Elephant Capital plc and its subsidiaries

Unaudited condensed consolidated interim financial statements for the six month period ended 28 February 2011

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Chairman's Statement

The period under review has been extremely challenging for Elephant Capital. In our recent annual report, the Board wrote down the value of one of its investments, and anticipate the write down of a second in these financial statements, which has indeed materialised. Clearly, this is disappointing. However, the Board believes that there are some sound investments within the portfolio, and in particular, was pleased to announce Elephant Capital's investment in Air Works, earlier this month. The fund is now over 90% invested, and in view of this, the Board believes that a change in strategy would be appropriate. Elephant Capital will not be investing in new companies going forward and the Board will instead focus on returning capital to shareholders.

The Board announced plans to exit Global Cricket Ventures, Mauritius ("GCV") in February, and is currently in discussions for an exit of its entire shareholding. The valuation of GBP 1.9 million ascribed to our investment at that time, represents our best estimate of the net assets of GCV, attributable to Elephant Capital's shareholding in GCV, and is unchanged in these results. However, shareholders are reminded that the final outturn cannot be known until the process is complete.

The Board has also taken the decision to write down the value of its investment in ClinTec. The company's forecasts were adjusted downwards, as pipeline projects were slower to come on stream than anticipated and as contracts were delayed or cancelled. In Elephant Capital's most recent annual report, the Board indicated that the amount of the write down would be in the region of GBP 2.1 million, but the final figure will now be GBP 2.5 million (5p per share). These developments have been extremely disappointing, but the Board continues to have confidence in the business model, and is supportive of management's efforts to get the business back on track.

Deepak Chandnani took the helm at Obopay in January 2011. The company is developing more efficient working practices with strategic partners, and whilst it is early days, we understand that the new strategy is delivering dividends. In India, the service is now available in Delhi, and will be expanded to major metropolitan centres this quarter, and in the US, the company is looking at new partnerships which would accelerate the roll out there. However, Obopay's performance last year was disappointing, and the Board is conscious that the coming period will be a critical one for this investment.

At ACK, plans to diversify its platform across alternative media formats are making good progress, and the company has successfully completed a second round of funding, led by Future Ventures India Limited, part of the Future Group, a leading multi-format retailer in India. Elephant Capital made a follow on investment of GBP 0.9 million post period end, as part of this funding round. We are very pleased that this funding round was completed at a premium to our initial investment and since discussions were well advanced during the reporting period, have increased the valuation of this investment in these financial statements.

The Indian markets suffered sharp corrections in November last year and January this year, but start-to-finish, were very little changed in the period under review. However, our listed stocks underperformed the market over the period, with EIH and Mahindra Forgings losing some 40%, whilst Nitco lost 6%. EIH has historically been a very strong investment for us, and Elephant Capital recently participated in its rights issue. With strong potential for corporate activity, the Board is confident that this stock will recover value. Mahindra Forgings and Nitco have both seen operational performance improve, and post period end, share prices have rallied, although they continue to trade well below our in-prices.

Post period end, Elephant Capital was pleased to announce its investment in Air Works, a leading player in the aviation MRO (maintenance, repair and overhaul) space in India. The market has experienced rapid growth in recent years, with increasing demand for new aircraft driven by demand from both the commercial aviation sector and the business aviation sector. Air Works has a first mover advantage in the domestic market, and has built up an impressive client list, including Gulfstream, Bombardier, Honeywell and AgustaWestland. We believe it is well placed to capitalise on this growth going forward.

Elephant Capital faced a number of challenges in the period, requiring some difficult decisions from the Board. We believe that Elephant Capital is better positioned as a result of the decisions made, and that the portfolio contains sound investments, capable of delivering value for Elephant shareholders over time. Now that our funds are substantially invested, the Board will focus on returning capital to investors. Subject to shareholder approval, the Board has proposed to return up to GBP 5 million to shareholders by way of a tender offer, and details of this offer can be found in a circular issued in parallel with these financial statements.

Pramath Raj Sinha
26 May 2011

Investment Manager's Review

Introduction

During the period Elephant Capital plc ("Elephant Capital" or the "Company") made no new investments. Post period end, Elephant Capital announced a GBP 2.5 million investment in Air Works India (Engineering) Private Limited ("Air Works"), a follow on investment of GBP 0.9 million in Amar Chitra Katha Private Limited ("ACK"), and participated in the EIH rights issue, receiving its full entitlement of shares for a consideration of GBP 1.7 million.

Elephant Capital makes investments via its Mauritian based fund vehicles Tusk Investments Fund 1 and Tusk Investments Fund 2 (individually as the "Fund", collectively as the "Funds") into businesses that are established or operating primarily in India.

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

The Manager and the Advisor's investment team, led by Gaurav Burman and Mohit Burman, include all the senior executives of the Advisor all of whom have extensive experience within the private equity and financial services industry.

