

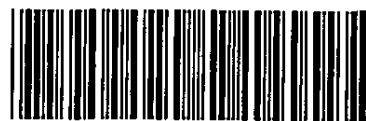
Eredene Capital PLC

Report and Financial Statements

Year ended 31 March 2013

Company Number 5330839

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Eredene Capital PLC

Annual report and financial statements for the year ended 31 March 2013

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Eredene Capital PLC

Corporate Information

Directors

R J Arnold
Sir C J Benson
The Hon C W Cayzer
P A Gismondi
A J N King
D D S Robertson
G D Varley

Secretary and registered office

G D Varley ACA, 7 Pilgrim Street, London, EC4V 6LB

Company number

5330839

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Website

www.eredene.com

Solicitors

Faegre Baker Daniels LLP, 7 Pilgrim Street, London, EC4V 6LB

Nominated adviser and broker

Numis Securities Limited, 10 Paternoster Square, London, EC4M 7LT

Registrars

Neville Registrars Limited, 18 Laurel Lane, Halesowen, B63 3DA

Financial PR

Redleaf Polhill Limited, 4 London Wall Buildings, London, EC2M 5NT

Eredene Capital PLC

Highlights

Highlights

- Eredene Capital PLC ("Eredene", "Eredene Group", "the Company") achieves its first full realisation
- Sale of entire holding in Ocean Sparkle Limited for £8.2m, post the year end, was at a gross premium over investment cost of 39% in Indian Rupee terms
- Aim to return realisation proceeds to shareholders via repayments of surplus capital, with next return in the region of £20m to be proposed for approval at the AGM on 12 September 2013
- Initial return of capital of £15.3m made in August 2012
- Sale of stakes in low-cost housing developer Matheran Realty and its subsidiary Gopi Resorts under negotiation
- Adviser appointed to progress divestment of further significant parts of Eredene's logistics portfolio
- Orderly sales process in line with stated strategy to extract maximum value from portfolio
- Total consolidated cash balance of £19.5m at 31 March 2013 (2012: £41.8m). Additional receipt of £8.2m following Ocean Sparkle sale in June 2013
- Loss for period of £9.1m (2012: loss of £6.0m) of which £6.3m due to write-down of stakes in Matheran and Gopi
- Net Asset Value attributable to equity shareholders of 17.2p per share as at 31 March 2013 (2012: 19.6p)

Eredene Capital PLC

Chairman's Statement

Summary

In line with its stated strategy, Eredene has begun an orderly process of realising its investments in India and returning capital to shareholders. A sale post year-end of Eredene's stake in Ocean Sparkle Ltd, India's leading port operations and marine services company, was achieved for £8.2m at a gross premium over investment cost of 39% in Indian Rupee terms. An adviser was appointed to handle the sale of further significant parts of the Group's logistics investments, and negotiations continue for the disposal of Eredene's stakes in a low-cost housing development near Mumbai. Further phased capital repayments to shareholders are planned following an initial return of £15.3m in August 2012. The next return of capital, estimated to be in the region of £20m, will be proposed for approval by shareholders at the AGM on 12 September 2013.

Financial Results

The results for the Group show a loss for the period of £9.1m (2012: loss £6.0m) of which £6.3m related to the write-down in value of the investments in Matheran and Gopi. As at 31 March 2013, the Group had a Net Asset Value ("NAV") attributable to equity shareholders of £62.4m (2012: £87.4m), representing 17.2p per share (2012: 19.6p). Of the 2.4p decline in NAV per share, 1.7p was due to the Matheran and Gopi write-down.

The Group had administrative expenses of £3.9m in the period (2012: £4.0m) which included £0.8m (2012: £0.7m) of administrative expenses relating to the Group's subsidiaries, MJ Logistic Services and Sattva Conware. The Group had total consolidated cash balance of £19.5m at 31 March 2013 (2012: £41.8m) and received a further £8.2m from the sale of Ocean Sparkle in June 2013.

Operating Review

Following the announcement last year that it would make no investment in new projects, Eredene has started to extract value from its portfolio by embarking on an orderly sale of its assets in India with the aim ultimately to return all proceeds to shareholders. A milestone was achieved with the sale in June 2013 of the Company's holding in Ocean Sparkle Limited ("OSL"), India's leading port operations and marine services company. Eredene had a fully diluted stake of 6.8% in OSL which it purchased in 2010 through a subsidiary, West Coast Port Ltd, for £7.3m. The sale to Mauritius-based Infrastructure India Holdings Fund LLC for £8.2m represented a gross premium of 39% over investment cost in Indian Rupee terms and 12.3% in Sterling terms, significantly less because of adverse exchange rate movement.

Eredene is actively engaged in negotiations for the sale of its stakes in a low-cost housing development near Mumbai. The Company announced in December 2012 that it had signed an indicative term sheet with a potential purchaser for a cash payment of INR 625m (£7.6m at 31 March 2013 exchange rate) for its stakes in Gopi Resorts Pvt Ltd and Matheran Realty Pvt Ltd, the joint developers. The deal has not been completed, and, although the term sheet remains open, advanced discussions are now taking place with another bidder who has recently signed a Letter of Intent to buy the Company's holdings in the development at the same price. That latter bidder is currently carrying out its due diligence review of Matheran and Gopi. The Group's stakes in those companies have been classified as an asset held for sale and have been written down to the likely realisation value.

During the year the Company appointed the Avendus Group, a Mumbai-based financial services provider, to handle the sale of part of its logistics and warehousing investments. There is no fixed realisation timetable, and Eredene has sufficient funds to manage and service the companies in its portfolio until their sale can be realised at prices which represent acceptable returns.

Eredene Capital PLC

Chairman's Statement (continued)

Operating Review (continued)

As it sells down its stakes in the companies, Eredene plans further phased returns of capital to shareholders. An initial return of £15.3m (equivalent to 3.4 pence per share) was made in August 2012 via a tender offer at 18 pence per share. It is the Board's intention to propose a further return of capital, likely to be in the region of £20m, at the AGM which is scheduled to be held on 12 September 2013. Further details will be sent to shareholders together with the documentation convening the AGM. In line with strategy, the Board intends to continue the orderly sale of assets and the return of capital to shareholders. We reiterate that there is no fixed timetable for the sale of these assets, however this will ultimately lead to the delisting and winding up of the Company.

Eredene's new advisory team in Mumbai continues to oversee and monitor Eredene's investee companies with a brief to set and hold the investee companies to challenging targets and to maximise their value. The team, led by Ranveer Sharma, took over management of the portfolio following the resignation of Eredene Infrastructure Private Limited in September 2012. In difficult market conditions, the investee companies generally performed well. A further £0.5m has been invested into the existing investee companies during the period, to ensure that the Group's stakes in those companies were not significantly diluted.

Investee Companies

Despite a slow-down in India's growth and challenging economic conditions, Eredene's investee companies generally performed well during the past 12 months. Set out below are some of the key developments and achievements.

- MJ Logistic Services (MJL), a multi-user third party logistics business in North India, posted revenue of £4.2m for the financial year ended 31 March 2013, a 23% 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, the owner of Jaguar and Land Rover. Cold chain customers include some of India's leading fast food companies such as Domino's Pizza and Subway and other international companies such as Du Pont Danisco and Unilever. A second cold chamber project is under construction and will take cold storage capacity to 5,000 pallets. Nine acres of the 22-acre Palwal site are currently in use.

- 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 fifth 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 South Korean machinery manufacturer Doosan, NYK Line, Maersk, CMA-CGM and MSC. The CFS handled 75,300 TEUs (twenty foot equivalent units, the length of a standard container) in 2012-13, compared to 68,000 TEUs in the previous year, an 11% increase. After a poor first quarter in the financial year, the business recovered strongly and posted annual revenue of £3.7m, a year-on-year increase of 5% in Indian Rupee terms.

- A second joint investment with the Sattva Business Group in Tamil Nadu, Sattva Conware CFS, is located on a 60-acre site within reach of both Ennore and Chennai ports and the newly opened Kattupalli container terminal. It has a 120,000 square feet container yard and a 32,000 square feet warehouse, but it was unable to launch its export-import container business due to a lack of the necessary Government-allocated customs staff. Despite this delay, the CFS handled empty container boxes from Wan Hai and NYK shipping lines and domestic cargo for Ford India.

