EIH plc

Annual Report

For the year ended 31 December 2010

EIH plc

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EIH plc

Management and Administration

Directors	Mr Rhys Cathan Davies (Non-executive Chairman) Mr Brett Lance Miller (Non-executive Director) Mr Ramanan Raghavendran (Non-executive Director)* *Independent
Company Secretary and Registered Office	Andrew Baker Fort Anne Douglas Isle of Man, IM1 5PD
Administrator	Cains Fiduciaries Limited Fort Anne Douglas Isle of Man, IM1 5PD
Nominated Adviser and Broker	Singer Capital Markets Limited One Hanover Street London W1S 1YZ
English Legal Advisers to the Company	Travers Smith LLP 10 Snow Hill London EC1A 2AL
Isle of Man Legal Advisers to the Company	Cains Advocates Limited Fort Anne Douglas Isle of Man, IM1 5PD
Auditors	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man IM99 1HN

Chairman's Statement

At year end, the Company's net asset value was US$1.136 per share as compared with US$0.961 per share a year earlier, representing an increase of 18.2%.

During the year in review, the Company received distributions of US$4.8m from the Evolvence India Fund ("EIF"), and invested a further US$3m in EIF and US$1.4m in the Evolvence India Life Sciences Fund ("EILSF").

Total operating costs during the year were US$1.3m, of which US$0.7m represents non-recurring items, principally legal and other professional costs as well as certain termination and legacy costs. In addition, the Company paid certain annual management fees and expenses to EIF and EILSF in respect of its commitments to those funds. These costs are embedded in the capital accounts for those two funds and do not appear in the Company's statement of comprehensive income.

The ongoing normalised operating costs of the Company are estimated to be US$0.6m per annum. This figure represents approximately 1% of the Company's Financial Assets at Fair Value.

The Company's portfolio now comprises the following (based on year end Fair Values):

Table 1. Investments	Capital Commitment	Capital invested	Capital Distribution	Fair value adjustment	Fair Value
	US$	US$	US$	US$	US$
Fund Investments (equity)					
Evolvence India Fund PCC	45,120,000	39,097,506	(10,485,929)	6,166,708	34,778,285
Evolvence India Life Sciences Fund	6,000,000	3,867,000	-	2,098,143	5,965,143
Direct Investments (equity)					
EIF Co Invest VII (RSB Group)	6,969,600	6,969,600	-	4,155,126	11,124,726
EIF Co Invest X (Gland Pharma Limited)	4,510,000	4,510,000	-	5,291,064	9,801,064
	62,599,600	**54,444,106**	**(10,485,929)**	**17,711,041**	**61,669,218**

EIF

During the year in review, the majority of EIF's ten underlying funds achieved exits at attractive multiples from certain of their investments, helped by favourable conditions in the Indian capital markets during much of the year. Moreover, EIF also realised certain of its direct investments. 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 two funds (HI-REF International LLC Fund and NYLIM Jacob Ballas India Fund III).

The Company has US$28.6m invested in EIF (capital called less refund of capital contributions), equivalent to US$0.440 per share. At the reporting date the fair value of the Company's investment in EIF was US$34.8m, equivalent to US$0.535 per share, representing a 1.2 X multiple over cost.

The fair value of the Company's interests in EIF's ten underlying private equity funds is US$19.0m, equivalent to US$0.292 per share, while EIF's direct investments have a fair value of US$15.1m, equivalent to US$0.232 per share (see Table 3, below).

Chairman's Statement (continued)

The Company's US$19.0m interest in EIF's ten underlying private equity funds is comprised of the following:

Table 2. EIH effective interests in private equity funds

	Fair Value US$	EIF effective % interest in Fund
Baring India Pvt. Equity Fund – II	1,210,681	7.10
IDFC Pvt. Equity Fund – II	1,614,451	3.02
India Value Fund - II	1,438,027	8.05
JM Financial Old Lane India Corporate	2,222,523	10.90
Leverage India Fund	2,863,865	20.88
NYLIM Jacob Ballas India Fund II, LLC	2,765,700	11.78
UTI (Ascent India Ltd)	3,254,274	11.66
IDFC Pvt. Equity Fund – III	619,872	1.31
HIREF International LLC	1,193,720	2.67
NYLIM Jacob Ballas India Fund III, LLC	1,824,304	6.26
Total	**19,007,417**	

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

The Company has US$3.9m invested in EILSF (capital called less refund of capital contributions), equivalent to US$0.059 per share. At the reporting date the fair value of the Company's investment in EIF was US$6.0m, equivalent to US$0.092 per share, representing a 1.5 X multiple over cost. The Directors have reviewed EILSF's audited financial statements for the year in review as well as certain other information provided to us by EILSF's Investment Manager and we remain confident of EILSF's potential to deliver on its investment objective.