Investment strategy

The Company was established to execute a value based strategy in both public and private businesses, building a concentrated portfolio of investments in which the Investment Manager can act as a catalyst for change and value creation. The Investment Manager targets companies, which it believes have the potential to add value and growth to the portfolio by way of domestic growth, international expansion or restructuring. The Investment Manager utilises its knowledge of the region, and networks both inside and outside of India, to assist investee companies to develop plans which ensure value creation.

All investments, whether in public or private companies, are preceded by extensive due diligence to assess the risks and opportunities with respect to an investment. This includes an overview of the target's market, management, business model, financial track record, prospects and the likely realisation strategy. The investment team remains sector agnostic and is careful in managing its exposure to any one sector.

Where the Fund is a majority or controlling shareholder, the Investment Manager works with the investee company's management team to develop a plan outlining specifically how value is to be created and detailed actions taken to realise the opportunity. The Investment Manager maintains a high ratio of investment executives to investee companies in order to enable it to play a hands-on role with the investee company in implementing and continually developing this investment strategy.

Where the Fund is a minority shareholder in a publicly listed company or a private company, the Investment Manager actively engages with the board of the investee company to find ways to realise additional value.

Investment origination and activity

In the six month period to 28 February 2011, the Investment Manager was focused on managing its existing portfolio, and no further investments were made. This has been a challenging period for

Elephant Capital, requiring difficult decisions in the long term interest of the Company. The Investment Manager is confident that the right decisions have been taken, and that the Company is more soundly positioned as a result.

In its most recent annual report, Elephant Capital announced plans to exit Global Cricket Ventures, Mauritius ("GCV") and to take a significant write down in the valuation of this investment, which remains unchanged in US dollar terms in these results. At the same time, Elephant Capital indicated that it expected to write down its investment in ClinTec, and estimated that the amount of the write down would be in the region of GBP 2.1 million. However, the final figure has come in above this, and the total write down will now be GBP 2.5 million (5p per share).

The Indian markets suffered corrections in November 2010 and January 2011, with the Sensex losing 17% from its peak of over 21,000 points in early November, and hitting a low of c. 17,500 in mid February. The markets finished the six month period flat, but our stocks were affected by this volatility, with both EIH and Mahindra Forgings losing some 40% and Nitco losing 6%. Whilst this has been disappointing for us, the operational performance of these companies is sound or improving and we are confident of an upturn as the markets improve; indeed, Nitco and Mahindra Forgings have gained approximately 13% and 28% respectively post period end.

Post period end, Elephant Capital also announced a follow on investment of GBP 0.9 million in ACK, at a premium to its initial investment. Negotiations relating to this investment were well advanced during the period and accordingly the Investment Manager considers it appropriate to increase the valuation of this investment in these financial statements.

In May, Elephant Capital was pleased to announce that it had invested GBP 2.5 million, for a 4.8% stake, in Air Works, a leading independent provider of Aviation Maintenance, Repair and Overhaul (MRO) services in India, and aircraft paint and refinishing in the UK. 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 organization providing a full-suite of services to business as well as commercial aircraft in India, the UK, Middle East and South East Asia. We look forward to updating you on this investment in Elephant Capital's 2011 annual report.

Finally, in recent months, Elephant Capital announced its participation in the EIH rights issue, for a total consideration of GBP 1.7 million. Following these investments and the Air Works transaction, Elephant Capital is over 90% invested. The Board of Elephant Capital has decided that going forward it will not make new investments in new companies, and instead, will focus on returning capital to shareholders.

Portfolio Activity

During the period Company's portfolio companies achieved the following:

Amar Chitra Katha Private Limited

ACK is one of the leading children's media companies in India, with a catalogue of over 750 print and 100 digital products, and 25 major (and 50+ minor) proprietary characters with India-wide recognition. ACK's origins are in children's books and comics, with "Amar Chitra Katha", the number 1 children's comic book series dating back to 1967. Other key brands include Tinkle, the number 1 English magazine for children, and Karadi Tales, the number 1 audiobooks company. Elephant Capital became interested in ACK, because it recognised that in India, where under-18s represent 40% of the billion-plus population, and against a background of rising middle class disposable income, the children's education and entertainment sector offered a huge growth opportunity. ACK, with its strong portfolio of intellectual property rights is well positioned in this market.

In recent years, ACK has sought to diversify its product offering to digital media platforms including films, TV, online, mobile and other new media platforms. Most recently, ACK has focused upon three key initiatives: creating new content and merchandise, expanding e-commerce (direct to consumer and indirect channels) and developing its "Family Entertainment Centres", which are activity centres based in shopping malls, where children can experience multiple aspects of the ACK product in one place. This strategy is to expand the product base, eliminate supply side barriers through ubiquitous distribution and simultaneously, create demand by delivering "larger-than-life" experiences through the Family Entertainment Centres.