Eredene Capital PLC

Chairman's Statement (continued)

Investee Companies (continued)

- Contrans Logistics' CFS near Pipavav port in Gujarat, one of two Contrans projects in Northwest India, recorded a small unaudited post-tax profit for the second consecutive year despite falling volumes. Contrans CFS saw a year-on-year fall in container volumes from 25,000 to 18,000 however volumes in the second half of the financial year were significantly higher than in the first. Cotton, oil seeds and other agricultural commodities were the primary revenue earners. Major customers included shippers Maersk India, Hapag-Lloyd and J M Baxi & Co, global chemical and textile company GHCL and logistics providers Shreenathji Worldwide and Gudwin Logistics. Maersk, the world's number one container line, recently took measures to increase traffic at Pipavav port by adding Pipavav to its India-Middle East-East Coast service, thereby connecting its customers in Gujarat and the North India hinterland to the US market.

- 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. The market value of the site is at a significant premium to the original purchase cost.

- 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-modal 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, a petrochemical centre at the mouth of the Hooghly River, 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. During its first year of operations, the domestic warehouses were fully occupied. Customers included shipping lines MSC, CMA-CGM, Tata NYK, Hanjin and Maersk, and leading companies such as Hindustan Unilever and Tata Steel.

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. It is operational for storage of domestic cargo, and has also been licensed as an ICD to handle export-import cargo. The domestic warehouse and a substantial area of the open yard are leased to logistics services provider Tata TKM.

- Eredene is in the process of selling its interests in Matheran and its subsidiary Gopi which are jointly developing a mass low-cost housing project at Tanaji Malusare City near Mumbai. There was limited construction activity during the year.

Eredene Capital PLC

Chairman's Statement (continued)

India's Economy

India's growth in Gross Domestic Product (GDP) declined for a second consecutive year, with the economy expanding by 5.0% in the year ended 31 March 2013, compared to 6.2% in 2012, according to the Central Statistical Organisation (CSO). The Reserve Bank of India cut interest rates in 2013, however the main policy rate still stands at a comparatively high 7.25%. The Indian Rupee came under significant selling pressure after the balance sheet date, and has weakened against Sterling from 82.54 at 31 March 2013 to 90.54 on 30 June 2013.

The declining growth led to a slow-down in container traffic – a core driver of Eredene's investments in port services and logistics. Container traffic at India's 12 major ports totalled 7.7m TEUs in the fiscal year 2012-2013, representing a slight decline of 0.91% compared to 7.8m TEUs in 2011-2012, according to the Indian Ports Association (IPA). Container volume at the busiest port of Jawaharlal Nehru (JNPT) stood at 4.3m TEUs, down 1.4% from the previous year. The second busiest port, Chennai, handled 1.539m TEUs, down 1.0% from a year earlier.

Outlook

We are pleased that the Company has now achieved its first full exit, and we look forward to announcing a further significant return of capital for approval by shareholders at the AGM on 12 September 2013.

The Company has now embarked on 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
16 July 2013

Eredene Capital PLC

Investment Portfolio Summary

Investment	Amount invested at 31/3/13	Fair Value at 31/3/13	Sector	Location	Progress
1 Sattva CFS & Logistics – Vichoor CFS	£0.7m	£4.5m	Container Logistics	Chennai, Tamil Nadu	Revenue generating & dividend paying
2 Sattva Conware CFS	£3.8m	N/A as subsidiary	Container Logistics	Ennore, Tamil Nadu	Operational & revenue generating
Contrans Logistic	£5.6m	£8.5m			
3 Project One Pipavav CFS			Container Logistics	Pipavav, Gujarat	Operational & revenue generating
4 Project Two Baroda ICD			Container Logistics	Baroda, Gujarat	Pre-construction phase
Apeejay Infra-Logistics	£2.9m	£4.1m			
5 Project One Haldia Logistics Park			Logistics Park	Haldia, West Bengal	Operational & revenue generating
6 Project Two Kalinganagar Logistics Park			Logistics Park	Kalinganagar, Orissa	Operational & revenue generating
7 MJ Logistic Services	£10.9m	N/A as subsidiary	Warehousing & Third Party Logistics	Northern India	Operational & revenue generating
8 Matheran Realty & Gopi Resorts	£15.3m	£7.5m	Urban Development	Mumbai region	Construction & taking sales deposits
9 Ocean Sparkle	£7.3m	£8.7m	Marine operations & maintenance	Pan-India	Revenue generating & dividend paying

Eredene Capital PLC

Investment Portfolio Summary

Sattva CFS & Logistics – Vichoor CFS

Amount invested to 31 March 2013	£0.7m (for remaining 39% stake)
Ownership stake at 31 March 2013	39%
Realisation proceeds to 31 March 2013	£1.1m (for 10% 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

Amount invested to 31 March 2013	£3.8m
Ownership stake at 31 March 2013	83%
Sector	Container Logistics
Location	Ennore, Tamil Nadu, South East India
Progress to date	Operational & revenue generating
Investment partner	Sattva Business Group

Contrans Logistic

Amount invested in Contrans in total to 31 March 2013	£5.6m
Ownership stake at 31 March 2013	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

Eredene Capital PLC

Investment Portfolio Summary

Apeejay Infra-Logistics

Amount invested in Apeejay Infra-Logistics in total to 31 March 2013	£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

Amount invested to 31 March 2013	£10 9m
Ownership stake at 31 March 2013	86%
Website	www.mjlsi.com
Sector	Warehousing & Third Party Logistics
Location	Delhi region, North India
Progress to date	Operational & revenue generating

Eredene Capital PLC

Investment Portfolio Summary

Matheran Realty and Gopi Resorts

Amount invested in total to 31 March 2013 in Matheran Realty & Gopi Resorts	£15.3m
Ownership stake at 31 March 2013	<ul style="list-style-type: none">• 87% - Matheran Realty Pvt Ltd• 32% - Gopi Resorts Pvt Ltd (Matheran subsidiary)
Sector	Urban development
Location	Mumbai region, Maharashtra, West India
Progress to date	Construction and taking sales deposits

Ocean Sparkle

Amount invested to 31 March 2013	£7.3m
Ownership stake at 31 March 2013	8% (realised June 2013)
Sector	Port operations & marine services
Location	Operations at 18 ports Head office – Hyderabad
Progress to date	Profitable & dividend paying

Eredene Capital PLC

Board of Directors

Struan 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, which operates seven ports in the UK and was the largest ports company listed on the London Stock Exchange prior to its takeover and delisting. During a career with BP he held a number of senior posts such as Executive Chairman Asia Pacific, Chief Executive Oil Trading International and Chief Executive Malaysia. He is also senior independent non-executive director of Asian Total Return Investment Company plc, Salamander Energy plc and a non-executive director of Group Five Ltd, listed on the Johannesburg Stock Exchange.

Alastair King, Chief Executive and Founder

Alastair King qualified as a solicitor and practiced in London and Central Asia with Baker & McKenzie. From 1999 to 2002, he held several senior positions within SPARK Ventures plc, an early stage technology venture capital investor. From February 2002, he was Managing Director of Galahad Capital plc, then an AIM-quoted cash shell, which completed the acquisition of Shambhala Gold Limited in December 2003 and changed its name to Galahad Gold plc. He holds an MSc in finance from London Business School and founded Eredene Capital PLC in 2005.

Gary Varley, Finance Director

Gary Varley is a Chartered Accountant with board level experience in sectors including private equity and real estate development. He joined PricewaterhouseCoopers in 1994, where he practised in the firm's audit, management consultancy and forensic accounting divisions. As well as a number of board level commercial roles, he was previously a Principal with the AIM quoted venture capital investor SPARK Ventures plc where he sat on the fund's investment committee. Prior to joining Eredene on its formation, he was Finance Director of Nicholas King Homes plc.

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.

Sir Christopher Benson, Senior Independent Non-Executive Director

Sir Christopher Benson gained significant development experience with Arndale and thereafter became Managing Director of MEPC. He has been chairman of MEPC, Royal & Sun Alliance, The Boots Co., Costain and Albright & Wilson. He was also chairman of the London Docklands Development Corporation. He is a member of the Advisory Board of Cathedral plc and of Swindon and Wiltshire LEP and is Chairman of Salisbury Vision.

