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ELEPHANT CAPITAL PLC

INTERIM RESULTS FOR SIX MONTHS ENDED 28 FEBRUARY 2015

Elephant Capital plc (AIM: ECAP), the India focused private equity company, announces its results the six months ended 28 February 2015.

Key Points:

- Net asset value per share of 36p as at 28 February 2015 (31 August 2014: 35p)
- Post 28 February 2015:
  - Remaining holding in Nitco Limited sold for GBP 0.16 million.
  - 5,000,000 ordinary shares bought back for aggregate consideration of GBP 1.0 million.

Commenting, Chairman Vikram Lall, said: "We continue our efforts to dispose of our remaining unlisted investments in the interests of shareholders, and are conscious of the depletion of NAV arising from the ongoing operating costs of the Company. Further significant returns of capital are dependent on further investment realisations."

Copies of the Interim Report will be available for download from Elephant Capital's website at www.elephantcapital.com shortly.

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Chairman's Statement

Results and portfolio changes

As at 28 February 2015, Net Asset Value ("NAV") was GBP 7.26 million or 36p per share, compared to GBP 7.10 million or 35p per share as at 31 August 2014. The increase in NAV reflects a GBP 0.25 million increase in the valuation of the unlisted investment portfolio (including an exchange gain of GBP 0.24 million), a GBP 0.08 million increase in the listed investment portfolio (including an exchange gain of GBP 0.02 million) and the excess of expenses over income of GBP 0.17 million.

No new investments were made during the period. Since the period end there was a disposal of the remaining listed investment, which is detailed below.

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 GBP 3.33 million based on an independent third party valuation compared to GBP 3.05 million at 31 August 2014.

Amar Chitra Katha Private Limited ("ACK") has not performed in line with its budget. Accordingly, its valuation in INR terms decreased marginally based on an independent third party valuation However, in GBP terms its valuation increased to GBP 1.25 million at 28 February 2015, compared to GBP 1.2 million at 31 August 2014, due to favourable exchange rate movements.

The investment in Global Cricket Venture Limited ("GCV") has been valued at GBP 0.38 million based on the estimated net asset value of GCV as attributable to Elephant Capital's shareholding as at 28 February 2015 compared to GBP 0.47 million at 31 August 2014.

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

Listed investment portfolio

Post 28 February 2015, Elephant Capital sold its remaining holding in Nitco Limited ("Nitco") for GBP 0.16 million.

Return of capital

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

Board changes

Vincent Campbell has been appointed as director and company secretary in the place of Elizabeth Tansell who resigned with effect from 7 May 2015. The Board would like to thank Elizabeth Tansell for her significant contribution during her tenure as a director and company secretary.

Auditor's review of half yearly report

In order to save costs the Board has dispensed with the auditor's review of the Company's half yearly report.

Strategy

We continue our efforts to dispose of our remaining unlisted investments in the interests of shareholders, and are conscious of the depletion of NAV arising from the ongoing operating costs of the Company. Further significant returns of capital are dependent on further investment realisations.

Vikram Lall

27 May 2015

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 and Tusk Investments 2 Limited (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 six months period to 28 February 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.

Post the period end, Elephant Capital sold its remaining holding in Nitco for GBP 0.16 million. The sale of Nitco resulted in a realised loss of GBP 0.41 million (being the excess of original cost of GBP 0.57 million over the sale proceeds of GBP 0.16 million).

The Investment Manager continues to focus on helping GCV pursue its claims for the alleged wrongful termination of its agreement by the Board of Control for Cricket in India ("BCCI"). Further, GCV continues to be plagued by various other legal actions and is involved in litigation with various parties in the UK and the US. While this litigation continues there is no visibility on an exit.

Given this activity Elephant Capital now holds only four unlisted investments: Air Works, ACK, GCV and Obopay, the last of which has no value. The Investment Manager is focused on finding ways to realise Air Works and ACK over the medium term as these businesses mature. No further investments in any of these companies are envisaged.