Elephant Capital invested GBP 3.2 million in ACK in a primary transaction, in June 2010. In April 2011, it announced a further investment of GBP 0.9 million in a second funding round, led by Future Ventures India Limited ("FVIL"). Elephant Capital's stake in ACK is 26.1% post this investment. The transaction was completed at a premium to the Company's initial investment and the Company's Board has therefore revalued the investment in ACK in these financial statements, as discussions were well advanced during the reporting period, although the investment was not actually announced until post period end. FVIL is part of the wider Future Group, a leading multi-format retailer in India, whose assets include Pantaloons Retail (India) Limited, a publicly quoted company with a market capitalisation of around USD 1.3 billion. Future Group has an excellent track record of growing consumer oriented businesses; its extensive network of stores, malls, management expertise, and brand building skills, should prove a valuable resource to ACK going forward.

ClinTec

Established in 1997 in the UK, ClinTec is a full service global clinical research organization ("CRO"), providing clinical research outsourcing services to pharmaceutical, biotechnology and medical device companies internationally. With regional management teams, and a legal corporate infrastructure covering 35 countries, ClinTec's strategic offering comprises clinical research and resourcing services in both developed and emerging markets, which use local experience but work to global standards. This allows it to capitalise on the most attractive geographies for conducting clinical trials in an environment where clients demand rapid, clinical development at a competitive cost base.

Elephant Capital invested GBP 8.0 million, in ClinTec, in a secondary transaction, in August 2010 for a 28.57% stake. However, in the months following the Company's investment, ClinTec's performance fell short of the Investment Manager's expectations. The company was obliged to scale back its projections, as pipeline projects failed to convert to work orders at the rate expected, and as some projects were delayed or cancelled. In Elephant Capital's annual report, the Investment Manager advised shareholders that a write down was likely, and accordingly the value of this investment has been reduced by GBP 2.5 million in these financial statements. The final write down is therefore just in excess of the GBP 2.1 million indicated in Elephant Capital's annual report. Although ClinTec's peers in the CRO space have also experienced tough trading conditions, to write down an investment at such an early stage, is clearly disappointing.

Looking forward, ClinTec is undertaking strategic initiatives which leverage each area's competitive advantage. One such area is ClinTec's extensive geographical platform; the business is continuing the roll out to new markets with China, Singapore and Thailand recently added to the platform. South Asia is a key target market for 2011 and is consistent with ClinTec's long term strategy of providing a global platform for the provision of flexible, clinical research resources. ClinTec is also increasingly well positioned for growing sales volumes originating from the main US market, with services delivered on a global basis. Elephant Capital is represented on the board of ClinTec and is supportive of management's efforts to refocus the business.

Global Cricket Ventures Limited, Mauritius

In November 2009, Elephant Capital announced an investment of GBP 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.

Earlier last year the Board of Control for Cricket in India ("BCCI") announced that it would be rescinding its global media contracts with World Sports Group ("WSG") from whom GCV sublicensed many of its own cricket-related rights. GCV lost its key rights as a result of this action, and ahead of the fourth IPL season, these rights were re-awarded to third parties. In February, Elephant Capital announced its intention to exit this investment. Discussions for a complete exit are underway, and the current valuation represents the Investment Manager's best estimate of the net assets of GCV attributable to Elephant Capital's shareholding. However, shareholders are reminded that the final exit value on this investment cannot be certain until the exit process is complete. Elephant Capital will update the market as and when appropriate.

Obopay Inc.

Obopay, is a privately held California based company specialising in mobile phone payment technologies, which allow individuals to instantly obtain, spend, and send money anywhere, anytime and to anyone using their mobile phone. Obopay's service has huge potential in emerging markets, such as India, which are "underbanked", but where mobile phone penetration is high. The Investment Manager recognised the strength of this opportunity, and Elephant Capital invested GBP 1.2 million across two funding rounds in July 2007 and April 2008 (series "C" and "D"); the Company's current percentage holding is 1.2% (on a fully diluted basis). Post the investment, Nokia took a strategic stake in Obopay, investing USD70 million (alongside some smaller partners) in funding rounds closing in February 2009, April 2009 and January 2010 (series "E1" and "E2").

The roll out of the Obopay service has lagged the Investment Manager's expectations, but under the new CEO Deepak Chandnani, Obopay has developed more efficient working relationships with key strategic partners, including Nokia in India. As a result, the Nokia Money service has been expanded to New Delhi and the National Capital Region and is in the process of expanding to other major metropolitan centres in this quarter. In the US, the Investment Manager understands that Obopay is exploring new relationships with new strategic partners, which may accelerate the roll out of the service there. Whilst welcome, such initiatives are early stage, and funding requirements, and related valuation implications remain unclear. The Investment Manager remains cautious on the performance of this investment. The valuation of Obopay is unchanged in US dollar terms in these financial statements, and is based on the most recent funding round.

EIH Limited

EIH owns or operates 25 hotels and two luxury cruisers across four countries under the luxury "Oberoi" and five star "Trident" brands. It has one of the strongest hotel portfolios in India, with both destination resorts and business hotels located in Tier I and II cities across the country. Elephant Capital saw an opportunity in this market, because despite the rapid growth of its travel and tourism market (recording a CAGR of 15.0% from 2002-8), India was (and remains), relatively underserved by the hotel market.

