

## Elephant Capital PLC

### Audited results for the year ended 31 August 2015

#### Key Points:

- Net asset value per share 36p (28 February 2015: 36p; 31 August 2014: 35p)
- £1.0 million returned to shareholders via share buy-back programme in March 2015
- Seeking Shareholders' approval for the cancellation of the admission of Ordinary Shares to trading on AIM.

Commenting, Chairman Vikram Lall, said:

"Our strategy remains unchanged - that is to realise the remaining investments in the interests of shareholders and to return cash to shareholders. Implementing this strategy has been difficult and efforts by the Investment Manager to dispose of the three remaining active investments have not yet been successful.

Following consultation with the Company's advisers, the Board has concluded that the cost savings resulting from delisting outweigh the potential benefits of maintaining the admission of the Company's ordinary shares to trading on AIM and, therefore, it is no longer in the interests of the Company or its shareholders as a whole for the ordinary shares to remain traded on AIM. A resolution seeking shareholders' approval for the proposed delisting will be proposed at this year's annual general meeting, which will be held on 1 April 2016."

Details of the delisting proposal and the notice convening the annual general meeting are set out in a separate circular which will be sent to shareholders with this year's annual report on 29 February 2016. Copies of the circular and the annual report will be available for download from the Company's website at [www.elephantcapital.com](http://www.elephantcapital.com) shortly.

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THE FOLLOWING SECTIONS HAVE BEEN EXTRACTED FROM THE  
ANNUAL REPORT AND ACCOUNTS OF THE COMPANY IN RESPECT OF  
THE FINANCIAL YEAR ENDED 31 AUGUST 2015

Chairman's Statement

#### **Results and portfolio changes**

As at 31 August 2015, Net Asset Value ("NAV") was £5.44 million or 36p per share, compared to £7.10 million or 35p per share as at 31 August 2014. The decrease in the Company's NAV reflects

the purchase of the Company's shares for cancellation of £1.0 million, a £ 0.32 million fall in the valuation of the unlisted investment portfolio (including an exchange loss of £0.03 million), a £0.06 million gain on the sale of the listed investment portfolio (including an exchange loss of £0.01million) and the excess of expenses over income of £0.40 million. The increase in NAV per share reflects the fact that the purchase of the Company's share referred to above was made at a discount to NAV per share.

No new investments were made during the period. Since the period end there was no disposal of any of the unlisted investments.

#### **Unlisted investment portfolio**

Air Works India (Engineering) Private Limited ("Air Works") has been performing satisfactorily and exhibited operational strength during the period. It has been valued at £3.10 million based on an independent third party valuation, compared to £3.05 million at 31 August 2014.

Amar Chitra Katha Private Limited ("ACK") has not performed in line with its budget. Accordingly, its valuation, based on an independent third party opinion, has been reduced to £0.66 million at 31 August 2015, compared to £1.2 million at 31 August 2014.

The investment in Global Cricket Venture Limited ("GCV") has been valued at £0.64 million based on the estimated net asset value of GCV attributable to Elephant Capital's shareholding as at 31 August 2015, compared to £0.47 million as at 31 August 2014.

Full details of the Company's unlisted investments are included in the Investment Manager's review.

#### **Return of capital**

In March 2015, 5,000,000 ordinary shares were bought back through the market for cancellation at a price of 20p per share. Following the cancellation of these shares, 15,117,057 ordinary shares remain in issue.

#### **Strategy and proposed delisting from AIM**

Our strategy remains unchanged -- that is to realise the remaining investments in the interests of shareholders and to return cash to shareholders. Implementing this strategy has been difficult and efforts by the Investment Manager to dispose of the three remaining active investments have not yet been successful.

Following consultation with the Company's advisers, the Board has concluded that the cost savings resulting from delisting outweigh the potential benefits of maintaining the admission of the Company's ordinary shares to trading on AIM and, therefore, it is no longer in the interests of the Company or its shareholders as a whole for the ordinary shares to remain traded on AIM.

A resolution seeking shareholder approval for the proposed delisting will be proposed at this year's annual general meeting, which will be held on 1 April 2016. Further details of the delisting proposal and the notice convening the annual general meeting are set out in a separate circular which will be sent to shareholders with this year's annual report.

It is my intention to retire from the Board on delisting and Vincent Campbell has agreed to take over as Chairman, with Francis Anthony Hancock remaining as the second Director. Shareholders should also be aware that the Investment Manager has already agreed to manage the Company on a nil fee basis from February 2017, thereby reducing future operating costs by a further £0.16 million per annum.

**Vikram Lall**

**25 February 2016**

## Investment Manager's Review

### Introduction

Elephant Capital plc ("Elephant Capital" or the "Company") holds its investments in businesses that are established or operating primarily in India through its Mauritian-based special purpose vehicles ("SPVs") Tusk Investments 1 Limited ("Tusk 1") and Tusk Investments 2 Limited ("Tusk 2") (individually the "SPV", collectively the "SPVs").

The SPVs are managed by Elephant Capital LLP (the "Investment Manager"), a limited liability partnership, which in turn is advised by Elephant India Advisors Private Limited, of which the senior executives in India are all members.

### Investment strategy

The Company was established to execute a value-based strategy in both public and private businesses. As previously announced, Elephant Capital will not make any new investments and has adopted a policy of actively managing and realising its current portfolio and returning surplus cash to its shareholders.

### Investment activity

During the year ended 31 August 2015, the Investment Manager made no new investments. The focus was on managing the existing portfolio and trying to create liquidity to return cash to shareholders.

Elephant Capital now holds only four unlisted investments through Tusk 1: Air Works, ACK, GCV and Obopay, the last of which has no value. No further investments in any of these companies are envisaged.

The Investment Manager is focused on finding ways to realise Air Works and ACK over the medium term as these businesses mature.

GCV continues to be plagued by various legal actions and is involved in litigation with those parties in the UK and the US. While this litigation continues there is no visibility on an exit.

### Portfolio review

#### **Air Works India (Engineering) Private Limited ("Air Works")**

Air Works is one of the leading independent providers of Aviation Maintenance, Repair and Overhaul (MRO) services in India, Aircraft Paint and Refinishing in Europe and Aircraft Management Services in Dubai. Founded in 1951, Air Works has successfully transformed itself from a family-run business focused on providing maintenance services to business aircraft into a professionally managed organisation providing a full suite of services to customers across Aircraft Management, Business and General Aviation MRO, Aircraft Paint and Refinishing, Commercial Aviation MRO, Avionics and Parts Distribution. It is India's largest EASA Certified Business Aviation MRO company.

The company has been performing satisfactorily. Air Works has had a steady year so far with the revenue and EBITDA largely in line with estimates. On a consolidated basis the revenue of Air Works has been at US\$41.1 million for H1 FY2016, approximately 11% lower than forecast primarily due to slow merger and acquisition activity in the airlines sector and low rebranding activity due to a slowdown in the European economy coupled with competitive price pressures and depreciating Euro. Some impact has also resulted due to deferment of deals to the next quarter. The management expects to close the year with an EBITDA of US\$11 – 12 million on the back of pick-up of business expected in the second half of FY2016 with the painting business witnessing hangar slots filled up to March 2016 and signing up of multiple new deals in the Air Line MRO space in India.

Air Works has made strategic investments into Argus and Acumen which operate in the Aviation Auditing, Valuation, and Advisory services. It will require an additional funding of up to US\$8 million

to take its stake to 50% in the two companies respectively and that has been arranged in the form of debt from banks.

#### **Amar Chitra Katha Private Limited ("ACK")**

ACK is one of the leading children's media companies in India, with a catalogue of over 750 print and digital products and 25 major (and 50+ minor) proprietary characters with India-wide recognition. ACK's origins are in children's books and comics, including "Amar Chitra Katha", the number one children's comic book series dating back to 1967. Other key brands include Tinkle, the number one English magazine for children. ACK has also entered into a licensing arrangement with the National Geographic Society, US for publishing their magazines in India.