Portfolio review

Air Works India (Engineering) Private Limited

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 and only EASA Certified Business Aviation MRO company.

The company has been performing satisfactorily. On a consolidated basis, Air Works had a profitable closing to its financial year FY2015 with revenue of approximately USD 105 million and an EBITDA of around USD 12 million. The revenue for FY2015 was lower than the previous year by circa 5% due to the impact on pricing and volumes of increased competition in the repainting market in Europe. However, the EBITDA on the consolidated basis has shown an improvement from 10% last year to circa 12% in FY2015 on account of improving operating efficiencies.

The company successfully completed a rights issue in April 2015 (Elephant Capital did not participate in the rights issue). The rights issue raised USD 7.72 million at a pre-money valuation of USD 125 million (the pre-money value at which Company originally invested in May 2011 was USD 50 million). Air Works has also negotiated circa USD 37 million of debt funding from its banking partners. This capital will be used to repay some existing loans and the rest will be earmarked for funding the acquisition targets in the pipeline referred to below.

Air Works has also been evaluating various acquisition opportunities to fuel the company's growth via inorganic expansion and has identified targets in Aviation Auditing, Valuation, and Advisory services, and is in advanced stages of negotiating the deals.

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 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 the year FY2015 by about 33%, with full year revenue of INR 599 million vs. the management target of INR 889 million, and FY2014 revenue of INR 694 million. Overall gross margin of the business improved by 400 bps over FY2014, but this increase was more than offset by 14% year on year revenue decline and 5% increase in fixed costs leading to an increase in

EBITDA loss to INR 37.8 million, vs. previous year loss of INR 8.2 million and budget forecast of profit of INR 13.7 million. ACK's management attributes much of this to lack of working capital in the business, which, according to their estimates, has been responsible for a loss of circa INR 70 million of topline. ACK's management has been working on measures to optimise costs, and on the divestment of non-core businesses such as Brainwave and Karadi Tales. It has also been working on optimising the revenue mix towards higher margin businesses, as a result of which the core publishing business and advertisement sales revenue contribution has grown to 53% of total sales (46% in FY2014), while the share of IBH Books and Magazines Distributors has declined to circa 40%.

In keeping pace with changing media consumption habits, and the increasing share of digital media, the company launched mobile apps across multiple platforms allowing consumers to purchase and access ACK products on their devices. The launch of digital titles increase the focus on online sales as digital media in India is expected to grow exponentially over the next 20 years.

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 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's last financial year, 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 declined to 20%.

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.

In mid-2010, the BCCI 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 views the BCCI's termination of its contractual rights to be wrongful and has commenced an arbitration process with the BCCI in order to reach a resolution of the current situation.

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 GBP 0.38 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 28 February 2015, the portfolio was as follows:

Company	*Sector*	*Listed/ unlisted*	*Cost £'000*	***Valuation 28 February 2015 £'000***	*Gain/(loss) over cost £'000*
Air Works India (Engineering) Private Limited	Aviation	Unlisted	2,922	**3,336**	414
Amar Chitra Katha Private Limited	Media	Unlisted	4,085	**1,255**	(2,830)
Global Cricket Ventures Limited	Media	Unlisted	5,949	**382**	(5,567)
Obopay Inc.	Mobile banking service	Unlisted	1,239	**-**	(1,239)
Nitco Limited	Building materials	Listed	569	**180**	(389)
Total			14,764	**5,153**	(9,611)

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

1.05 million shares of Nitco Limited have been sold during the period for GBP 0.25 million.

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.

Events after the reporting date

Subsequent to the period end, the Group sold its remaining holding in Nitco for GBP 0.16 million.

Further details on events after the reporting date are disclosed in the note 14 to the financial statements.

