

EIH PLC
29 September 2010

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

Interim Results

The Company announces its interim results for the six months from 1 January 2010 to 30 June 2010.

Chairman's Statement

The unaudited net assets of EIH as at 30 June 2010 were valued at US\$62.7 million and therefore net asset value ("NAV") at that date was US\$0.964 per share based on 65,000,002 ordinary shares in issue, compared with US\$0.961 per share as at 31 December 2009, representing an increase of 0.3%.

During the period under review, the Company received no cash distributions from its fund investments, Evolve India Fund ("EIF") and Evolve India Life Sciences Fund ("EILSF"). Total operating costs during the period were US\$0.6m, of which US\$0.3m represents non-recurring items, principally legal and other professional costs related to the Katra litigation settlement detailed below. In addition, EIH 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 statement of comprehensive income for EIH. After the period end, in July 2010, the Company invested a further US\$0.7m in respect of an existing commitment to EILSF.

The Company's portfolio comprises the following (based on unaudited values as at 30 June 2010):

Investments (Unlisted)	Capital Commitment	Capital Invested	Capital Distribution	Fair value Adjustment	Fair Value
	US\$	US\$	US\$	US\$	US\$
<i>Fund Investments (equity)</i>					
Evolve India Fund PCC	45,120,000	36,096,000	(5,674,674)	3,702,385	34,123,711
Evolve India Life Sciences Fund	6,000,000	2,421,000	-	(194,951)	2,226,049
<i>Direct Investments (equity)</i>					
EIF Co Invest VII (RSB Group)	6,969,600	6,969,600	-	1,041,918	8,011,518
EIF Co Invest X (Gland Pharma Limited)	4,510,000	4,510,000	-	1,483,559	5,993,559
	62,599,600	49,996,600	(5,674,674)	6,032,911	50,354,837

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

EIF

During the period under review, EIF's underlying funds achieved a number of exits at attractive multiples from certain investments. Although EIF did not realize any of its direct investments in the period under review, it has realized a portion of its direct listed investments since the period end. We are pleased to be EIF's largest single investor and are encouraged at the quality of EIF's underlying portfolio. As EIF's underlying portfolio matures and further realizations are achieved, we anticipate the receipt of further cash distributions.

EILSF

EILSF did not make any further investments during the period under review. Since the period end, certain of the Company's directors have visited a number of EILSF's portfolio companies, including Gland Pharma Limited ("Gland"). We are encouraged at the high quality and strong growth profile evidenced by EILSF's underlying portfolio companies.

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.

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.

Other matters

As announced on 4 June 2010, 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 has received a cash amount of US\$2.5 million before legal expenses and direct

costs, in respect of this settlement. These costs amounted to US\$0.3m during the period under review.

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

As a Board we will seek to further reduce operating costs. Our objective is to realize assets at the appropriate time and value, and to return the proceeds less expenses to our shareholders.

Respectfully yours,

Rhys Cathan Davies

28 September 2010

For further information, please contact:

EIH PLC
Rhys Davies
Tel: +41796200215

Singer Capital Markets (Nominated Adviser)
James Maxwell
+44 (0)20 3205 7500

**EIH PLC
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2010**

		For the period from 1 January 2010 to 30 June 2010	For the period from 1 January 2009 to 30 June 2009
	Note	US\$'000	US\$'000
Income			
Interest income on cash balances		25	1
Interest income on short-term loans		-	406
Unrealised gain on investments at fair value through profit or loss	5	768	4,397
Net investment income		793	4,804
Expenses			
Performance fees		-	(328)

Management fees	-	(50)
Administrative expenses	(135)	(208)
Legal and other professional fees	(578)	(99)
Audit fees	(17)	(77)
Impairment provision	-	(406)
Other expenses	(4)	(55)
Value Added Tax recovered	135	
Total operating expenses	(599)	(1,223)
Profit before taxation	194	3,581
Income tax expense	-	-
Profit after taxation and comprehensive income for the period	194	3,581
Basic and fully diluted earnings per share (US cents)	0.30	5.51

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

EIH PLC
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	As at 30 June 2010 US\$'000	As at 31 December 2009 US\$'000
Non-current assets			
Financial assets at fair value through profit or loss	5	50,355	49,586
Total non-current assets		50,355	49,586
Current assets			
Trade and other receivables		269	120
Short term loans	6	-	2,500
Cash and cash equivalents		12,251	10,492
Total current assets		12,520	13,112
Total assets		62,875	62,698
Equity			
Issued share capital		1,275	1,275
Share premium		58,580	58,580
Retained earnings		2,824	2,630
Total equity		62,679	62,485
Liabilities			
Trade and other payables		196	213
Total current liabilities		196	213
Total liabilities		196	213
Total equity and liabilities		62,875	62,698