Gland Pharma Limited ("Gland")

Gland is a specialized generic pharmaceuticals company based in Hyderabad. Gland has delivered strong compound revenue growth and stable EBITDA margins over the past three years. Moreover, it has a portfolio of US Food and Drugs Administration ("FDA") approved products and a promising pipeline. 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 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 investments in Gland (through its interests in EIF and EILSF) attract standard management and carried interest fee arrangements. EILSF Co-Invest I and EILSF share a common investment manager. Through the above arrangements, and on a look-through basis, the Company has a total of US$7.7m 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 Company's interest in Gland is US$0.257 per share; while the fair value of the Company's interest in Gland held through EIF Co Invest X is valued at US$0.151 per share (see Table 3, below). These values represent a 2.2 X multiple over cost. The Directors have reviewed certain underlying financial information pertaining to Gland and the valuation basis employed in the fair valuation calculation thereof.

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$8.8m invested in RSB (at cost) compared to the US$7.0m invested in RSB through EIF Co Invest VII.

Chairman's Statement (continued)

Through the above arrangements, and on a look-through basis, the fair value of Company's interest in RSB is US$0.215 per share; while the fair value of the Company's interest in RSB held through EIF Co Invest VII is US$0.171 per share (see Table 3, below). These values represent a 1.6 X multiple over cost. The Directors have reviewed certain underlying financial information pertaining to RSB and the valuation basis employed in the fair valuation calculation thereof.

Table 3. Investments (Fair Values)	**As per LP reports**	**RSB (EIF)**	**Gland (EIF)**	**Gland (EILSF)**	**Pro-forma**
	US$	**US$**	**US$**	**US$**	**US$**
Fund Investments					
EIF (PE funds)	19,007,417				19,007,417
EIF (direct investments)	15,118,704	(2,875,757)	(4,912,609)		7,330,338
EIF (other)	652,164				652,164
EILSF	5,965,143			(2,011,742)	3,953,401
Direct Investments					
RSB Group	11,124,726	2,875,757			14,000,483
Gland Pharma Limited	9,801,064		4,912,609	2,011,742	16,725,415
	61,669,218	**-**	**-**	**-**	**61,669,218**

Table 3 extracts the Company's "look through" interests in the Gland and RSB (from EIF) and Gland (from EILSF) and adds them to the Company's direct interests in Gland and RSB (held by EIF Co Invest X and EIF Co Invest VII respectively). On this basis, 49.8% of the Company's Financial Assets at Fair Value (US$30.7m, equivalent to US$0.473 per share) are accounted for by its interests in Gland and RSB on an underlying pro-forma basis.

The table also shows that a further 30.8% of the Company's Financial Assets at Fair Value are accounted for by its interests in EIF's ten PE fund investments, a further 11.9% by its interests in EIF's direct investments (excluding Gland and RSB) and 6.4% by its interest in EILSF (excluding Gland).

Other matters

The company settled the litigation with Katra Holdings Limited and Mr Ramesh Vangal in Mauritius, Singapore and New York on 2 June 2010. In settlement of this matter the Company received a cash amount of US$2.5 million.

At the Company's Annual General Meeting held on 28 June 2010, the Company's new investment policy was unanimously approved by shareholders.

After the end of the period under review, on 15 April 2011, the Company returned US$6.5m in cash to shareholders by way of a US$0.10 per share return of capital.

At the date of this report the Company holds US$5.5m in net cash balances, equivalent to US$0.08 per share, while its outstanding commitments consist of US$6.1m in respect of the Company's interest in EIF, and US$2.1m in respect of the Company's interest in EILSF. The Directors have prepared a schematic cash flow model, based on input from the managers of EIF and EILSF, that incorporates various exit scenarios for the private equity holdings and direct co-investments (in the case of EIF), and the portfolio investments (in case of EILSF). The Directors have also considered scenarios for Gland and RSB, which are direct holdings of the Company held by EIF Co Invest X and EIF Co Invest VII. Finally, the Directors have examined various scenarios for the likely timing and magnitude of any further drawdowns. The preparation and analysis of this cash flow model, while subject to the uncertainties described above, has given the Directors satisfaction that, after the return of capital paid on 15 April 2010, the Company will continue to be able to meet its investment objective, notwithstanding that its outstanding capital commitments currently exceed its net cash balances.

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

Respectfully yours,

Rhys Cathan Davies
11 May 2011

Directors' Report

The Directors hereby submit their annual report together with the audited financial statements of EIH plc for the financial year ended 31 December 2010.

The Company

The Company is incorporated in the Isle of Man and was established to provide investors access to a diversified Indian private equity portfolio.

Results and Dividend

The results of the Company for the year and the financial position of the Company at the end of the year are set in the attached financial statements.

The Company re-registered under the Isle of Man Companies Act 2006 on 28 March 2011.