At the time of the Company's investment in 2007, Elephant Capital was also aware of the potential for corporate activity at EIH, with tobacco-to-hotels conglomerate ITC-Welcomgroup having been stake-building since 2001 (current holding is just under 15%). This speculation intensified last year, as the sell-down of 14.1% of the company by the Oberoi family to Reliance Industries, and Reliance's subsequent purchases in the market, introduced a potential "white knight". In March 2011, EIH completed a Rs 11.8 billion rights issue, in which both ITC-Welcomgroup and Reliance Industries took up their rights in full. Promoter entities also fully participated, and in addition pledged to acquire shares from the unsubscribed portion. Elephant Capital participated in the rights issue, and received its full entitlement of 1.8 million shares for a total consideration of GBP 1.7 million, leaving its stake in the company unchanged at 1%. The stock was adversely affected by a weakening of the Indian markets towards the end of last year, but this has historically been a very strong investment for the Company, and Elephant Capital continues to monitor developments closely.

In recent months EIH opened an Oberoi in Gurgaon (near Delhi), and openings of an Oberoi and Trident hotel in Hyderabad, and Trident hotels in Bangalore and Dehradun are likely next year. International expansion plans include luxury properties in Dubai, Abu Dhabi, Greece, Oman, Mauritius and Morocco, where management contracts have been signed. EIH's other businesses include Oberoi Flight Services and Oberoi Airport Services, providing catering services to leading international airlines, domestic and international airports. Last year, this business expanded to Mauritius, whilst operations in Delhi are currently being redeveloped, and new kitchens are planned for Hyderabad, Kolkata and Bangalore.

Mahindra Forgings Limited

Mahindra Forgings is part of the wider Mahindra Group, one of the best known industrial groups in India and a leader in the automotive space with approximately USD 6 billion per annum in revenues. Mahindra Forgings itself is focused on manufacturing forging components for the commercial vehicle market in Europe, and in India, is the leading manufacturer of crankshaft and stub axles for Indian cars, multi-utility vehicles and tractors. India has a very strong track record in manufacturing high value and critical auto-components for the world market, and a series of acquisitions left Mahindra Forgings very well placed to compete in this space in Europe.

Elephant Capital invested in Mahindra Forgings in 2007, and its current holding is 3%. The Company is represented on the board, and has worked closely with management to help reposition the company post the downturn. The Investment Manager has been impressed by the company's recovery in Europe, which accounts for nearly 80% of sales, although internal operational issues in India, continue to affect margins. In the period under review, the value of this investment declined sharply, but the operational performance of the business has improved, and the stock has already rallied post period end.

Nitco Limited

Nitco is one of the largest manufacturers of flooring tiles in India, selling more than ten million square metres of tiling in FY 2010-11. It has a direct interest in the real estate sector through a wholly owned subsidiary which develops residential and commercial property assets in Maharashtra. The Investment Manager became interested in the company because it wanted the Company to participate in the significant real estate growth in India, and believed that Nitco offered a strong play on the sector, at a more realistic valuation.

However, the environment changed dramatically post the Company's investment in 2007, with the credit crisis ushering in an unprecedented decline in global property markets. The sector has yet to regain its earlier buoyancy, and recent interest rate hikes have not helped, but the key residential vertical has seen some recovery, and as a result, Nitco last year announced plans to monetise its real estate assets (with the exception of a business park in Thane, which has been completed). In early 2011, Nitco developed and sold 20% of one of its real estate assets in Thane, but the full impact of this programme will not be realised for another two to three years. Elephant Capital, which has a 6%

holding in Nitco and is represented on the Board, is extremely supportive of this strategy, and indeed first proposed it to the board some time ago.

As at 28 February 2011, the portfolio was as follows:

Company	Sector	Listed /Unlisted	Cost £000	Valuation £000	Gain/(Loss) £000
Amar Chitra Katha Private Limited	Media	Unlisted	3,186	3,319	133
ClinTec Luxembourg S.A.	Clinical research	Unlisted	8,000	5,507	(2,493)
Global Cricket Ventures Limited	Media	Unlisted	5,949	1,862	(4,087)
Obopay Inc.	Mobile banking services	Unlisted	1,239	1,651	412
EIH Limited	Hospitality	Listed	5,402	4,513	(889)
Mahindra Forgings Limited*	Automotive	Listed	4,809	2,145	(2,664)
Nitco Limited	Building materials	Listed	1,393	1,342	(51)
Total			29,978	20,339	(9,639)

The valuations of the above are in accordance with International Financial Reporting Standard 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.

*Part of the investment in Mahindra Forgings Limited is held via an intermediary holding company, Elephant Capital 1 Limited (Mauritius).

Realisations
No investments were realised during the period.

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)
- Price of recent transaction
- Earnings multiple
- 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.

When valuing on 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, 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.

When investments have obtained an exit (either by listing or trade sale) after the valuation date but before finalization of the Company's relevant accounts (interim or final), the valuation is based on the sale price.

