EREDENE CAPITAL PLC

INVESTING IN INDIA'S INFRASTRUCTURE

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

COMPANY NUMBER 5330839

Contents

Corporate Information

Directors

D D S Robertson (Non-Executive Chairman)
R J Arnold
The Hon C W Cayzer

Sir C J Benson (resigned 12 September 2013)
P A Gismondi (resigned 12 September 2013)
A J N King (resigned 31 December 2013)
G D Varley (resigned 18 March 2014)

Investment manager, Secretary and Registered office

Ocean Dial Asset Management Limited
Cayzer House
30 Buckingham Gate
London SW1E 6NN

Nominated adviser

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Independent auditors

BDO LLP
55 Baker Street
London W1U 7EU

Legal advisers

Speechly Bircham LLP
6 New Street Square
London EC4A 3LX

Broker

Numis Securities Limited
10 Paternoster Square
London EC4M 7LT

Registrars

Neville Registrars Limited
18 Laurel Lane
Halesowen
Birmingham B63 3DA

Company number

5330839

Website

www.eredene.com

Chairman's Statement

Introduction

Eredene has announced a number of significant strategic changes over the last 18 months, all of which have been implemented with the objective of returning value, over time, to shareholders. Ocean Dial, whom the board appointed as investment manager to Eredene in December 2013, have worked alongside the Eredene team to evaluate how best to extract maximum value from the portfolio using their considerable contacts and experience in India. The board's view is that the realisation programme for the portfolio is likely to take a further one to two years. However, as announced on 29 July 2014, I am pleased to report that a stake in Sattva CFS & Logistics was recently sold for £1.9m cash.

India's macroeconomic and political environment

The board continues to focus on its strategy of asset realisations but this has proved difficult to achieve over the last 18 months given the macroeconomic environment in India, characterised by high inflation, slowing growth, a depreciating currency and an administration rocked by corruption scandals. The BJP, led by Narendra Modi, achieved a resounding victory in the National Elections in May. For the first time in India's recent history, a business friendly, pro-market Government has an absolute majority in Parliament. Furthermore, Narendra Modi is a leader with a proven track record in delivering clean and effective governance as Chief Minister of his home state of Gujarat. Initial measures by the new Government indicate a renewed vigour to get the country moving again.

Operating expenses

Eredene has also continued its programme of cost reduction following previous announcements that the board is determined to extract maximum value for the benefit of shareholders. The Group's operating expenses for the year were £2.4m (2013 restated: £3.4m). Following the significant cost reduction programme announced in December 2013, the operating costs for the year ended 31 March 2015 are expected to be in the region of £1m.

The board is considering the cancellation of the admission of its shares to trading on AIM at some future date in order to further reduce operating costs and better achieve its divestment strategy.

Financial results

As at 31 March 2014, the Group had a net asset value ("NAV") attributable to equity shareholders of £27.8m (2013 restated: £67.0m), representing 11.30p per share (2013 restated: 18.52p) following the return to shareholders of £19.9m in October 2013 and a total loss for the year of £19.2m (2013 restated: £7.6m), most of which was incurred in the first half of the year.

The Group had total consolidated cash balances of £1.5m at 31 March 2014 (2013 restated: £17.8m) having received £8.2m from the sale of Ocean Sparkle in June 2013 and returned £19.9m to shareholders in October 2013 and £15.3m in August 2012. A further £1.9m was received in July 2014 for the sale of a 23% stake in Sattva CFS & Logistics.

Board changes

During the year Sir Christopher Benson and Mr Paul Gismondi stepped down from the board. I would like to thank them both for their valuable contribution, wise counsel and advice over many years. In addition Mr Alastair King, founder and Chief Executive of the company stepped down and Mr Gary Varley's consultancy was terminated at the end of the financial year. I wish them both well in their future endeavours. This smaller board, in combination with Ocean Dial Asset Management, will provide the appropriate governance required for the asset disposal programme.

Outlook

The Company has cash on the balance sheet to continue an orderly process of realising its investments in India and we expect to announce more sales in the course of the next 12 months with commensurate returns of capital to shareholders.

Struan Robertson
Non-Executive Chairman
11 August 2014

Strategic Report (including the investment manager's report)

The Company

Eredene Capital PLC (the "Company") was registered in England and Wales on 12 January 2005 and is a closed-ended investment company listed on the AIM market of the London Stock Exchange. At 31 March 2014 the Company has one wholly owned Indian subsidiary, Eredene Capital Advisors Private Limited, which provides independent investment advisory services to the Eredene Group, and seven wholly owned Mauritian holding company subsidiaries each of which has a wholly owned Mauritian subsidiary acting as an investment holding company for each investment in the Company's portfolio. The Company also has six further Mauritian subsidiaries which are dormant and in the process of being liquidated as they no longer hold an investment for the Company.

Principal activities, investing policy and future developments

The Company is an equity investor in Indian infrastructure operating companies and holds its investments as part of an investment portfolio. It has no restrictions or maximum exposure limits on its investments. The Company does not currently envisage making any further investments in new projects and intends to concentrate on extracting maximum value from the existing portfolio. All future substantive realisations are also expected to give rise to a return of capital to shareholders.

Review of the business and net asset value

A detailed review of business and the performance of the investment portfolio are provided in the investment manager's report below.

As at 31 March 2014, the net asset value ("NAV") attributable to equity shareholders was £27.8m (2013 restated: £67.0m), representing 11.30p per share (2013 restated: 18.52p).

Principal risks and uncertainties including financial risk management

The execution of the Group's strategy is subject to a number of risks and uncertainties (refer to Note 16 for further details) which include:

- Infrastructure investments are early stage, long-term, illiquid investments and so the Group may not be able to exit at the time and at the price which it had forecast. The Group seeks to mitigate those risks by diversifying its portfolio across different sectors, different cities in India and different partners.
- Investment in India is subject to a number of Government rules and regulations governing foreign investment and taxation and changes in those rules may adversely affect the Group's investments. The Group monitors this risk by seeking advice from specialist lawyers and tax advisors in India and by structuring its investments accordingly.
- The Group places its funds with financial institutions and so is exposed to credit risk. The Group manages that risk by placing funds primarily with institutions with a Standard & Poors credit rating of A- or higher.
- The Group receives interest income on its variable rate bank balances and fixed rate treasury deposits. A reduction in interest rates would reduce the Group's interest income.
- The Group invests in Indian companies and the fair value of those investments is denominated in Indian Rupees. A movement in foreign exchange rates would affect the carrying value of those investments and the unrealised gain or loss.
- The Group's investee companies are, in certain cases, dependent on bank financing and that financing may be difficult to obtain or renew on acceptable commercial terms.
- The Company is subject to the UK Bribery Act 2010 and operates in a jurisdiction which has a higher perceived risk of corruption. The Company has adopted an Anti-Corruption and Bribery policy following consultation with its lawyers and taken appropriate measures to ensure that it has effective procedures in place to prevent corruption and bribery. This policy and the procedures underpinning it have been communicated to all directors, officers, employees and agents of the Company.

The Board will continue to monitor and, where possible, control the risks and uncertainties which could affect the business.

Investment Manager's Report

Introduction

The last year has proved challenging for the infrastructure sector in India with slowing GDP growth, a depreciating currency and infrastructure projects and Government investment stagnating ahead of the Indian national elections held in May 2014.

Investee companies at 31 March 2014

Sattva CFS & Logistics' container freight station (CFS) at Vichoor, a joint investment with the Sattva Business Group in Tamil Nadu, paid a dividend for a sixth consecutive year. It operates on a 26 acre site and handles containers from Chennai Port and also provides facilities for on-site assembly of imported machinery. Customers include NYK Line, Maersk, CMA-CGM and MSC. The CFS handled 78,689 TEUs (twenty foot equivalent units, the length of a standard container) in 2013-14, compared to 74,000 TEUs in the previous year, a 6% increase. The CFS posted annual revenue of £3.84m, a year-on-year increase of 19% in Indian Rupee terms.

Since the year end a 23% stake in Sattva CFS & Logistics has been sold to the Sattva Business Group for £1.9m in cash. The remaining 16% stake is retained at a fair value of £1.25m.

A second joint investment with the Sattva Business Group in Tamil Nadu, **Sattva Conware** CFS, is located on a 56 acre site within reach of both Ennore and Chennai ports and the newly opened Kattupalli container terminal. The CFS opened to EXIM business in the last quarter of the financial year after it obtained all relevant planning permissions including the CFS license and long awaited deployment of customs staff at the site. The facility has a 92,000 square feet container yard and a 60,000 square feet EXIM cum bonded warehouse in addition to a 14,000 square feet domestic warehouse. Major cargo currently handled at the CFS include rice, granite and auto components.

Strategic Report (including the investment manager's report) CONTINUED

Contrans Logistic's CFS near Pipavav port in Gujarat, one of two Contrans projects in Northwest India, recorded a small profit for the second consecutive year on the back of an improvement in container volumes. The CFS saw a year-on-year growth in container volumes from 17,700 TEUs to 19,000 TEUs on the back of a pick up in exports of cotton and agricultural commodities in the second half of the financial year. Major customers included shippers Maersk India, Hapag-Lloyd and J.M. Baxi & Co, global chemical and textile company GHCL. In addition to the 23 acre CFS the company has around 55 acres of surplus land at Pipavav which it will gradually sell over a period of time to focus on its core operations.

Options are being explored to sell Contrans Logistics' other project, a 128 acre greenfield site at Baroda in central Gujarat which has planning permission to develop a rail and road Inland Container Depot (ICD) on the busy Delhi-Mumbai freight corridor. Currently the company is in the process of renewing commercial permissions for this land, following which a formal sale process for the land shall commence during the ongoing financial year.

Eredene has two logistic parks in East India with investment partner Apeejay Surrendra Group, the Kolkata-based tea and shipping conglomerate. The two facilities - at Haldia and Kalinganagar - are operated in a 50/50 joint company, **Apeejay Infra-Logistics**. They offer integrated services for multi-model logistics through warehousing, container logistics and transportation, and both have customs bonded facilities.

- The Apeejay Infra-Logistics logistics park in Haldia, West Bengal, is located on a 90 acre site close to the Port of Haldia with a bonded warehouse of 54,000 square feet, three domestic warehouses totalling 86,000 square feet and a container yard of 300,000 square feet. The facility, which commenced full EXIM operations during the financial year, handled 5,600 TEUs in the period serving major shipping lines including MSC, CMA-CGM, Tata NYK, Hanjin and Maersk, and leading domestic companies such as Hindustan Unilever and Tata Steel. During the second quarter of the financial year Haldia port put an embargo on handling of non-scrap cargo by the private facilities on the back of declining container volumes at Haldia port.

  This has severely affected the business performance of the company and unless the port infrastructure improves, which shall lead to a revival of container volumes at the port, and the embargo on cargo is uplifted in the near future, the business growth will remain limited.

- The Apeejay Infra-Logistics' 30 acre logistics park at Kalinganagar in Orissa State, close to local steel and metallurgical plants, has a domestic warehouse of 65,000 square feet, a bonded warehouse of 19,000 square feet and a container yard of 185,000 square feet. The facility, licensed as an ICD, commenced EXIM operations in May 2014. The domestic warehouse and a substantial area of the open yard are already leased to logistics services provider Tata TKM.

MJ Logistic Services (MJL), a multi-user third party logistics business in North India, posted revenue of £3.8m for the financial year ended 31 March 2014, a 6% increase over the previous year in Indian Rupee terms, and generated positive Earnings before Tax, Interest, Depreciation and Amortisation.