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.

Paul Gismondi, Non-Executive Director

Paul Gismondi is a Managing Director of Lazard & Co. where his main focus has been providing advice to the firm's clients on all forms of public and private equity and equity-linked financings. He has also served as non-executive director on the board of several UK listed companies.

Eredene Capital PLC

Report of the directors for the year ended 31 March 2013

The directors present their report together with the audited financial statements for the year ended 31 March 2013

Results and dividends

The income statement is set out on page 18 and shows the result for the period

The directors do not recommend the payment of a dividend (2012 Nil)

Principal activities, review of business and future developments

Business review and principal activities

The Group makes private equity investments in infrastructure related companies in India, further detailed information on which is provided in the Chairman's Statement and Investment Portfolio Summary on pages 3 to 10

The results for the Group show a loss for the period of £9.1m (2012 loss £6.0m) of which £6.3m related to the write-down in value of the investments in Matheran and Gopi. As at 31 March 2013, the Group had a Net Asset Value ("NAV") attributable to equity shareholders of £62.4m (2012 £87.4m), representing 17.2p per share (2012 19.6p)

As an investment company, Eredene's performance is primarily judged by the change in its net asset value per share rather than non-financial indicators. Eredene's NAV per share has fallen by 12.2% in the year to 31 March 2013 compared to the 12.6% increase in the FTSE All Share index. Of the 2.4p decline in NAV per share, 1.7p was due to the write-down in the Matheran and Gopi investments to their realisable value less costs to sell.

Investing Policy

Eredene Capital PLC is an equity investor in Indian infrastructure operating companies and holds its investments as part of an investment portfolio. Its current investment policy, as approved at the 2012 General Meeting states,

Eredene Capital PLC is an equity investor in Indian infrastructure operating companies and holds its investments as part of an investment portfolio. Its investment portfolio includes minority stakes which are accounted for as investments and direct majority stakes which are consolidated. It has no restrictions or maximum exposure limits on its investments. The Eredene Group 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.

Eredene Capital PLC

Report of the directors for the year ended 31 March 2013 (Continued)

Principal activities, review of business and future developments (Continued)

Principal risks and uncertainties

The execution of the Group's strategy is subject to a number of risks and uncertainties 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 AA- 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.

Directors

The directors of the Company during the period were

R J Arnold
Sir C J Benson
The Hon C W Cayzer
P A Gismondi
A J N King
N M Naik (resigned 12 September 2012)
D D S Robertson
G D Varley

Financial instruments

Details of the use of financial instruments by the Company and its subsidiary undertakings are contained in note 18 of the financial statements.

Eredene Capital PLC

Report of the directors for the year ended 31 March 2013 (Continued)

Policy and practice on the payment of creditors

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment

The number of average days purchases of the Company represented by trade creditors at 31 March 2013 was 5 days (2012 7 days)

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

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



G D Varley

Company Secretary

16 July 2013

Eredene Capital PLC

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.

Eredene Capital PLC

Report of the independent auditors

Independent auditor's report to the members of Eredene Capital PLC

We have audited the financial statements of Eredene Capital PLC for the year ended 31 March 2013 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 sections 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 Auditing Practices Board'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 APB'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 2013 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.

Eredene Capital PLC

Report of the independent auditors (*Continued*)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the 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

BDO LLP

Thomas Edward Goodworth (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
16 July 2013

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

Eredene Capital PLC

Consolidated Statement of Comprehensive Income for the year ended 31 March 2013

	Note	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Portfolio return and revenue			
Realised profits over fair value on disposal of investments		-	134
Unrealised adjustments on the revaluation of investments	12	285	(2,882)
Other portfolio income		70	93
		355	(2,655)
Revenue from services		4,376	3,957
Cost of sales for services		(3,252)	(3,005)
Gross profit		1,124	952
Gross profit/(loss) and net portfolio return		1,479	(1,703)
Administrative expenses		(3,924)	(4,014)
Finance income	7	229	404
Finance costs	7	(544)	(709)
Loss before taxation	4	(2,760)	(6,022)
Taxation (charged)/credited	8	(21)	29
Loss for the period from continuing operations		(2,781)	(5,993)
Loss for the period from discontinued operations	15	(6,301)	-
Loss after taxation		(9,082)	(5,993)
Other comprehensive losses			
Foreign currency translation		(49)	(1,778)
Total comprehensive loss for the period		(9,131)	(7,771)
Loss attributable to			
Owners of the parent company		(9,062)	(5,954)
Non-controlling interests (NCI)		(20)	(39)
		(9,082)	(5,993)
Total comprehensive loss attributable to:			
Owners of the parent company		(9,322)	(7,501)
Non-controlling interests		191	(270)
		(9,131)	(7,771)
Loss per share Basic and diluted			
From continuing operations	9	(1 78)p	(1 39)p
From discontinued operations	9	(0 52)p	-
		(2.30)p	(1 39)p

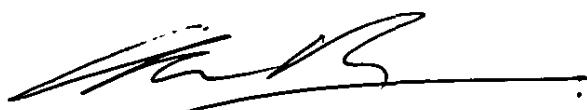
The notes on pages 22 to 53 form part of these financial statements

Eredene Capital PLC

Consolidated Balance Sheet at 31 March 2013

	Note	31 March 2013 £'000	31 March 2012 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	16,054	15,913
Investments held at fair value through profit or loss	12	17,061	36,129
Intangible assets	11	917	953
Deferred income tax asset		-	6
Other receivables	14	115	109
		34,147	53,110
CURRENT ASSETS			
Trade and other receivables	14	989	961
Cash and cash equivalents	25	19,543	41,839
		20,532	42,800
Non-current assets classified as held for sale	15	8,724	-
Assets of disposal group classified as held for sale	15	16,673	-
TOTAL ASSETS		80,076	95,910
CURRENT LIABILITIES			
Trade and other payables	16	(883)	(442)
Current income tax liabilities		(21)	(6)
Borrowings	17	(1,213)	(798)
Provisions	19	(310)	(362)
NON-CURRENT LIABILITIES			
Borrowings	17	(4,083)	(5,294)
Liabilities of disposal group classified as held for sale	15	(8,478)	-
TOTAL LIABILITIES		(14,988)	(6,902)
TOTAL NET ASSETS		65,088	89,008
EQUITY			
Share capital	20	36,199	44,691
Share premium	21	16,268	16,268
Special reserve	21	17,311	32,826
Capital redemption reserve	21	8,492	-
Foreign exchange deficit	21	(466)	(256)
Retained deficit	21	(15,409)	(6,121)
Capital and reserves attributable to equity shareholders of the company		62,395	87,408
Non-controlling interests (NCI)		2,693	1,600
TOTAL EQUITY		65,088	89,008

The financial statements were approved by the Board of Directors and authorised for issue on 16 July 2013



A J N King
Director, Eredene Capital PLC, Company No 5330839

The notes on pages 22 to 53 form part of these financial statements

Eredene Capital PLC

Consolidated Statement of Changes in Equity for the year ended 31 March 2013

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Foreign exchange reserve £'000	Retained deficit £'000	Share holders equity £'000	NCI £'000	Total equity £'000
Year ended 31/3/13									
As at 1 April 2012	44,691	16,268	32,826	-	(256)	(6,121)	87,408	1,600	89,008
Loss for the period	-	-	-	-	-	(9,062)	(9,062)	(20)	(9,082)
Other comprehensive income for the period	-	-	-	-	(210)	(50)	(260)	211	(49)
Total comprehensive income for the period	-	-	-	-	(210)	(9,112)	(9,322)	191	(9,131)
Share based payment	-	-	-	-	-	4	4	-	4
Purchase and cancellation of treasury shares	(8,492)	-	(15,515)	8,492	-	-	(15,515)	-	(15,515)
NCI on dilution of shareholding	-	-	-	-	-	(180)	(180)	180	-
NCI on acquisition of discontinued operations	-	-	-	-	-	-	-	722	722
As at 31 March 2013	36,199	16,268	17,311	8,492	(466)	(15,409)	62,395	2,693	65,088