Amount raised in IPO	US$ 65 million
Net proceeds	US$ 59.9 million
Committed to Evolvence India Fund ("EIF")	US$ 45.1 million
Committed to Evolvence India Life Sciences Fund ("EILSF")	US$ 6.0 million
Capital committed to current co/direct/structured investments	US$ 11.5 million

Audited Valuation as at 31 December 2010

* NAV	US$ 73.8 million (2009: US$ 62.5 million)
* NAV per unit	US$ 1.136 (2009: US$ 0.961)

The Company announces its audited net asset value of US$ 1.136 per share as at 31 December 2010. The NAV per share of US$ 1.136 as at 31 December 2010 represents an increase of 18% over the NAV per share of US$ 0.964 as at 30 June 2010.

The Directors recommend that no dividend be declared in respect of the year ended 31 December 2010 (2009: US$ Nil).

After the end of the period under review, on 15 April 2011, the Company returned US$6.5m in cash to shareholders by way of a US$0.10 per share return of capital.

Directors

The Directors during the year and up to the date of this Report are as follows.

	Appointed	**Resigned**
Mr Rhys Cathan Davies (Non-executive Chairman)	17 May 2010	-
Mr Brett Lance Miller (Non-executive Director)	17 May 2010	-
Mr Ramanan Raghavendran (Non-executive Director)	17 May 2010	-
Mr Michael Gerald Maloney (Non-executive Director)	3 February 2010	17 May 2010
Mr Christopher William Knight (Non-executive Chairman)	28 October 2008	17 May 2010
Mr Sanjeev Mohta (Non-executive Director)	28 October 2008	3 February 2010
Mr Alexander Anderson Whamond	11 June 2009	17 May 2010

Directors' and Other Interests

Mr Rhys Davies and Mr Brett Miller are Directors of Damille Investments Limited which holds 11,450,000 ordinary shares, representing 17.62% of the issued share capital, of the Company.

Directors' Report (Continued)

Investment Manager

Evolvence India Advisors Inc ("EIA") gave notice of its intention to resign as the Investment Manager of the Company on 27 October 2008 and the termination of the Investment Management Agreement took effect on 30 September 2009. EIA were retained as consultants on 23 March 2010 to provide information to assist in the valuation of the Company's investments for 31 December 2009, 30 June 2010 and 31 December 2010.

Independent Auditors

Our Auditors, KPMG Audit LLC, being eligible, have expressed their willingness to continue in office.

On behalf of the Board

Rhys Cathan Davies
Chairman
11 May 2011

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year, which meet the requirements of Isle of Man company law. In addition, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Financial Reporting Standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Acts 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

On behalf of the Board

Rhys Cathan Davies
Chairman
11 May 2011

Report of the Independent Auditors, KPMG Audit LLC, to the members of EIH plc

We have audited the financial statements of EIH plc for the year ended 31 December 2010 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows and Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs).

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the Directors are responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended; and
- have been properly prepared in accordance with IFRSs.

KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man IM99 1HN

11 May 2011

Statement of Comprehensive Income for the year ended 31 December 2010

	Note	31 December 2010 US$	31 December 2009 US$
Income			
Interest income on cash balances		48,847	15,932
Interest income on short-term loans		-	820,120
Fair value movement on investments at fair value through profit or loss	7	12,441,576	14,289,258
Provision for carried interest		-	262,278
Other income		-	17,992
Net investment income		**12,490,423**	**15,405,580**
Expenses			
Management fees	10.2	-	(54,055)
Administrative expenses	10.3	(274,230)	(239,414)
Legal and other professional fees		(991,543)	(528,035)
Audit fees		(40,396)	(81,218)
Impairment provision written back		-	1,679,880
Bad debt provision		-	(16,102)
Value Added Tax recovered		134,993	-
Other expenses		1,763	(8,919)
Total operating expenses		**(1,169,413)**	**752,137**
Profit before tax		**11,321,010**	**16,157,717**
Income tax expense	17	-	-
Profit for the year		**11,321,010**	**16,157,717**
Other comprehensive income		-	-
Total comprehensive income for the year		**11,321,010**	**16,157,717**
Basic and fully diluted earnings per share (cents)	15	**17.42**	**24.86**

The Directors consider that all results derive from continuing activities.

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

EIH plc

Statement of Financial Position
as at 31 December 2010

	Note	31 December 2010 US$	31 December 2009 US$
Non-current assets			
Financial assets at fair value through profit or loss	7	61,669,218	49,586,442
Total non-current assets		**61,669,218**	**49,586,442**
Current assets			
Trade and other receivables	12	88,237	120,094
Short-term loans	8	-	2,500,000
Cash and cash equivalents	11	12,319,933	10,491,472
Total current assets		**12,408,170**	**13,111,566**
Total assets		**74,077,388**	**62,698,008**
Issued share capital	14	1,274,510	1,274,510
Share premium		58,580,120	58,580,120
Retained earnings		13,950,926	2,629,916
Total equity		**73,805,556**	**62,484,546**
Trade and other payables	13	271,832	213,462
Total current liabilities		**271,832**	**213,462**
Total liabilities		**271,832**	**213,462**
Total equity and liabilities		**74,077,388**	**62,698,008**

The financial statements were approved by the Board of Directors on 11 May 2011 and signed on their behalf by:

Rhys Davies
Director

Brett Miller
Director

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

Statement of Changes in Equity
For the year ended 31 December 2010

	Share Capital US$	Share Premium US$	Retained Earnings US$	Total US$
Balance at 1 January 2009	1,274,510	58,580,120	(13,527,801)	46,326,829
Total comprehensive income				
Profit for the year	-	-	16,157,717	16,157,717
Total comprehensive income	**-**	**-**	**16,157,717**	**16,157,717**
Balance at 31 December 2009	**1,274,510**	**58,580,120**	**2,629,916**	**62,484,546**
Balance at 1 January 2010	1,274,510	58,580,120	2,629,916	62,484,546
Total comprehensive income				
Profit for the year	-	-	11,321,010	11,321,010
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	11,321,010	11,321,010
Balance at 31 December 2010	**1,274,510**	**58,580,120**	**13,950,926**	**73,805,556**

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows
for the year ended 31 December 2010

	Note	31 December 2010	31 December 2009
		US$	US$
Cash flow from operating activities			
Profit before tax		11,321,010	16,157,717
Adjustments:			
Interest income on cash balances		(48,847)	(15,932)
Interest income on short term loans		-	(820,120)
Fair value movement on investments at fair value through profit or loss		(12,441,576)	(14,289,258)
Excess provision for carried interest		-	(262,278)
Impairment provision		-	(1,679,880)
Bad debt provision		-	16,102
Operating loss before working capital changes		**(1,169,413)**	**(839,649)**
Decrease/(increase) in trade and other receivables		26,306	(23,703)
Increase/(decrease) in trade and other payables		58,370	(503,033)
Cash used in operations		**(1,084,737)**	**(1,420,385)**
Interest received		54,398	1,382
Net cash used by operating activities		**(1,030,339)**	**(1,419,003)**
Cash flows from investing activities			
Capital calls	7	(4,447,505)	(501,000)
Repayment of short term loan	8	2,500,000	-
Capital distribution received	7	4,806,305	1,353,600
Net cash generated from investing activities		**2,858,800**	**852,600**
Cash flows from financing activities			
Dividend paid		-	-
Net cash flow from financing activities		**-**	**-**
Net increase/(decrease) in cash and cash equivalents		1,828,461	(566,403)
Cash and cash equivalents at beginning of the year		10,491,472	11,057,875
Cash and cash equivalents at end of year	**11**	**12,319,933**	**10,491,472**

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements
for the year ended 31 December 2010

1 The Company

EIH 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. The company re-registered under the Isle of Man Companies Act 2006 on 28 March 2011 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 AIM, a market of that name operated by the London Stock Exchange plc following the closing of the placing on 23 March 2007.

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

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 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.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The financial statements were authorised for issue by the Board of Directors on 11 May 2011.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss that are measured at fair value in the statement of financial position.

2.3 Functional and presentation currency

These financial statements are presented in US dollars, which is the Company's functional currency. All financial information presented in US dollars has been rounded to the nearest dollar.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the Directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates.

Judgements made by the Directors in the application of IFRSs that have a significant impact on the financial statements and estimates with a significant risk of material adjustment in the next financial year relate to valuation of financial assets at fair value through profit or loss – see note 4.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 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 the 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 advice 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 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 market comparables method, an appropriate multiple (e.g. EV/PBDIT or EV/Revenue or Price to Earnings multiple) has been used. From the equity valuation arrived at using the above approaches, adjustments have been made for company specific discounts/premiums, scale discounts, illiquidity discounts and forward looking financial discounts/premiums.

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

3.2 Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

3.3 Impairment of financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter into bankruptcy and the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

3.4 Foreign currency translation

The US dollar is the functional currency and the presentation currency. Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the date of these financial statements are translated to US dollars at exchange rates prevailing on that date. All resulting exchange differences are recognised in the profit or loss.

3 Significant accounting policies - continued

3.5 Interest income and dividend income

Interest income is recognised on a time-proportionate basis using the effective interest rate method. Dividend income is recognised when the right to receive payment is established.

3.6 Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3.7 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3.8 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.

3.9 Future changes in accounting policies

IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) have issued the following standards and interpretations with an effective date after the date of these financial statements:

New/Revised International Financial Reporting Standards (IAS/IFRS)	**Effective date** (accounting periods commencing on or after)
IAS 1 Presentation of Financial Statements (Revised May 2010)*	1 January 2011
IAS 12 Income Taxes – Limited scope amendment (recovery of underlying assets) (December 2010)	1 January 2012
IAS 24 Related Party Disclosures - Revised definition of related parties	1 January 2011
IAS 27 Consolidated and Separate Financial Statements (Revised May 2010)*	1 July 2010
IAS 34 Interim Financial Reporting (Revised May 2010)*	1 January 2011
IFRS 3 Business Combinations – (Revised May 2010)*	1 July 2010
IFRS 7 Financial Instruments: Disclosures (Revised May 2010)*	1 January 2011
IFRS 7 Financial Instruments: Disclosures – Amendments enhancing disclosures about transfers of financial assets (October 2010)	1 July 2011
IFRS 9 Financial Instruments - Classification and Measurement	1 January 2013
IFRIC Interpretation	
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

*Amendments resulting from May 2010 Annual Improvements to IFRSs

The Directors do not expect the adoption of the standards and interpretations to have a material impact on the Company's financial statements in the period of initial application. However, IFRS 9 Financial Instruments issued in November 2009 will change classification of financial assets.

