. The Investment Manager assumed a scale discount of 10% in cases the target company was smaller by around 40%-50% or more in terms of revenues as compared to the mean of revenues of comparable companies.
- illiquidity discount - the illiquidity accounts for lack of being able to liquidate the investments in a public market for a short period. The Investment Manager assumed an illiquidity discount of 20% for companies below revenue size of Rs2,500 million and an illiquidity discount of 10% for revenues exceeding Rs2,500 million for financial year 2009 or trailing twelve month period ended 30 June 2009, as the case may be.
- forward looking financials discount/premium - the forward looking discount/premium was utilised for situations where the revenues of the portfolio companies and comparable companies were available for different periods.

For some unlisted investments, where the lead investor provided a detailed valuation report as at the valuation date certified by an independent third party, the investment in that portfolio company was valued on the basis of such detailed valuation report.

Evolve India Life Sciences Fund (EILSF)

EILSF is a private equity fund formed under the laws of Mauritius having limited liability with the investment strategy of investing in the life sciences space in India. The final closing of the fund was done by EILSF in June 2008 and the fund size of EILSF as at 30 June 2009 is US\$ 89.2 million and has made three investments. EILSF is 35% drawn down till 30 June 2009. No distributions have been made by EILSF till 30 June 2009. The investment in EILSF has been fair valued based on the unaudited financial statements of EILSF as at 30 June 2009 and taking into consideration movements since that date and the Company's share in loss on fair valuation of its investments amounting to US\$ 483,594.

Notes to the Unaudited Interim Results

For the period ended 30 June 2009 (continued)

5. Investments at Fair Value (continued)

EIF Co Invest VII

EIF has invested US\$6,969,600 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 giving a fair valuation loss of US\$ 2,880,920.

EIF Co Invest X

EIF has invested US\$4,510,000 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 2009 based on the audited financial statements of EILSF as described above, with a fair valuation gain of \$586,313.

6 Short-term loans

	30 June 2009	31 December 2008
	US\$	US\$
Katra Holdings Limited	2,500,000	2,500,000
Impairment provision	(2,500,000)	(2,500,000)
Total	-	-

The Company advanced US\$2,500,000 to Katra Holdings Limited in June 2007, a Mauritian incorporated private company which was repayable on 4 September 2007, is secured, and carries an interest rate of 15% extendable to 30% per annum. As no payments have been received till date, the board has decided to create a provision of 100%, equal to US\$2,500,000, against the principal amount. The interest receivable from Katra Holdings Limited as at 30 June 2009 was US\$1,520,098. A provision against the same equal to

100% of the interest receivable as on 30 June 2009 has been incorporated in the books, and interest continues to accrue at the rate of 30% per annum. The Company has initiated proceedings towards recovering the principal and the interest amount.

7 Performance fees

Performance fees expensed in the income statement relate to the movement in provision for performance fees payable in respect of underlying funds of EIF.

As at 30 June 2009 the provision for performance fees included in trade and other payables amount to US\$590,260 (31 December 2008: US\$262,278).

This information is provided by RNS
The company news service from the London Stock Exchange

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