ACK missed its revenue target in FY2015 by about 33%, with full year revenue of IN₹599 million vs. the management target of IN₹889 million, and FY2014 revenue of IN₹694 million. Overall gross margin of the business improved by ~400 bps over FY2014 to 45%, but this increase was more than offset by 14% year on year revenue decline and ~6.3% decrease in other costs, resulting in an increase in EBITDA loss to IN₹38.32 million, vs. previous year loss of IN₹8.9 million and budget forecast of EBITA profit of IN₹50.6 million. ACK's management has been working on measures to optimise costs, improving the sales mix to improve margins, and on the divestment of non-core businesses. At the end of December 2015, the company had total borrowings of IN₹183.37 million including IN₹98.07 million in bank loans and IN₹85.3 million in inter-corporate deposits.

Elephant Capital invested £3.2 million in ACK in a primary transaction in June 2010. In April 2011, it announced a further investment of £0.9 million in a second funding round, led by Future Consumer Enterprise Limited ("FCEL") (previously known as Future Ventures India Limited). Elephant Capital's stake in ACK was 22% post this investment. ACK subsequently bought back 70,457 of its own shares representing 15% of existing paid up capital of the company, at the purchase price FCEL and Elephant Capital paid in the second round. Neither Elephant Capital nor its co-investors participated in this buy-back and hence Elephant Capital's shareholding in the business increased to 26%. In the rights issue conducted in ACK during FY 2014, Elephant Capital declined the opportunity to invest because the Company is in the process of returning capital to its shareholders. Its holding in ACK therefore was diluted to 20%.

#### **Global Cricket Ventures Limited, Mauritius ("GCV")**

In November 2009, Elephant Capital announced an investment of £5.95 million in a primary transaction in GCV, a cricket-focused, digital media and broadcasting company. At the time of its investment, GCV was the exclusive licensee of key internet and mobile rights to the Indian Premier League ("IPL") and key internet rights to the Champion's League Twenty20 ("CLT20") cricket tournaments.

In mid-2010, the Board of Control for Cricket in India announced that it would be rescinding its global media contracts with World Sports Group ("WSG") from whom GCV sub-licensed many of its own cricket-related rights. Further, WSG terminated GCV's contractual rights relating to the IPL. This obviously dealt a fatal blow to the business prospects of GCV, as GCV lost its key rights (which were re-awarded to other parties). As a result of WSG's termination, GCV entered into active discussions to settle liabilities towards its own sub-licensees and has made significant progress on such settlements.

GCV has been plagued by litigation on several fronts. This unfortunately continues with GCV embroiled in litigation in both the US and the UK. The Investment Manager has been working through this and aiding GCV, and hopes that these matters can be brought to a resolution over the next 12 months.

The investment has been valued at £0.64 million based on the Investment Manager's best estimate of the net asset value of GCV attributable to the Company's shareholding in GCV.

**As at 31 August 2015, the unlisted portfolio was as follows:**

<b>Company</b>	<b>Sector</b>	<i>Cost</i> <b>£'000</b>	<b>Valuation</b>	
			<b>31 August 2015</b> <b>£'000</b>	<i>Gain/(loss)</i> <i>over cost</i> <b>£'000</b>
Air Works India (Engineering) Private Limited	Aviation	2,922	<b>3,096</b>	174
Amar Chitra Katha Private Limited	Media	4,085	<b>665</b>	(3,420)
Global Cricket Ventures Limited	Media	5,949	<b>639</b>	(5,310)
Obopay Inc.	Mobile banking service	1,239	-	(1,239)
<b>Total</b>		<b>14,195</b>	<b>4,400</b>	<b>(9,795)</b>

The valuations of the above are in accordance with International Financial Reporting Standards and International Private Equity and Venture Capital Association guidelines. All investments are held at fair value through profit or loss and are recognised at the transaction date on initial recognition.

### **Realisations**

Post year end, there is no realisation of any of the unlisted investments.

### **Principles of valuations of investments**

#### **Principles of valuation of unlisted investments**

Investments are stated at amounts considered by the Directors to be a reasonable assessment of their fair value, where fair value is the amount at which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

All investments are valued according to one of the following bases:

- Cost (less any provision required)
- Earnings multiple
- Price of recent transaction
- Discounted cash flows or earnings (of underlying businesses)
- Net assets
- Sale price

Investments are valued at cost for a limited period after the date of acquisition. Thereafter, investments are valued on one of the other bases described above and the earnings multiple basis of valuation will be used unless this is inappropriate, as in the case of certain asset-based businesses.

Under the discounted cash flow technique the projected cash flows from business operations are discounted at the "Weighted Average Cost of Capital" to the providers of capital to the business. The sum of the discounted value of such free cash flows is the value of the business.

When valuing on an earnings multiple basis, EBITDA or net profit of the current year will normally be used. Such profits will be multiplied by an appropriate and reasonable earnings multiple (EBITDA multiple or net profit multiple, as the case may be). This is normally related to comparable quoted companies, with adjustments made for points of difference between the comparator and the company being valued, in particular for risks, size, illiquidity, earnings growth prospects and surplus assets or excess liabilities.

Where a company has incurred losses, or if comparable quoted companies are not primarily valued on an earnings basis, then the valuation may be calculated with regard to the underlying net assets and any other relevant information, such as the pricing for subsequent recent investments by a third party in a new financing round that is actively being sought, then any offers from potential purchasers would be relevant in assessing the valuation of an investment and are taken into account in arriving at the valuation.

Where appropriate, a marketability discount (as reflected in the earnings multiple) may be applied to the investment valuation, based on the likely timing of an exit, the influence over that exit, the risk of achieving conditions precedent to that exit and general market conditions.

In arriving at the value of an investment, the percentage ownership is calculated after taking into account any dilution through outstanding warrants, options and performance-related mechanisms.

#### **Principles of valuation of listed investments**

Investments are valued at bid-market price or the conventions of the market on which they are quoted.

#### **Valuation review procedures**

Valuations are initially prepared by the Investment Manager with the help of an independent third party valuer. These valuations are then reviewed and approved by the Directors.

**Gaurav Burman**

**On behalf of Elephant Capital LLP**

**25 February 2016**

#### Directors' responsibilities

The Directors are responsible for preparing the annual report and financial statements in accordance with Isle of Man Law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In so far as the Directors are aware:

- there is no relevant audit information of which the Group's auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from the legislation in other jurisdictions.

## Audited financial information

The consolidated and parent company financial statements of the Company for the year ended 31 August 2015, which comprise the consolidated statement of profit or loss and other comprehensive income, the consolidated and parent company statements of financial position, the consolidated and parent company statements of cash flows, the consolidated and parent company statements of changes in equity and notes 1 to 25, have been audited by the Company's auditors by Grant Thornton Limited (Isle of Man). Their unqualified audit report is included in full in the annual report and audited financial statements of the Company for the year ended 31 August 2015, which will be available for download from the Company's website at [www.elephantcapital.com](http://www.elephantcapital.com) shortly.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

	<i>Notes</i>	<b><i>For the year ended 31 August 2015 £'000</i></b>	<b><i>For the year ended 31 August 2014 £'000</i></b>
<b>Revenue</b>			
Investment and other income	7	67	117
<b>Net (losses)/gains on financial assets at fair value through profit or loss</b>	8	<b>(256)</b>	508
<b>Other income</b>			
Net foreign exchange gain/(loss)		32	(23)
		<b>(157)</b>	602
<b>Expenses</b>			
Management fees	9	(225)	(212)
Other expenses	10	(273)	(409)
Loss before finance costs and tax		<b>(655)</b>	(19)
Finance costs		(3)	(3)
<b>Loss before tax</b>		<b>(658)</b>	(22)
Income tax expense	11	-	-
<b>Loss after tax</b>		<b>(658)</b>	(22)
Other comprehensive income for the year		-	-
<b>Total comprehensive loss for the year</b>		<b>(658)</b>	(22)
<b>Total comprehensive loss attributable to:</b>			
Owners of the parent		<b>(658)</b>	(22)
<b>Loss per share (basic and diluted)</b>	19	<b>(3.7p)</b>	(0.1p)

(The accompanying notes are an integral part of the consolidated financial statements.)