Gaurav Burman

On behalf of Elephant Capital LLP

27 May 2015

Unaudited condensed consolidated statement of profit or loss and other comprehensive income

	Notes	***Unaudited six months ended 28 February 2015 £'000***	*Unaudited six months ended 28 February 2014 £'000*	*Audited twelve months ended 31 August 2014 £'000*
Revenue				
Investment and other income		**34**	85	117
Net profit on financial assets at fair value through profit or loss	7	**333**	480	508
Other income				
Net foreign exchange gain		**30**	-	-
		397	565	625
Expenses				
Management fees	8	**(110)**	(108)	(212)
Other expenses		**(125)**	(246)	(432)
Profit/(loss) before finance costs and tax		**162**	211	(19)
Finance costs		**(2)**	(2)	(3)
Profit/(loss) before tax		**160**	209	(22)
Income tax expense		**-**	-	-
Profit/(loss) after tax		**160**	209	(22)
Other comprehensive income for the period/year		**-**	-	-
Total comprehensive profit/(loss) for the period/year		**160**	209	(22)
Profit/(loss) and total comprehensive profit/(loss) attributable to:				
Owners of the parent		**160**	209	(22)
Profit/(loss) per share - (basic and diluted)	9	**0.8p**	0.8p	(0.1p)

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

Unaudited condensed consolidated statement of financial position

	Notes	***Unaudited as at 28 February 2015 £'000***	*Unaudited as at 28 February 2014 £'000*	*Audited as at 31 August 2014 £'000*
ASSETS				
Non-current				
Financial assets at fair value through profit or loss	10	**4,973**	4,815	4,718
		4,973	4,815	4,718
Current				
Financial assets at fair value through profit or loss	10	**180**	990	354
Receivables		**10**	16	-
Prepayments		**25**	26	27
Cash and cash equivalents		**2,142**	2,693	2,100
		2,357	3,725	2,481
Total assets		**7,330**	8,540	7,199
Current liabilities				
Payables		**66**	205	95
		66	205	95
Net assets		**7,264**	8,335	7,104
EQUITY				
Share capital		**201**	246	201
Share premium		**20,752**	20,752	20,752
Distributable capital reserve		**16,507**	17,462	16,507
Unrealised investment revaluation reserve		**(8,372)**	(10,221)	(9,205)
Accumulated losses		**(21,824)**	(19,904)	(21,151)
Total attributable to the owners of the parent		**7,264**	8,335	7,104
Total equity		**7,264**	8,335	7,104
Net asset value per share	9	**£0.36**	£0.34	£0.35

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

Unaudited condensed company statement of financial position

	Notes	***Unaudited as at 28 February 2015 £'000***	*Unaudited as at 28 February 2014 £'000*	*Audited as at 31 August 2014 £'000*
ASSETS				
Non-current				
Investments in subsidiaries		**829**	2,367	771
Loans to subsidiaries	11	**5,351**	5,355	5,150
		6,180	7,722	5,921
Current				
Loan to subsidiaries	11	**-**	-	-
Receivables		**1**	-	1
Prepayments		**17**	16	21
Cash and cash equivalents		**1,108**	725	1,205
		1,126	741	1,227
Total assets		**7,306**	8,463	7,148
Current liabilities				
Payables		**46**	134	51
		46	134	51
Net assets		**7,260**	8,329	7,097
EQUITY				
Share capital		**201**	246	201
Share premium		**20,752**	20,752	20,752
Distributable capital reserve		**16,507**	17,462	16,507
Accumulated losses		**(30,200)**	(30,131)	(30,363)
Equity attributable to owners of the Company		**7,260**	8,329	7,097