MJL increased its total warehousing capacity to 800,000 square feet. Its 200,000 square feet fully automated hub warehouse at Palwal, on the Delhi-Agra Highway, provides both ambient and cold storage warehousing. The major ambient customer is Tata Motors Limited. Cold chain customers include Pepsico, Subway, DuPont Danisco and Unilever. A second cold chamber project was added during the financial year taking the cold storage capacity just above 5,000 pallets.

Eredene reached a mutual settlement with the promoter and minority shareholder of **Matheran Realty** (Matheran) in February 2014, following which it has become a 100% shareholder of Matheran and **Gopi Resorts**. The settlement is expected to facilitate the process of appointing a new developer on the basis of a joint development agreement in order to complete the project. Eredene is now in full control of the disposal process. Suitable developers are being shortlisted to buy the project, against the backdrop of tough market conditions for developer finance and a subdued domestic real estate market.

India's macroeconomic and political environment

All recent events in India have been over shadowed by an historic election result for the BJP led by Narendra Modi. For the first time in 30 years, and against best expectations, a single political party won a clear mandate from Indian voters for a five year mandate. To date there has been much rhetoric about future style of governance but little of substance. Modi's efforts are centred on streamlining decision making and improving accountability. In the immediate future the Government will focus on reviving economic growth by bringing back on track infrastructure projects that have stalled, facilitated by better process, more energy and real intent. Whilst listed equity markets have started to price in this improved economic outlook, it is natural that in the private equity space, and particularly greenfield operations, they will take more time to filter through.

Strategic Report (including the investment manager's report) CONTINUED

Portfolio summary

Sattva CFS & Logistics – Vichoor CFS

Fair value as at 31 March 2014	£3.0m
Amount invested to 31 March 2014	£0.7m
Ownership stake at 31 March 2014	39%
Realisation proceeds since 31 March 2014	£1.9m (for 23% of Sattva CFS & Logistics)
Sector	Container Logistics
Location	Chennai, Tamil Nadu, South East India
Progress to date	Profitable & dividend paying
Investment partner	Sattva Business Group

Sattva Conware

Fair value as at 31 March 2014	£5.6m
Amount invested to 31 March 2014	£4.2m
Ownership stake at 31 March 2014	79%
Sector	Container Logistics
Location	Ennore, Tamil Nadu, South East India
Progress to date	Operational & revenue generating
Investment partner	Sattva Business Group

Contrans Logistic

Fair value as at 31 March 2014	£5.5m
Amount invested in total to 31 March 2014	£5.7m
Ownership stake at 31 March 2014	44%
Website	www.contrans.in

Contrans Project One	Pipavav CFS
Sector	Container Logistics
Location	Pipavav, Gujarat, North West India
Progress to date	Operational & revenue generating

Contrans Project Two	Baroda ICD
Sector	Container Logistics
Location	Baroda, Gujarat, North West India
Progress to date	Pre-construction phase

Strategic Report (including the investment manager's report) CONTINUED

Portfolio summary CONTINUED

Apeejay Infra-Logistics

Fair value as at 31 March 2014	£0.8m
Amount invested in total to 31 March 2014	£2.9m
Ownership stake	50%
Investment Partner	Apeejay Surrendra www.apeejaygroup.com

Apeejay Infra-Logistics Project One	Haldia Logistics Park
Sector	Logistics Park
Location	Haldia, West Bengal, East India
Progress to date	Operational & revenue generating

Apeejay Infra-Logistics Project Two	Kalinganagar Logistics Park
Sector	Logistics Park
Location	Kalinganagar, Orissa, East India
Progress to date	Operational & revenue generating

MJ Logistic Services

Fair value as at 31 March 2014	£8.7m
Amount invested to 31 March 2014	£11.0m
Ownership stake at 31 March 2014	86%
Website	www.mjlsl.com
Sector	Warehousing & Third Party Logistics
Location	Delhi region, North India
Progress to date	Operational & revenue generating

Matheran Realty and Gopi Resorts

Fair value as at 31 March 2014	£3.2m
Amount invested in total to 31 March 2014	£16.1m
Ownership stake at 31 March 2014	100% - Matheran Realty Pvt Ltd 100% - Gopi Resorts Pvt Ltd (direct stake and indirect stake through Matheran)
Sector	Urban development
Location	Mumbai region, Maharashtra, West India
Progress to date	Construction on hold

Strategic Report (including the investment manager's report) CONTINUED

Outlook

The Company has cash on the balance sheet to continue an orderly process of realising its investments in India and we expect to announce more sales in the course of the next 12 months with commensurate returns of capital to shareholders.

Approval

This strategic report was approved by the board and signed on its behalf by

Struan Robertson
Non-Executive Chairman
11 August 2014

Board of Directors

Straun Robertson, Non-Executive Chairman

Struan Robertson is former Executive Chairman of BP Asia Pacific and ex-CEO of Wates Group. Struan was also a non-executive director of Forth Ports plc. During a career with BP he held a number of senior posts, including Executive Chairman Asia Pacific, Chief Executive Oil Trading International and Chief Executive Malaysia. He is also senior independent non-executive director of Salamander Energy plc, having stepped down from Asian Total Return Company plc and Group Five Ltd, during 2013.

Robert Arnold, Non-Executive Director

Robert Arnold is an experienced insurance industry professional having spent many years as a partner with the global insurance broker, Willis Faber & Dumas. Mr Arnold was also a Board Director of Allianz Portugal.

The Hon Charles Cayzer, Non-Executive Director

Charles Cayzer is a non-executive director of Caledonia Investments plc, one of the largest Investment Trusts listed on the London Stock Exchange. Charles was appointed a director of Caledonia in 1985 and is also senior independent non-executive director of London Metric Property plc and non-executive director of Quintain Estates & Development plc.

Report of the directors for the year ended 31 March 2014

The directors present their report together with the audited financial statements for the year ended 31 March 2014.

Results and dividends

The performance of the Group during the year is discussed in the strategic report (including the investment manager's report) on pages 4 to 8.

The results for the year are set out in the consolidated statement of comprehensive income on page 13. The directors do not recommend the payment of a dividend (2013: Nil).

During the year, the Company purchased 115,838,216 of its own shares at 17.2 pence per share for a total consideration of £19.9m.

Principal activities, future developments and financial risk management

In accordance with section 414C(11) of the Companies Act, the information regarding principal activities, future developments and financial risk management are included in the strategic report.

Post balance sheet events

On 29 July 2014 the Company announced it had sold a 23% stake in Sattva CFS & Logistics for £1.9m in cash. Further details are provided in note 26.

Directors

The directors of the Company during the period were:

D D S Robertson
(Non-Executive Chairman)
R J Arnold
The Hon C W Cayzer
Sir C J Benson (resigned
12 September 2013)
P A Gismondi (resigned
12 September 2013)
A J N King (resigned 31 December 2013)
G D Varley (resigned 18 March 2014)

Indemnity provisions for directors

The Articles of Association provide that subject to the provisions of the Companies Acts but without prejudice to any indemnity for which a director may otherwise be entitled, every director or other officer or auditor of the Company, or a director of any associated company, shall be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution or discharge of his duties or the exercise of his powers or otherwise in relation thereto, including (but without limitation) any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

Directors and Officers liability insurance cover is maintained by the Company, at its expense, on behalf of the directors of the Company, its subsidiaries and persons appointed a director of an investee company at the request of the Company.

Employees

The Company has no employees as at 31 March 2014 as operational and investment management was outsourced to an independent specialist manager in December 2013.

The Group had three employees as at 31 March 2014, all being employed by the Company's Indian subsidiary. Disclosure of the number of employees during the year and the remuneration is set out in note 4.

Going concern

The directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. See Note 1 on page 17 for further details.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP has expressed its willingness to continue in office and a resolution to re-appoint it will be proposed at the annual general meeting.

By order of the Board

Struan Robertson
Non-Executive Chairman
11 August 2014

Statement of directors' responsibilities

Directors' responsibilities

The directors are responsible for preparing the director's 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. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

Report of the independent auditors

Independent Auditor's Report To The Members Eredene Capital PLC

We have audited the financial statements of Eredene Capital PLC for the year ended 31 March 2014 which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2014 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

We draw attention to the disclosures made in note 1 to the financial statements which explains that the directors intend to realise the company's assets in an orderly fashion with a view to returning capital to shareholders thereafter. As the timing of this is not yet certain, the financial statements continue to be prepared on a going concern basis. Our opinion is not modified in this respect.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Thomas Edward Goodworth
(senior statutory auditor)
For and on behalf of BDO LLP,
statutory auditor
London
United Kingdom
11 August 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2014

	Note	Year ended 31 March 2014 £'000	Restated Year ended 31 March 2013 £'000
Portfolio return and revenue			
Realised losses over fair value on disposal of investments		**(529)**	–
Unrealised adjustments on the revaluation of investments	12	**(15,691)**	(4,681)
Other portfolio income		**86**	70
		(16,134)	(4,611)
Operating expenses		**(2,418)**	(3,421)
(Loss)/gain on foreign currency transactions		**(278)**	323
Other expenses		**(334)**	(4)
Finance income	6	**32**	115
Loss before taxation	3	**(19,132)**	(7,598)
Taxation charged	7	**(12)**	(2)
Loss after taxation		**(19,144)**	(7,600)
Other comprehensive (losses)/income			
Foreign currency translation		**(52)**	3
Total comprehensive loss for the period		**(19,196)**	(7,597)
Loss per share Basic and diluted	8	**(6.21)p**	(1.93)p

The notes on pages 17 to 44 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 March 2014

	Note	31 March 2014 £'000	Restated 31 March 2013 £'000	Restated 1 April 2012 £'000
Non-Current Assets				
Property, plant and equipment	9	**13**	8	1
Investments held at fair value	12	**26,832**	33,689	49,660
Intangible assets	10	**–**	104	129
Other receivables	13	**5**	5	–
		26,850	33,806	49,790
Current Assets				
Trade and other receivables	13	**70**	39	56
Cash and cash equivalents		**1,516**	17,799	40,834
		1,586	17,838	40,890
Non-current assets held for sale	14	**–**	16,198	–
Total Assets		**28,436**	67,842	90,680
Current Liabilities				
Trade and other payables	15	**(297)**	(488)	(169)
Current income tax liabilities		**–**	(2)	–
Provisions	15	**(310)**	(310)	(362)
		(607)	(800)	(531)
Non-Current Liabilities				
Corporation tax liabilities	15	**(5)**	–	–
Total Liabilities		**(612)**	(800)	(531)
TOTAL NET ASSETS		**27,824**	67,042	90,149
Equity				
Share capital	18	**24,616**	36,199	44,691
Share premium		**–**	16,268	16,268
Special reserve		**33,630**	17,311	32,826
Capital redemption reserve		**–**	8,491	–
Foreign exchange deficit		**(49)**	3	–
Other reserves		**997**	996	991
Retained deficit		**(31,370)**	(12,226)	(4,627)
TOTAL EQUITY		**27,824**	67,042	90,149
Number of ordinary shares in issue (000s)		**246,156**	361,994	446,907
NAV per share Basic and diluted	8	**11.30p**	18.52p	20.17p

The financial statements were approved by the Board of Directors and authorised for issue on 11 August 2014.