Year ended 31/3/12									
As at 1 April 2011	28,024	3,441	32,826	-	1,291	(185)	65,397	1,870	67,267
Loss for the period	-	-	-	-	-	(5,954)	(5,954)	(39)	(5,993)
Other comprehensive income for the period	-	-	-	-	(1,547)	-	(1,547)	(231)	(1,778)
Total comprehensive income for the period	-	-	-	-	(1,547)	(5,954)	(7,501)	(270)	(7,771)
Share based payment	-	-	-	-	-	18	18	-	18
Shares issued net of costs	16,667	12,827	-	-	-	-	29,494	-	29,494
As at 31 March 2012	44,691	16,268	32,826	-	(256)	(6,121)	87,408	1,600	89,008

The notes on pages 22 to 53 form part of these financial statements

Eredene Capital PLC

Consolidated Cash Flow Statement for the year ended 31 March 2013

	Note	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Cash flow from operating activities			
Loss before taxation		(2,760)	(6,022)
Adjustments for			
Finance income		(229)	(405)
Dividend income		(70)	(93)
Realised profits over fair value on disposal of investments		-	(134)
Unrealised adjustments on the revaluation of investments		(285)	2,883
Share based payment charge		4	18
Foreign exchange differences		(323)	(5)
Depreciation		339	284
Amortisation		25	25
Increase in trade and other receivables		(50)	(82)
Increase/(decrease) in trade and other payables		441	(187)
(Decrease)/increase in provisions		(52)	350
Taxation paid		-	(1)
Net cash used in operating activities		(2,960)	(3,369)
Cash flows from investing activities			
Purchase of property, plant and equipment		(707)	(1,658)
Disposal of property, plant and equipment		2	18
Purchase of investments		(504)	(246)
Disposal of investments		-	1,080
Purchase of disposal group held for resale		(2,642)	-
Interest received		244	389
Dividends received		70	93
Net cash used in investing activities		(3,537)	(324)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		-	29,493
Purchase of treasury shares		(15,515)	-
(Repayment of)/proceeds from borrowings		(716)	778
Proceeds from issue of shares in subsidiary to NCI		27	-
Net cash (used in)/generated from financing activities		(16,204)	30,271
Net (decrease)/increase in cash and cash equivalents		(22,701)	26,578
Cash and cash equivalents at the beginning of the period		41,839	15,558
Exchange gains/(losses)		405	(297)
Cash and cash equivalents at the end of the period	25	19,543	41,839

The notes on pages 22 to 53 form part of these financial statements

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013

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 2013 comprise the Company and its subsidiaries (together referred to as the "Group").

Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted for use in the EU ("IFRS"). The Company has elected to prepare its parent Company financial statements in accordance with UK GAAP. These are presented on pages 54 to 59.

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 Investing Policy description on page 12). 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.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

The financial statements are presented in pounds sterling. They have been prepared on the historical cost basis, except for the revaluation of certain investments.

New accounting standards and changes to existing accounting standards

Standards and interpretations effective in current period

Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)

Transfers of Financial Assets (amendments to IFRS 7)

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 *(Continued)*

1. Accounting policies *(Continued)*

New accounting standards and changes to existing accounting standards (continued)

ii Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods commencing on or after 1 April 2013 or later periods, but they have not been early adopted

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value Measurement

IAS 27 Separate Financial Statements

IAS 28 Investments in Associates and Joint Ventures

IAS 19 Employees Benefits

Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

Government Loans (amendments to IFRS 1)

Annual Improvements to IFRSs (2009-2011 Cycle)

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

IFRS 9 Financial Instruments

Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and its subsidiary undertakings. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The results of any subsidiaries sold or acquired are included in the Group income statement up to, or from, the date control passes. Intra-Group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's separable, identifiable assets and liabilities existing at the date of acquisition are recorded at their fair values reflecting their condition at that date. On disposal of a subsidiary, the consideration received is compared with the carrying cost at the date of disposal and the gain or loss is recognised in the income statement. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets is recorded as goodwill. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Subsidiaries' results are amended where necessary to ensure consistency with the policies adopted by the Group.

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (Continued)

1. Accounting policies (Continued)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets and allocated from the acquisition date to each of the Group's cash generating units ("CGU") that are expected to benefit from the business combination. Goodwill may be allocated to CGUs in both the acquired business and in the existing business. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Acquired intangible assets

Intangible assets, other than goodwill, that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. The pipeline of investments acquired is amortised over the period in which gains or losses on the investments made from the pipeline are expected to be realised of ten years. The amortisation charge for the period is included within administrative expenses.

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).

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

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.

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (Continued)

1 Accounting policies (Continued)

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

The acquisition of a controlling stake in Matheran and its subsidiary Gopi has been classified as held for sale on acquisition and has been accounted for and disclosed in the financial statements in accordance with the provisions under IFRS 5. The Group has utilised the exemption under IFRS 5 paragraph 33c to not disclose the net cashflows attributable to the operating, investing and financing activities of the discontinued activities in the consolidated cashflow statement.

- 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.

- 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.

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (Continued)

1. Accounting policies (Continued)

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.

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.

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.

Revenue from services comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. This is primarily the provision of storage and transportation services, for which revenue is recognised on provision of services and dispatch of goods. Revenue is shown net of sales tax, returns, rebates and discounts.

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.

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (*Continued*)

1. Accounting policies (*Continued*)

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.

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.

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.

Operating leases

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

2. Critical accounting judgements and estimates

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.

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

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'.

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (Continued)

2 Critical accounting judgements and estimates (Continued)

Value of investments

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. 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 note 12 for details of the valuation methodologies employed.

The determination of fair value for an unlisted investment requires the use of estimates and assumptions.

Impairment of goodwill

The Group is required to test whether goodwill has suffered any impairment on at least an annual basis. The recoverable amount is determined using value in use calculations. The use of this method requires the estimation of future cash flows and the selection of a suitable discount rate in order to calculate the present value of these cash flows.

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.

Judgement must be exercised when determining the timing of the disposal and estimates must be made when determining the carrying amount.

3. 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 2013 £000	Year ended 31 March 2012 £000
Revenue from services	4,376	3,957
Other portfolio income	70	93
Revenue – all India based	4,446	4,050
Non-current assets – India based	17,086	16,974
Non-current assets – UK based	-	1

The Group's subsidiary, MJ Logistic Services Pvt Ltd, is dependent on two customers who each represent more than 10% of Group revenues with one customer representing £1.5m of revenue (2012: £1.5m) and the other £1.4m of revenue (2012: £1.4m).

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (Continued)

4. Loss before taxation

This is arrived at after charging/(crediting)

	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
Staff costs (see note 5)	1,007	832
Depreciation of tangible fixed assets	339	284
Amortisation of intangible fixed assets	25	25
Foreign exchange gains	(323)	(5)
Auditors' remuneration		
- audit services	65	65
- non-audit services		
- tax advisory	2	2
- assurance services	15	39

5. Employees

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Staff costs consist of		
Wages and salaries	885	737
Equity settled share-based payments	2	15
Social security costs	76	45
Other pension costs	44	35
	1,007	832
Amounts payable to third parties (note 6)	672	760

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

	Year ended 31 March 2013	Year ended 31 March 2012
Management and administration	26	24
Warehouse and distribution	34	33
	60	57

The Group's Indian subsidiary investment MJ Logistic Services Ltd represents 14 of the management and administrative staff (2012 14) and all 34 of the warehouse and distribution staff (2012 33) Staff costs are included within Administrative Expenses in the consolidated income statement

Eredene Capital PLC

Notes forming part of the financial statements
for the year ended 31 March 2013 (Continued)

6. Directors' remuneration

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Directors' emoluments	1,466	1,326
Social security costs	48	34
Company contributions to directors' money purchase pension schemes	35	35
Share based payment	1	15
	1,550	1,410

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 (see note below)	159	159	5	16	339
Non-executive directors					
R J Arnold	35	-	-	-	35
Sir C J Benson	35	-	-	-	35
The Hon C W Cayzer (see note below)	35	-	-	-	35
P A Gismondi	35	-	-	-	35
N M Naik (see note below)	672	-	-	-	672
D D S Robertson	68	-	-	-	68
	1,228	159	10	35	1,432

Year ending 31 March 2012	Fees and salaries £'000	Benefits £'000	Pension contributions £'000	Total £'000
Executive directors				
A J N King	189	5	19	213
G D Varley	159	5	16	180
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	760	-	-	760
D D S Robertson	68	-	-	68
	1,316	10	35	1,361

The Directors are considered to be the key management personnel

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (Continued)

6. Directors' remuneration (continued)

Directors' share options	Options at 1 April 2012	Lapsed in the period	Options at 31 March 2013
Executive directors			
A J N King	8,399,198	-	8,399,198
G D Varley	3,342,960	(806,666)	2,536,294
	11,742,158	(806,666)	10,935,492

No share options were granted or exercised in the period

See note 22 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 (2012 2)

Included in the directors' emoluments figure is an amount of £6,000 (2012 £35,000) paid to Caledonia Group Services Limited for the services of the Hon C Cayzer as a non-executive director for the period from 1 April 2012 to 31 May 2012. From 1 June 2012, the Hon C Cayzer has been directly engaged by the Company as a non-executive director. 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.