## Consolidated Statement of Financial Position

	<b>Notes</b>	<b>As at 31 August 2015 £'000</b>	<b>As at 31 August 2014 £'000</b>
<b>ASSETS</b>			
<b>Non-current</b>			
Financial assets at fair value through profit or loss	14	4,400	4,718
		<b>4,400</b>	<b>4,718</b>
<b>Current</b>			
Financial assets at fair value through profit or loss	14	-	354
Prepayments		25	27
Cash and cash equivalents	16	1,103	2,100
		<b>1,128</b>	<b>2,481</b>
<b>Total assets</b>		<b>5,528</b>	<b>7,199</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Payables	17	82	95
		<b>82</b>	<b>95</b>
<b>Net assets</b>		<b>5,446</b>	<b>7,104</b>
<b>EQUITY</b>			
Share capital	18	151	201
Share premium		20,752	20,752
Distributable capital reserve		15,557	16,507
Unrealised investment revaluation reserve		(8,556)	(9,205)
Accumulated losses		(22,458)	(21,151)
<b>Total attributable to the owners of the parent</b>		<b>5,446</b>	<b>7,104</b>
<b>Total equity</b>		<b>5,446</b>	<b>7,104</b>
<b>Net asset value per share</b>	19	<b>£0.36</b>	<b>£0.35</b>

(The accompanying notes are an integral part of the consolidated financial statements.)

The audited consolidated financial statements were approved and authorised for issue by the Board of Directors on 25 February 2016 and signed on its behalf by

**Vikram Lall**  
Director

**Vincent Campbell**  
Director



## Company Statement of Financial Position

	Notes	As at 31 August 2015 £'000	As at 31 August 2014 £'000
<b>ASSETS</b>			
<b>Non-current</b>			
Investments in subsidiaries	12	161	771
Loans to subsidiary	13	4,724	5,150
		<b>4,885</b>	5,921
<b>Current</b>			
Loan to subsidiary	13	-	-
Receivables	15	-	1
Prepayments		21	21
Cash and cash equivalents	16	590	1,205
		<b>611</b>	1,227
<b>Total assets</b>		<b>5,496</b>	7,148
<b>LIABILITIES</b>			
<b>Current</b>			
Payables	17	50	51
		<b>50</b>	51
<b>Net assets</b>		<b>5,446</b>	7,097
<b>EQUITY</b>			
Share capital	18	151	201
Share premium		20,752	20,752
Distributable capital reserve		15,557	16,507
Accumulated losses		(31,014)	(30,363)
<b>Equity attributable to owners of the Company</b>		<b>5,446</b>	7,097
<b>Total equity</b>		<b>5,446</b>	7,097

(The accompanying notes are an integral part of the financial statements.)

The audited financial statements were approved and authorised for issue by the Board of Directors on 25 February 2016 and signed on its behalf by

**Vikram Lall**  
Director

**Vincent Campbell**  
Director

## Statement of Cash Flows

	<b>Consolidated</b>		<b>Company</b>	
	<b>For the year ended 31 August 2015 £'000</b>	<b>For the year ended 31 August 2014 £'000</b>	<b>For the year ended 31 August 2015 £'000</b>	<b>For the year ended 31 August 2014 £'000</b>
<b>(a) Operating activities:</b>				
Loss before tax	(658)	(22)	(651)	(24)
<b>Adjustments for:</b>				
Interest income	(4)	(4)	(4)	(4)
Net unrealised losses on investments	318	10	-	-
Profit on sale of investments	(62)	(518)	-	-
Impairment loss/(reversal) on loans to subsidiaries	-	-	426	(103)
Impairment loss/(reversal) of investments in subsidiaries	-	-	10	(156)
<b>Net changes in working capital:</b>				
Decrease/(increase) in receivables and prepayments	2	-	1	(1)
Decrease in payables	(13)	(28)	(1)	(26)
<b>Net cash used in operating activities</b>	<b>(417)</b>	<b>(562)</b>	<b>(219)</b>	<b>(314)</b>
<b>(b) Investing activities:</b>				
Proceeds from buyback of shares in a subsidiary	-	-	600	1,700
Proceeds from sale of investments	416	2,186	-	-
Interest received	4	4	4	4
<b>Net cash generated from investing activities</b>	<b>420</b>	<b>2,190</b>	<b>604</b>	<b>1,704</b>
<b>(c) Financing activities:</b>				
Shares bought back for cancellation	(1,000)	(1,000)	(1,000)	(1,000)
<b>Net cash used in financing activities</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>(1,000)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(997)</b>	<b>628</b>	<b>(615)</b>	<b>390</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>2,100</b>	<b>1,472</b>	<b>1,205</b>	<b>815</b>
<b>Cash and cash equivalents at end of year</b>	<b>1,103</b>	<b>2,100</b>	<b>590</b>	<b>1,205</b>

(The accompanying notes are an integral part of the consolidated financial statements.)

## Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Distributable capital reserve £'000	Unrealised investment revaluation reserve £'000	Accumulate d losses £'000	Total equity £'000
<b>Balance as at 1 September 2014</b>	<b>201</b>	<b>20,752</b>	<b>16,507</b>	<b>(9,205)</b>	<b>(21,151)</b>	<b>7,104</b>
Shares bought back for cancellation	(50)	-	(950)	-	-	(1,000)
<i>Transactions with owners</i>	<b>(50)</b>	-	<b>(950)</b>	-	-	<b>(1,000)</b>
Net unrealised loss reserve transfer	-	-	-	(318)	318	-
Transfer of accumulated realised loss on investments sold	-	-	-	967	(967)	-
Loss for the year	-	-	-	-	(658)	(658)
<i>Total comprehensive loss for the year</i>	-	-	-	<b>649</b>	<b>(1,307)</b>	<b>(658)</b>
<b>Balance as at 31 August 2015</b>	<b>151</b>	<b>20,752</b>	<b>15,557</b>	<b>(8,556)</b>	<b>(22,458)</b>	<b>5,446</b>
<b>Balance as at 1 September 2013</b>	246	20,752	17,462	(12,408)	(17,926)	8,126
Shares bought back for cancellation	(45)	-	(955)	-	-	(1,000)
<i>Transactions with owners</i>	<b>(45)</b>	-	<b>(955)</b>	-	-	<b>(1,000)</b>
Net unrealised loss reserve transfer	-	-	-	(10)	10	-
Transfer of accumulated realised loss on investments sold	-	-	-	3,213	(3,213)	-
Loss for the year	-	-	-	-	(22)	(22)
<i>Total comprehensive loss for the year</i>	-	-	-	<b>3,203</b>	<b>(3,225)</b>	<b>(22)</b>
<b>Balance as at 31 August 2014</b>	<b>201</b>	<b>20,752</b>	<b>16,507</b>	<b>(9,205)</b>	<b>(21,151)</b>	<b>7,104</b>

(The accompanying notes are an integral part of the consolidated financial statements).

## Company Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Distributable capital reserve £'000	Accumulate d losses £'000	Total £'000
<b>Balance as at 1 September 2014</b>	<b>201</b>	<b>20,752</b>	<b>16,507</b>	<b>(30,363)</b>	<b>7,097</b>
Shares bought back for cancellation	(50)	-	(950)	-	(1,000)
<i>Transactions with owners</i>	<b>(50)</b>	-	<b>(950)</b>	-	<b>(1,000)</b>
Loss for the year	-	-	-	(651)	(651)
<i>Total comprehensive loss for the year</i>	-	-	-	<b>(651)</b>	<b>(651)</b>
<b>Balance as at 31 August 2015</b>	<b>151</b>	<b>20,752</b>	<b>15,557</b>	<b>(31,014)</b>	<b>5,446</b>
<b>Balance as at 1 September 2013</b>	246	20,752	17,462	(30,339)	8,121
Shares bought back for cancellation	(45)	-	(955)	-	(1,000)
<i>Transactions with owners</i>	<b>(45)</b>	-	<b>(955)</b>	-	<b>(1,000)</b>
Loss for the year	-	-	-	(24)	(24)
<i>Total comprehensive loss for the year</i>	-	-	-	<b>(24)</b>	<b>(24)</b>
<b>Balance as at 31 August 2014</b>	201	20,752	16,507	(30,363)	7,097

(The accompanying notes are an integral part of the financial statements.)