Struan Robertson
Non-Executive Chairman
Company No. 5330839

The notes on pages 17 to 44 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 March 2014

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Foreign exchange reserve £'000	Retained deficit £'000	Share holders equity £'000
Year ended 31 March 2014								
As at 1 April 2013 (restated)	**36,199**	**16,268**	**17,311**	**8,491**	**996**	**3**	**(12,226)**	**67,042**
Loss for the period	–	–	–	–	–	–	(19,144)	(19,144)
Other comprehensive income for the period	–	–	–	–	–	(52)	–	(52)
Total comprehensive income for the period	–	–	–	–	–	(52)	(19,144)	(19,196)
Share based payment	–	–	–	–	1	–	–	1
Purchase and cancellation of treasury shares	(11,583)	–	(8,341)	–	–	–	–	(19,924)
Stamp duty	–	–	(99)	–	–	–	–	(99)
Reduction of share premium	–	(16,268)	24,759	(8,491)	–	–	–	–
As at 31 March 2014	**24,616**	**–**	**33,630**	**–**	**997**	**(49)**	**(31,370)**	**27,824**

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Foreign exchange reserve £'000	Retained deficit £'000	Share holders equity £'000
Year ended 31 March 2013								
As at 1 April 2012 (as previously reported)	**44,691**	**16,268**	**32,826**	**–**	**–**	**(256)**	**(6,121)**	**87,408**
Restatement (see note 23)	–	–	–	–	991	256	1,494	2,741
As at 1 April 2012 (restated)	44,691	16,268	32,826	–	991	–	(4,627)	90,149
Loss for the period	–	–	–	–	–	–	(7,600)	(7,600)
Other comprehensive income for the period	–	–	–	–	–	3	–	3
Total comprehensive income for the period	–	–	–	–	–	3	(7,600)	(7,597)
Share based payment	–	–	–	–	5	–	–	5
Purchase and cancellation of treasury shares	(8,492)	–	(15,515)	8,491	–	–	1	(15,515)
As at 31 March 2013	**36,199**	**16,268**	**17,311**	**8,491**	**996**	**3**	**(12,226)**	**67,042**

The notes on pages 17 to 44 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 March 2014

	Note	Year ended 31 March 2014 £'000	Restated Year ended 31 March 2013 £'000
Cash flow from operating activities			
Loss before taxation		**(19,132)**	(7,597)
Adjustments for:			
Finance income		**–**	(115)
Dividend income		**(87)**	(71)
Realised profits over fair value on disposal of investments		**564**	–
Unrealised adjustments on the revaluation of investments		**15,691**	4,681
Share based payment charge		**2**	4
Foreign exchange differences		**–**	3
Depreciation		**6**	1
Amortisation		**104**	25
Decrease/(increase) in trade and other receivables		**(31)**	14
(Decrease)/increase in trade and other payables		**(187)**	319
Decrease in provisions		**–**	(52)
Taxation paid		**(12)**	–
Net cash used in operating activities		**(3,082)**	(2,788)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(12)**	(8)
Purchase of investments		**(1,362)**	(4,908)
Disposal of investments		**8,160**	–
Interest received		**–**	115
Dividends received		**87**	71
Net cash used in investing activities		**6,873**	(4,730)
Cash flows from financing activities			
Purchase of treasury shares		**(20,023)**	(15,514)
Net cash used in financing activities		**(20,023)**	(15,514)
Net decrease in cash and cash equivalents		**(16,232)**	(23,032)
Cash and cash equivalents at the beginning of the period		**17,799**	40,834
Exchange losses		**(51)**	(3)
Cash and cash equivalents at the end of the period	22	**1,516**	17,799

The notes on pages 17 to 44 form part of these financial statements.

Notes forming part of the financial statements

for the year ended 31 March 2014

1. Accounting policies

Eredene Capital PLC (the "Company") is a company incorporated and domiciled in the United Kingdom and quoted on the London Stock Exchange's AIM market. The consolidated financial statements of the Group for the year ended 31 March 2014 comprise the Company and its subsidiaries (together referred to as the "Group").

The financial statements were authorised for issue by the Directors on 11 August 2014

The Directors have considered the appropriateness of preparing the accounts on a going concern basis in light of the decision to realise the Group's investments in an orderly basis (further details are given in the investment policy on page 4). There is no certainty over the timeframe that the investments will be realised and the Directors believe that the business will be able to realise its assets and discharge its liabilities in the normal course of business.

The directors, therefore, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and so it remains appropriate to prepare the financial statements on a going concern basis.

A. Statement of Compliance

These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and their interpretations issued or adopted by the International Accounting Standards Board as adopted for use in the European Union ("IFRS") and in accordance and compliance with the Companies Act 2006. The Company has elected to prepare its parent Company financial statements in accordance with UK GAAP. These are presented on pages 45 to 50.

New accounting standards and changes to existing accounting standards

The new standards adopted during the year are outlined below.

- *IFRS 10 Consolidation Financial Statements*
- *IFRS 11 Joint Arrangements*
- *IFRS 12 Disclosure of Interests in Other Entities*
- *IFRS 13 Fair Value Measurement*

The following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective at year end. They are deemed to be not relevant to the Group or to have no material impact on the financial statements of the Group when they come into effect:

- *IAS 27 Separate Financial Statements*
- *IAS 28 Investments in Associates and Joint Ventures*
- *IAS 19 Employee Benefits*
- *IAS 12 (amended) Deferred Tax: Recovery of Underlying Assets*
- *IFRS 7 (amended) Disclosures—Offsetting Financial Assets and Financial Liabilities*
- *IAS 32 (amended) Offsetting Financial Assets and Financial Liabilities*
- *IAS 35 (amended) Recoverable amounts disclosures for non-financial assets*
- *IAS 39 (amended) Novation of Derivatives and Continuation of Hedge Accounting*

Restatement - Impact of the application of IFRS10

The Group applied, for the first time, IFRS 10 Consolidated Financial Statements, that requires restatement of previous financial statements. Further, the application of IFRS13 Fair Value Measurement resulted in additional disclosures in the consolidated financial statements.

The nature and the impact of this new standard and amendment is described below:

IFRS10 Consolidated Financial Statements

Under IFRS10, MJ Logistics and Sattva Conware CFS have been classified as investment entities. Previously, they were carried at fair value in accordance with IAS39 having taken the exemption allowed under IAS28.

Impact on statement of comprehensive income
As a result of this change in treatment the total return generated by the investment entities is no longer presented on a line-by-line basis but combined and shown as a new line in the Statement of comprehensive income – "Unrealised adjustments on the revaluation of investments". This has resulted in a restatement of prior year figures where previously consolidated line items are now aggregated into this line.

Translation of investment entity subsidiaries which are non-sterling denominated will no longer be shown as part of other comprehensive income "Foreign currency translations" and will now be included as part of the fair value movement on investment entity subsidiaries held at fair value. Consequently these translation amounts will no longer be shown as a movement in the translation reserve and it will become a movement in capital reserves. IFRS 10 has been retrospectively applied as if IFRS 10 was in effect from 1 April 2012. The translation reserve has been restated to reflect the impact of IFRS 10 for the year to 31 March 2012 by £256,000 and for the year to 31 March 2013 by £469,000 with corresponding movements in capital reserves. Basic and diluted earnings per share of the Group have been restated as a result of adopting IFRS 10. Refer to Note 23 for movements in individual line items.

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

1. Accounting policies CONTINUED

IFRS10 Consolidated Financial Statements CONTINUED

Impact on statement of financial position
The closing fair value of the net assets of the investment entities is now combined and stated in 'Investments held at fair value through profit and loss'. This has resulted in a restatement of prior year figures where previously consolidated line items are now aggregated into this line. Cash balances held in investment entity subsidiaries are aggregated into the "Investments held at fair value through profit and loss" line and not consolidated. Group transactions which would have previously been eliminated on consolidation are no longer eliminated. An opening balance sheet has also been provided as at 1 April 2012 this year to show the effect on the opening balances of the prior year. Refer to Note 23 for movements in individual line items.

Impact on cash flow statement
The cash flow statement is impacted by the adoption of IFRS 10 because the cash held by investment entity subsidiaries is no longer consolidated. It now forms part of the fair value of the investment entity subsidiary.

IFRS 13 Fair Value Measurement

The Group has adopted IFRS 13 which relates to the fair value measurement of assets and liabilities. Investments are recognised and de-recognised on the date where the purchase or sale of an investment is under a contract whose terms require the delivery or settlement of the investment. The Group manages its investments with a view to profiting from the receipt of investment income and capital appreciation from changes in the fair value of equity investments.

Unquoted investments are designated at fair value through profit and loss and are subsequently carried in the balance sheet at fair value. Fair value is measured using the International Private Equity and Venture Capital valuation guidelines (IPEV), refer to Notes 11 and 12 for further details of the Group's valuation policies.

All investments are initially recognised at the fair value of the consideration given and held at this value until it is appropriate to measure fair value on a different basis, applying the Group's valuation policies.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

In the prior year, investments in Matheran and Gopi were classified as held for resale on account that they met the criteria laid out in IFRS 5. During the current year, the Board withdrew from the sale and as a consequence, both investments have been reclassified back to investments held at fair value through profit and loss.

B. Basis of preparation

The financial statements are presented in sterling, the functional currency of the Company, rounded to the nearest thousand pounds (£000) except where otherwise indicated. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to account for most investments in controlled entities at fair value through profit and loss. Subsidiaries that provide investment related services or engage in permitted investment related activities with investees continue to be consolidated unless they are also investment entities. The criteria which define an investment entity are currently as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both;
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Group's annual and interim accounts clearly state its objective of investing directly into portfolio investments for the purpose of generating returns in the form of capital appreciation. The Group has always reported its investment in portfolio investments at fair value. It also produces reports for investors of the funds it manages and its internal management report on a fair value basis.

The Board has concluded that the Company meets the additional characteristics of an investment entity, in that it has more than one investment; the investments are predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties. The Board has also concluded that the Company therefore meets the definition of an investment entity. These conclusions will be reassessed on an annual basis for changes in any of these criteria or characteristics.

Application and significant judgments

The preparation of the Group's financial statements requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

1. Accounting policies CONTINUED

Application and significant judgments CONTINUED

The directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the financial statements.

Accounting for investments
The most significant estimates relate to the fair valuation of the investment portfolio. Two entities, MJ Logistics and Sattva Conware, which the Group previously consolidated, will now be recognised at fair value.

The Group's investments held at fair value through profit or loss are valued based on the International Private Equity and Venture Capital Guidelines. An independent valuer, Grant Thornton India, was engaged to value the investments under those Guidelines. Apart from Apeejay, the valuations are made based on market conditions and information about the investment. These estimates are subjective in nature and involve uncertainties and matters of significant judgement (e.g interest rates, volatility and estimated cash flows). See Notes 11 and 12 for details of the valuation methodologies employed.

The determination of fair value for an unlisted investment requires the use of estimates and assumptions. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Non-current assets held for sale and disposal groups
Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and fair value less costs to sell. In the prior year, three investments were classified held for sale and disposal groups (Ocean Sparkle, Matheran and Gopi). At year end, Ocean Sparkle had been sold and Matheran and Gopi no longer met the criteria, therefore they were reclassified as investments held at fair value through profit and loss.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The accounting policies have been consistently applied across all Group entities for the purposes of producing these consolidated

C. Basis of consolidation

Subsidiaries
Subsidiaries are entities controlled by the Group. Control, as defined by IFRS 10, is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. Most of the Group's interests in subsidiaries are recognised as fair value through profit or loss, and measured at fair value. This represents a change in accounting policy in the current year, more details of which are provided in Notes 11 and 23. Eredene Capital Advisors Private Limited, which provides investment advisory services, is not classified at fair value through profit and loss and continues to be consolidated. The Group also continues to consolidate the holding companies in Mauritius through which the investments are held.