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 Advisor. These valuations are then subject to review by external auditors, prior to final approval by the directors.

Events after the reporting date

Elephant Capital made a GBP 2.5 million investment in Air Works India (Engineering) Private Limited, a follow on investment of GBP 0.9 million in Amar Chitra Katha Private Limited and participated in the EIH rights issue, receiving its full entitlement of shares for a consideration of GBP 1.7 million.

Subsequent to the year end, there has been a gain in the value of the Group's listed investments due to rise in the Indian Stock Markets. This has decreased the unrealised losses by GBP 1.11 million.

Further details on events after the reporting date are disclosed in note 11 to the financial statements.

Gaurav Burman
On behalf of Elephant Capital LLP

26 May 2011

Independent Review Report to the Board of Directors of Elephant Capital plc

Introduction

We have been engaged by Elephant Capital plc (the 'Company') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 28 February 2011 which comprises the unaudited Condensed Consolidated Statement of Comprehensive Income, the unaudited Condensed Consolidated and Company Statement of Financial Position, the unaudited Condensed Consolidated Statement of Changes in Equity, the unaudited Condensed Consolidated Cash Flow Statement, and notes 1 to 12 to the Condensed Consolidated Interim Financial Statements. We have read the other information contained in the half yearly financial report which comprises of only the Chairman's Statement and Investment Manager's Review and considered whether it contains any apparent misstatements or material inconsistencies with the information in the financial statements.

This report is made solely to the Board of Directors of the Company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in a review 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, for our review work, for this report, or for the conclusion we have formed.

Director's responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. As disclosed in Note 3, the annual financial statements of the group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting,' as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of qualified conclusion

We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Group's investment in Global Cricket Ventures Limited (GCV) as at 28 February 2011 and, the Group's loss in this investment because the management of Elephant Capital plc was unable to gather adequate financial information on GCV. The Group's investment in GCV, which was acquired at a value of GBP 5,949 thousand during November 2009 and was initially accounted for under IAS 39, is carried at GBP 1,862 thousand in the Group's and Company's Condensed Statement of Financial Position as at 28 February 2011. Further, the management fee has been computed on the basis of the group's Net Asset Value (NAV) as of 31 August 2010 and consequent to lack of adequate financial information on GCV, we are unable to determine whether any adjustment to these amounts were necessary.

Qualified conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 28 February 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Grant Thornton
Chartered Accountants
Isle of Man
26 May 2011

Condensed Consolidated Statement of Comprehensive Income

	Notes	**Unaudited six months ended 28 February 2011 £'000**	Unaudited six months ended 28 February 2010 £'000	Audited twelve months ended 31 August 2010 £'000
Revenue				
Investment and other income		**322**	153	771
Net (loss)/gain on financial assets at fair value through profit or loss	5	**(7,250)**	3,484	(1,039)
Other income				
Net foreign exchange gain		**1**	61	124
		(6,927)	3,698	(144)
Expenses				
Management fee	6	**(458)**	(384)	(786)
Other expenses		**(392)**	(487)	(1272)
(Loss)/profit before finance costs and tax		**(7,777)**	2,827	(2,202)
Finance costs		**(2)**	(4)	(6)
(Loss)/profit before tax		**(7,779)**	2,823	(2,208)
Income tax expense		**-**	-	-
(Loss)/profit after tax		**(7,779)**	2,823	(2,208)
Other comprehensive (loss)/ income for the period		**-**	-	**-**
Total comprehensive (loss)/ income for the period		**(7,779)**	2,823	(2,208)
Total comprehensive (loss)/ income attributable to:				
Owners of the parent		**(7,802)**	2,786	(2,323)
Non-controlling interest		**23**	37	115
		(7,779)	2,823	(2,208)
(Loss) / earnings per share - (basic & diluted)	7	(16p)	6p	(5p)

(The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements).

Condensed Consolidated Statement of Financial Position

	Notes	Unaudited as at 28 February 2011 £'000	Audited as at 31 August 2010 £'000
ASSETS			
Non-current			
Investments at fair value through profit or loss	8	**20,339**	27,589
Property, plant and equipment		**-**	23
		20,339	27,612
Current			
Receivables		**447**	516
Prepayments		**38**	56
Cash and cash equivalents		**11,087**	11,764
		11,572	12,336
Total assets		**31,911**	39,948
Current liabilities			
Payables		**170**	379
		170	379
Net assets		**31,741**	39,569
EQUITY			
Share capital		**500**	500
Share premium		**47,752**	47,752
Unrealised investment revaluation reserve		**(9,639)**	(2,389)
Accumulated losses		**(6,872)**	(6,320)
Attributable to the owners of the company		**31,741**	39,543
Non-controlling interest		**-**	26
Total Equity		**31,741**	39,569
Net asset value per share	7	£0.63	£0.79

(The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements).