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

Unaudited condensed consolidated statement of cash flows

		Unaudited six months ended 28 February 2015 £'000	*Unaudited six months ended 28 February 2014 £'000*	*Audited twelve months ended 31 August 2014 £'000*
(A)	**Operating activities:**			
	Profit/(loss) before tax	**160**	209	(22)
	Adjustments for:			
	Interest income	**(3)**	(2)	(4)
	Net unrealised (profit)/losses on investments	**(282)**	(133)	10
	Profit on sale of investments	**(51)**	(347)	(518)
	Net changes in working capital:			
	Increase in receivables and prepayments	**(8)**	(15)	-
	(Decrease)/increase in payables	**(29)**	82	(28)
	Net cash used in operating activities	**(213)**	(206)	(562)
(B)	**Investing activities:**			
	Proceeds from sale of investments	**252**	1,425	2,186
	Interest received	**3**	2	4
	Net cash generated by investing activities	**255**	1,427	2,190
(C)	**Financing activities:**			
	Shares bought back for cancellation	**-**	-	(1,000)
	Net cash used in financing activities	**-**	-	(1,000)
	Net increase in cash and cash equivalents	**42**	1,221	628
	Cash and cash equivalents at beginning of period/year	**2,100**	1,472	1,472
	Cash and cash equivalents at end of period/year	**2,142**	2,693	2,100

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

Unaudited condensed consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Distributable capital reserve £'000	Unrealised investment revaluation reserve £'000	Accumulated losses £'000	Total equity £'000
Unaudited						
Balance as at 1 September 2014	**201**	**20,752**	**16,507**	**(9,205)**	**(21,151)**	**7,104**
Transactions with owners	-	-	-	-	-	-
Net unrealised gain reserve transfer	-	-	-	282	(282)	-
Transfer of accumulated realised loss on investments sold	-	-	-	551	(551)	-
Profit for the period	-	-	-	-	160	160
Total comprehensive income for the period	-	-	-	833	(673)	160
Balance as at 28 February 2015	**201**	**20,752**	**16,507**	**(8,372)**	**(21,824)**	**7,264**
Unaudited						
Balance as at 1 September 2013	**246**	**20,752**	**17,462**	**(12,408)**	**(17,926)**	**8,126**
Transactions with owners	-	-	-	-	-	-
Net unrealised gain reserve transfer	-	-	-	133	(133)	-
Transfer of accumulated realised loss on investments sold	-	-	-	2,054	(2,054)	-
Profit for the period	-	-	-	-	209	209
Total comprehensive income for the period	-	-	-	2,187	(1,978)	209
Balance as at 28 February 2014	**246**	**20,752**	**17,462**	**(10,221)**	**(19,904)**	**8,335**
Audited						
Balance as at 1 September 2013	**246**	**20,752**	**17,462**	**(12,408)**	**(17,926)**	**8,126**
Shares bought back for cancellation	(45)	-	(955)	-	-	(1,000)
Transactions with owners	(45)	-	(955)	-	-	(1,000)
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)
Total comprehensive loss for the year	-	-	-	3,203	(3,225)	(22)
Balance as at 31 August 2014	**201**	**20,752**	**16,507**	**(9,205)**	**(21,151)**	**7,104**

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

The "Group" represents the Company and its subsidiaries. The unaudited condensed consolidated interim financial statements comprise the condensed financial information of the Group and the condensed Company statements of financial position. 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 months ended 28 February 2015 and comparative period for the six months ended 28 February 2014 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 companies in the Group.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 28 February 2015 (including comparatives) were approved and authorised for issue by the Board of Directors on 27 May 2015.

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 2015 are prepared in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union.

The consolidated and Company financial statements have been presented on a going concern basis The comparative figures for the year ended 31 August 2014 are taken from the full statutory accounts. The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The comparative figures for the six months ended 28 February 2014 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. Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 31 August 2014 except for the application of the following standard with effect from 1 September 2014:

(i) Amendments to IFRS 10, IFRS 12 and IAS 27, 'Investment entities'.

(ii) Amendments to IAS 32, 'Offsetting financial assets and financial liabilities'.

(iii) IAS 36, 'Recoverable amount disclosures for non-financial assets — Amendments to IAS 36'.

The effect of applying these standards is described below:

Amendments to IFRS 10, IFRS 12 and IAS 27, 'Investment entities'

The investment entities amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity.