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

1. Accounting policies CONTINUED

D. Impairment of intangible assets (including goodwill)

Goodwill is not subject to amortisation but is tested for impairment annually and whenever events or circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment when events or a change in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use. For the purposes of assessing impairments, assets are grouped at the lowest levels for which there are identifiable cash flows (i.e. cash generating units). In prior years, the Group has recognised an intangible asset relating to a pipeline of investments (2013: £104,000) At year end, the Board concluded the pipeline no longer held any value and the remaining value was impaired down to £nil.

E. Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation and impairment. Depreciation on property plant and equipment is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life. It is calculated at the following rates:

Fixtures and fittings	–	6-20% per annum straight line basis
Office equipment	–	5-33% per annum straight line basis
Buildings	–	3-22% per annum straight line basis
Vehicles and machinery	–	5-10% per annum straight line basis

F. Financial assets

Investments held at fair value through profit or loss

Investments in which the Group has a long-term interest and over whose operating and financial policies it exerts significant influence, but which are held as part of an investment portfolio, the value of which is through their marketable value as part of a basket of investments, are not regarded as joint ventures or associated undertakings. The treatment adopted is in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' and the exemptions applying to venture capital organisations in IAS 28 'Investments in Associates' and IAS 31 'Interests in Joint Ventures'.

These investments are measured at fair value through profit or loss. Gains and losses arising from changes in the fair value of these investments, including foreign exchange movements, are included in profit or loss for the period.

Unquoted investments are valued using appropriate valuation methodologies, based on the International Private Equity and Venture Capital Guidelines, which reflect the price at which an orderly transaction would take place between knowledgeable and willing market participants.

Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs to sell.

In the prior year, the controlling stake in Matheran and its subsidiary Gopi had been classified as held for sale on acquisition as it fulfilled the criteria. In the current year, the sale did not complete and therefore the investment has been reclassified back to an investments held at fair value through profit or loss.

Loans and receivables

- Other receivables
- Other receivables are recognised and carried at amortised cost less an allowance for any uncollectible amounts. Unless otherwise indicated, the carrying amount of the group's financial assets are a reasonable approximation to their fair value.
- Cash and cash equivalents
- Cash and cash equivalents comprise cash at bank and in hand and short term deposits of less than three months maturity.

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

1. Accounting policies CONTINUED

Financial liabilities held at amortised cost

- Borrowings
- Borrowings are recognised initially at fair value. Borrowings are subsequently carried at amortised cost.
- Trade and other payables
- Trade payables and other payables are recognised and carried at amortised cost and are a short term liability of the Group.

G. Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the date the fair value was determined.

On consolidation, the assets and liabilities of the Group's overseas subsidiaries are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and translated to a foreign exchange reserve.

H. Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of the instruments are recognised immediately in the income statement.

I. Portfolio return and revenue

Change in fair value of equity investments represents revaluation gains and losses on the Group's portfolio of investments.

Dividends receivable from equity shares are included within other portfolio income and recognised on the ex-dividend date or, where no ex-dividend date is quoted, are recognised when the Group's right to receive payment is established.

J. Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is determined using an option pricing model and charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Where equity instruments are granted to persons other than employees, the income statement is charged with fair value of goods and services received. If it is not possible to identify the fair value of these goods or services provided, the income statement is charged with the fair value of the options granted.

K. Deferred tax

Deferred tax expected to be payable or recoverable on differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that at the time of the transaction, affects neither the taxable profit nor the accounting profit. Deferred tax is calculated at the rates of taxation enacted or substantively enacted at the balance sheet date.

L. Pension costs

The Company contributes to directors' personal money-purchase pension schemes. Contributions are charged to the income statement in the period in which they become payable.

M. National Insurance on share options

To the extent that the share price at the balance sheet date is greater than the exercise price on options granted under unapproved schemes, provision for any national insurance contributions has been made based on the prevailing rate of national insurance. The provision is accrued over the performance period attaching to the award.

N. Operating leases

Operating lease rentals are charged to the income statement on a straight-line basis over the term of the lease.

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

2. Segmental analysis

The Group's only segment is private equity investment in India. The Group's revenue, profit before taxation and net assets are attributable to this single activity.

	Year ended 31 March 2014 £'000	Restated Year ended 31 March 2013 £'000
Dividend income	87	71
Non-current assets – India based	26,832	49,887

3. Loss before taxation

This is arrived at after charging/(crediting):

	Year ended 31 March 2014 £'000	Restated Year ended 31 March 2013 £'000
Staff costs (see note 5)	1,186	1,007
Depreciation of tangible fixed assets	5	339
Amortisation of intangible fixed assets	104	25
Foreign exchange losses/(gains)	278	(323)
Auditors' remuneration		
– audit services	63	65
– non-audit services		
– tax advisory	–	2
– assurance services	–	15

4. Employees

Staff costs consist of:	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Wages and salaries	874	885
Equity settled share-based payments	2	2
Social security costs	64	76
Other pension costs	40	44
Redundancy costs	206	–
	1,186	1,007
Amounts payable to third parties	–	672

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

4. Employees CONTINUED

The average number of employees and directors during the period was as follows:

	Year ended 31 March 2014	Restated Year ended 31 March 2013
Management and administration	**6**	5

Staff costs are included within Operating Expenses in the consolidated income statement.

5. Directors' remuneration

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Directors' emoluments	**554**	1,466
Social security costs	**60**	48
Company contributions to directors' money purchase pension schemes	**30**	35
Share based payment	**1**	1
Redundancy costs	**185**	159
	830	1,709

Year ending 31 March 2014

	Fees and salaries £'000	Termination payments £'000	Benefits £'000	Pension contributions £'000	Total £'000
Executive directors					
A J N King (see note below)	**191**	**185**	**2**	**14**	**392**
G D Varley	**159**	**–**	**5**	**16**	**180**
Non-executive directors					
R J Arnold	**31**	**–**	**–**	**–**	**31**
Sir C J Benson	**16**	**–**	**–**	**–**	**16**
The Hon C W Cayzer	**31**	**–**	**–**	**–**	**31**
P A Gismondi	**16**	**–**	**–**	**–**	**16**
D D S Robertson	**110**	**–**	**–**	**–**	**110**
	554	**185**	**7**	**30**	**776**

Notes forming part of the financial statements
for the year ended 31 March 2014 CONTINUED

5. Directors' remuneration CONTINUED

Year ending 31 March 2013

	Fees and salaries £'000	Termination payments £'000	Benefits £'000	Pension contributions £'000	Total £'000
Executive directors					
A J N King	189	–	5	19	213
G D Varley	159	159	5	16	339
Non-executive directors					
R J Arnold	35	–	–	–	35
Sir C J Benson	35	–	–	–	35
The Hon C W Cayzer	35	–	–	–	35
P A Gismondi	35	–	–	–	35
N M Naik	672	–	–	–	672
D D S Robertson	68	–	–	–	68
	1,228	159	10	35	1,432

The Directors are considered to be the key management personnel.

Directors' share options	Options at 1 April 2013	Lapsed in the period	**Options at 31 March 2014**
Executive directors			
A J N King	8,399,198	–	**8,399,198**
G D Varley	2,536,294	–	**2,536,294**
	10,935,492	–	**10,935,492**

No share options were granted or exercised in the period.

See note 20 for further details on the Company's share option schemes.

The Group made contributions to two directors' own money purchase pension schemes in the year (2013: 2).

The termination payments made to Mr A King and Mr G Varley were as settlement for the termination of their employment contracts. Mr Varley continued to remain as a director on a fixed term consultancy contract.

6. Finance income and finance costs

	Year ended 31 March 2014 £'000	Restated Year ended 31 March 2013 £'000
Interest receivable on bank deposits	**32**	115

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

7. Taxation

	Year ended 31 March 2014	Restated Year ended 31 March 2013
Recognised in the income statement:	**£'000**	£'000
Current tax expense		
Corporate income tax	**12**	2
Deferred tax		
Movement in deferred tax asset	**–**	–
Income tax	**12**	2

The tax assessed for the period differs from the standard rate of corporation tax in the UK applied to the Group profit before tax. The differences are explained below:

	Year ended 31 March 2014	Restated Year ended 31 March 2013
	£'000	£'000
Loss on ordinary activities before tax in respect of continuing operations	**(19,132)**	(7,598)
Loss on ordinary activities at the standard rate of corporation tax in the UK for the period of 23% (2013: 24%)	**(4,400)**	(1,823)
Effects of:		
Expenses not deductible for tax purposes	**73**	109
Adjustment to capitalised expenses deductible for tax purposes	**–**	6
Depreciation less than capital allowances	**2**	1
Non-taxable losses/(gains) on investments	**3,597**	(68)
Non-UK recoverable overseas losses	**286**	342
Non-taxable dividend income	**–**	(17)
Tax losses carried forward	**454**	311
Non-taxable finance income	**–**	(1)
Prior period adjustment	**–**	1,142
Tax charge for period	**12**	2

The change in the tax rate applied compared to the previous year reflects the reduction in the UK corporation tax rate from 1 April 2012.

Deferred tax

No deferred tax asset has been recognised on unutilised taxable losses due to lack of certainty that taxable profits will be available against which deductible temporary differences can be utilised. The unutilised tax losses carried forward are £8.0m (2013: £6.1m).

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

8. Earnings per share and net assets per share

The calculation of the basic earnings per share is based on the loss for the period attributable to equity shareholders of £19.1m (2013 restated: loss of £7.6m) and the weighted average number of shares in issue during the period of 308,994,475 (2013: 393,865,608). 23.1m shares under option (2013: 23.1m) were non-dilutive due to the Company being loss making.

The calculation of net asset value per share is based on the net assets attributable to equity shareholders of £27.8m (2013 restated: £67.0m) and the number of shares in issue at the period end of 246,156,210 (2013: 361,994,426).

9. Property, plant and equipment

Year ending 31 March 2014	Fixtures & fittings £'000	IT £'000	Motor Vehicle £'000	Office Equipment £'000	Total £'000
Cost					
At 1 April 2013	4	42	–	2	48
Additions	1	2	10	–	13
Disposals	(1)	(39)	–	–	(40)
Exchange differences	–	(1)	–	(1)	(2)
At 31 March 2014	4	4	10	1	19
Depreciation					
At 1 April 2013	–	40	–	–	40
Provided for in the period	2	–	3	–	5
Disposals	–	(39)	–	–	(39)
Exchange differences	–	–	–	–	–
At 31 March 2014	2	1	3	–	6
Net book value at 31 March 2014	2	2	7	1	13

Year ending 31 March 2013 (Restated)	Fixtures & fittings £'000	IT £'000	Motor Vehicle £'000	Office Equipment £'000	Total £'000
Cost					
At 1 April 2012	–	39	–	–	39
Additions	4	3	–	2	9
Disposals	–	–	–	–	–
Exchange differences	–	–	–	–	–
At 31 March 2013	4	42	–	2	48
Depreciation					
At 1 April 2012	–	38	–	–	38
Provided for in the period	–	2	–	–	2
Disposals	–	–	–	–	–
Exchange differences	–	–	–	–	–
At 31 March 2013	–	40	–	–	40
Net book value at 31 March 2013	4	2	–	2	8

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

10. Intangible assets

	Acquired Intangible Asset
Year ending 31 March 2014	**£'000**
Cost	
At 1 April 2013	**245**
Exchange differences	**–**
At 31 March 2014	**245**
Aggregate amortisation and impairment	
At 1 April 2013	**141**
Amortisation charge for period	**104**
At 31 March 2014	**245**
Net book value at 31 March 2014	**–**
Year ending 31 March 2013	
Cost	
At 1 April 2012	245
Exchange differences	–
At 31 March 2013	245
Aggregate amortisation and impairment	
At 1 April 2012	116
Amortisation charge for period	25
At 31 March 2013	141
Net book value at 31 March 2013	104

Acquired intangible asset

In June 2007, Eredene acquired Aboyne Mauritius Limited for the sum of £245,000. The assets acquired by Eredene were a deal pipeline of potential projects. Previously, the pipeline of investments has been amortised over the period of 10 years. However, the Board concluded there was no longer any value in the pipeline and the asset was impaired to £nil. The amortisation charge for the period is included within operating expenses.