IFRS 9 deals with the classification and measurement of financial assets and its requirements represent a significant change from the existing IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: at amortised cost and fair value.

3.9 Future changes in accounting policies – continued

A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables.

For an investment in an equity instrument that is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss. However, dividends on such investments are recognised in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which the entity does not expect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognised in profit or loss.

The standard is not expected to have an impact on the measurement basis of the financial assets since the majority of the Company's financial assets are measured at fair value through profit or loss.

4 Use of estimates and judgements

These disclosures supplement the commentary on financial risk management (see note 18).

Key sources of estimation uncertainty

Allowance for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3.3.

The specific counterparty component of the total allowances for impairment applies to financial assets evaluated individually for impairment and is based upon the Directors' best estimate of the present value of cash flows that are expected to be received. In estimating these cash flows, Directors make judgements about counterparty's financial situation and the net realisable value of the underlying collateral. Each impairment asset is assessed on its merits and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Board.

Determining fair values

The determination of fair values for financial assets for which there is no observable market prices requires the use of valuation techniques as described in accounting policy 3.1. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. See also "Valuation of financial instruments" below.

Critical judgements in applying the Company's accounting policies

Valuation of financial instruments

The Company's accounting policy on fair value measurements is discussed in accounting policy 3.1. The Company measures fair value using the following hierarchy that reflects the significant of inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category included instruments valued using: quoted market prices in active markets for similar instruments: quoted market prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments. For all financial instruments, the Company determines fair values using valuation techniques as described in accounting policy note 3.1 and note 7 "Financial assets at fair value through profit or loss".

4 Use of estimates and judgements – continued

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurements are categorised:

	Level 1	Level 2	Level 3
	US$	US$	US$
Financial assets at fair value through profit or loss (note 7)			
Evolvence India Fund PCC	-	-	34,778,285
Evolvence India Life Sciences Fund	-	-	5,965,143
EIF Co Invest VII (RSB Group)		-	11,124,726
EIF Co Invest X (Gland Pharma Limited)	-	-	9,801,064
	-	**-**	**61,669,218**

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy:

	31 December 2010
	US$
Fair value brought forward	49,586,442
Capital calls	4,447,505
Capital distributions	(4,806,305)
Movement in fair value	12,441,576
Fair value at year end	**61,669,218**

5 Net asset value per share

The net asset value per share as at 31 December 2010 is US$1.136 per share based on 65,000,002 ordinary shares in issue as at that date (2009: US$0.961 per share based on 65,000,002 ordinary shares).

6 Dividends

The Directors do not propose to declare a dividend for the year ended 31 December 2010 (2009: US$Nil).

7 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 31 December 2010, the investment portfolio comprised the following assets:

Investments (unlisted)	**Capital Commitment**	**Capital invested**	**Capital Distribution**	**Fair value adjustment**	**Fair Value**
	US$	**US$**	**US$**	**US$**	**US$**
Fund Investments (equity)					
Evolvence India Fund PCC	45,120,000	39,097,506	(10,485,929)	6,166,708	34,778,285
Evolvence India Life Sciences Fund	6,000,000	3,867,000	-	2,098,143	5,965,143
Direct Investments (equity)					
EIF Co Invest VII (RSB Group)	6,969,600	6,969,600	-	4,155,126	11,124,726
EIF Co Invest X (Gland Pharma Limited)	4,510,000	4,510,000	-	5,291,064	9,801,064
	62,599,600	**54,444,106**	**(10,485,929)**	**17,711,041**	**61,669,218**

7 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 in the year was as follows:

	31 December 2010	*31 December 2009*
	US$	US$
Fair value brought forward	49,586,442	36,149,784
Capital calls	4,447,505	501,000
Capital distributions	(4,806,305)	(1,353,600)
Movement in fair value	12,441,576	14,289,258
Fair value at year end	**61,669,218**	**49,586,442**

The outstanding capital commitments as at 31 December 2010 were US$8,155,494 (2009: US$12,603,000).

Evolvence India Fund PCC (EIF)

Evolvence 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 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. EIF was 87% drawn down as at 31 December 2010 and has invested US$168.5 million in 122 portfolio companies through ten underlying funds and eight co-investments. Of this US$168.5 million, US$58.5 million was invested in co-investments and the balance of US$110 million (on investment cost basis) was invested in fund investments. Approximately US$39.4 million of fund investments were liquid and the balance of US$70.6 million were illiquid. As regards the co-investment portfolio of EIF, around US$11.9 million were liquid and the balance US$46.6 million were illiquid. EIF has distributed 26.8% of its drawn down capital. It has received distributions amounting to US$59.1 million out of which US$58.1 million has been distributed to its investors.

