

Date: 28 September 2007  
On behalf of: Eredene Capital PLC ("Eredene" or the "Eredene Group")  
Embargoed until: 0700hrs

## **EREDENE CAPITAL PLC**

### **UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007**

Eredene Capital PLC ("Eredene" or the "Eredene Group"), the AIM quoted Indian Property Developer, is pleased to announce its interim results for the six month period ended 30 June 2007.

#### **Highlights**

- Net loss for the period of £2.1 million
- Net Asset Value of 23.17 pence per share as at 30 June 2007
- Cash balances of £56.7 million as at 30 June 2007 representing 23.16 pence per share
- New broadened investment strategy approved
- £100 million potential deal pipeline, including real estate, logistics, distribution warehouses and port services projects in India
- New investment announced today
- Two new investments made after period end, totalling up to £17.3 million
  - Up to £16.4 million in a project developing up to 185,000 residential units in Mumbai Metropolitan Region (announced 31 July 2007)
  - Invested £850,000 in development of a Container Freight Station near Chennai on a site expected to total 28 acres (announced 28 September 2007)

#### **Commenting on the interim results, Alastair King, Chief Executive and founder of Eredene, said:**

*"The Eredene Group has made significant progress in the period. We are implementing our broadened investment strategy as planned and have acquired major stakes in two new projects. We have more good investment opportunities in our deal pipeline which are in advanced negotiations and we are confident about the future prospects for the Eredene Group."*

Eredene Capital PLC  
Alastair King (Chief Executive)

Tel: 020 7448 8000  
[www.eredene.com](http://www.eredene.com)

Landsbanki Securities (UK) Limited  
Heraclis Economides

Tel: 020 7426 9000

Redleaf Communications Ltd  
Emma Kane/Adam Leviton/Samantha Robbins

Tel: 020 7822 0200

## **Chairman's Statement**

The six month period to 30 June 2007 saw significant development of the Eredene Group, marked by encouraging progress in our new projects in India. As explained in detail in our 2006 annual financial statements, the Eredene Group disposed of its investment in Eredene Mauritius Limited and terminated its arrangement with a previous investment advisor.

During the period, the Eredene Group made a loss after taxation of £2.1 million (30 June 2006 – £1.1 million), representing a loss per share of 0.85 pence (30 June 2006 - 1.34 pence). The Eredene Group had a Net Asset Value (NAV) of £56.7 million at 30 June 2007 (31 December 2006 – £58.6 million) representing 23.17 pence per share (31 December 2006 – 23.94 pence).

The Eredene Group had cash balances of £56.7 million at 30 June 2007 (31 December 2006 – £50.2 million) representing 23.16 pence per share (31 December 2006 – 20.51 pence).

### **Broadened investment strategy**

The Eredene Group began to implement a broadened investment strategy following its approval by shareholders on 18 July 2007. This broadened investment strategy saw the purchase of Aboyne Mauritius Limited with its deal pipeline of projects in India, involving potential equity commitments of up to £100 million. At the same time the Eredene Group engaged a dedicated investment team in Mumbai, headed by Mr Nikhil Naik, the former head of P&O Ports India. The Eredene Group also signed an exclusive agreement with Apeejay Surrendra Limited to source and co-invest in new projects in the east of India.

### **Post balance sheet events**

#### **Implementation of strategy**

Since the end of the period to 30 June 2007, the Eredene Group has made two new investments totalling up to £17.3 million and is in advanced negotiations on a number of other projects in the Aboyne Mauritius Limited pipeline.

Through its wholly owned subsidiary Aboyne Mauritius Limited, the Eredene Group has now committed 31% of the net funds the Eredene Group raised in April 2006. To date, £6.6 million has been drawn down for investment into the investee companies.

#### **Low income housing in Mumbai Metropolitan Region**

The first new project in the broadened strategy was an INR 1,312 million (£16.4 million) investment in a company developing up to 185,000 low income residential units on the outskirts of Mumbai where there is rising demand for affordable housing within commuting distance of the city centre.

Under the terms of an agreement announced on 31 July 2007, the Eredene Group acquired up to 49% of the voting rights and 55% of the economic interests in Matheran Realty Private Limited ("MRPL"), a development company which plans to build the units in eight separate locations in the Mumbai Metropolitan Region.

The target market is the estimated 30% of the 18 million people living in the Mumbai Metropolitan Region who earn less than £1,250 per annum. Construction and pre-sales of the units, which will be priced in the range of £3,750 to £5,000, are expected to start in the first half of 2008.