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

11. Investment portfolio

As a result of the early adoption of IFRS 10, and the exemption from consolidation, the proportion of the investment portfolio held by the Group's unconsolidated subsidiaries is now presented as part of 'investments held at fair value through profit and loss' A reconciliation of the fair value of Investments through profit and loss shown below:

Non-Current	**Year ended 31 March 2014 £'000**	Restated Year ended 31 March 2013 £'000
Opening book value	**49,887**	49,660
Additions	**1,359**	2,264
Disposals	**(8,723)**	–
Fair value movement on investments held at fair value through P&L	**(15,691)**	1,620
Fair value movement on assets held as disposal group	**–**	(3,657)
Closing book value	**26,832**	49,887

All investments are unquoted investments. The holding period of Eredene's investment portfolio is on average greater than one year. For this reason the portfolio is classified as non-current. It is not possible to identify with certainty investments that will be sold within one year.

Fair value hierarchy

The Group classifies financial instruments measured at fair value in the investment portfolio according to the following hierarchy:

Level	Fair value input decisions	Financial instruments
Level 1	Quoted prices (unadjusted) from active market	Quoted equity instruments
Level 2	Inputs other than quoted prices included in Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from price)	
Level 3	Inputs that are not based on observable market data Unquoted equity instruments and loan instrument	Inputs that are not based on observable market data Unquoted equity instruments and loan instrument

Unquoted equity instruments and debt instruments are measured in accordance with the International Private Equity and Venture Capital valuation guidelines with reference to the most appropriate information available at the time of measurement. Further information regarding the valuation of unquoted equity instruments and debt instruments can be found in Note 12.

The Group's investment portfolio for equity instruments is classified by the fair value hierarchy as follows:

Group	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
2013	–	–	49,887	49,887
2014	**–**	**–**	**26,832**	**26,832**
Company	**£'000**	**£'000**	**£'000**	**£'000**
2013	–	–	54,500	54,500
2014	**–**	**–**	**48,219**	**48,219**

This disclosure only relates to the directly held investment portfolio.

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

11. Investment portfolio CONTINUED

Level 3 fair value reconciliation

All investments held by the Group are unquoted, therefore refer to the table at the start of Note 11 for a reconciliation.

Unquoted investments valued using Level 3 inputs also had the following impact on the Statement of comprehensive income; realised profits over value on disposal of investment of £529,000 (2013: £nil) and dividend income of £87,000 (2013: £71,000).

Level 3 inputs are sensitive to assumptions made when ascertaining fair value as described in the Note 12. A reasonable alternative assumption would be to apply a standard marketability discount of 5% for all assets rather than the specific approach adopted. This would have a positive impact on the directly held unquoted investment portfolio of £1.3m (2013 restated: £2.5m).

12. Investments held at fair value through profit or loss

The Group has the following principal investments held at fair value through profit or loss, all of which are incorporated in India:

	Class of shares held	Net Assets/ (Liabilities) £'000	Profit/(loss) before tax £'000	Date of financial statements	% held 31 March 2014	% held 31 March 2013
Apeejay Infra-Logistics	Ord.	4,977	(636)	31-Mar-13	50.0%	50.0%
Contrans Logistic	Ord.	6,308	123	31-Mar-13	44.0%	44.0%
Gopi Resorts	A & B	(752)	(1,881)	31-Mar-13	100.0%	91.3%
Matheran Realty	A	4,972	(4,808)	31-Mar-13	100.0%	87.1%
MJL Logistic Services	Ord.	7,478	(156)	31-Mar-14	86.0%	86.0%
Sattva CFS & Logistics	Ord.	4,144	1,212	31-Mar-14	39.0%	39.0%
Sattva Conware	Ord.	4,240	(12)	31-Mar-14	79.0%	83.0%

Details of the Company's subsidiaries are provided in note 4 to the Company financial statements.

At 31 March 2014 the cost and valuation of the Group's investments was as follows:

	Historical cost at 31/3/14 £'000	Prior periods Fair Value adjustments £'000	Fair value adjustment on shares disposed £'000	Fair Value adjustments 1/4/13 – 31/3/14 £'000	Fair value at 31/3/14 £'000
Apeejay Infra-Logistics	2,900	1,206	–	**(3,356)**	**750**
Contrans Logistic	5,687	2,871	–	**(3,042)**	**5,516**
Gopi Resorts	2,542	(132)	–	**(1,419)**	**991**
Matheran Realty	13,553	(7,707)	–	**(3,623)**	**2,223**
MJ Logistic Services	11,001	(272)	–	**(2,022)**	**8,707**
Sattva CFS & Logistics	697	3,770	–	**(1,421)**	**3,046**
Sattva Conware	4,177	2,230	–	**(808)**	**5,599**
	40,557	**1,966**	**–**	**(15,691)**	**26,832**

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

12. Investments held at fair value through profit or loss CONTINUED

At 31 March 2013 the restated cost and valuation of the Group's investments was as follows:

	Historical cost at 31/3/13 £'000	Prior periods Fair Value adjustments £'000	Fair value adjustment on shares disposed £'000	Fair Value adjustments 1/4/12 – 31/3/13 £'000	Fair value at 31/3/13 £'000
Apeejay Infra-Logistics	2,900	2,328	–	(1,122)	4,106
Contrans Logistic	5,618	2,631	–	240	8,489
MJ Logistic Services Ltd	10,850	561	–	(833)	10,578
Sattva CFS & Logistics	697	3,372	–	398	4,467
Sattva Conware Pvt Ltd	3,819	61	–	2,169	6,049
Reclassified as asset held for sale					
Ocean Sparkle	7,343	612	–	769	8,724
Matheran Realty Pvt Ltd	12,770	(2,182)	–	(5,525)	5,063
Gopi Resorts Pvt Ltd	2,542	644	–	(776)	2,411
	46,540	8,027	–	(4,680)	49,887

The Group's holdings in the above investments are all held by wholly owned intermediate Mauritian registered holding companies.

Valuation Policy

The investments were independently valued at 31 March 2014 by Grant Thornton India. The investments are valued using appropriate valuation methodologies, in accordance with the International Private Equity and Venture Capital Guidelines endorsed by the British & European Venture Capital Associations, which reflect the amount for which an asset could be exchanged between knowledgeable, willing parties on an arm's length basis. The companies in which the Group has invested are at various stages of development. The methodologies used in the valuation of these investments include Earnings Multiples, Net Assets and Discounted Cash Flow.

Whilst Grant Thornton India has independently valued the investments as explained above, the directors have valued the investment in Apeejay Infra-Logistics based upon on-going interest and discussions with third parties about the possible sale of this investment.

Earnings Multiple – this methodology involves the application of an earnings multiple to the earnings of the business being valued in order to derive a value for the business. This methodology is appropriate where the business has an identifiable stream of continuing earnings that can be considered to be maintainable. A number of earnings multiples may be used including price/earnings and enterprise value/earnings before interest, tax, depreciation and amortisation.

Net Assets – this methodology involves deriving the value of a business by reference to the value of its assets. The assets and liabilities may be adjusted to reflect the fair value of those assets and liabilities as at the valuation date.

Discounted Cash Flow – this methodology involves deriving the value of a business by calculating the present value of expected future cash flows. The cash flows and the terminal value are those of the underlying business rather than from the investment itself. A suitable discount rate is estimated based on the weighted average cost of capital of the business.

Investment Value – the directors have valued the investment in Apeejay Infra-Logistics based upon on-going interest and discussions with third parties about the possible sale of this investment.

The actual methodologies used vary from investment to investment with the independent valuers applying an appropriate methodology based on the particular circumstances of the underlying business.

Notes forming part of the financial statements
for the year ended 31 March 2014 CONTINUED

12. Investments held at fair value through profit or loss CONTINUED

The movements in non-current investments were as follows:

	£'000
Carrying value at 1 April 2012 (restated)	49,660
Purchases, at cost	2,266
Fair value adjustment	1,620
Re-categorised as assets held for sale	(19,857)
Carrying value at 31 March 2013	33,689
Purchases at cost	**579**
Fair value adjustment	**(15,691)**
Re-categorised from assets held for sale	**8,255**
Carrying value at 31 March 2014	**26,832**

The table below summarises the valuation methodologies used in relation to each investment:

Investment	Valuation methodology
Apeejay Infra-Logistics	Investment value
Contrans Logistic	DCF & land value
Gopi Resorts	Adjusted NAV
Matheran Realty	Adjusted NAV
MJ Logistic Services	DCF & land value
Sattva CFS & Logistics	DCF
Sattva Conware	DCF & land value

Quantitative information of significant unobservable inputs – Level 3

For those investments using the DCF valuation technique the range of unobservable inputs were:

Unobservable input	Lowest rate	Highest rate
Revenue growth	-11.4%	485.4%
EBIT margin	-41.3%	53.0%
Discount rate	17.9%	20.9%
Discount for lack of liquidity	0.0%	15.0%
Terminal growth rate	4.0%	4.0%

For those investments including a land valuation the capital value per acre ranged from a low of £69,000 to a high of £320,000.

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

The significant unobservable inputs used in fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2014 are as shown below:

Input	Sensitivity used	Effect on fair value £'000
Revenue growth	-5%	(332) to (1,704)
EBIT margin	-5%	(99) to (479)
Discount for lack of liquidity	15%	(116) to (266)

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

13. Trade and other receivables

	31 March 2014 £'000	Restated 31 March 2013 £'000	Restated 1 April 2012 £'000
Amounts falling due within one year:			
Other receivables	**9**	8	4
Prepayments and accrued income	**2**	13	33
Income tax receivable	**4**	–	–
Other taxes and social security receivable	**55**	18	19
	70	39	56
Amounts falling due in more than one year:			
Other receivables	**5**	5	–
	5	5	–

14. Assets classified as held for sale

Non-current assets held for sale

	31 March 2014 £'000	Restated 31 March 2013 £'000	Restated 1 April 2012 £'000
Investments	**–**	16,198	–

At 31 March 2013, it was determined that Matheran and Gopi formed a disposal group and should be classified as held for sale under the requirements of IFRS5 as:
- Matheran and Gopi are available for immediate sale;
- Eredene's management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Assets classified as held for sale are measured at the lower of:
- their carrying amount immediately prior to being classified as held for sale; and
- fair value less costs to sell.

At 31 March 2104, the sale of Matheran and Gopi were no longer considered imminent, and therefore derecognised as assets of a disposal group held for sale and reclassified as investments held at fair value through profit and loss.