The termination payment was made to Mr G Varley as a settlement for the termination of his employment contract. He has continued to remain as a director on a fixed term consultancy contract.

Mr Naik received no direct remuneration from the Group in the period. The Group had entered into an investment advisory agreement with Eredene Infrastructure Pvt Ltd ("EIPL"), a company owned by Mr Naik and fees totalling £672,000 (2012 £760,000) were paid during the period. This amount was used to pay the operating costs of a Mumbai based advisory team including the office costs, travel costs and staff costs for a team of five. EIPL gave notice during the period and the agreement will end on 10 September 2013. Mr Naik also resigned from the board of the Company on 12 September 2012.

7. Finance income and finance costs

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Interest receivable on bank deposits	229	404
Finance costs	544	709

The finance costs were incurred by the Group's Indian subsidiaries, MJ Logistic Services Ltd and Sattva Conware Pvt Ltd.

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (Continued)

8. Taxation

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Recognised in the income statement		
<i>Current tax expense</i>		
Corporate income tax	15	-
<i>Deferred tax</i>		
Movement in deferred tax asset	6	(29)
Income tax charge/(credit)	<u>21</u>	<u>(29)</u>

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 2013 £'000	Year ended 31 March 2012 £'000
Loss on ordinary activities before tax in respect of continuing operations	<u>(2,760)</u>	<u>(6,022)</u>
Loss on ordinary activities at the standard rate of corporation tax in the UK for the period of 24.0% (2012: 26.0%)	(662)	(1,566)
Effects of		
Expenses not deductible for tax purposes	109	229
Adjustment to capitalised expenses deductible for tax purposes	6	(29)
Depreciation less than capital allowances	1	1
Non-taxable (gains)/losses on investments	(68)	715
Non-UK recoverable overseas losses	342	350
Non-taxable dividend income	(17)	(24)
Tax losses carried forward	311	302
Non-taxable finance income	(1)	(7)
Tax charge/(credit) for period	<u>21</u>	<u>(29)</u>

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.

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (*Continued*)

8. Taxation (*continued*)

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 £6.1m (2012: £4.7m).

9. 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 £9.1m (2012: loss of £6.0m) and the weighted average number of shares in issue during the period of 393,865,608 (2012: 427,781,015). 23.1 million shares under option (2012: 23.9 million) were non-dilutive due to the loss for the period.

The calculation of net asset value per share is based on the net assets attributable to equity shareholders of £62.4m (2012: £87.4m) and the number of shares in issue at the period end of 361,994,426 (2012: 446,906,698).

Eredene Capital PLC

Notes forming part of the financial statements
for the year ended 31 March 2013 (Continued)

10. Property, plant and equipment

	Land & buildings £'000	Vehicles & machinery £'000	Fixtures & fittings £'000	Office equipment £'000	Total £'000
Year ending 31 March 2013					
Cost					
At 1 April 2012	13,514	2,353	546	116	16,529
Additions	477	130	33	67	707
Disposals	-	(3)	-	-	(3)
Exchange differences	(178)	(31)	(7)	(1)	(217)
At 31 March 2013	13,813	2,449	572	182	17,016
Depreciation					
At 1 April 2012	269	221	72	54	616
Provided for in the period	146	148	33	12	339
Disposals	-	-	-	-	-
Exchange differences	3	4	-	-	7
At 31 March 2013	418	373	105	66	962
Net book value					
At 31 March 2013	13,395	2,076	467	116	16,054
Year ending 31 March 2012					
Cost					
At 1 April 2011	13,932	2,454	545	88	17,019
Additions	1,322	232	70	34	1,658
Disposals	-	(26)	-	-	(26)
Exchange differences	(1,740)	(307)	(69)	(6)	(2,122)
At 31 March 2012	13,514	2,353	546	116	16,529
Depreciation					
At 1 April 2011	172	138	49	46	405
Provided for in the period	128	114	32	10	284
Disposals	-	(6)	-	-	(6)
Exchange differences	(31)	(25)	(9)	(2)	(67)
At 31 March 2012	269	221	72	54	616
Net book value					
At 31 March 2012	13,245	2,132	474	62	15,913

At 31 March 2013 £5.3m (2012 £6.1m) of the Group's property, plant and equipment were subject to a fixed charge to secure the Group's bank loans.

At 31 March 2013 £0.4m (2012 £0.4m) of expenditure was included in the carrying amount of property, plant and equipment under construction.

Contractual commitments in relation to property, plant and equipment are detailed in note 23.

Eredene Capital PLC

Notes forming part of the financial statements
for the year ended 31 March 2013 (Continued)

11. Intangible assets

	Goodwill £'000	Acquired Intangible Asset £'000	Total £'000
Year ending 31 March 2013			
Cost			
At 1 April 2012	824	245	1,069
Exchange differences	(11)	-	(11)
At 31 March 2013	813	245	1,058
Aggregate amortisation and impairment			
At 1 April 2012	-	116	116
Amortisation charge for period	-	25	25
At 31 March 2013	-	141	141
Net book value			
At 31 March 2013	813	104	917
Year ending 31 March 2012			
Cost			
At 1 April 2011	942	245	1,187
Exchange differences	(118)	-	(118)
At 31 March 2012	824	245	1,069
Aggregate amortisation and impairment			
At 1 April 2011	-	92	92
Amortisation charge for period	-	24	24
At 31 March 2012	-	116	116
Net book value			
At 31 March 2012	824	129	953

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. The pipeline of investments is amortised over the period in which gains or losses on the investments are expected to be realised of ten years. The amortisation charge for the period is included within administrative expenses. There was 4.25 years of further amortisation remaining at 31 March 2013. There were no events or changes in circumstances during the period which indicated that the carrying amount may not be recoverable.

Eredene Capital PLC

Notes forming part of the financial statements
for the year ended 31 March 2013 (Continued)

11. Intangible assets (continued)

Goodwill

Goodwill arose on the acquisition of MJ Logistic Services Ltd on 7 January 2008. The recoverable value of goodwill has been determined using value in use calculations based on cash flow projections in respect of the cash generating unit towards which the goodwill was allocated. The goodwill arising in the period was allocated in full towards the Group's subsidiary, MJ Logistic Services Ltd.

The following key assumptions were used to determine value in use	At 31/3/2013	At 31/3/2012
Discount factor	16.9%	16.9%
Perpetuity growth rate	4%	4%

The assumptions used in the calculation were based on past experience and forecasts of future performance. The cashflow projection was based on a period which commenced on 1 April 2013 and continued for six years. The calculation of value in use determined that there was no impairment of goodwill during the period.

The key assumptions used in the value in use calculation were:

- Revenue growth rates
- Gross margin
- Operating expenses
- Discount rate
- Growth rate used to extrapolate cash flows beyond the six year period covered by management's projections

Projections were denominated in the same currency as the denomination of the goodwill balance to eliminate the effect of fluctuating exchange rates. Revenue growth rates used in management's projections are based on management's estimate of growth in the markets served, taking into account the current economic uncertainties. Gross margins and operating expenses are based on historical values and future expected values. The discount rate applied to the cash flows is based on a risk free rate adjusted for a risk premium to reflect both the increased risk associated with investing in equities and the systematic risk of the specific cash-generating unit. Long term growth rate is based upon the expected growth rate for the industry and the Indian economy.