MRPL has acquired preferential rights to utilise a patented construction technology developed in Australia by Sterling Construction and Development Corporation – a system of building with prefabricated fibre cement boards which has been successfully used in a number of locations around the world, including on a large-scale housing project in the Philippines.

We are pleased with progress on this project to date.

#### **Container Freight Station near Chennai and Ennore ports**

The Eredene Group today announces the acquisition of a major stake in a Container Freight Station (CFS) to serve both the ports of Chennai and Ennore in the southern Indian state of Tamil Nadu.

The Eredene Group has invested INR 68.6 million (£850,000) for a 49% stake in a Special Purpose Vehicle (SPV) developing the CFS on a site totalling an expected 28 acres. The new CFS is located about 12 kilometres from Ennore and 17 kilometres from Chennai, both expanding ports where there is growing demand for container service facilities.

Chennai Port has an established container terminal that is owned and operated by Dubai Ports World (formerly P&O Ports India). Ennore's container terminal is in development and is forecast to become operational in 2010.

The Eredene Group's partner in this new dedicated CFS is the Sattva Group, a significant regional logistics operator. Construction has commenced and the facility is due to be completed and become revenue generating by mid-2008.

Container Freight Stations are normally located close to ports and typically provide value added services such as bonded warehousing, long-term storage, factory units for re-assembly of machinery and vehicles, warehouses for packing and unpacking containers, and rail and road transport services.

Despite its booming export-led economy, India lags behind some other markets in terms of container traffic. Containerisation of cargo in India is at about 45-50%, compared to an average of 65%-75% in developed economies. Increasing containerisation will help grow Indian container trade at an expected 15% year on year over the next decade, driving demand for more Container Freight Stations.

### **Project pipeline**

The Eredene Group's Indian project pipeline specifically targets high quality investments in commercial and residential real estate, logistics, distribution warehouses and port services projects. Your Board sees attractive opportunities in each of these sectors as India's economic growth continues. Indian Gross Domestic Product grew by 9% in the fiscal year ended 31 March 2007.

### **Dedicated team**

The new strategy, announced on 11 June 2007 and approved by shareholders on 18 July 2007, was underpinned by the appointment of a dedicated team in Mumbai, headed by Mr Nikhil Naik, the former head of P&O Ports India. A former Merchant Navy Captain with an MSc in Shipping Trade and Finance, Mr Naik brings specialist skills and a breadth of experience. As head of the South Asia and the Middle East Division at P&O Ports, he led the team which developed and operated three of the largest private container terminals in India. His team identifies, evaluates and assists the Eredene Group exclusively in its investments in India and project manages those investments.

### **The Eredene Group's new investment partner**

The Eredene Group also has an exclusive agreement with an Indian investment partner to source new projects in nine states in Eastern India – Apeejay Surrendra Group, the owner of Typhoo Tea and one of India's largest private ship owners. Apeejay Surrendra has significant land banks and deal pipelines.

### **Share buy back facility**

At the AGM in July shareholders approved a share buy back facility, allowing the Company to buy back up to 14.99% of its issued share capital. Progress is being made in order to implement this facility and Court dates have been set to seek to sanction the proposed reduction of the share premium account.

### **Conclusion**

We have made an excellent start in executing our new strategy, as announced on 11 June 2007, completing two new investments from our pipeline of projects. We are confident about the future prospects for the Eredene Group and expect further investments to be announced shortly. I am

pleased to say that the Eredene Group's internal milestones are being met and that the strategy is being implemented as we planned.

Christopher Crosthwaite  
Chairman  
28 September 2007

**Eredene Capital PLC**  
**Unaudited Group Income Statement**  
**for the six month period ended 30 June 2007**

	Note	Six months ended 30 June 2007 £'000	Six months ended 30 June 2006 £'000	Year ended 31 December 2006 £'000
Administrative expenses				
- ongoing		(1,710)	(1,482)	(2,758)
- contract termination costs		(2,830)	-	-
Total administrative expenses		<u>(4,540)</u>	<u>(1,482)</u>	<u>(2,758)</u>
Other operating income		22	-	-
Gain on disposal of subsidiary		1,142	-	-
Finance income		<u>1,304</u>	<u>405</u>	<u>1,748</u>
<b>Loss before taxation</b>		<b>(2,072)</b>	<b>(1,077)</b>	<b>(1,010)</b>
Taxation	3	-	-	(106)
<b>Loss after taxation</b>		<b><u>(2,072)</u></b>	<b><u>(1,077)</u></b>	<b><u>(1,116)</u></b>
Loss per share – basic and diluted	4	<u>(0.85)p</u>	<u>(1.34)p</u>	<u>(0.68)p</u>