The Group announced on 11 March 2013 that it had appointed an advisor to manage the sale of its stake in Ocean Sparkle and an active realisation programme was initiated. It was determined that, at the 31 March 2013, the investment in Ocean Sparkle met the IFRS 5 criteria to be classified as an asset held for sale. The investment was therefore classified from "Investments held at fair value through profit or loss" to "Non-current assets classified as held for sale" and held at its realisable value less costs to sell.

The Group sold its stake in Ocean Sparkle on 13 June 2013 for £8.2m. The variance between the carrying value at 31 March 2013 and the final disposal value was solely due to adverse foreign exchange movements with the sale price in Indian Rupees having remained constant.

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

15. Trade and other payables

	31 March 2014 £'000	Restated 31 March 2013 £'000	Restated 1 April 2012 £'000
Trade payables	**35**	19	34
Other taxes and social security payable	**20**	32	15
Corporation tax	**–**	2	–
Accruals and deferred income	**242**	437	120
Provisions	**310**	310	362
	607	800	531
Amounts falling due in more than one year:			
Corporation tax	**5**	–	–
	5	–	–

16. Financial instruments and risk management

The Group finances its activities through the cash and short term deposits generated through the placing of its shares on the London Stock Exchange's Alternative Investment Market. Bank borrowing has been taken by the company's Indian subsidiaries however no debt funding has been taken at the parent company level.

The Group's financial instruments comprise investments held at fair value through profit or loss, cash and cash equivalents and other items such as trade and other payables and receivables which arise from its operations. The Group does not trade in financial instruments. The Group had no hedging transactions outstanding at the period end.

The main type of risk that the Group is exposed to is market risk. Market risk involves the potential for losses and gains and includes price risk, interest rate risk and currency risk.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and increase or decrease debt. The Group only borrows in subsidiaries with no debt held at the parent company level.

The Group took the decision in 2012 to return surplus capital to its shareholders following any material investments realisation rather than re-investing that capital into new investments. The Group has successfully initiated that capital management programme through the first return of capital to shareholders in August 2012. That capital management was achieved through the tender offer for £15m of ordinary shares at an offer price of 18p. The 84,912,272 shares acquired by the Company were subsequently cancelled.

The Group has committed to continue this capital management programme through the return of further capital to shareholders whenever appropriate.

Currency risk

The Group is exposed to currency risk as its investment commitments may be denominated in Indian Rupees and may be made in phased stages. The Group may hedge its pending investment commitments for commercial reasons, and not for accounting purposes, when it has reasonable certainty of the timing and quantum of the transfer and where it considers hedging is appropriate.

The Group's investments are held in the accounts at fair value and that fair value was determined by Grant Thornton India (other than Apeejay) as part of an independent fair valuation exercise. The value of the investments was estimated in Indian Rupees as all the Group's investee companies operate in India. A 5% adverse change in the Pound Sterling/Indian Rupee exchange rate at year end would have led to an increase in the unrealised fair value loss of £1.6m (2012: increase in loss of £1.5m).

The Group has financial assets and liabilities denominated in Sterling, US dollars and Indian Rupees.

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

16. Financial instruments and risk management CONTINUED

At 31 March 2014 Financial assets	UK Sterling £'000	US Dollars £'000	Indian Rupees £'000
Fair value through income statement			
Investments held at fair value through profit or loss	**–**	**–**	**26,832**
Loans and receivables			
Other receivables due in more than one year	**–**	**–**	**4**
Cash and cash equivalents	**1,484**	**20**	**12**
Other receivables due in less than one year	**–**	**–**	**13**
	1,484	**20**	**26,861**

At 31 March 2013 Financial assets	UK Sterling £'000	US Dollars £'000	Indian Rupees £'000
Fair value through income statement			
Investments held at fair value through profit or loss	–	–	33,689
Non-current assets classified as held for sale	–	–	16,198
Loans and receivables			
Other receivables due in more than one year	–	–	5
Cash and cash equivalents	10,980	6,590	230
Trade receivables	–	–	–
Other receivables due in less than one year	4	–	4
Financial assets of disposal group held for sale	–	–	4,050
	10,984	**6,590**	**54,176**

At 31 March 2014	UK Sterling £'000	US Dollars £'000	Indian Rupees £'000
Financial liabilities held at amortised cost			
Trade payables	**30**	**–**	**5**
Other payables	**20**	**–**	**5**
Accruals	**242**	**–**	**–**
	292	**–**	**10**

Notes forming part of the financial statements
for the year ended 31 March 2014 CONTINUED

16. Financial instruments and risk management CONTINUED

At 31 March 2013 (Restated)			
Financial liabilities held at amortised cost			
Trade payables	16	–	3
Other payables	22	–	9
Accruals	435	–	1
Financial liabilities of disposal group held for sale	–	–	4,256
	473	**–**	**4,269**

Credit risk

Credit risk is managed through the company and its direct subsidiaries depositing funds primarily with banks with a Standard & Poor's rating of A- or higher. Where a bank's credit rating is reduced to less than A- then the company will seek to move funds from that bank as term deposits expire. At 31 March 2014, 82% of the Group's cash balances were placed with entities with a credit rating of A- or higher (31 March 2013: 90%).

The Group's Indian subsidiaries place funds with Indian banks whose credit rating may be less than A-

Cash at bank and bank term deposits	**31 March 2014 £'000**	Restated 31 March 2013 £'000	Restated 1 April 2012 £'000
Standard & Poors credit rating			
AA or AA-	**44**	16,631	39,955
A or A-	**1,213**	1,168	879
BBB-	**–**	–	–
Not S&P rated	**259**	–	–
Total	**1,516**	17,779	40,834

Price risk

The Group has invested in unquoted Indian companies. Those investments are held at fair value and the value of those investments may be affected by market conditions. Management continues to monitor this risk. A 10% fall in the value of these investments would have increased the loss for the period by £1.7m (2013: £3.9m).

Liquidity risk

As the Group is primarily equity funded and has high cash reserves, liquidity risk is deemed to be low.

Maturity of undiscounted financial liabilities	**Less than 1 year £'000**	**Between 1 and 2 years £'000**	**Between 2 and 5 years £'000**	**More than 5 years £'000**
At 31 March 2014				
Trade payables	35	–	–	–
Other payables	20	5	–	–
Accruals	242	–	–	–
Financial liabilities of disposal group held for sale	–	–	–	–
	297	**5**	**–**	**–**

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

16. Financial instruments and risk management CONTINUED

Maturity of undiscounted financial liabilities	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	More than 5 years £'000
At 31 March 2013 (Restated)				
Trade payables	19	–	–	–
Other payables	34	–	–	–
Accruals	436	–	–	–
Financial liabilities of disposal group held for sale	4,256	–	–	–
	4,745	**–**	**–**	**–**

Interest rate risk

In 2013, the Group had interest bearing financial assets in the form of fixed rate bank deposits with maturities of less than three months and floating rate current account balances. These were disposed of during the year.

	Non-interest bearing financial assets £'000	Floating rate financial assets £'000	Fixed rate financial assets £'000
At 31 March 2014			
Investments held at fair value through profit or loss	**26,832**	**–**	**–**
Other receivables due in more than one year	**5**	**–**	**–**
Cash and cash equivalents	**15**	**1,501**	**–**
Other receivables due in less than one year	**75**	**–**	**–**
	26,927	**1,501**	**–**
At 31 March 2013 (Restated)			
Investments held at fair value through profit or loss	33,689	–	–
Non-current assets classified as held for sale	8,724	–	–
Other receivables due in more than one year	5	–	–
Cash and cash equivalents	–	1,680	16,109
Other receivables due in less than one year	39	–	–
Financial assets of disposal group held for sale	4,050	–	
	46,507	**1,680**	**16,109**

The average rate at which the fixed rate financial assets were fixed in 2014 was 0.0% (2013: 0.3%) and the average period for which the assets were fixed was nil days (2013: 43 days).

A 5% reduction in the interest rate earned during 2014 would have reduced the finance income for the period by approximately £nil (2013: £11,000).

The Group has financial liabilities in the form of non-interest bearing trade payables, other payables and accruals.

Notes forming part of the financial statements
for the year ended 31 March 2014 CONTINUED

16. Financial instruments and risk management CONTINUED

	Non-interest bearing financial assets £'000	Floating rate financial assets £'000	Fixed rate financial assets £'000
At 31 March 2014			
Trade payables	**35**	**–**	**–**
Other payables	**20**	**–**	**–**
Accruals	**242**	**–**	**–**
	297	**–**	**–**
At 31 March 2013 (Restated)			
Trade payables	19	–	–
Other payables	34	–	–
Accruals	436	–	–
Financial liabilities of disposal group held for sale	4,256	–	–
	4,745	**–**	**–**

Fair value of financial assets and liabilities

There is no material difference between the carrying value and fair value of the Group's aggregate financial assets and liabilities.

IFRS7 for financial instruments that are measured in the balance sheet at fair value requires disclosure of fair value measurements by level of the following hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices from observable market transactions) or indirectly (i.e. derived using a valuation technique that uses only data from observable markets).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 March 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets			
Investments held at fair value through profit or loss	**–**	**–**	**26,832**
At 31 March 2013 (Restated)			
Financial assets			
Investments held at fair value through profit or loss	–	–	33,689
Non-current assets classified as held for sale	–	–	16,198

The changes in level 3 instruments are set out in note 12.

Level 3 inputs are sensitive to the assumptions made when determining fair value. A reasonably possible alternative assumption would be to apply a standard marketability discount of 5% rather than the rate of 15% used. This would have the effect of increasing the fair value of investments held at fair value by £1.5m (2013 restated: £1.7m). Increasing the marketability discount to 25% would have the effect of decreasing the fair value of investments held at fair value by £7.2m (2013 restated: £8.4m).

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

17. Provision for liabilities

	31 March 2014 £'000	31 March 2013 £'000	1 April 2012 £'000
Current			
At beginning of period	**310**	362	362
Charged to income statement	**–**	310	–
Utilised during period	**–**	(362)	–
At end of period	**310**	310	362

The Company has provided for its estimated £310,000 share of the remaining net liabilities and winding up costs of its investee company, Bay of Bengal Gateway Terminal Pvt Ltd.

There was no provision for National Insurance on share options as the share price at 31 March 2014 was less than the lowest share option exercise price. The eventual liability to National Insurance on share options is dependent on the following factors:

- the market price of the Company's shares at the date of exercise;
- the number of options that will be exercised; and
- the prevailing rate of National Insurance at the date of exercise.

18. Called up share capital

	31 March 2014 £'000	31 March 2013 £'000	1 April 2012 £'000
Allotted, called up and fully paid			
246,156,210 (2013: 361,994,426) ordinary shares of 10p each	**24,616**	36,199	44,691

The Company returned £20m to shareholders in October 2013 by way of a tender for 115,838,216 Ordinary shares at a tender price of 17.2 pence per share. The shares acquired by the Company were subsequently cancelled.

	Issued and fully paid			
Ordinary shares of 10p each	**2014 Number**	**2014 £'000**	2013 Number	2013 £'000
At 1 April 2013	**361,994,426**	**36,199**	446,906,698	44,691
Cancellation of shares	**(115,838,216)**	**(11,583)**	(84,912,272)	(8,492)
Placing of shares for cash	**–**	**–**	–	–
At 31 March	**246,156,210**	**24,616**	**361,994,426**	**36,199**

19. Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium account – the share premium account arose on the issue of shares by the Company at a premium to their nominal value. Expenses of share issues are charged to this reserve.