## Notes to Consolidated Financial Statements

### 1. General information and statement of compliance with IFRSs

Elephant Capital plc (the "Company" or "Elephant Capital") is a public limited company, incorporated in the Isle of Man on 16 May 2006 and listed on AIM, a market of the London Stock Exchange, with its registered office at Clinch's House, Lord Street, Douglas, Isle of Man, IM99 1RZ.

The Group represents the Company and its subsidiaries. The financial statements comprise the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows and consolidated statement of changes in equity. The financial statements also include the Company statement of financial position, the Company statement of cash flows and the Company statement of changes in equity to comply with the Isle of Man Companies Act 1982. Under section 3(5)(b)(ii) of the Isle of Man Companies Act 1982, the Company is exempt from the requirement to present its own statement of comprehensive income. The accounting policies for the preparation of the Company statement of financial position, statement of cash flow and statement of changes in equity to the extent they differ from accounting policies used for the preparation of the consolidated financial statements have been separately disclosed in the following notes.

Under Protocol 3 of the UK's Treaty of Accession, the Isle of Man is part of the customs territory of the European Union. The financial statements have been prepared in accordance with the applicable International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

The consolidated financial statements for the year ended 31 August 2015 (including comparatives) were approved and authorised for issue by the Board of Directors on 25 February 2016.

## **2. Nature of operations**

The Company's business consists of investing through the Group in businesses that have operations primarily in India and generating returns for its shareholders.

### **3. a) New standards/amendments adopted**

#### **Amendments to IAS 32, 'Financial Instruments: Presentation', offsetting financial assets and financial liabilities**

The amendments clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. The amendments also clarify that rights of set-off must not be contingent on a future event.

As the Group does not currently present any of its financial assets and financial liabilities on a net basis using the provisions of IAS 32, these amendments had no material effect.

#### **Amendment to IAS 36, 'Impairment of Assets', recoverable amount disclosures for non-financial assets**

These amendments clarify that an entity is required to disclose the recoverable amount of an asset (or cash generating unit) whenever an impairment loss has been recognised or reversed in the period. In addition, they introduce several new disclosures required to be made when the recoverable amount of impaired assets is based on fair value less costs of disposal, including:

- additional information about fair value measurement including the applicable level of the fair value hierarchy, and a description of any valuation techniques used and key assumptions made; and
- the discount rates used if fair value less costs of disposal is measured using a present value technique.

Management has noted that, in the current year, no impairment loss has been recognised or reversed on any non-financial asset in terms of IAS 36, hence this amendment does not have any impact on these financial statements.

#### **Amendment to IAS 39, 'Financial Instruments: Recognition and Measurement' novation of derivatives**

These amendments clarify that an entity is not required to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met in the case of novation of a hedging instrument to a central counterparty.

The Company has not entered into any hedge contracts, hence this amendment does not have any impact on these financial statements.

#### **Amendment to IFRS 8, 'Operating Segments'**

Amendment to IFRS 8 requires disclosure of the judgments made by management in aggregating operating segments and clarifies that a reconciliation of segment assets must only be disclosed if segment assets are reported.

Management has noted that the Company is within the scope of IFRS 8 but has only one operating segment, hence this amendment does not have any impact on these financial statements.

**b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group**

At the date of authorisation of these consolidated financial statements, certain new standards, interpretations and amendments to existing standards that are likely to be applicable to the Group have been published but are not yet effective and have not been adopted early by the Group.

**IFRS 9, 'Financial Instruments (2014)'**

*Not yet adopted by European Union*

The IASB released IFRS 9 'Financial Instruments (2014)' representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new expected credit loss model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting and introduces an impairment model.

The Group's management has yet to assess the impact of IFRS 9 on these consolidated financial statements.

**IFRS 15, 'Revenue from Contracts with Customers'**

*Not yet adopted by European Union*

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

The Group's management has not yet assessed the impact of IFRS 15 on these consolidated financial statements.

**Amendments to IFRS 10, IFRS 12 and IAS 27, 'Investment Entities'**

*Not yet adopted by European Union*

Amendments made to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' clarify that:

- The exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities.
- An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.
- Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement.

The Group's management has not yet assessed the impact of the amendment on these consolidated financial statements.

**Amendments to IAS 27, 'Separate Financial Statements'**

*Not yet adopted by European Union*

The IASB has made amendments to IAS 27 'Separate Financial Statements' which will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates.

IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or as a financial asset in their separate financial statements.

The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Change for the equity method is to be done retrospectively.

The Group's management has not yet assessed the impact of the amendment on these consolidated financial statements.

#### **Amendment to IFRS 7, 'Financial Instruments: Disclosures'**

*Applicable for the annual reporting periods beginning on or after 1 January 2016*

Amendment provides guidance for servicing contracts that include a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement as per Standard in order to assess whether the disclosures are required.

Management does not anticipate a material impact on the Group's consolidated financial statements from application of this amendment.

#### **Amendment to IFRS 13, 'Fair Value Measurement'**

*Applicable for the annual reporting periods beginning on or after 1 January 2015*

IFRS 13 clarifies that the portfolio exception in IFRS 13 (measuring the fair value of a group of financial assets and financial liabilities on a net basis) applies to all contracts within the scope of IAS 39 or IFRS 9.

The Group's management has not yet assessed the impact of the amendment on these consolidated financial statements.

#### **Amendment to IAS 24, 'Related Party Disclosures'**

*Applicable for the annual reporting periods beginning on or after 1 February 2015*

IAS 24 clarifies that, where an entity receives management personnel services from a third party (a management entity), the fees paid for those services must be disclosed by the reporting entity, but not the compensation paid by the management entity to its employees or directors.

The Group's management has not yet assessed the impact of the amendment on these consolidated financial statements.

#### **Amendments to IAS 1, 'Presentation of Financial Statements' disclosure requirements**

*Applicable for the annual reporting periods beginning on or after 1 January 2016*

The amendments to IAS 1 include narrow-focus improvements in the following five areas:

- **Materiality** – The amendments re-emphasise that, when a standard requires a specific disclosure, the information must be assessed to determine whether it is material and, consequently, whether presentation or disclosure of that information is warranted.
- **Disaggregation and subtotals** – The amendments clarify that specific line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position may be disaggregated. For additional subtotals presented in the statement(s) of profit or loss and other comprehensive income, an entity must also present the line items that reconcile any such subtotals with the subtotals or totals currently required in IFRS for such statement(s).
- **Notes structure** – The amendments clarify that entities have flexibility as to the order in which they present the notes to financial statements, but also emphasise that understandability and comparability should be considered by an entity when deciding on that order.
- **Disclosure of accounting policies** – The amendments remove the examples of significant accounting policies in the Standard, i.e., the income taxes accounting policy and the foreign currency accounting policy, as these were considered unhelpful in illustrating what significant accounting policies could be.
- **Presentation of items of other comprehensive income arising from equity accounted investments** – The amendments also clarify that the share of other comprehensive

income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss.

The Group's management does not anticipate a material impact on the Group's consolidated financial statements from application of this amendment.

#### **4. Summary of significant accounting policies**

##### **4.1 Overall considerations**

The significant accounting policies that have been used in the preparation of the Group's financial statements are summarised below. The consolidated and Company financial statements have been prepared using the measurement bases specified by IFRSs as adopted by the European Union for each type of asset, liability, income and expense. The consolidated and Company financial statements have been prepared on the historical cost basis except that certain financial assets and liabilities are stated at fair value. The measurement bases are more fully described in the accounting policies below.

##### **4.2 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries drawn up to 31 August each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The Company obtains and exercises control through more than half of the voting rights. All subsidiaries have a reporting date of 31 August.

On acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. All significant inter-company transactions and balances between Group entities are eliminated on consolidation. Amounts reported in the financial statements of subsidiaries are adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

##### **4.3 Investment in associates**

Associates are those entities over which the Group is able to exercise significant influence but which are neither subsidiaries nor joint ventures. By way of exemption under IAS 28 for venture capital organisations, the Group has designated its investments at fair value through profit or loss and accounted for in accordance with IAS 39 'Financial Instruments: Recognition and Measurement at Fair Value'. The changes in fair value are recognised in profit or loss in the period of change.