The unaudited condensed consolidated interim financial Statements on pages 15 to 24 were approved and authorized for issue by the Board of Directors on 26 May 2011 and are signed on its behalf by

Gaurav Burman
Director

Elizabeth Tansell
Director

Condensed Company Statement of Financial Position

	Notes	**Unaudited as at 28 February 2011 £'000**	Audited as at 31 August 2010 £'000
ASSETS			
Non-current			
Investments in subsidiaries		**10,082**	12,585
Loans to subsidiary	9	**14,420**	13,485
		24,502	26,070
Current assets			
Loan to subsidiary	9	**677**	677
Receivables		**72**	73
Prepayments		**20**	32
Cash and cash equivalents		**6,858**	10,528
		7,627	11,310
Total assets		**32,129**	37,380
Current liabilities			
Payables		**100**	103
			103
Net assets		**32,029**	37,277
EQUITY			
Share capital		**500**	500
Share premium		**47,752**	47,752
Accumulated losses		**(16,223)**	(10,975)
Equity attributable to owners of the Company		**32,029**	37,277

(The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements).

The unaudited condensed consolidated interim financial Statements on pages 15 to 24 were approved and authorized for issue by the Board of Directors on 26 May 2011 and are signed on its behalf by

Gaurav Burman
Director

Elizabeth Tansell
Director

Condensed Consolidated Statement of Cash Flows

		Unaudited six months ended 28 February 2011 £'000	Unaudited six months ended 28 February 2010 £'000	Audited twelve months ended 31 August 2010 £'000
(A)	**Operating activities:**			
	(Loss)/profit before tax	**(7,779)**	2,823	(2,208)
	Adjustments for :			
	-Depreciation	**3**	6	8
	-Interest income	**(21)**	(53)	(86)
	-Dividend income	**-**	(25)	(103)
	-Profit on sale of investments	**-**	(276)	(322)
	-Unrealised loss/(gain) on investments	**7,250**	(3,208)	1,361
	-Unrealised foreign exchange gain on cash & cash equivalents	**(1)**	(60)	-
	Net changes in working capital :			
	- Decrease in receivables, prepayments and other assets	**21**	118	32
	- (Decrease)/increase in payables	**(209)**	93	101
	Net cash (used in)/generated from operations	**(736)**	(582)	(1,217)
	Income taxes paid	**-**	-	-
	Net cash used in operating activities	**(736)**	(582)	(1,217)
(B)	**Investing activities:**			
	Purchase of property, plant and equipment	**-**	(3)	(5)
	Purchase of investments	**-**	(5,949)	(17,135)
	Proceeds from sale of investments	**-**	1,985	2,613
	Interest received	**21**	70	104
	Dividend received	**67**	87	98
	Net cash generated by/ (used in) investing activities	**88**	(3,810)	(14,325)
(C)	**Financing activities:**			
	Capital contribution by the partner in a group entity	**200**	-	-
	Drawings made by partner in a group entity	**(30)**	(70)	(130)
	Net cash paid to partner on sale of subsidiary (Refer note 10)	**(200)**	-	-
	Net cash used in financing activities	**(30)**	(70)	(130)
	Net decrease in cash and cash equivalents	**(678)**	(4,462)	(15,672)
	Cash and cash equivalents at beginning of period/year	**11,764**	27,436	27,436
	Unrealised foreign exchange gain on cash & cash equivalents	**1**	60	-
	Cash and cash equivalents at end of period/year	**11,087**	23,034	11,764

(The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements).

Condensed Consolidated Statement of Changes in Equity

	Share capital	Share premium	Unrealised investment revaluation reserve	Accumulated losses	Total attributed to owners of the parent company	Non-controlling interest	Total equity
Unaudited	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance as at 1 September 2010	**500**	**47,752**	**(2,389)**	**(6,320)**	**39,543**	**26**	**39,569**
Capital contribution by partner in Group Company	**-**	**-**	**-**	**-**	**-**	200	**200**
Transactions with owners	**-**	**-**	**-**	**-**	**-**	200	**200**
Other transactions							
Drawings made by partner in a Group Company	-	-	-	-	**-**	(30)	**(30)**
Net assets of sale of subsidiary (Refer note 10)	-	-	-	-	**-**	(219)	**(219)**
Net unrealised loss reserve transfer	-	-	(7,250)	7,250	**-**	**-**	**-**
	-	-	(7,250)	7,250	**-**	(249)	**(249)**
(Loss)/profit for the period	-	-	-	(7,802)	(7,802)	23	**(7,779)**
Total comprehensive (loss)/income for the period	-	-	-	(7,802)	(7,802)	23	**(7,779)**
Balance as at 28 February 2011	**500**	**47,752**	**(9,639)**	**(6,872)**	**31,741**	**-**	**31,741**
Unaudited							
Balance as at 1 September 2009	500	47,752	(594)	(5,792)	41,866	41	41,907
Transactions with owners	-	-	-	-	-	-	-
Other transactions							
Drawings made by partner in a Group Company	-	-	-	-	-	(70)	(70)
Net unrealised gain reserve transfer	-	-	3,208	(3,208)	-	-	-
Transfer of accumulated unrealised gain on investments sold	-	-	(324)	324	-	-	-
	-	-	2,884	(2,884)	-	(70)	(70)
Profit for the period	-	-	-	2,786	2,786	37	2,823
Total comprehensive (loss)/income for the period	-	-	-	2,786	2,786	37	2,823
Balance as at 28 February 2010	500	47,752	2,290	(5,890)	44,652	8	44,660
Audited							
Balance as at 1 September 2009	500	47,752	(594)	(5792)	41,866	41	41,907
Transactions with owners	-	-	-	-	-	-	-
Other transactions	-	-	-	-	-	-	-
Drawings made by partner in a Group Company	-	-	-	-	-	(130)	(130)
Net unrealised loss reserve transfer	-	-	(1,361)	1,361	-	-	-
Transfer of accumulated unrealised gain on investments sold	-	-	(434)	434	-	-	-
	-	-	(1,795)	1,795	-	(130)	(130)
(Loss)/ Profit for the year	-	-	-	(2,323)	(2,323)	115	(2,208)
Total comprehensive (loss)/income for the year	-	-	-	(2,323)	(2,323)	115	(2,208)
Balance as at 31 August 2010	500	47,752	(2,389)	(6,320)	39,543	26	39,569