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 2010

	Share capital US\$'000	Share premium US\$'000	Retained (loss)/earnings US\$'000	Total US\$'000
Balance at 1 January 2009	1,275	58,580	(13,528)	46,327
Total comprehensive income				
Profit for the year	-	-	16,158	16,158
Balance at 31 December 2009	1,275	58,580	2,630	62,485
Balance at 1 January 2010	1,275	58,580	2,630	62,485
Total comprehensive income				
Profit for the period	-	-	194	194
Balance at 30 June 2010	1,275	58,580	2,824	62,679

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 2010

	For the period from 1 January 2010 to 30 June 2010 US\$'000	For the period from 1 January 2009 to 30 June 2009 US\$'000
<i>Cash flows from operating activities</i>		
Profit before taxation	194	3,581
<i>Adjustments:</i>		
Unrealised gain on investments at fair value through profit or loss	(768)	(4,397)
Interest income on cash balances	(25)	(1)
Interest income on short term loans	-	(406)
Impairment provision	-	406
Operating loss before working capital changes	(599)	(817)
(Increase)/decrease in trade and other receivables	(149)	8
Decrease in trade and other payables	(17)	(90)
Net cash used in operations	(765)	(899)
Interest received	24	1
Net cash used in operating activities	(741)	(898)
<i>Cash flows from investing activities</i>		
Purchase of financial assets	-	(183)
Proceeds from repayment of short-term loan	2,500	-
Net cash generated by/(used in) investing activities	2,500	(183)
Net increase/(decrease) in cash and cash equivalents	1,759	(1,081)
Cash and cash equivalents at 1 January	10,492	11,058
Cash and cash equivalents at 30 June	12,251	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 2010

1 The Company

EIH PLC (formerly Evolvence 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 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 2009. 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 2009.

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 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 Evolve 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.

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.

3.3 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 2010 is US\$0.964 per share based on 65,000,002 ordinary shares in issue as at that date (31 December 2009: US\$0.961 per share based on 65,000,002 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 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\$
<i>Fund Investments (equity)</i>					
Evolve India Fund PCC	45,120,000	36,096,000	(5,674,674)	3,702,385	34,123,711
Evolve India Life Sciences Fund	6,000,000	2,421,000	-	(194,951)	2,226,049

Direct Investments

<i>(equity)</i>					
EIF Co Invest VII (RSB Group)	6,969,600	6,969,600	-	1,041,918	8,011,518
EIF Co Invest X (Gland Pharma Limited)	4,510,000	4,510,000	-	1,483,559	5,993,559
	62,599,600	49,996,600	(5,674,674)	6,032,911	50,354,837

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

	30 June 2010 US\$	31 December 2009 US\$
Fair value brought forward	49,586,442	36,149,784
Capital calls	-	501,000
Capital distributions	-	(1,353,600)
Movement in fair value	768,395	14,289,258
Fair value at period/year end	50,354,837	49,586,442

The outstanding capital commitment as at 30 June 2010 is US\$12,603,000 (31 December 2009: US\$12,603,000).

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 60% 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 40%, will be invested in co-investment opportunities, primarily in Indian companies or companies with significant operations in India. EIF was 80% drawn down as at 30 June 2010 and is currently invested US\$94.9 million towards investments in its ten underlying funds which in turn have invested in 117 portfolio companies. Additionally, US\$58 million is invested in eight co-investments.

EIF has distributed 15.73% of its drawn down capital. It has received distributions amounting to US\$41.6 million out of which around US\$31.9 million has been distributed to its investors.

Valuation basis

The investment in EIF has been fair valued based on a valuation performed by its investment manager of the portfolio at 30 June 2010. 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.

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 occurred in June 2008 and the fund size of EILSF as at 30 June 2010 was US\$ 84.1 million. It has made four investments. EILSF was 40% drawn down as at 30 June 2010. No distributions have been made by EILSF during the period ended 30 June 2010. The investment in EILSF has been fair valued based on the unaudited financial statements of EILSF as at 30 June 2010. The valuation of EILSF's underlying investment 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.

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 30 June 2010 based on the value included in the unaudited financial statements of EILSF as described above.

6 Short-term loans

	30 June 2010	31 December 2009
	US\$	US\$
Katra Holdings Limited	2,500,000	2,500,000
Repayment		-
	(2,500,000)	
Total	-	2,500,000

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

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