Sensitivity analysis has determined that no reasonably possible change in the key assumptions used will result in significant impairment and that there is sufficient headroom in all of the key assumptions before the carrying value becomes impaired.

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (Continued)

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 £'000	Profit/(loss) before tax £'000	Date of financial statements	% held 31 March 2013	% held 31 March 2012
Apeejay Infra-Logistics Pvt Ltd	Ord	4,704	(60)	31/3/2012	50%	50%
Contrans Logistic Pvt Ltd	Ord	6,209	89	31/3/2012	44%	44%
Sattva CFS & Logistics Pvt Ltd	Ord	3,503	1,438	31/3/2012	39%	39%

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

The Group's investments in the following companies were re-classified as assets held for resale as at 31 March 2013

	Class of shares held	Net Assets £'000	Profit/(loss) before tax £'000	Date of financial statements	% held 31 March 2013	% held 31 March 2012
Ocean Sparkle Ltd	Ord	45,481	6,908	31/3/2012	8%	8%
Matheran Realty Pvt Ltd	A	9,911	(30)	31/3/12	87%	63%
Gopi Resorts Pvt Ltd	A & B	1,144	(385)	31/3/12	32%	32%

The Group's investment in Ocean Sparkle Ltd was realised in full in June 2013, see note 28 for further details

Eredene Capital PLC

Notes forming part of the financial statements
for the year ended 31 March 2013 (Continued)

12. Investments held at fair value through profit or loss (Continued)

At 31 March 2013 the 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	2,327	-	(1,122)	4,105
Contrans Logistic	5,618	2,631	-	240	8,489
Sattva CFS & Logistics	697	3,372	-	398	4,467
	9,215	8,330	-	(484)	17,061
<i>Reclassified as asset held for sale</i>					
Ocean Sparkle	7,343	612	-	769	8,724

At 31 March 2012 the cost and valuation of the Group's investments was as follows

	Historical cost at 31/3/12 £'000	Prior periods Fair Value adjustments £'000	Fair value adjustment on shares disposed £'000	Fair Value adjustments 1/4/11 – 31/3/12 £'000	Fair value at 31/3/12 £'000
Apeejay Infra-Logistics	2,442	2,658	-	(331)	4,769
Contrans Logistic	5,572	2,594	-	37	8,203
Sattva CFS & Logistics	697	3,760	(765)	377	4,069
Ocean Sparkle	7,343	1,412	-	(800)	7,955
Matheran Realty	10,128	(1,610)	-	(571)	7,947
Gopi Resorts	2,542	825	-	(181)	3,186
Sribha Infrastructure	2,126	(1,656)	-	(470)	-
Bay of Bengal GT	940	3	-	(943)	-
	31,790	7,986	(765)	(2,882)	36,129

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

The investments were independently valued at 31 March 2013 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.

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.

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (Continued)

12. Investments held at fair value through profit or loss (Continued)

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.

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.

The following key assumptions were used to determine fair value:

Discount factor	
Apeejay Infra-Logistics	19.0%
Contrans Logistic	16.0%
Sattva CFS & Logistics	16.0%
Corporate tax rate in terminal period	32.45%
Terminal value growth rate	4%

The movements in non-current investments were as follows:

	£'000
Carrying value at 31 March 2011	<u>39,713</u>
Purchases, at cost	246
Fair value adjustment	(2,882)
Less fair value of disposals	(948)
Carrying value at 31 March 2012	<u>36,129</u>
Purchases, at cost	504
Fair value adjustment	285
Re-categorised as assets held for sale	(19,857)
Carrying value at 31 March 2013	<u>17,061</u>

13. Investments in subsidiary undertakings

The Group had the following principal subsidiaries during the period:

Company Name	Nature of business	Country of Incorporation	Class of shares held	Ownership	
				31 March 2013	31 March 2012
MJ Logistic Services Ltd	Distribution warehousing	India	Ordinary	86%	88%
Sattva Conware Pvt Ltd	Container freight station	India	Ordinary	83%	83%

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

The Group's holding in MJ Logistic Services Ltd has been diluted from 88% to 86% due to the conversion of preference shares into ordinary shares by the MJ Logistic management team following the achievement of performance milestones.

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (Continued)

14. Trade and other receivables

	31 March 2013 £'000	31 March 2012 £'000
Amounts falling due within one year		
Trade receivables	641	671
Other receivables	93	93
Prepayments and accrued income	97	75
Income tax receivable	116	102
Other taxes and social security receivable	42	20
	989	961
Amounts falling due in more than one year		
Other receivables	115	109
	115	109

15. Assets classified as held for sale

Assets and liabilities of disposal group held for sale

At 31 March 2012, the Group held stakes of 45% in Matheran Realty Pvt Ltd ("Matheran") and 32% in Matheran's subsidiary, Gopi Resorts Pvt Ltd ("Gopi"). Matheran and Gopi are the developer of an affordable housing project near Mumbai.

The Eredene Group also held a 43.5% stake in Alibante Developments Ltd which was the owner of 42% of Matheran. The Eredene Group initiated arbitration proceedings with Alibante Developments and other parties at the London Court of International Arbitration and was successful in its application. As a result of the tribunal order, the Eredene Group was able to purchase Alibante's 42% stake in Matheran in July 2012.

The purchase of the additional 42% in Matheran took the Group to a controlling position of 87%. In addition, by virtue of controlling Matheran, the Group also had a controlling interest in Gopi.

By taking control of Matheran and Gopi, the Eredene Group was then able to initiate a realisation process for its stake in both companies and an advisor was appointed to assist with that sale programme.

It was determined that Matheran and Gopi formed a disposal group and should be classified as held for sale at 31 March 2013 under the requirements of IFRS 5 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.

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (Continued)

15. Assets classified as held for sale (continued)

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, and
- fair value less costs to sell

The board has determined that the fair value is lower than the carrying amount and so the disposal group is now held at its fair value

	£'000
Fair value of Matheran and Gopi at 31 March 2012	11,132
Acquisition consideration	2,642
	<u>13,774</u>
Fair value less costs to sell adjustment	(6,301)
	<u>7,473</u>
Fair value less costs to sell	<u>7,473</u>

The assets and liabilities of Matheran and Gopi are separately disclosed on the consolidated balance sheet as assets and liabilities of a disposal group classified as held for sale

	£'000
Assets	16,673
Liabilities	(8,478)
Non-controlling interest	(722)
	<u>7,473</u>
Fair value less costs to sell	<u>7,473</u>

Non-current assets held for sale

	31 March 2013 £'000	31 March 2012 £'000
Investments	<u>8,724</u>	<u>-</u>

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 balance sheet date, the investment in Ocean Sparkle met the IFRS 5 criteria to be classified as an asset held for sale. The investment has therefore been reclassified from "Investments held at fair value through profit or loss" to "Non-current assets classified as held for sale" and is 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.

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (Continued)

16. Trade and other payables

	31 March 2013 £'000	31 March 2012 £'000
Trade payables	158	110
Other taxes and social security payable	52	31
Other payables	101	109
Accruals and deferred income	572	192
	883	442

17. Borrowings

	31 March 2013 £'000	31 March 2012 £'000
Non-current:		
Bank borrowing	4,083	5,271
Other borrowing	-	23
	4,083	5,294
Current		
Bank borrowing	1,118	798
Other borrowing	95	-
	1,213	798
Total borrowing	5,296	6,092

All borrowings relate to amounts borrowed by the Group's subsidiaries MJ Logistic Services Ltd and Sattva Conware Pvt Ltd. The debt is non-recourse to the ultimate parent company, Eredene Capital PLC.

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (Continued)

18. 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 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's two Indian subsidiaries have Indian Rupees as their functional currency. A 5% adverse change in the Pound Sterling/Indian Rupee exchange rate at year end would have led to a decrease in group net assets of £0.6m (2012: £0.6m) on conversion of the subsidiaries' results.