(The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements).

Notes to Unaudited Condensed Consolidated Interim Financial Statements

1. INTRODUCTION

Elephant Capital plc (the "Company") is a public limited company incorporated in the Isle of Man on 16 May 2006 and listed on the Alternative Investment Market ("AIM") of the London Stock Exchange on 25 April 2007. Its registered office is at 3rd Floor, Exchange House, 54–62 Athol Street, Douglas, Isle of Man, IM1 1JD.

The 'Group' represents the Company and its subsidiaries. The unaudited condensed consolidated interim financial statements comprise the financial information of the 'Group' and the 'Company'. The Company's business consists of investing through the Group in businesses that have operations primarily in India and generating returns for its shareholders.

2. GENERAL INFORMATION

The financial information for the six month period ended 28 February 2011 and comparative period for the six months ended 28 February 2010 do not constitute statutory accounts as referred to in section 9 of the Companies Act 1982.

The unaudited condensed consolidated interim financial statements are presented in pounds sterling (GBP), which is also the functional currency of the Company and other company in the Group.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 28 February 2011 (including comparatives) were approved and authorised for issue by the Board of Directors on 26 May 2011.

3. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements (herein referred to as 'interim financial statements') for the six months period ended 28 February 2011 are prepared in accordance with *IAS 34 – Interim Financial Reporting* as adopted by the European Union.

These interim financial statements for the six months ended 28 February 2011 have been prepared using accounting policies and presentation consistent with those applied in the preparation and presentation of the financial statements for the year ended 31 August 2010 and should be read in conjunction with those financial statements.

The comparative figures for the year ended 31 August 2010 are taken from the full statutory accounts, which contain a qualified audit report. The comparative figures for the six months ended 28 February 2010 are taken from the half yearly unaudited consolidated condensed financial statements for that period. The accounting policies have been applied consistently throughout the Group for the preparation of consolidated financial statements.

4. STANDARDS ISSUED BUT NOT EFFECTIVE

Subsequent to the approval of the annual financial statements of the Group, no additional standards, interpretations or amendments have been issued until the date of approval of these unaudited condensed consolidated interim financial statements, which are relevant to the Group but are not yet effective and not adopted early by the Group. The standards issued but not effective up to the approval of these

Notes to Unaudited Condensed Consolidated Interim Financial Statements

STANDARDS ISSUED BUT NOT EFFECTIVE (Cont'd)

condensed financial statements are the same as included in the annual financial statements for the year ended 31 August 2010 and should be read in conjunction with those.

5. NET (LOSS)/GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 28 February 2011	Six months ended 28 February 2010	Twelve months ended 31 August 2010
	£ '000	£'000	£'000
Unrealised gain on investments	**316**	3,599	3,009
Unrealised loss on investments	**(7,566)**	(391)	(4,370)
Profit/(loss) on sale of investments	**-**	276	322
Total	**(7,250)**	3,484	(1,039)

6. MANAGEMENT FEE

Under the "Investment Management agreement", the amount of management fee for the six months ended 28 February 2011 is computed at the rate of 2% per annum of Net Asset Value ("NAV") of Elephant Capital plc as at most recent valuation date (i.e. 31 August 2010). For the six month ended 28 February 2010, the fee was calculated on the basis of the greater of GBP 1000 thousand or 2% of NAV per annum. Other expenses also include amounts out of the management fee paid to Elephant Capital LLP (investment manager) and incurred by them up to 17 December 2010.