The key amendments include:

- 'Investment entity' is defined in IFRS 10.
- An entity must meet all three elements of the definition and consider whether it has four typical characteristics, in order to qualify as an investment entity.
- An investment entity accounts for its investments in subsidiaries at fair value through profit or loss in accordance with IFRS 9 (or IAS 39, as applicable), except for investments in subsidiaries that provide services that relate to the investment entity's investment activities, which must be consolidated.
- For venture capital organisations, mutual funds, unit trusts and others that do not qualify as investment entities, the existing option in IAS 28 to measure investments in associates and joint ventures at fair value through profit or loss is retained.

Management has reviewed its current assessments in accordance with the above amendments and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

Amendments to IAS 32, '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.

The amendments have been applied retrospectively in accordance with their transitional provisions. 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.

IAS 36, 'Recoverable amount disclosures for non-financial assets-Amendments to IAS 36'

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 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.

5. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 31 August 2014.

6. Segmental information

The Directors have considered the provisions of IFRS 8 in relation to segment 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 10.

7. Net profit on financial assets at fair value through profit or loss

	Six months ended 28 February 2015 £'000	*Six months ended 28 February 2014 £'000*	*Twelve months ended 31 August 2014 £'000*
Financial assets designated as fair value through profit or loss			
Unrealised gains on investments	**370**	308	281
Unrealised losses on investments	**(88)**	(175)	(291)
Realised gains on investment	**51**	347	518
Total	**333**	480	508

8. 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 GBP 160 thousand per annum. In addition the Manager is entitled to recover certain expenses.

The management fee of GBP 110 thousand (28 February 2014: GBP 108 thousand) disclosed in the consolidated statement of profit or loss and other comprehensive income includes the management fee of GBP 80 thousand (28 February 2014: GBP 81 thousand) and GBP 30 thousand (28 February 2014: 27 thousand) in respect of service fee of GBP 31 thousand (28 February 2014: GBP 31 thousand) received by the Manager from an investee company, which is included in "Investment and other income".

9. Profit/(loss) and net asset value per share

	Six months ended 28 February 2015	*Six months ended 28 February 2014*	*Twelve months ended 31 August 2014*
Profit/(loss) attributable to ordinary shareholders	**£159,783**	£208,946	£(22,885)
Issued ordinary shares-beginning of period/year	**20,117,057**	24,662,511	24,662,511
Buy-back of shares	**-**	-	(4,545,454)
Issued ordinary shares outstanding at the end of period/year	**20,117,057**	24,662,511	20,117,057
Weighted average number of shares outstanding	**20,117,057**	24,662,511	24,064,753
Profit/(loss) per share (basic and diluted)	**0.8p**	0.8p	(0.1p)
Net asset value per share (statutory)	**£0.36**	£0.34	£0.35
Net asset value per share (statutory) is based on the statutory net assets as at period/year end	**£7,263,805**	£8,335,852	£7,104,022

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

10. 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 set out below:

	28 February 2015			*28 February 2014*			*31 August 2014*		
	Non-current £'000	***Current £'000***	***Total £'000***	*Non-current £'000*	*Current £'000*	*Total £'000*	*Non-current £'000*	*Current £'000*	*Total £'000*
Listed investments:									
Balance brought forward	**-**	**354**	**354**	-	1,875	1,875	-	1,875	1,875
Disposal	**-**	**(201)**	**(201)**	-	(1,078)	(1,078)	-	(1,668)	(1,668)
	-	**153**	**153**	-	797	797	-	207	207
Unrealised gain	**-**	**27**	**27**	-	193	193	-	147	147
(A)	**-**	**180**	**180**	-	990	990	-	354	354
Unlisted investments:									
Balance brought forward	**4,718**	**-**	**4,718**	4,875	-	4,875	4,875	-	4,875
Disposal	**-**	**-**	**-**	-	-	-	-	-	-
	4,718	**-**	**4,718**	4,875	-	4,875	4,875	-	4,875
Unrealised gain/(loss)	**255**	**-**	**255**	(60)	-	(60)	(157)	-	(157)
(B)	**4,973**	**-**	**4,973**	4,815	-	4,815	4,718	-	4,718
Total investments (A+B)	**4,973**	**180**	**5,153**	4,815	990	5,805	4,718	354	5,072