Eredene Capital PLC

Notes forming part of the financial statements
for the year ended 31 March 2013 (Continued)

18. Financial instruments and risk management (Continued)

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

At 31 March 2013	UK	US	Indian
Financial assets	Sterling	Dollars	Rupees
	£'000	£'000	£'000
Fair value through income statement			
Investments held at fair value through profit or loss	-	-	17,061
Non current assets classified as held for sale	-	-	8,724
Loans and receivables			
Other receivables due in more than one year	-	-	115
Cash and cash equivalents	10,980	6,590	1,973
Trade receivables	-	-	641
Other receivables due in less than one year	4	-	89
Financial assets of disposal group classified as held for sale	-	-	4,050
	10,984	6,590	32,653
At 31 March 2012			
Financial assets			
Fair value through income statement			
Investments held at fair value through profit or loss	-	-	36,129
Loans and receivables			
Other receivables due in more than one year	-	-	109
Cash and cash equivalents	34,538	6,296	1,005
Trade receivables	-	-	671
Other receivables due in less than one year	5	-	88
	34,543	6,296	38,002

Eredene Capital PLC

Notes forming part of the financial statements
for the year ended 31 March 2013 (Continued)

18 Financial instruments and risk management (Continued)

At 31 March 2013 Financial liabilities	UK Sterling £'000	US Dollars £'000	Indian Rupees £'000
Financial liabilities held at amortised cost			
Borrowings	-	-	5,296
Trade payables	16	-	142
Other payables	-	-	101
Accruals	435	-	132
Financial liabilities of disposal group held for sale	-	-	4,256
	451	-	9,927
At 31 March 2012 Financial liabilities			
Financial liabilities held at amortised cost			
Borrowings	-	-	6,092
Trade payables	34	-	76
Other payables	-	-	109
Accruals	119	-	73
	153	-	6,350

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 AA- or higher. Where a bank's credit rating is reduced to less than AA- then the company will seek to move funds from that bank as term deposits expire. At 31 March 2013, 82% of the Group's cash balances were placed with entities with a credit rating of AA- or higher (31 March 2012 95%).

The Group's Indian subsidiaries place funds with Indian banks whose credit rating may be less than AA-. The funds placed with BBB- and non-rated entities were placed by MJ Logistic Services Ltd and Sattva Conware Pvt Ltd.

Cash at bank and bank term deposits	31 March 2013 £'000	31 March 2012 £'000
Standard & Poors credit rating		
AA or AA-	16,109	39,955
A or A+	1,697	879
BBB-	110	201
Not S&P rated	1,627	804
Total	19,543	41,839

Trade receivables represent amounts owed to the Group's Indian subsidiaries MJ Logistic Services Ltd and Sattva Conware Pvt Ltd. Over 63% of the balance outstanding at 31 March 2013 was due from entities with a Standard & Poors CRISIL rating of AA or higher.

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 (2012 £3.6m).

Eredene Capital PLC

Notes forming part of the financial statements
for the year ended 31 March 2013 (Continued)

18. Financial instruments and risk management (Continued)

Liquidity risk

As the Group is primarily equity funded and has high cash reserves, liquidity risk is deemed to be low. The Group's Indian subsidiaries, MJ Logistic Services Ltd and Sattva Conware Pvt Ltd had borrowings of £3.6m and £1.7m respectively as at 31 March 2013.

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				
Borrowings	1,864	1,661	3,150	488
Trade payables	158	-	-	-
Other payables	101	-	-	-
Accruals	567	-	-	-
Financial liabilities of disposal group held for sale	4,256	-	-	-
	6,946	1,661	3,150	488
At 31 March 2012				
Borrowings	1,618	1,813	3,589	1,349
Trade payables	110	-	-	-
Other payables	109	-	-	-
Accruals	192	-	-	-
	2,029	1,813	3,589	1,349

Interest rate risk

The Group has 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.

	Non-interest bearing financial assets £'000	Floating rate financial assets £'000	Fixed rate financial assets £'000
At 31 March 2013			
Investments held at fair value through profit or loss	17,061	-	-
Non-current assets classified as held for sale	8,724	-	-
Other receivables due in more than one year	115	-	-
Cash and cash equivalents	776	1,461	17,306
Trade receivables	641	-	-
Other receivables due in less than one year	93	-	-
Financial assets of disposal group held for sale	4,050	-	-
	31,460	1,461	17,306
At 31 March 2012			
Investments held at fair value through profit or loss	36,129	-	-
Other receivables due in more than one year	109	-	-
Cash and cash equivalents	406	879	40,554
Trade receivables	671	-	-
Other receivables due in less than one year	93	-	-
	37,408	879	40,554

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (Continued)

18. Financial instruments and risk management (Continued)

The average rate at which the fixed rate financial assets were fixed in 2013 was 0.3% (2012: 0.6%) and the average period for which the assets were fixed was 43 days (2012: 64 days)

A 5% reduction in the interest rate earned during 2013 would have reduced the finance income for the period by approximately £11,000 (2012: £20,000)

The Group has financial liabilities in the form of fixed and floating rate borrowings and non-interest bearing trade payables, other payables and accruals

	Non- interest bearing financial liabilities £'000	Floating - rate financial liabilities £'000	Fixed rate financial liabilities £'000
At 31 March 2013			
Borrowings	95	5,200	1
Trade payables	158	-	-
Other payables	101	-	-
Accruals	567	-	-
Financial liabilities of disposal group held for sale	4,256	-	-
	5,177	5,200	1
At 31 March 2012			
Borrowings	23	6,064	5
Trade payables	110	-	-
Other payables	109	-	-
Accruals	192	-	-
	434	6,064	5

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

IFRS 7 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)

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (Continued)

18 Financial instruments and risk management (Continued)

At 31 March 2013	Level 1	Level 2	Level 3
Financial assets	£'000	£'000	£'000
Fair value through income statement			
Investments held at fair value through profit or loss	-	-	17,061
Non current assets classified as held for sale	-	-	8,724
At 31 March 2012			
Financial assets			
Fair value through income statement			
Investments held at fair value through profit or loss	-	-	36,129

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 £1.3m (2012: £1.1m). Increasing the marketability discount to 25% would have the effect of decreasing the fair value of investments held at fair value by £1.3m (2012: £1.1m).

19. Provision for liabilities

	31 March 2013 £'000	31 March 2012 £'000
<i>Current</i>		
At beginning of period	362	-
Charged to income statement	310	362
Utilised during period	(362)	-
At end of period	310	362
<i>Non-Current</i>		
At beginning of period	-	12
Released	-	(12)
At end of period	-	-

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. It is expected that the winding up will be completed during the year ended 31 March 2014.

There was no provision for National Insurance on share options as the share price at 31 March 2013 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

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (Continued)

20. Called up share capital

	31 March 2013 £'000	31 March 2012 £'000
<i>Allotted, called up and fully paid</i>		
361,994,426 (2012 446,906,698) ordinary shares of 10p each	<u>36,199</u>	<u>44,691</u>

The Company returned £15 3m to shareholders in August 2012 by way of a tender for 84,912,272 Ordinary shares at a tender price of 18 pence per share. The shares acquired by the Company were subsequently cancelled.

Ordinary shares of 10p each	2013 Number	Issued and fully paid		
		2013 £'000	2012 Number	2012 £'000
At 1 April	446,906,698	44,691	280,240,031	28,024
Cancellation of shares	(84,912,272)	(8,492)	-	-
Placing of shares for cash	-	-	166,666,667	16,667
At 31 March	<u>361,994,426</u>	<u>36,199</u>	<u>446,906,698</u>	<u>44,691</u>

21. 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.

Capital redemption reserve - the capital redemption reserve was created on the cancellation of the shares purchased in the August 2012 tender offer.

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

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

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (Continued)

22. 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) 2013	Number 2013	Weighted average exercise price (pence) 2012	Number 2012
Outstanding at the beginning of period	21 3p	23,864,797	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 3p	23,864,797

The following options were outstanding at 31 March 2013

Date of grant	Exercise price	Exercisable in full from	Expiry Date	Number of options outstanding
<i>HMRC Approved Scheme</i>				
5 October 2006	30 25p	10/5/06	5/10/16	198,346
<i>Individual Option Agreements</i>				
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 2013.