##### **4.4 Foreign currency translation**

The consolidated financial statements are presented in pounds sterling (£), which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.



In the Group's consolidated financial statements all assets, liabilities and transactions of the Group entities are presented in pounds sterling which is the functional currency of all entities within the Group. The functional currency of the entities in the Group has remained unchanged during the reporting period.

#### **4.5 Revenue recognition**

Revenue comprises income from investments, interest, dividend and management fees. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group, the revenue can be reliably measured and when the criteria mentioned below have been met:

##### ***Interest income***

Interest income comprises income from treasury deposits and loans recoverable. Interest income is recognised on an accrual basis using the effective interest method.

##### ***Dividend income***

Dividend income from investments is recognised when the entity's right to receive payment has been established.

##### ***Management fees***

Fees earned from the co-investment vehicle from the ongoing management of the equity funds are recognised to the extent that it is probable that there will be economic benefits and the income can be reliably measured.

##### ***Service fees***

Fees earned from the provision of support services are recognised on an accrual basis in accordance with the relevant terms of the agreement in respect thereof.

#### **4.6 Expenses**

All expenses are recognised on an accrual basis through profit or loss.

#### **4.7 Impairment of non-financial assets**

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are reviewed at each reporting date to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

An impairment loss is recognised as an expense and disclosed as a separate line item in the statement of comprehensive income. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

#### **4.8 Income taxes**

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the

reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws applicable in each jurisdiction and that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

#### **4.9 Investment in subsidiaries**

Investments in subsidiaries are valued at cost less provision for impairment in the financial statements of the Company. In the case of buy-backs of shares, the carrying value of the investment is proportionally credited for the number of shares bought back and any difference between the buy-back price and carrying value is recorded in the profit or loss.

#### **4.10 Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is de-recognised when it is extinguished, discharged, cancelled or it expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs except for financial assets and financial liabilities carried at fair value through profit or loss which are measured initially at fair value and transaction costs are charged to profit or loss.

Subsequent measurement criteria of financial assets and financial liabilities are described below:

##### ***Financial assets***

For the purpose of subsequent measurement, the Group's financial assets can be classified into the following categories upon initial recognition:

- loans and receivables; and
- financial assets at fair value through profit or loss.

##### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

All loans and receivables are subject to review for impairment at least at each reporting date. Further, individually significant loans and receivables are considered for impairment when they are past due or when there is other objective evidence that a specific counterparty will default. Impairment is evaluated by comparison of the carrying value to expected cash flows discounted by original effective interest rate (which is computed at the initial recognition).

### ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. The Company's and the Group's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with the documented investment strategy, and information about the portfolio is provided internally on that basis to the Company's Board of Directors and other key management personnel. Accordingly, upon initial recognition the investments are designated by the Company and its subsidiaries as "at fair value through profit or loss". They are included initially at fair value, which is taken to be their cost (excluding expenses incidental to the acquisition which are written off in the statement of comprehensive income). Subsequently, the investments are valued at "fair value" with gains or losses recognised in profit or loss. Fair value of such investments is determined by reference to active market transactions or using a valuation technique where no active market exists which is done in accordance with IAS 39 and the International Private Equity and Venture Capital Association valuation guidelines.

For investments in associate undertakings, in accordance with the limited exemption available under IAS 28 to private equity/venture capitalist organisation for investments in associates which upon initial recognition are designated at fair value through profit or loss, the investments are accounted at fair value through profit or loss.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within net losses/gains on financial assets at fair value through profit or loss, "Investment and other income" or "other financial items", except for impairment of receivables, which is presented as a separate line item on the face of the profit or loss account.

### ***Financial liabilities***

The Company's financial liabilities include trade and other payables which are measured subsequently at amortised cost using the effective interest method.

#### **4.11 Cash and cash equivalents**

Cash and cash equivalents comprise balance with banks and demand deposits which are readily convertible to known amounts of cash and are subject to insignificant risk of change in value.

#### **4.12 Equity and reserves**

Share capital represents the nominal value of shares that have been issued. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote each at the shareholders' meetings of the Company.

Share premium includes any premium received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Distributable capital reserve is a specified reserve created by reclassifying the part of the Company's share premium account for a reduction in the share capital of the Company through buy-back of its own shares. The reserve has been created for the distribution of capital to the equity shareholders.

Retained earnings/accumulated losses include all current and prior period retained net profits or losses. All transactions with owners of the parent are recorded separately within equity.

Gain or loss to the extent unrealised is transferred from retained earnings to "Unrealised investment revaluation reserve" and is transferred to retained earnings upon realisation.

#### **4.13 Provisions, contingent liabilities and contingent assets**

Provisions are recognised when there is a present obligation as a result of a past event that probably will require an outflow of resources and a reliable estimate of the amount of the obligation can be made. A present obligation arises from the presence of a legal or other

constructive commitment that has resulted from past events. Provisions are measured at the estimated expenditure required to settle the present obligation, based on most reliable evidence available at the reporting date.

A disclosure for a contingent liability is made when there is a present obligation that may, but probably will not, require an outflow of resources. Disclosure is also made in respect of a present obligation as a result of a past event that probably requires an outflow of resource, where it is not possible to make a reliable estimate of the outflow. Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

#### **4.14 Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss (after deducting attributable taxes) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

### **5. Significant management judgments in applying accounting policies**

Information about significant management judgements that have the most significant effect on the financial statements is summarised below. Critical estimation uncertainties are described in note 6 to the financial statements.

#### ***Investments recognised at fair value through profit or loss***

The Group has recognised its investments at fair value through profit or loss. In accordance with IAS 39, an entity may record an item at fair value through profit or loss if they are either classified as held for trading or if they meet certain conditions and are designated at fair value through profit or loss upon initial recognition. The management has designated all the investments in listed as well as unlisted securities at fair value through profit or loss, as they meet the requirements in IAS 39. The facts considered in applying this judgement are included under note 4.10.

#### ***Determination of functional currency of individual entities***

Following the guidance under IAS 21 the Effects of Changes in Foreign Exchange Rates the functional currency of each individual entity is determined to be the currency of the primary economic environment in which the entity operates. In the presence of mixed indicators, the management applies judgement in determining the functional currency of each individual entity within the Group which most faithfully represents the economic effects of the underlying transactions, events and conditions under which the entity conducts its business. The consolidated financial statements are presented in pounds sterling (£), which is also the functional currency of the Company and each of the subsidiaries.

### **6. Estimation uncertainty**

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses that have a significant effect on the financial statements.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about the significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, incomes and expenses is provided below:

### ***Fair value of unquoted investments***

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that other market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. Details of the assumptions used and the levels of hierarchy for the investments have been disclosed in note 23.

### ***Impairment***

An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. To determine the recoverable amount, individually significant assets are considered for impairment when they are past due or when there is other objective evidence that a specific counterparty will default. These assumptions relate to future events and circumstances. The actual results may vary and may cause adjustments to the Group's assets in future financial periods. Impairment loss on investment in subsidiaries and loan to subsidiaries has been recorded in the standalone financial statements of the Company and related information has been disclosed in note 12 and 13 respectively.

## **7. Investment and other income**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Interest income	<b>4</b>	4
Management fee*	-	51
Service fee from investee company	<b>63</b>	62
	<b>67</b>	117

\* Represents fee from the co-investment vehicle.

## **8. Net (losses)/gains on financial assets at fair value through profit or loss**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<i>Financial assets designated as fair value through profit or loss</i>		
Unrealised gains on investments	<b>214</b>	281
Unrealised losses on investments	<b>(532)</b>	(291)
Realised gain on investments	<b>62</b>	518
	<b>(256)</b>	508

## **9. Management fee**

Under the terms of the management agreement, the amount of management fee payable from Tusk Investments 1 Limited and Tusk Investments 2 Limited to Elephant 2 Limited (the "Manager") has been fixed at £160 thousand per annum. In addition the Manager is entitled to recover certain expenses.