Valuation basis

Audited financial statements for EIF for the year ended 31 December 2010 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 31 December 2010, as adjusted for EIF and underlying funds' expenses. The valuation methodology was reviewed by an independent specialist employed by the Company. 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 – 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 - 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 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.

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 (P/D) - 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.

7 Financial assets at fair value through profit or loss – continued

- scale discount (SD) - 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 where 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 (ILD) - illiquidity discount accounts for the inability 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 or trading period ended 31 December 2010, as the case may be.
- forward looking financials discount/premium (FD) - 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.

Evolvence 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 occurred in June 2008 and the fund size of EILSF as at 31 December 2010 was US$84.1 million. It has made four investments. EILSF was 64% drawn down as at 31 December 2010. No distributions have been made by EILSF during the year ended 31 December 2010. The investment in EILSF has been fair valued based on the audited financial statements of EILSF as at 31 December 2010. The valuation of EILSF's underlying investments was based on International Private Equity and Venture Capital Valuation Guidelines.

EIF Co Invest VII

EIH 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 gain of US$4,155,126 (2009: US$263,475).

EIF Co Invest X

EIH 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 31 December 2010 based on the value included in the audited financial statements of EILSF as described above.

8 Short-term loans

	31 December 2010	31 December 2009
	US$	US$
Katra Holdings Limited	-	2,500,000

Katra Holdings Limited

In June 2010 the litigation against Katra Holdings Limited was settled and a payment of US$2,500,000 was received.

9 Related parties and related party transactions

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial or operational decisions.

Mr Rhys Davies and Mr Brett Miller are Directors of Damille Investments Limited which holds 11,450,000 ordinary shares, representing 17.62% of the issued share capital of the Company.

Save as disclosed above, none of the Directors had any interest during the period in any material contract for the provision of services which was significant to the business of the Company.

Notes to the Financial Statements (continued)
for the year ended 31 December 2010

10 Charges and Fees

10.1 Nominated Adviser' fees

With effect from 14 May 2010 Singer Capital Markets Limited replaced Seymour Pierce as the nominated adviser. As nominated adviser to the Company for the purposes of the AIM Rules, Singer Capital Markets Limited is entitled to receive an annual fee of £45,000 in addition to reasonable costs and expenses incurred in carrying out its obligations under the nominated adviser agreement.

Advisory fees paid to the Nominated Adviser for the year amounted to US$79,124 (2009: US$62,621) of which US$17,401 (2009: US$11,877) was prepaid as at 31 December 2010.

10.2 Management fees

The former Investment Manager resigned from its services in October 2008 and served the Company until September 2009 only.

10.3 Administrator's and Registrar's fees

By a deed dated 28 December 2006 between the Company and Cains Fiduciaries Limited ("CFL"), CFL agreed to provide general secretarial services to the Company for which it receives a fixed annual charge of £15,000; fees incurred on a time spent basis in accordance with the charging rates of CFL in force from time to time; and all disbursements and expenses incurred by CFL in connection with the provision by it of services to the Company. The fees are subject to Value Added Tax (VAT).

The Company and Cains Fiduciaries Limited may terminate the deed on the giving of thirty days' prior written notice, or earlier in the event of, *inter alia,* material breach of the terms of the deed or commencement of winding up. The governing law of the deed is that of the Isle of Man.

Cains Fiduciaries Limited may utilise the services of a CREST accredited registrar for the purpose of settling share transactions through CREST. The cost of this service will be borne by the Company. The Company pays the CREST Service Provider an annual fee of £5,195 plus a fee for each holding and transfer registered.

Administration fees for the year amounted to US$118,488 (2009: US$120,455) of which US$3,190 was outstanding at 31 December 2010 (2009: US$11,411).

CREST fees were US$15,229 (2009: US$ 15,148) of which US$3,388 was outstanding at 31 December 2010 (2009: US$3,353).

11 Cash and cash equivalents

	31 December 2010 US$	31 December 2009 US$
Bank balances	1,319,933	490,676
Short-term deposits	11,000,000	10,000,796
Cash and cash equivalents	**12,319,933**	**10,491,472**

12 Trade and other receivables

	31 December 2010 US$	31 December 2009 US$
Interest receivable on short-term deposits	8,999	14,550
Prepaid expenses	52,531	88,477
Trade debtors and other receivables	16,580	17,067
VAT receivable	10,127	-
Total	**88,237**	**120,094**

Notes to the Financial Statements (continued)
for the year ended 31 December 2010

13 Trade and other payables

	31 December 2010 US$	31 December 2009 US$
Other creditors	31,986	120,394
Accruals	239,846	93,068
Total	**271,832**	**213,462**

14 Issued Share capital

Ordinary Shares of 1p each	Number	US$
In issue at the start of the year	65,000,002	1,274,510
In issue at 31 December 2010	**65,000,002**	**1,274,510**

The authorised share capital of the Company is £700,000 divided into 70 million Ordinary Shares of £0.01 each. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's assets.