**Eredene Capital PLC**  
**Unaudited Group Statement of Changes in Equity**  
**for the six month period ended 30 June 2007**

	Share capital £'000	Share premium £'000	Retained loss £'000	Total equity £'000
<b>Six months ended 30 June 2007</b>				
As at 1 January 2007	24,473	35,146	(1,039)	<b>58,580</b>
Loss for the period and total income and expenses recognised for the period	-	-	(2,072)	<b>(2,072)</b>
Share based payment	-	-	206	<b>206</b>
As at 30 June 2007	<u>24,473</u>	<u>35,146</u>	<u>(2,905)</u>	<u><b>56,714</b></u>
<b>Six months ended 30 June 2006</b>				
As at 1 January 2006	1,630	2,268	(267)	<b>3,631</b>
Loss for the period and total income and expenses recognised for the period	-	-	(1,077)	<b>(1,077)</b>
Share based payment	-	-	98	<b>98</b>
Shares issued net of issue costs	<u>22,843</u>	<u>32,843</u>	-	<u><b>55,686</b></u>
As at 30 June 2006	<u>24,473</u>	<u>35,111</u>	<u>(1,246)</u>	<u><b>58,338</b></u>
<b>Year ended 31 December 2006</b>				
As at 1 January 2006	1,630	2,268	(267)	<b>3,631</b>
Loss for the year and total income and expenses recognised for the year	-	-	(1,116)	<b>(1,116)</b>
Share based payment	-	-	344	<b>344</b>
Shares issued net of issue costs	<u>22,843</u>	<u>32,878</u>	-	<u><b>55,721</b></u>
As at 31 December 2006	<u>24,473</u>	<u>35,146</u>	<u>(1,039)</u>	<u><b>58,580</b></u>

**Eredene Capital PLC**  
**Unaudited Group Balance Sheet**  
**As at 30 June 2007**

	30 June 2007 £'000	30 June 2006 £'000	31 December 2006 £'000
<b>NON-CURRENT ASSETS</b>			
Investments held at fair value through profit or loss	-	-	13,882
Intangible assets	245	-	-
Other receivables	-	274	274
	<u>245</u>	<u>274</u>	<u>14,156</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	512	488	2,838
Cash and cash equivalents	56,682	57,683	50,191
	<u>57,194</u>	<u>58,171</u>	<u>53,029</u>
<b>TOTAL ASSETS</b>	<u><b>57,439</b></u>	<u><b>58,445</b></u>	<u><b>67,185</b></u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	(619)	(107)	(8,472)
Current tax liabilities	(106)	-	(106)
	<u>(725)</u>	<u>(107)</u>	<u>(8,578)</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	-	-	(27)
<b>TOTAL LIABILITIES</b>	<u><b>(725)</b></u>	<u><b>(107)</b></u>	<u><b>(8,605)</b></u>
<b>NET ASSETS</b>	<u><b>56,714</b></u>	<u><b>58,338</b></u>	<u><b>58,580</b></u>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY</b>			
Share capital	24,473	24,473	24,473
Share premium	35,146	35,111	35,146
Retained loss	(2,905)	(1,246)	(1,039)
<b>TOTAL EQUITY</b>	<u><b>56,714</b></u>	<u><b>58,338</b></u>	<u><b>58,580</b></u>

**Eredene Capital PLC**  
**Unaudited Group Cash Flow Statement**  
**for the six month period ended 30 June 2007**

	Note	Six months ended 30 June 2007 £'000	Six months ended 30 June 2006 £'000	Year ended 31 December 2006 £'000
<b>Cash flows from operating activities</b>				
Cash used by operations	5	(3,939)	(2,132)	(5,127)
Net cash used in operating activities		<u>(3,939)</u>	<u>(2,132)</u>	<u>(5,127)</u>
<b>Cash flows from investing activities</b>				
Purchase of intangible asset		(245)	-	-
Purchase of equity investments		(2,725)	-	(5,612)
Proceeds from sale of subsidiary		12,083	-	-
Interest received		1,317	405	1,485
Net cash generated from/(used in) investing activities		<u>10,430</u>	<u>405</u>	<u>(4,127)</u>
<b>Cash flows from financing activities</b>				
Proceeds from the issue of share capital		-	57,107	57,107
Share issue costs paid		-	(1,421)	(1,386)
Net cash generated from financing activities		<u>-</u>	<u>55,686</u>	<u>55,721</u>
<b>Net increase in cash and cash equivalents</b>		<b>6,491</b>	<b>53,959</b>	<b>46,467</b>
Cash and cash equivalents at the beginning of the period		50,191	3,724	3,724
<b>Cash and cash equivalents at the end of the period</b>		<b>56,682</b>	<b>57,683</b>	<b>50,191</b>