The management fee of £225 thousand (31 August 2014: £212 thousand) included in the consolidated statement of profit and loss and comprehensive income includes the management fee of £160 thousand (31 August 2014: £161 thousand) and £ nil (31 August 2014: £51 thousand) in respect of a service fee of £63 thousand (31 August 2014: £62 thousand) received by the Manager from an investee company, which is included in "Investment and other income".

## 10. Other expenses

	2015 £'000	2014 £'000
Administration charges	176	276
Directors' fees*	62	81
Auditors' remuneration**	35	52
	<b>273</b>	<b>409</b>

	2015 £'000	2014 £'000
*Detail of Directors' fees are as follows:		
Vikram Lall	28	32
Gaurav Burman (resigned 26 February 2014)	-	11
Francis Anthony Hancock	18	20
Elizabeth Tansell (resigned 7 May 2015)	11	18
Vincent Campbell (appointed 7 May 2015)	5	-
	<b>62</b>	<b>81</b>

The Company has no other employees.

	2015 £'000	2014 £'000
<b>**Auditors' remuneration comprises:</b>		
Audit of Company's annual accounts	28	28
Audit of subsidiaries' annual accounts	7	9
Review of Group's half yearly accounts	-	15
	<b>35</b>	<b>52</b>

## 11. Taxation

The Company is a resident of the Isle of Man for income tax purposes, being subject to the standard rate of income tax, which is currently 0%. Therefore no provision for taxation has been made.

The Mauritian entities consolidated in the Group are Global Business License Category 1 companies in Mauritius and under the current laws and regulations are liable to pay income tax on their net income at a rate of 15%. However the entities are entitled to a tax credit equivalent to the higher of actual foreign tax suffered and 80% of the Mauritian tax payable in respect of their foreign source income thus reducing their maximum effective tax rate to 3%. No Mauritian capital gains tax is payable on profits arising from the sales of securities, and any dividends and redemption proceeds paid by the entities to their member will be exempt in Mauritius from any withholding tax. At 31 August 2015, the entities had no income tax liability due to tax losses carried forward.

### **Deferred taxation**

No deferred tax asset has been recognised in respect of the tax loss carried forward for £1,371 thousand and £1,020 thousand in Tusk Investments 1 Limited and Tusk Investments 2 Limited respectively as no taxable income is probable in the foreseeable future.

A reconciliation of the income tax expense based on accounting profit and the actual income tax expense is as follows:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Analysis of charge for the year</b>		
Income tax expense	-	-
<b>Total tax expense</b>	<b>-</b>	<b>-</b>
Loss before taxation	<b>(658)</b>	(22)
Less: Loss attributable to Elephant Capital plc and other Group companies except Mauritian entities	<b>(221)</b>	(282)
(Loss)/profit attributable to Mauritian entities	<b>(437)</b>	260
Enacted rate for Isle of Man	<b>0%</b>	0%
Enacted rate for Mauritius	<b>15%</b>	15%
Taxation at standard rate in Isle of Man	-	-
Taxation at standard rate in Mauritius	<b>(65)</b>	39
Tax effect of:		
Exempt income	<b>(14)</b>	(95)
Non-taxable items	<b>48</b>	24
Unutilised tax loss for the year	<b>6</b>	6
Foreign tax credit	<b>25</b>	26
Income tax charge	<b>-</b>	<b>-</b>

## 12. Investments in subsidiaries (Company statement of financial position)

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Company shares in Group undertakings:		
Elephant Capital LP*	-	-
Tusk Investments 1 Limited	<b>7,665</b>	7,665
Tusk Investments 2 Limited	<b>204</b>	804
Elephant 2 Limited*	-	-
Elephant Investments (General Partner) Limited*	-	-
Elephant Investments (Carry) Limited*	-	-
Less: Provision for impairment**	<b>(7,708)</b>	(7,698)
	<b>161</b>	771

\* Amounts have been rounded to the nearest thousand.

\*\* As at 31 August 2015, in the Company financial statements, an impairment analysis of the investment in subsidiaries was carried out and, consequently, an additional impairment loss of £10 thousand was recorded on account of the decline in the value of investments after adjusting the share buy-back of £600 thousand made through Group subsidiaries.

The Group comprises the following entities:

<i>Name of Subsidiary</i>	<i>Incorporation (or registration) and operation</i>	<i>Proportion of ownership Interest</i>	<i>Proportion of voting Power</i>
Elephant Capital LP	England	100%	100%
Tusk Investments 1 Limited	Mauritius	100%	100%
Tusk Investments 2 Limited	Mauritius	100%	100%
Elephant 2 Limited	Guernsey	100%	100%
Elephant Investments (General Partner) Limited	England	100%	100%
Elephant Investments (Carry) Limited	British Virgin Islands	100%	100%
Elephant Capital 1 Limited	Mauritius	100%	100%

### 13. Loans to subsidiary (Company statement of financial position)

Loans to subsidiary in the standalone financial statements of the Company comprise the following:

<b>Particulars</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
<b>Elephant Capital LP*</b>		
<b>Non-current</b>		
Opening balance	<b>14,000</b>	14,000
	<b>14,000</b>	14,000
Less: Provision for impairment**	<b>(9,276)</b>	(8,850)
<b>A</b>	<b>4,724</b>	5,150
<b>Current</b>		
Opening balance	<b>4,996</b>	4,996
Add: Paid during the year	-	-
	<b>4,996</b>	4,996
Less : Provision for impairment**	<b>(4,996)</b>	(4,996)
<b>B</b>	<b>-</b>	-
Total (A+B)	<b>4,724</b>	5,150

\*Loan of £18,996 thousand was given by Elephant Capital plc to Elephant Capital LP in order to provide further funds to Tusk Investments 1 Limited and Tusk Investments 2 Limited for making investments in certain investee companies in accordance with the investment strategy of the Group. Further, the loan is classified as non-current has not been discounted to its present value, as the repayment period is not determinable.

\*\*An impairment analysis of loan to subsidiary was carried out by the Company as at 31 August 2015 and, consequently, an impairment loss of £426 thousand was recorded on account of the decline in the value of investments made through Group subsidiaries since 31 August 2014.

### 14. Financial assets at fair value through profit or loss

The Group has invested in a portfolio of listed and unlisted securities of businesses operating primarily in India.



Details of the Group's investments are as set out below:

	2015			2014		
	<i>Non-current</i> £'000	<i>Current</i> £'000	<i>Total</i> £'000	<i>Non-current</i> £'000	<i>Current</i> £'000	<i>Total</i> £'000
<b>Listed investments</b>						
Balance brought forward	-	354	354	-	1,875	1,875
Disposal	-	(354)	(354)	-	(1,668)	(1,668)
	-	-	-	-	207	207
Unrealised gain (net)	-	-	-	-	147	147
<b>A</b>	-	-	-	-	354	354
<b>Unlisted investments</b>						
Balance brought forward	4,718	-	4,718	4,875	-	4,875
Unrealised loss (net)	(318)	-	(318)	(157)	-	(157)
<b>B</b>	4,400	-	4,400	4,718	-	4,718
<b>Total investments (A+B)</b>	4,400	-	4,400	4,718	354	5,072

#### 15. Receivables

	<i>Group</i> 2015 £'000	<i>Company</i> 2015 £'000	<i>Group</i> 2014 £'000	<i>Company</i> 2014 £'000
Other receivable	-	-	-	1
	-	-	-	1

Other receivables are short-term and their carrying values are considered to be a reasonable approximation of their fair value.

#### 16. Cash and cash equivalents

	<i>Group</i> 2015 £'000	<i>Company</i> 2015 £'000	<i>Group</i> 2014 £'000	<i>Company</i> 2014 £'000
Cash in current accounts	1,103	590	2,100	1,205
	1,103	590	2,100	1,205

#### 17. Payables

	<i>Group</i> 2015 £'000	<i>Company</i> 2015 £'000	<i>Group</i> 2014 £'000	<i>Company</i> 2014 £'000
Trade and other payables	82	50	95	51
	82	50	95	51

All trade and other payables are short-term and their carrying values are considered to be a reasonable approximation of their fair value.