7. LOSS AND NET ASSET VALUE PER SHARE

	Six months ended 28 February 2011	**Twelve months ended 31 August 2010**
Loss attributable to ordinary shareholders	£ (7,802,041))	£ (2,323,025)
Issued ordinary shares	50,000,000	50,000,000
Loss per share (basic and diluted)	(16p)	(5p)
Net assets value per share (statutory)	£0.63	£0.79
Net assets value per share (statutory) is based on the statutory net assets as at year end	£ 31,741,186	£ 39,569,087

There were no options in issue to dilute the earnings per share.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

8. INVESTMENTS 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 set out below:

	28 February 2011	31 August 2010
	£'000	£'000
Listed Investments:		
Balance at the start of the period/ year	**12,937**	12,428
Additions	**-**	-
Disposals	**-**	(2291)
	12,937	10,137
Unrealised (loss)/ gain	**(4,937)**	2,800
Total listed investments at the end of the period/ year (A)	**8,000**	12,937
Unlisted Investments:		
Balance at the start of the period/ year	**14,652**	1,678
Additions	**-**	17,135
	14,652	18,813
Unrealised (loss)/gain	**(2,313)**	(4,161)
Total unlisted investments at the end of the period/ year (B)	**12,339**	14,652
Total investments at the end of the period/year (A+B)	**20,339**	27,589

9. LOANS TO SUBSIDIARIES (Company Statement of Financial Position)

Loans to subsidiaries in the standalone financial statements of the Company are comprised of the following:

Particulars	**As At 28 February 2011 £'000**	**As at 31 August 2010 £'000**
Non current		
Elephant Capital LP*		
Opening balance	**13,485**	-
Add : During the year*	**3,500**	17,500
Less : Provision for impairment (net)	**(2,565)**	(4,015)
	14,420	13,485

Notes to Unaudited Condensed Consolidated Interim Financial Statements

Particulars	As At 28 February 2011 £'000	As at 31 August 2010 £'000
Current		
Elephant 2 Limited	**677**	677
	15,097	14,162

* A loan for GBP 3,500 thousand was given to Elephant Capital LP in order to provide further funds to Tusk Investments Fund 1 for making investments in certain investee companies in accordance with the investment strategy of the Group. These funds remain un-invested as at 28 February 2011.

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

10. SALE OF SUBSIDIARY

On 17 December 2010, the entire subscribed share capital (2 shares of GBP 1.00 each) of Elephant Capital Services Limited was transferred from Elephant Capital plc. to Mr. Gaurav Burman, one of the directors in Elephant Capital plc. by way of stock transfer form . This was done as part of the process of completing the formailities for FSA authorization of Elephant Capital LLP in the United Kingdom. Consequent to this transfer Elephant Capital Services Limited and Elephant Capital LLP ceased to be part of the group.

This resulted in loss of control of the aforementioned subsidiary. As the investment was transferred at cost there was no gain or loss realized upon such transfer of equity stake in subsidiary by Elephant Capital plc.

11. EVENTS AFTER THE BALANCE SHEET DATE

i. Subsequent to the period end, there has been a gain in the value of the Group's listed investments due to a rise in the Indian stock markets. This has decreased the unrealised losses on investment by GBP 1,116 thousand resulting in the following valuations:

	As at 28 February 2011	Purchase	Unrealised Gain	As at 25 May 2011
	£'000	£'000	£'000	£'000
EIH Limited	**4,513**	1,669	329	**6,511**
Nitco Limited	**1,342**	-	175	**1,517**
Mahindra Forgings Limited	**2,145**	-	612	**2,757**
Total	**8,000**	1,669	1,116	**10,785**

Notes to Unaudited Condensed Consolidated Interim Financial Statements

11. EVENTS AFTER THE BALANCE SHEET DATE (Cont'd)

ii. On 12 April 2011 a subsidiary of the Company subscribed to its full entitlement of 18,46,231 shares in a rights issue of EIH Limited for a total consideration of GBP 1,669 thousand. Consequent to this purchase, the Group increased its holding to 5,907,941 shares at a total cost of GBP 7,071 thousand.

iii. On 15 April 2011 a subsidiary of the Company acquired additional 21,173 shares in ACK for a total consideration GBP 898 thousand. This has resulted in increasing the Group's holding in ACK to 100,278 shares at a total cost of GBP 4,084 thousand.

iv. On 16 May 2011 a subsidiary of the Company subscribed to 40,882 shares in Air Works Engineering (India) Private Limited, an entity involved in aviation MRO (maintenance, repair and overhaul) for a total consideration GBP 2,451 thousand.

v. Subsequent to the period end and subject to shareholder approval, the Board has proposed to return up to GBP 5 million to shareholders by way of a tender offer and proposed that shareholders approve a facility to allow the Company's directors to opportunistically purchase shares in the market for cancellation.

12. During the year ended 31 August 2010, the Group decided to exit its investment in Global Cricket Ventures Limited (GCV) and discussions currently are underway to exit its entire holding. The Board of Elephant Capital has valued this investment at GBP 1,862 thousand (i.e. equivalent to its value of USD 3,000 thousand as of 31 August 2010 and 28 February 2011), which represents the best estimate of the net assets of GCV attributable to Elephant Capital's shareholding.

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