Special reserve account – the special reserve account was created on the cancellation of the then share premium account balance in July 2007. The Company is able to use the special reserve account to make market purchases of its own shares.

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

19. Reserves CONTINUED

Capital redemption reserve – the capital redemption reserve was created on the cancellation of the shares purchased in the August 2012 and October 2013 tender offers.

Retained earnings – the retained earnings represents cumulative net gains and losses recognised in the Group Income Statement.

Other reserves – represents the cumulative movement in share options

Foreign exchange reserve – arises on the translation of foreign subsidiaries.

20. Share based payment

Eredene Capital PLC has issued equity-settled share based options under individual option agreements and under an HMRC approved scheme.

	Weighted average exercise price (pence) 2014	**Number 2014**	Weighted average exercise price (pence) 2013	Number 2013
Outstanding at the beginning of period	**21.4p**	**23,058,131**	21.3p	23,864,797
Lapsed during the period	**–**	**–**	16.8p	(806,666)
Outstanding at the end of the period	**21.4p**	**23,058,131**	21.4p	23,058,131

The following options were outstanding at 31 March 2014.

Date of grant	**Exercise price**	**Exercisable in full from**	**Expiry Date**	**Number of options outstanding**
HMRC Approved Scheme				
5 October 2006	30.25p	10/5/06	5/10/16	198,346
Individual Option Agreements				
10 February 2005	25.0p	10/5/06	10/2/15	1,956,000
10 May 2006	25.0p	10/5/09	10/5/16	9,549,986
23 June 2008	19.25p	23/6/11	23/6/18	6,500,000
29 April 2009	13.5p	See below	29/4/19	2,363,799
18 February 2011	17.5p	See below	18/2/21	2,490,000
				23,058,131

The options issued on 29 April 2009 become exercisable in respect of one third of the ordinary shares over which they are granted on the first, second and third anniversary of 29 April 2009. The first two tranches have vested and the third tranche will vest if the Company's share price reaches 18p per share.

The options issued on 18 February 2011 become exercisable in respect of one third of the ordinary shares over which they are granted on the first, second and third anniversary of 18 February 2011, subject to the Company's share price reaching 19.25p, 21.2p and 23.3p respectively. None of those hurdles had been achieved by 31 March 2014.

Both sets of options will become exercisable in full in the event of an offer for the Company becoming unconditional in all respects.

The weighted average remaining contractual life of options outstanding at the end of the period was 3 years (2013: 4 years).

Of the total number of options outstanding at the end of the period 18.885,465 (2013: 19,890,898) had vested and were exercisable at the end of the period.

No share options were exercised or granted during the period (2013: None).

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

20. Share based payment CONTINUED

The share-based remuneration expense comprises:	31 March 2014 £'000	31 March 2013 £'000
Equity-settled schemes	1	4

21. Commitments

Operating lease commitments

The Group had future minimum lease payments under non-cancellable operating leases for each of the following periods:

	31 March 2014 £'000	Restated 31 March 2013 £'000
Less than one year	2	44
Later than one year and no later than five years	–	–
More than five years	–	–
	2	44

Operating lease commitments relate to the leasing of Eredene Capital Adviser's office space in Mumbai.

22. Notes supporting the cash flow statement

Cash and cash equivalents for the purposes of the cash flow statement comprises:	2014 £'000	Restated 2013 £'000
Cash available on demand	1,516	1,690
Short-term deposits	–	16,109
	1,516	17,799

23. Reconciliation of investment basis to IFRS10

IFRS 10 has resulted in a significant change to the presentation of the Group's financial statements. The Group makes investments directly in portfolio companies held by Eredene Capital plc and indirectly, held through intermediate holding companies ('Investment entity subsidiaries'). It also has a further operational subsidiary in India which provides advisory services to the Group.

Since the adoption of IFRS 10, there has been discussion about whether investment companies should be exempt from consolidation of its investments (the direct and indirectly held portfolio companies). IFRS 10 has resolved this point with the introduction of an investment entity exception confirming that portfolio companies should be accounted for at fair value if certain criteria are met. This is why we have decided to adopt the standard early.

A detailed reconciliation from the pre-adoption basis to IFRS 10 basis of the Statement of comprehensive income, Statement of financial position, and Cash flow statement is provided below.

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

23. Reconciliation of investment basis to IFRS10 CONTINUED

(a) Consolidated Statement of Financial Position

	As at 1 April 2012			As at 31 March 2013		
	Pre-adoption £'000	**IFRS10 adjustment £'000**	**Post-adoption £'000**	**Pre-adoption £'000**	**IFRS10 adjustment £'000**	**Post-adoption £'000**
Non-Current Assets						
Investments held at fair value	36,129	13,531	**49,660**	17,061	16,628	**33,689**
Intangible assets	953	(824)	**129**	917	(813)	**104**
Tangible fixed assets	15,913	(15,912)	**1**	16,054	(16,046)	**8**
Deferred tax	6	(6)	**–**	–	–	**–**
Other receivables	109	(109)	**–**	115	(110)	**5**
Total Non-Current Assets	**53,110**	**(3,320)**	**49,790**	**34,147**	**(341)**	**33,806**
Current Assets						
Trade receivables	671	(671)	**–**	641	(641)	**–**
Other receivables	93	(89)	**4**	93	(85)	**8**
Prepayments	27	(11)	**16**	31	(18)	**13**
Income tax receivable	102	(102)	**–**	116	(116)	**–**
Other taxes and social security	20	(1)	**19**	42	(27)	**15**
Accrued income	48	(31)	**17**	66	(63)	**3**
Cash and cash equivalents	41,839	(1,005)	**40,834**	19,543	(1,744)	**17,799**
Total Current Assets	**42,800**	**(1,909)**	**40,890**	**20,532**	**(2,694)**	**17,838**
Assets of disposal group classified as held for sale	–	–	**–**	8,724	7,474	**16,198**
Non-current assets held for sale	–	–	**–**	16,673	(16,673)	**–**
Total Assets	**95,910**	**(5,230)**	**(90,680)**	**80,076**	**(12,234)**	**67,842**
Current Liabilities						
Trade payables	(110)	75	**(35)**	(159)	140	**(19)**
Other payables	(109)	109	**–**	(100)	100	**–**
Taxes and social security	(31)	16	**(15)**	(52)	19	**(33)**
Accruals and deferred income	(192)	73	**(119)**	(572)	136	**(436)**
Corporation tax	(6)	6	**–**	(21)	19	**(2)**
Borrowings < 1 year	(798)	798	**–**	(1,213)	1,213	**–**
Provisions	(362)	–	**(362)**	(310)	–	**(310)**
Total Current Liabilities	**(1,608)**	**1,077**	**(531)**	**(2,427)**	**1,627**	**(800)**
Non-Current Liabilities						
Borrowings > 1 year	(5,294)	5,294	**–**	(4,083)	4,083	**–**
Total Non-Current Liabilities	**(5,294)**	**5,294**	**–**	**(4,083)**	**4,083**	**–**
Liabilities of disposal group classified as held for sale	–	–	**–**	(8,478)	8,478	**–**
Net Assets	**89,008**	**1,141**	**90,149**	**65,088**	**1,954**	**67,042**
Equity						
Share capital	44,691	–	**44,691**	36,199	–	**36,199**
Share premium	16,268	–	**16,268**	16,268	–	**16,268**
Special Reserve	32,826	–	**32,826**	17,311	–	**17,311**
Capital redemption reserve	–	–	**–**	8,491	–	**8,491**
Other Reserve	–	991	**991**	996	–	**996**
Foreign Exchange Reserve	(256)	256	**–**	(466)	469	**3**
Retained earnings	(6,121)	1,494	**(4,627)**	(16,405)	4,179	**(12,226)**
Total equity	**87,408**	**2,741**	**90,149**	**62,394**	**4,648**	**67,042**
Non-Controlling Interest	1,600	(1,600)	–	2,694	(2,694)	–
Total equity	**89,008**	**1,141**	**90,149**	**65,088**	**1,954**	**67,042**

Notes forming part of the financial statements

for the year ended 31 March 2014 CONTINUED

23. Reconciliation of investment basis to IFRS10 CONTINUED

(b) Consolidated Statement of Income

	2012			2013		
	Pre-adoption £'000	**IFRS10 adjustment £'000**	**Post-adoption £'000**	**Pre-adoption £'000**	**IFRS10 adjustment £'000**	**Post-adoption £'000**
Realised profits over fair value or disposal of investments	134	–	**134**	–	–	**–**
Unrealised adjustments on revaluation of investments	(2,882)	622	**(2,260)**	285	(4,966)	**(4,681)**
Other portfolio income	93	–	**93**	70	–	**70**
	(2,655)	**622**	**(2,033)**	**355**	**(4,966)**	**(4,611)**
Revenue from services	3,957	(3,957)	**–**	4,376	(4,376)	**–**
Cost of sales from services	(3,005)	3,005	**–**	(3,252)	3,252	**–**
Gross Profit / (Loss)	**(1,703)**	**(330)**	**(2,033)**	**1,479**	**(6,090)**	**(4,611)**
Operating expenses	(4,014)	688	**(3,326)**	(3,924)	822	**(3,102)**
Finance income	404	(99)	**305**	229	(114)	**115**
Finance costs	(709)	709	**–**	(544)	544	**–**
Loss before taxation	**(6,022)**	**968**	**(5,054)**	**(2,760)**	**(4,838)**	**(7,598)**
Taxation	29	(29)	**–**	(21)	19	**(2)**
Loss for the period from continuing operations	(5,993)	939	**(5,054)**	(2,781)	(4,819)	**(7,600)**
Loss for the period from discontinued operations	–	–	**–**	(6,301)	6,301	**–**
Loss after taxation	**(5,993)**	**939**	**(5,054)**	**(9,082)**	**1,482**	**(7,600)**
Other Comprehensive income						
Foreign Currency Translation	(1,778)	1,778	**–**	(49)	52	**3**
Total Comprehensive loss for period	(7,771)	2,717	**(5,054)**	(9,131)	1,535	**(7,597)**
Loss attributable to:						
Owners of the company	(5,954)	900	**(5,054)**	(9,062)	1,512	**(7,600)**
Non-controlling interest	(39)	39	**–**	(20)	20	**–**
	(5,993)	**939**	**(5,054)**	**(9,082)**	**1,532**	**(7,600)**
Total comprehensive loss attributable to:						
Owners of the company	(7,501)	2,477	**(5,054)**	(9,322)	1,725	**(7,597)**
Non-controlling interest	(270)	270	**–**	191	(191)	**–**
	(7,771)	**2,747**	**(5,054)**	**(9,131)**	**1,534**	**(7,597)**
Loss per share basic and diluted						
from continuing operations	(1.39)p	0.21p	**(1.18)p**	(1.78)p	(0.15)p	**(1.93)p**
from discontinued operations	–	–	**–**	(0.52)p	0.52p	**–**
	(1.39)p	**0.21p**	**(1.18)p**	**(2.30)p**	**0.37p**	**(1.93)p**

Notes forming part of the financial statements
for the year ended 31 March 2014 CONTINUED