Capital management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board manages the Company's affairs to achieve shareholder returns through capital growth rather than income, and monitors the achievement of this through growth in net asset value per share.

The Directors have prepared a schematic cash flow model, based on input from the managers of EIF and EILSF, that incorporates various exit scenarios for the private equity holdings and direct co-investments (in the case of EIF), and the portfolio investments (in the case of EILSF). The Directors have also considered scenarios for Gland and RSB, which are direct holdings of the Company through SPVs managed by the manager of EIF. Finally, the Directors have examined various scenarios for the likely timing and magnitude of any further drawdowns.

The preparation and analysis of this cash flow model, while subject to the uncertainties described above, has given the Directors satisfaction that, after the return of capital paid on 15 April 2011, the Company will continue to be able to meet its investment objective, notwithstanding that its outstanding capital commitments will exceed its net cash balances.

At Annual General Meeting (AGM) held on 29 June 2010 the Company's new investment policy was unanimously approved by shareholders:

"The Company shall not make any new investments, save for commitments already entered into. The Company will actively manage its investments and seek to realise such investments in a managed way at an appropriate time, returning proceeds to Shareholders as soon as practicable.

Shareholder returns are expected to be delivered by way of return of capital on their shares, whether by dividend, repurchase, tender or otherwise."

The Company's capital comprises share capital, share premium and reserves. The Company is not subject to externally imposed capital requirements.

Notes to the Financial Statements (continued)
for the year ended 31 December 2010

15 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 year:

	2010	2009
Profit attributable to equity holders of the Company (US$)	11,321,010	16,157,717
Weighted average number of ordinary shares in issue	65,000,002	65,000,002
Basic earnings per share (cents per share)	**17.41**	**24.86**

There is no difference between the basic and fully diluted earnings per share for the year.

16 Directors' remuneration

The maximum amount of remuneration payable to the Directors permitted under the Articles of Association is £200,000 per annum. The Directors are each entitled to receive reimbursement of any expenses incurred in relation to their appointment. Total fees and expenses paid to the Directors for the year amounted to US$161,508 (year ended 31 December 2009: US$130,439) and insurance expenses of US$34,625 (year ended 31 December 2009: US$39,284).

Director	31 December 2010 US$	31 December 2009 US$
Mehdi Dazi	-	37,085
Michael Gerald Maloney	18,542	-
Christopher William Knight	26,244	62,197
Alexander Anderson Whammond	19,664	31,157
Rhys Cathan Davies	26,824	-
Brett Lance Miller	26,824	-
Ramanan Raghavendran	43,410	-
Total	**161,508**	**130,439**

17 Taxation

The Company is resident for taxation purposes in the Isle of Man by virtue of being incorporated in the Isle of Man and is subject to taxation on its income but the rate of tax is zero. The Company is required to pay an annual corporate charge of £250 per annum.

The Company invests in a number of Mauritian incorporated companies and funds, which in turn invest in India. The Company is therefore exposed to Mauritian tax on the investee companies and to Indian tax on underlying investments of those companies. However, pursuant to the Double Taxation Treaty between India and Mauritius, the Mauritian incorporated companies and funds are entitled to significant tax benefits.

There is no Mauritian tax payable on distributions paid to the Company from Mauritian investee companies.

18 Financial risk management

The Company's activities expose it to a variety of financial risks: equity market risks, foreign exchange risk, credit risk, liquidity risk and interest rate risk.

Equity market risks

The Company's investments are subject to equity market risks. The investments are concentrated in India. The Company's strategy on the management of investment risk is driven by the Company's investment objective. The main objective of the Company is to maximise the total returns to investors by making investments in Indian private equity funds and direct investments in a wide range of industry sectors in India. Investments in India may be difficult, slow or impossible to realise.

18 Financial risk management – continued

The Company is subject to general risks incidental to equity investments in the relevant market sectors, including general economic conditions, poor management of the target company, increasingly competitive market conditions, changing sentiments and increasing costs, amongst others. The marketability and value of any investment will depend on many factors beyond the control of the Company and therefore the Company can give no assurance that an exit from any investment will be achieved.

The investment portfolio is subject to market price sensitivity related to the Indian equity market.

A substantial portion of the Company's investments are or will be in unlisted companies, whose securities are considered to be illiquid. Illiquidity may affect the ability of the primary and underlying funds to acquire and dispose of such investments.

Foreign exchange risk

A significant portion of the investments of the Company, the primary funds and the underlying funds are made in securities of companies in India and the income and capital realisations received from such investments as well as the income and capital realisations received from any direct investments will be denominated in Indian Rupees, whereas the capital contributions by the Company are in US dollars. The Company's other operations are also conducted in other jurisdictions which generate revenue, expenses, assets and liabilities in currencies other than the US dollars. As a result, the Company is subject to the effects of exchange rate fluctuations with respect to these currencies. The currency giving rise to this risk is primarily the Indian Rupee.