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

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (Continued)

22. Share-based payment (Continued)

The weighted average remaining contractual life of options outstanding at the end of the period was 4 years (2012 6 years)

Of the total number of options outstanding at the end of the period 19,890,898 (2012 19,885,464) had vested and were exercisable at the end of the period

No share options were exercised or granted during the period (2012 None)

	31 March 2013 £'000	31 March 2012 £'000
The share-based remuneration expense comprises		
Equity-settled schemes	<u>4</u>	<u>18</u>

23. Commitments

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is set out below. These amounts relate to commitments made by the Group's Indian subsidiaries, MJ Logistic Services Ltd and Sattva Conware Pvt Ltd

	31 March 2013 £'000	31 March 2012 £'000
Property plant and equipment	<u>450</u>	<u>128</u>

Operating lease commitments

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

	31 March 2013 £'000	31 March 2012 £'000
Less than one year	287	226
Later than one year and no later than five years	107	287
More than five years	-	-
	<u>394</u>	<u>513</u>

Operating lease commitments primarily relate to the leasing of warehouse premises by MJ Logistic Services Ltd and Sattva Conware Pvt Ltd

24. Business combinations

There were no acquisitions or disposals of subsidiaries in the period or prior period. The acquisition of controlling stakes in Matheran Realty Pvt Ltd and Gopi Resorts Pvt Ltd has been accounted for as a disposal group held for resale. Further detail is set out in note 15.

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (Continued)

25. Notes supporting the cash flow statement

Cash and cash equivalents for the purposes of the cash flow statement comprises	2013 £'000	2012 £'000
Cash available on demand	1,949	1,285
Short-term deposits	17,594	40,554
	<u>19,543</u>	<u>41,839</u>

26. Contingencies

The Group has entered into two deeds of undertaking with Yes Bank 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 Yes Bank Limited total to INR 778.3m (£9.4m) and the undertaking is provided on a joint and several basis by Haldia Mauritius Ltd and its joint venture partner, Apeejay Shipping Ltd.

27. Related party transactions

The Group has entered into an investment advisory agreement with Eredene Infrastructure Pvt Ltd ("EIPL"), a company owned by Mr N Naik who was a director of the Company during the period. Investment advisory fees totalling £672,000 (2012: £760,000) were paid during the period. This amount was used to pay the operating costs of the Mumbai advisory team including the office costs, travel costs and staff costs for a team of 5. EIPL gave notice during the period and the agreement will end on 10 September 2013. There were no amounts payable at the year end.

During the period, the Company was charged £151,000 (2012: £156,000) by Glendevon King Ltd for the provision of staff, office space and services on normal commercial terms. There were no amounts payable at the year end. Alastair King, a director of the Company, is a director and the majority shareholder of Glendevon King Ltd.

Eredene Capital PLC

Notes forming part of the financial statements for the year ended 31 March 2013 (Continued)

27. Related party transactions (Continued)

The Group makes minority equity investments as set out in note 12. These investments are not equity accounted for (as permitted by IAS 28) but are related parties. The total amounts included for these investments are

	2013 £'000	2012 £'000
Income statement		
Realised profits over fair value on disposal of investments	-	134
Unrealised profits/(losses) on the revaluation of investments	285	(2,882)
Portfolio income	70	93
	355	(2,655)
Balance sheet		
Investments held at fair value through profit or loss	17,061	36,129

28. Post balance sheet events

The Company announced on 13 June 2013 that its subsidiary, West Coast Port Ltd, had sold its stake in Ocean Sparkle Limited ("OSL") to Mauritius-based Infrastructure India Holdings Fund LLC for £8.2m. The sale is part of Eredene's strategy of realising its investments in India and returning capital to shareholders.

Eredene Capital PLC

Company Balance sheet at 31 March 2013

	Note	31 March 2013 £'000	31 March 2012 £'000
Fixed assets			
Tangible fixed assets	3	-	1
Investments	4	54,500	51,282
		54,500	51,283
Current assets			
Debtors	5	31	57
Cash at bank and in hand		16,597	36,152
		16,628	36,209
Creditors amounts falling due within one year	6	(143)	(139)
Net current assets		16,485	36,070
Total assets less current liabilities		70,985	87,353
Provisions	7	(310)	(362)
Net assets		70,675	86,991
Capital and reserves			
Share capital	8	36,199	44,691
Share premium account	9	16,268	16,268
Special reserve	9	17,312	32,826
Capital redemption reserve	9	8,491	-
Profit and loss account	9	(7,595)	(6,794)
Shareholders' funds	10	70,675	86,991

The financial statements were approved by the Board of Directors and authorised for issue on 16 July 2013



A J N King

Director

Company No 5330839

The notes on pages 55 to 59 form part of these financial statements

Eredene Capital PLC

Notes forming part of the Eredene Capital PLC company financial statements for the year ended 31 March 2013

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.

Deferred tax

Deferred tax balances are recognised in respect of all timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes. Deferred tax balances are not discounted.

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.

Eredene Capital PLC

Notes forming part of the Eredene Capital PLC company financial statements for the year ended 31 March 2013 (Continued)

1. Accounting policies (Continued)

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 2012: loss of £3.0m).

3. Tangible fixed assets

	Office equipment £'000
Cost	
At 1 April 2012 and 31 March 2013	39
Depreciation	
At 1 April 2012	38
Charge in the period	1
At 31 March 2013	39
Net book value	
At 31 March 2013	-
At 31 March 2012	1

Eredene Capital PLC

Notes forming part of the Eredene Capital PLC company financial statements
for the year ended 31 March 2013 (Continued)

4 Fixed asset investments

The Company had the following principal subsidiaries during the period

	Country of Incorporation	Class of shares held	Ownership	
			2013	2012
Aboyne Mauritius Holding Ltd	Mauritius	Ordinary	100%	100%
Bandra Mauritius Holding Ltd	Mauritius	Ordinary	100%	100%
Coloba Mauritius Holding Ltd	Mauritius	Ordinary	100%	100%
West Coast Port 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	2013 £'000	2012 £'000
At beginning of period	51,282	51,422
Additions	3,218	803
Investments written down	-	(943)
At end of period	54,500	51,282

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

5. Debtors

	31 March 2013 £'000	31 March 2012 £'000
Other debtors due within one year	16	23
Prepayments and accrued income	15	34
	31	57

All amounts fall due within one year

Eredene Capital PLC

Notes forming part of the Eredene Capital PLC company financial statements for the year ended 31 March 2013 (Continued)

6. Creditors: amounts falling due within one year

	31 March 2013 £'000	31 March 2012 £'000
Trade creditors	16	34
Other taxes and social security	22	15
Accruals and deferred income	105	90
	143	139

7. Provision for liabilities

	31 March 2013 £'000	31 March 2012 £'000
At beginning of period	362	12
Released in period	(362)	-
Charged to income statement	310	350
At end of period	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. It is expected that the winding up will be completed during the year ended 31 March 2014.

There was no provision for National Insurance on share options at the period end as the share price at 31 March 2013 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.

8. Share capital

Details of the share capital of the Company are included in note 20 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 2012	16,268	32,826	-	(6,794)
Loss for the period	-	-	-	(805)
Share-based payment	-	-	-	4
Purchase & cancellation of treasury shares	-	(15,514)	8,491	-
At 31 March 2013	16,268	17,312	8,491	(7,595)

The capital redemption reserve was created on the cancellation of the shares purchased in the August 2012 tender offer.

Eredene Capital PLC

Notes forming part of the Eredene Capital PLC company financial statements for the year ended 31 March 2013 (Continued)

10. Reconciliation of movements in shareholders' funds

	2013 £'000	2012 £'000
Loss for the period	(805)	(2,987)
Share based payment	4	18
Issue of shares (net of issue costs)	-	29,494
Purchase & cancellation of treasury shares	(15,515)	-
	(16,316)	26,525
Opening shareholders' funds	86,991	60,466
Closing shareholders' funds	70,675	86,991

11. Commitments under operating leases

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

	2013 £'000	2012 £'000
Operating leases which expire Less than one year	44	21

12. Related party transactions

Details of the Company's related party transactions are included in note 27 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.