23. Reconciliation of investment basis to IFRS10 CONTINUED

(c) Consolidated Statement of Cashflows

	2013		
	Pre-adoption £'000	IFRS10 adjustment £'000	Post-adoption £'000
Cash flows from operating activities			
Loss before taxation	(2,760)	(4,837)	**(7,597)**
Adjustments for:			
Finance income	(229)	114	**(115)**
Dividend income	(71)	–	**(71)**
Unrealised adjustments on the revaluation of investments	(285)	4,966	**4,681**
Share based payment charge	4	–	**4**
Foreign exchange differences	(323)	326	**3**
Depreciation	339	(338)	**1**
Amortisation	25	–	**25**
Increase in trade and other receivables	(50)	64	**14**
Increase/(decrease) in trade and other payables	441	(121)	**319**
(Decrease)/increase in provisions	(52)	–	**(52)**
Taxation	–	–	**–**
Net cash used in operating activities	**(2,961)**	**173**	**(2,788)**
Cash flows from investing activities			
Purchase of PPE	(707)	699	**(8)**
Disposal of PPE	2	(2)	**–**
Purchase of investments	(504)	(4,404)	**(4,908)**
Purchase of disposal group held for resale	(2,642)	2,642	**–**
Interest received	244	114	**(115)**
Dividends received	70	–	**–**
Net cash used in investing activities	**(3,537)**	**(1,193)**	**(4,730)**
Cash flows from financing activities			
Purchase of treasury shares	(15,514)	–	**(15,514)**
(Repayment of)/proceeds from borrowings	(716)	716	**–**
Proceeds from issue of shares in subsidiary to NCI	27	(27)	**–**
Net cash (used in)/generated from financing activities	**(16,203)**	**689**	**(15,514)**
Net (decrease)/increase in cash and cash equivalents	**(22,701)**	**(331)**	**(23,032)**
Cash and cash equivalents at start of period	41,839	(1,005)	**40,834**
Exchange gain / (loss)	405	(408)	**(3)**
Net cash used in operating activities	**19,543**	**(1,744)**	**17,799**

Notes forming part of the financial statements
for the year ended 31 March 2014 CONTINUED

24. Contingencies

The Group has entered into two deeds of undertaking with L&T Finance Limited of India in relation to the Group's investment in Apeejay Infra-Logistics Pvt Ltd. Under the terms of those undertakings, Haldia Mauritius Ltd, a wholly owned Group company, has agreed to provide additional funds to Apeejay Infra-Logistics and its subsidiary company, Apeejay Logistics Park Pvt Ltd (together "the Apeejay Infra-Logistics Group") in the event that there is a shortfall in the Apeejay Infra-Logistics Group's ability to service its debt. The debt facilities provided by L&T Finance Limited total to INR 745m (£7.4m) and the undertaking is provided on a joint and several basis by Haldia Mauritius Ltd and its joint venture partner, Apeejay Shipping Ltd.

25. Related party transactions

During the period, the Company was charged £75,000 (2013: £112,000) by Glendevon King Ltd for the provision of office space and services on normal commercial terms. There were no amounts payable at the year end. Alastair King, a director of the Company during the period, is a director and the majority shareholder of Glendevon King Ltd.

Caledonia Group Services is a subsidiary of Caledonia Investments plc which is a shareholder in the Company. The Cayzer Trust Company is a related party to Caledonia Investments plc and is a shareholder in that company. The Hon C Cayzer, who is a director of the Company, is a director and has a beneficial interest in both Caledonia Investments plc and the Cayzer Trust Company Limited.

26. Post balance sheet events

As a part of the on-going strategy to realise assets and return capital to shareholders, the Company announced on 29 July 2014 the receipt of £1.9m in cash for the sale of a 23% stake in Sattva CFS & Logistics, through its subsidiary Ennore Mauritius Limited, to Sattva Hi-tech and Conware Private Limited, part of the Sattva Business Group. Subsequent to the sale, the Company retains a 16% stake in Sattva CFS & Logistics. The £1.9m sale proceeds will be retained until further significant asset realisations have been achieved when another return of capital to the shareholders will be considered.

Company Statement of Financial Position

at 31 March 2014

	Note	31 March 2014 £'000	31 March 2013 £'000
Fixed assets			
Tangible fixed assets	3	**–**	–
Investments	4	**48,219**	54,500
		48,219	54,500
Current assets			
Debtors	5	**39**	31
Cash at bank and in hand		**1,178**	16,597
		1,217	16,628
Creditors: amounts falling due within one year	6	**(263)**	(143)
Net current assets		**954**	16,485
Total assets less current liabilities		**49,173**	70,985
Provisions	7	**(310)**	(310)
Net assets		**48,863**	70,675
Capital and reserves			
Share capital	8	**24,616**	36,199
Share premium account	9	**–**	16,268
Special reserve	9	**33,631**	17,312
Capital redemption reserve	9	**–**	8,491
Profit and loss account	9	**(9,384)**	(7,595)
Shareholders' funds	10	**48,863**	70,675

The financial statements were approved by the Board of Directors and authorised for issue on 11 August 2014.

Struan Robertson
Non-Executive Chairman
Company No. 5330839

The notes on pages 46 to 50 form part of these financial statements.

Notes forming part of the Eredene Capital PLC company financial statements

for the year ended 31 March 2014

1. Accounting policies

The following principal accounting policies have been applied:

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with UK GAAP and Company law.

Fixed asset investments

Investments in subsidiary undertakings are stated at cost less any allowance for impairment.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Where equity instruments are granted to persons other than employees, the profit and loss account is charged with fair value of goods and services received. If it is not possible to identify the fair value of these goods or services provided, the profit and loss account is charged with the fair value of the options granted.

The charge for share-based payments is calculated in accordance with the analysis described in note 22 to the Group financial statements. The option valuation model used requires highly subjective assumptions to be made including expected volatility, dividend yields, risk-free interest rates and expected staff turnover. The directors draw on a variety of external sources to aid in the determination of the appropriate data to use in such calculations.

Pension costs

The Company contributes to directors and employees personal money-purchase pension schemes. Contributions are charged to the profit and loss account in the period in which they become payable.

Cashflow Statement

The Company has used the exemption under FRS1 Cashflow Statements, not to prepare a cashflow statement, as a consolidated cashflow statement is included in the financial statements of its ultimate holding company which are publicly available.

National Insurance on Share Options

To the extent that the share price at the balance sheet date is greater than the exercise price on options granted, provision for any National Insurance contributions has been made based on the prevailing rate of National Insurance. The provision is accrued over the performance period attaching to the award.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Related party disclosures

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 ‘Related party disclosures’, not to disclose transactions with other group companies.

2. Loss for the financial period

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its profit and loss account in these financial statements. The loss for the period dealt with in the profit and loss account of the Company was £0.8m (Year ended 31 March 2013: loss of £3.0m).

Notes forming part of the Eredene Capital PLC company financial statements
for the year ended 31 March 2014 CONTINUED

3. Tangible fixed assets

	Office equipment £'000
Cost	
At 1 April 2013 and 31 March 2014	**39**
Depreciation	
At 1 April 2013	39
Charge in the period	–
At 31 March 2014	**39**
Net book value	
At 31 March 2014 and 31 March 2013	**–**

4. Fixed asset investments

The Company had the following principal subsidiaries during the period:

	Country of Incorporation	Class of shares held	Ownership 2014	2013
Aboyne Mauritius Holding Ltd	Mauritius	Ordinary	100%	100%
Bandra Mauritius Holding Ltd	Mauritius	Ordinary	100%	100%
Coloba Mauritius Holding Ltd	Mauritius	Ordinary	100%	100%
Ennore Mauritius Holding Ltd	Mauritius	Ordinary	100%	100%
Eredene Ennore Mauritius Holding Ltd	Mauritius	Ordinary	100%	100%
Haldia Mauritius Holding Ltd	Mauritius	Ordinary	100%	100%
Juhu Mauritius Holding Ltd	Mauritius	Ordinary	100%	100%
West Port Services Holding Ltd	Mauritius	Ordinary	100%	100%
Pipavav Mauritius Holding Ltd	Mauritius	Ordinary	100%	100%
Eredene Capital Advisors Pvt Ltd	India	Ordinary	100%	N/A

Total investment in subsidiaries and investments	**2014 £'000**	2013 £'000
At beginning of period	**54,500**	51,282
Additions	**1,118**	3,218
Disposals	**(7,399)**	–
At end of period	**48,219**	54,500

Additions represent subscriptions for shares in the above companies.

Details of the Group's investments are contained in note 12 to the consolidated financial statements.

Notes forming part of the Eredene Capital PLC company financial statements

for the year ended 31 March 2014 CONTINUED

5. Debtors

	31 March 2014 £'000	31 March 2013 £'000
Other debtors due within one year	37	16
Prepayments and accrued income	2	15
	39	31

All amounts fall due within one year.

6. Creditors: amounts falling due within one year

	31 March 2014 £'000	31 March 2013 £'000
Trade creditors	30	16
Other taxes and social security	3	22
Accruals and deferred income	230	105
	263	143

7. Provision for liabilities

	31 March 2014 £'000	31 March 2013 £'000
At beginning of period	310	362
Released in period	–	(362)
Charged to income statement	–	310
At end of period	310	310

The Company has provided for its estimated £310,000 share of the remaining net liabilities and winding up costs of its investee company, Bay of Bengal Gateway Terminal Pvt Ltd.

There was no provision for National Insurance on share options at the period end as the share price at 31 March 2014 was less than the lowest share option exercise price. The eventual liability to National Insurance on share options is dependent on the following factors:

- the market price of the Company's shares at the date of exercise;
- the number of options that will be exercised; and
- the prevailing rate of National Insurance at the date of exercise.

Notes forming part of the Eredene Capital PLC company financial statements

for the year ended 31 March 2014 CONTINUED

8. Share capital

Details of the share capital of the Company are included in note 18 to the consolidated financial statements.

9. Reserves

	Share premium acc. £'000	Special reserve £'000	Capital redemption reserve £'000	Profit & loss reserve £'000
At 31 March 2013	16,268	17,312	8,491	(7,595)
Loss for the period	–	–	–	(1,790)
Share-based payment	–	–	–	1
Share buyback	–	(8,440)	–	–
Reduction of share premium	(16,268)	24,759	(8,491)	–
At 31 March 2014	**–**	**33,631**	**–**	**(9,384)**

The capital redemption reserve was created on the cancellation of the shares purchased in the August 2012 and October 2013 tender offers.

10. Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Loss for the period	**(1,790)**	(805)
Share based payment	**1**	4
Purchase & cancellation of treasury shares	**–**	(15,515)
Share buyback	**(20,023)**	–
	(21,812)	(16,316)
Opening shareholders' funds	**70,675**	86,991
Closing shareholders' funds	**48,863**	70,675

11. Commitments under operating leases

The Company had annual commitments under non-cancellable operating leases as set out below:

	2014 £'000	2013 £'000
Operating leases which expire:		
Less than one year	**–**	44

Notes forming part of the Eredene Capital PLC company financial statements

for the year ended 31 March 2014 CONTINUED

12. Related party transactions

Details of the Company's related party transactions are included in note 25 to the Group financial statements.

Forward-looking statements *(the following is not part of the Financial Statements)*

This document may contain forward-looking statements with respect to certain of the plans and current goals and expectations relating to the future financial condition, business performance and results of Eredene Capital PLC. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of Eredene Capital PLC including, amongst other things, UK domestic and global economic and business conditions, market related risks such as fluctuations in interest rates, foreign exchange rates, inflation, the impact of competition, delays in implementing proposals, the timing, impact and other uncertainties of future investments, the impact of tax or other legislation and other regulations in the jurisdictions in which Eredene Capital PLC and its affiliates operate. As a result, Eredene Capital PLC's actual future condition, business performance and results may differ materially from the plans, goals and expectations expressed or implied in these forward-looking statements.