## 18. Share capital

	2015		2014	
	Number of shares	£'000	Number of shares	£'000
Authorised ordinary shares of 1p each	<b>300,000,000</b>	<b>3,000</b>	300,000,000	3,000
Issued and fully paid ordinary shares of 1p each - beginning of year	<b>20,117,057</b>	<b>201</b>	24,662,511	246
Buy-back of ordinary 1p shares*	<b>(5,000,000)</b>	<b>(50)</b>	(4,545,454)	(45)
	<b>15,117,057</b>	<b>151</b>	20,117,057	201

\*On 9 March 2015, the Company bought back and cancelled a total of 5,000,000 ordinary shares at a price of 20p per share (2014: bought back and cancelled 4,545,454 ordinary shares at a price of 22p). The cancellation of share capital is reflected in the share capital and distributable capital reserve accounts in the Company and consolidated statement of change in equity.

The Company's share capital comprises ordinary shares. Rights attached to ordinary shares include the right to vote at the Company's meetings of shareholders including the Annual General Meeting and to receive future dividends.

## 19. Loss and net asset value per share

	2015	2014
Loss attributable to ordinary shareholders	<b>£(657,662)</b>	£(22,885)
Issued ordinary shares at the beginning of the year	<b>20,117,057</b>	24,662,511
Buy-back of shares	<b>(5,000,000)</b>	(4,545,454)
Issued ordinary shares outstanding at the end of the year	<b>15,117,057</b>	20,117,057
Weighted average number of shares outstanding	<b>17,719,797</b>	24,064,753
Loss per share (basic and diluted)	<b>(3.7p)</b>	(0.1p)
Net asset value per share	<b>£0.36</b>	£0.35
Total net assets value as at year end	<b>£5,446,360</b>	£7,104,022

There were no options in issue to dilute the earnings per share as at 31 August 2015.

## 20. Financial assets and liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and liabilities:

## Financial assets

	Notes	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Investments at fair value through profit or loss ( <i>designated as fair value through profit or loss</i> )	14	4,400	-	5,072	-
Loans and receivables					
Loan to subsidiary	13	-	4,724	-	5,150
Receivables	15	-	-	-	1
Cash and cash equivalents	16	1,103	590	2,100	1,205
		<b>5,503</b>	<b>5,314</b>	7,172	6,356

The loan given to subsidiaries classified as non-current has not been discounted to its present value, as the repayment period is not determinable.

The above loans and receivables do not carry any interest income and management considers the fair values to be not materially different from the carrying amounts recognised in the statement of financial position.

## Financial liabilities

	Note	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Financial liabilities measured at amortised cost:					
Payables	17	82	50	95	51
		<b>82</b>	<b>50</b>	95	51

None of the financial liabilities are interest bearing. Management considers the fair values to be not materially different from the carrying amounts recognised in the statement of financial position as they are expected to be settled within the next one year.

The accounting policies for each category of financial instruments are provided in note 4.10. Information relating to fair values is presented in the related notes. The methods used to determine the fair values are described in note 23. A description of the Group's financial instruments risks, including risk management objectives and policies is given in note 22.

## 21. Related party transactions

### 21.1 Related parties

#### (a) Key Management Personnel ("KMP")

*Names of Directors*

Vikram Lall

Francis Anthony Hancock

Elizabeth Tansell (Date of resignation 7 May 2015)

Vincent Campbell (Date of appointment 7 May 2015)

#### (b) Entities controlled by KMP with whom transactions have taken place during the year:

Elephant Capital LLP

Elephant India Limited

Elephant India Finance Private Limited

#### (c) Associates with whom transactions have taken place during the year:

Global Cricket Ventures Limited

**21.2 The transactions with related parties and balances as at the year-end are summarised below:**

**(a) Key Management Personnel ("KMP")**

Compensation paid to the Company's Board of Directors is disclosed in note 10. It comprises of Director fees only and there are no post-employment benefits payable to any of the Directors of the Company.

The following amounts were paid on account of Director's fees during each of the years reported:

Nature of transaction	Debit/(credit) balance (unsecured)			
	Year ended	Year ended	As at	As at
	31 August	31 August	31 August	31 August
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Directors' fees	62	81	(10)	(10)

**(b) Transactions made during the year with related parties other than those with key managerial personnel are as follows:**

Nature of transaction	Debit/(credit) balance (unsecured)			
	Year ended	Year ended	As at	As at
	31 August	31 August	31 August	31 August
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
(i) <i>Management fees*</i> :				
Paid to Elephant Capital LLP	225	82	-	-
Paid to Elephant India Limited	-	130	-	-
Received from Elephant India Finance Private Limited	-	51	-	-
(ii) <i>Other transactions:</i>				
Registrar and administration charges paid to Chamberlain Fund Services Limited	-	3	-	-
Service fee from GCV	63	61	(11)	(10)
Paid to Elephant Capital LLP	-	51	-	-

\* Payments to Elephant Capital LLP and Elephant India Limited are paid out of the management fee referred in note 9.

The Directors are of the opinion that there is no ultimate controlling party.

**22. Risk management objectives and policies**

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in note 20. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is co-ordinated at its headquarters, in close co-operation with the Board of Directors, and focuses actively on minimising the volatility due to its exposure to financial markets and managing long-term financial investments to generate lasting returns.

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, and certain other price risks, which result from both its operating and investing activities.

**Market risk**

Market risk embodies the potential for both losses and gains and includes currency risk, and price risk. The Group's strategy on the management of market risk is driven by its investment

objective, as outlined in the Investment Manager's review. The Group invests in a range of investments, including quoted and unquoted equity securities in a range of sectors. The Board monitors the Group's investment exposure against internal guidelines specifying the proportion of total assets that may be invested in various sectors.

### **Currency risk**

The Group's portfolio comprises predominantly Indian rupee ("IN₹") denominated investments along with certain unquoted investments denominated in US dollars ("US\$") as well. But the reported net asset value is denominated in sterling ("£"). Any depreciation in IN₹ or US\$ could have an adverse impact on the performance of the Group. The Group does not enter into any derivative contracts for hedging of IN₹ or US\$ exposure.

For the Company's financial statements, all the assets and liabilities are predominantly denominated in £ which is the functional currency of the Company and there are no significant currency risks existing in the Company statement of financial position.

For the Group net short-term exposure in £ equivalents of foreign currency denominated financial assets and liabilities at each reporting date are as follows:

	£'000	£'000
	IN₹	US\$
<b>Foreign currency</b>		
<b>31 August 2015</b>		
Financial assets	3,768	647
Financial liabilities	-	20
<b>Net short -term exposure</b>	<b>3,768</b>	<b>627</b>
<b>31 August 2014</b>		
Financial assets	4,620	855
Financial liabilities	-	34
<b>Net short-term exposure</b>	<b>4,620</b>	<b>821</b>

As at 31 August 2015, if IN₹ or US\$ had weakened by 1% (31 August 2014: 1%) against £ with all other variables held constant, the loss for the year would have been higher and equity would have been lower as follows:

	£'000	£'000	£'000
	IN₹	US\$	Total
<b>Foreign currency</b>			
<b>31 August 2015</b>	<b>38</b>	<b>6</b>	<b>44</b>
31 August 2014	46	8	54

The volatility is mainly as a result of foreign exchange losses on translation of IN₹ and US\$ denominated financial assets designated at fair value through profit or loss.

If the functional currency had strengthened with respect to the various foreign currencies, there would be an equal and opposite impact on loss and equity for each year.

### **Price risk**

Price risk is a risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market. As the majority of the Company's financial instruments are carried at fair value with fair value changes recognised through the profit or loss account, all changes in the market conditions will directly affect net investment income.

Price risk is mitigated by a diversified portfolio of instruments and direct involvement in the management of the investment portfolio. Further, the Company does not invest more than 25% of its net asset value in any single investment at the time of investment. During the year ended 31 August 2015, the Company's exposure to various industry sectors was not more than 70% in any single industry.

For the listed equity securities, the volatility figure of 1% is considered to be a suitable basis for estimating how profit or loss and equity would have been affected by changes in market risk that were reasonably possible at the reporting date. If the quoted stock price for these securities increased or decreased by the percentage of volatility, the investment value would have changed by £nil (31 August 2014: £3 thousand). The listed securities are classified as investments at fair value through profit or loss.