**Eredene Capital PLC**  
**Notes to the Interim Statement**

**1. Basis of preparation**

The interim statement has been prepared using recognition and measurement principles consistent with those of International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board as endorsed by the European Union and those parts of the Companies Act 1985 applicable to companies preparing their statutory financial statements in accordance with IFRS and expected to be applied for the year ended 31 December 2007.

Comparative information for the six months ended 30 June 2006 and the year ended 31 December 2006 has been restated on an IFRS basis.

The interim statement is unaudited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985

The comparative financial information for the year ended 31 December 2006 has been derived from information extracted from the statutory accounts for the period, which were prepared under UK GAAP and have been delivered to the Registrar of Companies. The auditors have reported on those UK GAAP accounts, their report was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under Sections 237(2) or (3) of the Act.

As permitted, the group has not applied IAS34 'Interim Reporting' in preparing this interim report.

**2. Summary of significant accounting policies**

*Basis of consolidation*

The Group's interim statement consolidates the financial statements of the Company and its subsidiary undertakings. The results of any subsidiaries sold or acquired are included in the Group income statement up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's separable, identifiable assets and liabilities existing at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the Group has gained control of the subsidiary are charged to the post acquisition income statement.

*Intangible assets*

Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

*Equity investments*

Investments in which the Group has a long term interest and over whose operating and financial policies it exerts significant influence, but which are held as part of an investment portfolio, the value of which is through their marketable value as part of a basket of investments, are not regarded as joint ventures or associated undertakings. The treatment adopted is in accordance with IAS39 'Financial Instruments: Recognition and Measurement' and the exemptions applying to venture capital organisations in IAS28 'Investments in Associates' and IAS31 'Interests in Joint Ventures'.

*Valuation of equity investments*

Unquoted investments are valued using recognised valuation methodologies, based on the International Private Equity and Venture Capital Guidelines, which reflect the amount for which an asset could be exchanged between knowledgeable, willing parties on an arm's length basis. Early-stage investments will generally be valued at cost, less a provision if performance is substantially below expectations.

Surpluses and deficits on the revaluation of investments are taken to the revaluation reserve.

#### *Foreign currency*

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

#### *Share-based payments*

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

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

#### *Deferred tax*

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

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

### **3. Taxation**

There is no tax charge for the period due to the loss arising. Deferred tax assets are only recognised when it is more likely than not that they will be recovered.

### **4. Loss per share**

The calculation of the basic and diluted loss per share is based on the loss for the period of £2,072,000 and the weighted average number of shares in issue during the period of 244,728,000. The effect of all potential ordinary shares under option is anti-dilutive.

## 5. Cash flows from operating activities

	Six months ended 30 June 2007 £'000	Six months ended 30 June 2006 £'000	Year ended 31 December 2006 £'000
Loss before tax	<b>(2,072)</b>	<b>(1,077)</b>	<b>(1,010)</b>
Adjustments for:			
Finance income	(1,304)	(405)	(1,748)
Gain on sale of subsidiary	(1,142)	-	-
Share based payment charge	206	98	344
Increase in trade and other receivables	(18)	(751)	(2,839)
Increase in trade and other payables	418	3	99
(Decrease)/ increase in provisions	(27)	-	27
Cash used by operations	<b>(3,939)</b>	<b>(2,132)</b>	<b>(5,127)</b>

## 6. Transition to International Financial Reporting Standards

The results for the six month period ended 30 June 2007 are the Group's first presented under IFRS and these produced some transitional changes. The comparative results to 30 June 2006 and 31 December 2006 have been restated. Whilst IFRS changes to comparative results have affected presentation and classification, there are no changes to the retained loss and total equity as previously reported for those periods under UK GAAP.

## 7. Forward-looking statements

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

## 8. Report and Financial Statements

Copies of the Interim Report will be posted to shareholders and will also be available from [www.eredene.com](http://www.eredene.com).