11. Loans to subsidiaries (company statement of financial position)

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

	As At 28 February 2015 £'000	*As At 28 February 2014 £'000*	*As at 31 August 2014 £'000*
Non-current			
Elephant Capital LP*			
Opening balance	**14,000**	14,000	14,000
	14,000	14,000	14,000
Less: Provision for impairment **	**(8,649)**	(8,645)	(8,850)
(A)	**5,351**	5,355	5,150
Current			
Elephant Capital LP*			
Opening balance	**4,996**	4,996	4,996
	4,996	4,996	4,996
Less: Provision for impairment**	**(4,996)**	(4,996)	(4,996)
(B)	**-**	-	-
Total (A+B)	**5,351**	5,355	5,150

*Loan of GBP 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 classified as non-current has not been discounted to its present value, as the repayment period is not determinable.

**An impairment analysis of loans to subsidiaries was carried out by the Company as of 28 February 2015 and, consequently, a reversal of an impairment loss of GBP 201 thousand was recorded on account of the increase in the value of investments made through group subsidiaries since 31 August 2014.

12. Fair value measurement of financial instruments

IAS 34 requires that interim financial statements include certain of the disclosures about fair value of financial instruments set out in IFRS 13- 'Fair Value Measurement'. These disclosures include the classification of fair values within a three-level hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

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

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value at 28 February 2015:

28 February 2015	***Level 1 £'000***	***Level 2 £'000***	***Level 3 £'000***	***Total £'000***
Assets				
Listed securities	**180**	**-**	**-**	**180**
Unlisted securities	**-**	**-**	**4,973**	**4,973**
Total	**180**	**-**	**4,973**	**5,153**
Liabilities	**-**	**-**	**-**	**-**
Net fair value	**180**	**-**	**4,973**	**5,153**

28 February 2014	*Level 1 £'000*	*Level 2 £'000*	*Level 3 £'000*	*Total £'000*
Assets				
Listed securities	990	-	-	990
Unlisted securities	-	-	4,815	4,815
Total	990	-	4,815	5,805
Liabilities	-	-	-	-
Net fair value	990	-	4,815	5,805

31 August 2014	*Level 1 £'000*	*Level 2 £'000*	*Level 3 £'000*	*Total £'000*
Assets				
Listed securities	354	-	-	354
Unlisted securities	-	-	4,718	4,718
Total	354	-	4,718	5,072
Liabilities	-	-	-	-
Net fair value	354	-	4,718	5,072

Measurement of fair value

The 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:

(i) Listed securities:

The quoted investment is denominated in Indian rupees and is publicly traded on the NSE and BSE in India and the value of such quoted investment has been determined using the closing bid market prices on the NSE as at the reporting date.

(ii) Unlisted securities:

The fair value of the unquoted investments has been determined using appropriate methodology in accordance with International Private Equity and Venture Capital Valuation Guidelines and guidance provided in IAS 39.

(a) Global Cricket Ventures ("GCV") – As at 28 February 2015, the Group held a 45.56% equity stake in Global Cricket Ventures Limited (Mauritius) which had been acquired for GBP 5,949 thousand. The value of this investment as at 28 February 2015 has been determined on the basis of best estimate of net assets of GCV attributable to Elephant Capital's shareholding.

(b) Obopay – Pursuant to the execution of an Agreement and Plan of Merger of OBP Investments, OBP Investments, Inc., the 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 28 February 2015.

(c) Amar Chitra Katha ("ACK") – As at 28 February 2015, the Group held a 20.06% equity stake in Amar Chitra Katha (P) Ltd. at a total cost of GBP 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 28 February 2015 are as follows:

Weighted average cost of capital	14.48%
Long term growth rate	6.00%
Discount for lack of marketability	15.00%

(d) Air Works – As of 28 February 2015, the Group held an aggregate 4.45% (fully diluted basis) stake in Air Works India (Engineering) Private Ltd. at a total cost of GBP 2,922 thousand. The investment has been valued based on the "discounted cash flows of the projected future earnings of the underlying business". The key assumptions used in the valuation of the investment as at 28 February 2015 are as follows:

Weighted average cost of capital	15.84%
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. Further, there have been no transfers into Level 3 during the current reporting period.