The Group's sensitivity to price risk with regards to its investments in unlisted entities, including Global Cricket Ventures Limited (Mauritius), Amar Chitra Katha Private Limited and Air Works India (Engineering) Private Limited, cannot be determined because the securities are not marketable. The fair values at the reporting date have been determined in accordance with the guidance provided in International Private Equity and Venture Capital guidelines and IAS 39 (refer to note 23).

In the Company statement of financial position, there are no financial assets whose value is dependent on movement in market prices and thus, no price risk is seen in the Company's financial statements.

#### ***Credit risk***

Credit risk is the risk that the counterparty fails to discharge an obligation to the Group. The Group's cash, cash equivalents and receivables are actively monitored to avoid significant concentrations of credit risk. The credit risk for cash and cash equivalents is considered negligible, since the Group transacts with reputable banks. The recoverability of debts from investee companies is monitored by Directors during Board meetings and by review of management accounts.

There was a loan given by Elephant Capital plc to Elephant Capital LP, which was further given to Tusk Investments 1 Limited and Tusk Investments 2 Limited for investing in unlisted/listed entities. As at 31 August, 2015 the cumulative impairment of £14,272 thousand (31 August 2014: £13,846 thousand) has been recorded as a consequence of the decline in the value of investments made by the Group subsidiaries. Apart from this, the management considers the credit quality of all other financial assets to be good in the Company's and consolidated financial statements and, thus, these are not impaired.

#### ***Liquidity risk***

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The responsibility for liquidity risk management rests with the Board of Directors who also monitor the short, medium and long-term funding and liquidity management requirements.

As at the reporting date, the Group's and Company's liabilities having contractual maturities (including interest payments where applicable), represented by way of "Trade and other payables", are £82 thousand (31 August 2014: £95 thousand) and £50 thousand (31 August 2014: £51 thousand) respectively. These are expected to be settled within one year.

### **23. Levels of hierarchy**

In accordance with the disclosure requirements of IFRS 13, the following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- 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. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

<b>31 August 2015</b>	<i>Note</i>	<i>Level 1 £'000</i>	<i>Level 2 £'000</i>	<i>Level 3 £'000</i>	<i>Total £'000</i>
<b>Assets:</b>					
Listed securities	14	-	-	-	-
Unlisted securities	14	-	-	<b>4,400</b>	<b>4,400</b>
<b>Total</b>		-	-	<b>4,400</b>	<b>4,400</b>
<b>Liabilities:</b>					
		-	-	-	-
<b>Net fair value</b>		-	-	<b>4,400</b>	<b>4,400</b>
<hr/>					
31 August 2014	<i>Note</i>	<i>Level 1 £'000</i>	<i>Level 2 £'000</i>	<i>Level 3 £'000</i>	<i>Total £'000</i>
<b>Assets:</b>					
Listed securities	14	354	-	-	354
Unlisted securities	14	-	-	4,718	4,718
<b>Total</b>		354	-	4,718	5,072
<b>Liabilities:</b>					
		-	-	-	-
<b>Net fair value</b>		354	-	4,718	5,072

#### **Measurement of fair value**

The Group's Investment Manager performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations. The methods and valuation techniques used for the purpose of measuring fair values are given below:

- Listed securities:  
The quoted investments are denominated in Indian rupees and are publicly traded on the NSE and BSE in India and the value of such quoted investments have been determined using the closing bid market prices on the NSE as at the reporting date.
- Unlisted securities:  
The fair value of the unquoted investments has been determined using appropriate methodology in accordance with International Private Equity and Venture Capital Guidelines and guidance provided in IAS 39.
  - Global Cricket Ventures ("GCV") – As at 31 August 2015, the Group held a 45.56% equity stake in Global Cricket Ventures Limited (Mauritius) which had been acquired for £5,949 thousand. The value of this investment as at 31 August 2015 has been determined on the basis of best estimate of net assets of GCV attributable to Elephant Capital's shareholding.
  - Obopay - Pursuant to the execution of an Agreement and Plan of Merger of OBP Investments, OBP Investments, Inc., stakeholders representative with Obopay Inc. (Obopay), the capital stock of Obopay (except series G Preferred stock) issued and outstanding immediately (including Elephant Capital's holding in series C and Series D preferred stock) prior to the merger was cancelled and extinguished without any conversion thereof and no payment or distribution was made. Therefore the holding of Elephant Capital in Series C and D preferred stock was valued at nil as at 31 August 2014 and the same basis of valuation has been followed for 31 August 2015.

- (iii) Amar Chitra Katha ("ACK") - As at 31 August 2015, the Group held a 20.06% equity stake in Amar Chitra Katha (P) Ltd. at a total cost of £4,085 thousand. The investment has been valued based on the "discounted cash flows of the projected future earnings of underlying businesses". The key assumptions used in the valuation of the investment as at 31 August 2015 are as follows:

Weighted average cost of capital	15.11%
Long-term growth rate	5.00%
Discount for lack of marketability	15.00%

- (iv) Air Works - As at 31 August 2015, the Group held an aggregate 4.17% (fully diluted basis) stake in Air Works India (Engineering) Private Ltd. at a total cost of £2,922 thousand. The investment has been valued on the "discounted cash flows of the projected future earnings of underlying business". The key assumptions used in the valuation of the investment as at 31 August 2015 are as follows:

Weighted average cost of capital	16.08%
Long-term growth rate	5.00%
Discount for lack of marketability	15.00%

There have been no transfers between Levels 1 and 3 during the reporting period.

The financial instruments within this level can be reconciled from beginning to ending balances as follows:

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Opening balance	4,718	4,875
Unrealised losses	(318)	(157)
Closing balance	<b>4,400</b>	<b>4,718</b>

Losses on fair valuation are shown under the heading "Net (losses)/gains on financial assets at fair value through profit or loss".

For the investment, Amar Chitra Katha and Air Works, which are valued using the discounted cash flows methodology and are classified as Level 3 at the reporting date, the Company adjusted the discount rate and growth rate assumptions within a range of reasonably possible alternatives. The extent of the adjustment varied according to the characteristics of each security. For results of the sensitivity analysis, refer to the table below:

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Change by +50 basis points</b>		
Weighted average cost of capital	(232)	(247)
Long-term growth rate	191	230
<b>Change by -50 basis points</b>		
Weighted average cost of capital	255	274
Long-term growth rate	(174)	(207)

Besides the above there are other unobservable inputs for cash flow projections. Significant increases/ (decreases) in any of those inputs in isolation would result in a significantly lower/(higher) fair value measurement.

For the remaining investments classified as Level 3, due to the absence of any reasonably possible alternative assumptions for these investments, a sensitivity analysis has not been performed.



## 24. Capital management policies and procedures

The Group's capital management objectives are:

- (i) to ensure the Group's ability to continue as a going concern; and
- (ii) to manage the existing portfolio and to create liquidity to return cash to shareholders.

The Group invests in both private and public businesses and across the small, mid and large-cap range of companies and actively manages a concentrated portfolio of investments. It manages its affairs to generate shareholder returns primarily through capital growth, and monitors the achievement of this through growth in net asset value per share. The capital structure of the Group represents only shareholders' funds in the form of share capital, share premium and reserves. The Group does not have any external debt. The Group is not subject to externally imposed capital requirements.

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>The Group</b>		
Total equity	<b>5,446</b>	7,104
Total debts	-	-
Overall financing	<b>5,446</b>	7,104

## 25. Segmental information

The Directors have considered the provisions of IFRS 8 in relation to segmental reporting and concluded that the Group's activities form a single segment under the standard. From a geographical perspective, the Group's substantial investments are mostly focused in India. Equally, in relation to business segmentation, the Group's investments are predominantly in the small and mid-cap businesses and it is considered that, the risks and rewards are not materially different whether the investments are listed or unlisted. However, an analysis of the investments between listed and unlisted investments is provided in note 14.

There are no material reconciling items between the information reported to the Board of Directors, considered as Chief Operating Decision Maker, and that presented in the financial statements.