The Company's policy is not to enter into any currency hedging transactions.

At the reporting date the Company had the following exposure:

	31 December 2010 %	31 December 2009 %
Pounds sterling	0.13	0.00
Indian Rupee	83.55	79.36
US Dollars	16.32	20.64
Total	**100.00**	**100.00**

The following table sets out the Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities:

	Monetary Assets US$	Monetary Liabilities US$	Net Exposure US$
31 December 2010			
Pound Sterling	190,909	(97,432)	93,477
Indian Rupee	61,669,218	-	61,669,218
US Dollars	12,217,261	(174,400)	12,042,861
	74,077,388	**(271,832)**	**73,805,556**

	Monetary Assets US$	Monetary Liabilities US$	Net Exposure US$
31 December 2009			
Pound Sterling	176,601	(176,392)	209
Indian Rupee	49,586,442	-	49,586,442
US Dollars	12,934,965	(37,070)	12,897,895
	62,698,008	**(213,462)**	**62,484,546**

Notes to the Financial Statements (continued)
for the year ended 31 December 2010

18 Financial risk management - continued

At 31 December 2010, had the Indian Rupee strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, net assets attributable to equity holders of the Company and the profit per the statement of comprehensive income would have increased or decreased by US$3,083,461 (2009: US$2,479,322).

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. This relates also to financial assets carried at amortised cost, as they have a short term maturity.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	31 December 2010 US$	31 December 2009 US$
Financial assets at fair value through profit or loss	61,699,218	49,586,442
Trade and other receivables	88,237	120,094
Short-term loans	-	2,500,000
Cash and cash equivalents	12,319,933	10,491,472
Total	**74,077,388**	**62,698,008**

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The Directors do not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company manages its liquidity risk by maintaining sufficient cash balances to meet its obligations. The Company's liquidity position is monitored by the Investment Manager and the Board of Directors.

Residual undiscounted contractual maturities of financial liabilities:

31 December 2010	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	No stated maturity
	US$	US$	US$	US$	US$	US$
Financial liabilities						
Trade and other payables	271,832	-	-	-	-	-
	271,832	**-**	**-**	**-**	**-**	**-**

31 December 2009	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	No stated maturity
	US$	US$	US$	US$	US$	US$
Financial liabilities						
Trade and other payables	213,462	-	-	-	-	-
	213,462	**-**	**-**	**-**	**-**	**-**

Capital commitments outstanding to private equity funds as at 31 December 2010 amounted to US$8,155,494 (2009: US$12,603,000). These are payable when called by the respective funds.

Interest rate risk

Cash held by the Company is invested at short-term market interest rates.

Notes to the Financial Statements (continued)
for the year ended 31 December 2010

18 Financial risk management - continued

The table below summarises the Company's exposure to interest rate risks. It includes the Groups' financial assets and liabilities at the earlier of contractual re-pricing or maturity date, measured by the carrying values of assets and liabilities:

31 December 2010	Less than 1month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Non-interest bearing	Total
	US$	US$	US$	US$	US$	US$	US$
Financial Assets							
Financial assets at fair value through profit or loss	-	-	-	-	-	61,669,218	61,669,218
Trade and other receivables	-	-	-	-	-	88,237	88,237
Cash and cash equivalents	9,319,933	-	3,000,000	-	-	-	12,319,933
Total financial assets	**9,319,933**	**-**	**3,000,000**	**-**	**-**	**61,757,455**	**74,077,388**
Financial Liabilities							
Trade and other payables	-	-	-	-	-	(271,832)	(271,832)
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**(271,832)**	**(271,832)**
Total interest rate sensitivity gap	**9,319,933**	**-**	**3,000,000**	**-**	**-**		

31 December 2009	Less than 1month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Non-interest bearing	Total
	US$	US$	US$	US$	US$	US$	US$
Financial Assets							
Financial assets at fair value through profit or loss	-	-	-	-	-	49,586,442	49,586,442
Trade and other receivables	-	-	-	-	-	120,094	120,094
Short-term loans	2,500,000	-	-	-	-	-	2,500,000
Cash and cash equivalents	5,491,472	-	5,000,000	-	-	-	10,491,472
Total financial assets	**7,991,472**	**-**	**5,000,000**	**-**	**-**	**49,706,536**	**62,698,008**
Financial Liabilities							
Trade and other payables	-	-	-	-	-	(213,462)	(213,462)
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**(213,462)**	**(213,462)**
Total interest rate sensitivity gap	**7,991,472**	**-**	**5,000,000**	**-**	**-**		

No financial assets are subject to fair value interest rate risk. No sensitivity is provided with respect to variable interest rate movements as the effect is considered not significant.

19 Subsequent events

On 15 April 2011, the Company returned US$6.5m in cash to shareholders by way of a US$0.10 per share return of capital. The Company re-registered under the Isle of Man Companies Act 2006 on 28 March 2011.