The financial instruments within Level 3 can be reconciled from beginning to ending balances as follows:

Particulars	***Six months ended 28 February 2015 £'000***	*Six months ended 28 February 2014 £'000*	*Year ended 31 August 2014 £'000*
Opening balance	**4,718**	4,875	4,875
Unrealised profit/(loss)	**255**	(60)	(157)
Closing balance	**4,973**	4,815	4,718

Profit/(loss) on fair valuation are shown under the heading 'Net profit/(loss) on financial assets at fair value through profit or loss'.

For the investments, Amar Chitra Katha and Air Works which are valued using the discounted cash flow 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 refers to the table below:

Particulars	***Six months ended 28 February 2015 £'000***	*Six months ended 28 February 2014 £'000*	*Year ended 31 August 2014 £'000*
Change by +50 basis points			
Weighted average cost of capital	**(333)**	(260)	(247)
Long-term growth rate	**326**	252	230
Change by -50 basis points			
Weighted average cost of capital	**367**	290	274
Long-term growth rate	**(296)**	(227)	(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.

13. Related party transactions

(i) **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 period/year:*

Elephant Capital LLP

Chamberlain Fund Services Limited (novated to SMP Fund Services Limited on 29 November 2013)

Elephant India Finance Private Limited

Elephant India Limited

(c) *Associates with whom transactions have taken place during the period/year;*
Global Cricket Ventures Limited ("GCV")

(ii) **The transactions with related parties and balances as at the period/year-end are summarised below:**

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

Compensation paid to the Company's Board of Directors comprises of 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 Directors' fees during each of the period/years reported:

Nature of transaction	*Amount*			*Outstanding payable balance (unsecured)*		
	Six Months ended 2015 £'000	*Six Months ended 2014 £'000*	*Twelve Months ended 2014 £'000*	***As at 28 February 2015 £'000***	*As at 28 February 2014 £'000*	*As at 31 August 2014 £'000*
Directors' fees	**31**	50	81	(10)	(35)	(10)

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

Nature of transaction	*Amount*			*Debit/(credit) balance(unsecured)*		
	Six Months ended 2015 £'000	*Six Months ended 2014 £'000*	*Year ended 2014 £'000*	***As at 28 February 2015 £'000***	*As at 28 February 2014 £'000*	*As at 31 August 2014 £'000*
(i) Management fees:*						
- Paid to Elephant Capital LLP	**110**	82	82	**10**	-	-
- Paid to Elephant India Limited	**-**	26	130	**-**	-	-
- Received from Elephant India Finance Private Limited	**-**	51	51	**-**	16	-
(ii) Other transactions:						
- Registrar and administration charges paid to Chamberlain Fund Services Limited	**-**	3	3	**-**	-	-
- Service fee from GCV	**31**	31	61	**(11)**	(10)	(10)
- Paid to Elephant Capital LLP	**-**	51	51	**-**	(16)	-

**Payments to Elephant Capital LLP and Elephant India Limited are paid out of the management fee.*

14. Events after the reporting date

(i) In March 2015, 5,000,000 ordinary shares were bought-back for cancellation at a price of 20p per share. Following the cancellation of these shares, there are 15,117,057 ordinary shares in issue.

(ii) Nitco Limited ("Nitco") - In March 2015, the Group sold 792 thousand shares of Nitco for an aggregate consideration of GBP 163 thousand. The sale resulted in an overall loss of GBP 406 thousand (being the excess of original cost of GBP 569 thousand over the sale proceeds of GBP 163 thousand).

The amount of loss after the reporting date is GBP 17 thousand (being the shortage of sale proceeds of GBP 163 thousand over the fair value of GBP 180 thousand as on 28 February 2015). Subsequent to disposal, the Group's aggregate holding in Nitco is Nil.