

Senalizacion Viales E Imagen, S.A

Annual Report

2010

Audit of the Component's Financial Information Clearance Memorandum

From: BERNARDO TAHOCES ACEBO
Date: May 31, 2011
Subject: Señalización Viales e Imagen S.A.U's Financial Information for the year ended December 31, 2010

We have audited the financial information comprising the Balance Sheet as at December 31, 2010, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date included in the accompanying reporting package of Señalización Viales e Imagen S.A.U. for the year ended December 31, 2010 using the Accounting Policies stipulated by the holding company, IL&FS Transportation Networks Limited, and in accordance with auditing standards generally accepted in India.

The preparation of the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement is the responsibility Señalización Viales e Imagen S.A.U's management. As stated therein, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement has been prepared *in accordance with the recognition and measurement criteria as adopted by the Group* for inclusion in the consolidated financial information of IL&FS Transportation Networks Limited (ITNL) and are intended solely for that purpose.

Based on our audit of Señalización Viales e Imagen S.A.U, and read together with our comments above, in our opinion and according to the information and explanations given to us, we report that the Financial Statements comprising of the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement as at / for the year ended 31 December 2010 has been prepared, in all material respects, in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, other recognised accounting practices and policies stipulated by the Holding Company, IL&FS Transportation Networks Limited (ITNL) and that the amounts contained in the Financial Statements are appropriate for inclusion in the consolidated financial ITNL as at / for the year ended 31 December 2010..

This communication is provided to you solely for the information and use in the consolidated financial statements of ITNL Group for the year ended December 31, 2010. It should not be distributed to anyone in the Group, any of its components, or any other third party.

For Bernardo Tahoces Acebo
Chartered Accountants
Nº 5625 del R.C.A.C.

Bernardo Tahoces Acebo
Membership no: 5625
Date: May 31, 2011

Señalización Viales e Imagen S.A.U.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
BALANCE SHEET AS AT December 31, 2010

	Schedule	Euros	As at December 31, 2010 Euros
SOURCES OF FUNDS			
Shareholders' funds			
Capital	A	688,025	
Reserves and surplus	B	(2,607,422)	(1,919,397)
Minority interest	Q		-
Preference shares issued by subsidiary to Minority			-
Advance towards capital of subsidiary			-
Loan funds			
Secured			
Unsecured	C	3,788,647	3,788,647
Deferred tax liability	R		-
			<u>1,869,250</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block		4,634,265	
Less: Depreciation	D	(1,729,489)	2,904,776
Net fixed assets			
Capital work in progress			
Goodwill on consolidation			-
Investments	E		-
Receivable under Service Concession Arrangement			-
Deffered Tax Asset	S		1,559,606
Current assets, loans & advances	F		
Inventories	F1	1,927,863	
Sundry debtors	F2	984,071	
Cash and bank balances	F3	35,238	
Other current assets	F4	24,296	
Loans and advances	F5	14,203	
		2,985,672	
Less : Current liabilities & provisions			
Current liabilities	G1	5,375,199	
Provisions	G2	205,605	
		5,580,804	
Net current assets			(2,595,133)
			<u>1,869,250</u>
Significant accounting policies	O		(0)
Notes to account	P		

In terms of our clearance memorandum attached.

For [Name of audit firm]

Chartered Accountants

[Name of partner]

Partner

Place:

Date:

For and on behalf of the Board

Managing Director

Director

Company Secretary

Señalización Viales e Imagen S.A.U.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
 PROFIT AND LOSS ACCOUNT THE YEAR ENDED DECEMBER 31, 2010

	Schedule	Year ended December 31, 2010 Euros
INCOME		
Income from operations	H	1,368,821
Other Income	I	(129,016)
Foreign exchange fluctuation (Net)	T	-
		<u>1,239,805</u>
EXPENSES		
Increase / decrease in stock in trade and work in progress		
Consumption of raw materials		
Operating Expenses	J	927,769
Employee Cost	K	550,634
Administrative and general expenses	L	393,247
Interest and finance charges	M	393,132
Preliminary expenses written off		-
		<u>2,264,782</u>
PROFIT BEFORE DEPRECIATION AND TAX		<u>(1,024,977)</u>
Depreciation	W	167,391
PROFIT BEFORE DIMINUTION AND TAX		<u>(1,192,368)</u>
Provision for Dimiuation in value of investments		-
PROFIT BEFORE TAX		<u>(1,192,368)</u>
Provision for tax	N	357,710
PROFIT AFTER TAX (BEFORE ADJUSTMENT OF MINORITY INTREST)		<u>(834,658)</u>
Less: Share of profit transferred to minority interest	V	-
Add: Own share in Associate included as Minority interest of a Jointly Controlled Entity		-
PROFIT AFTER TAX (AFTER ADJUSTMENT OF MINORITY INTREST)		<u>(834,658)</u>
Add / Less : Share of Profit / (Loss) of associates		-
PROFIT AFTER TAX		<u>(834,658)</u>
Balance of profit brought forward		-
Profit available for appropriation		<u>(834,658)</u>
Appropriations:		
Transfer to general reserve		-
Transfer to debenture redemption reserve		-
Proposed dividend on equity shares		-
Tax on dividend on equity shares		-
Premium on preference shares of subsidiary		-
Tax on dividend and premium on preference shares of subsidiary		-
Balance carried forward		<u>(834,658)</u>
Basic / Diluted earnings per share (Face value per share Rs. ____)		(0)
Significant accounting policies	O	
Notes to account	P	

In terms of our clearance memorandum attached,
 For [Name of audit firm] Chartered Accountants

[Name of partner]
 Partner

Place:
 Date:

For and on behalf of the Board

Managing Director

Company Secretary

Señalización Viales e Imagen S.A.U.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
SCHEDULES TO BALANCE SHEET AS AT December 31, 2010

SCHEDULE A : CAPITAL

	As at December 31, 2010 Euros
AUTHORISED	
Issued 11,448 equity shares of Euros 60.10 each	688,025
	<u>688,025</u>
ISSUED, SUBSCRIBED AND PAID-UP	
Suscribed and paid up 11,448 equity shares of Euros 60.10 each fully paid up	688,025
	<u>688,025</u>



Señalización Viales e Imagen S.A.U.**(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED
SCHEDULES TO BALANCE SHEET AS AT December 31, 2010)****SCHEDULE B : RESERVES AND SURPLUS**

	Euros	As at December 31, 2010 Euros
Securities premium account		
Balance as per last Balance Sheet	-	
Addition during the period	-	
Capital reserve		
Opening balance	-	
Transfer during the period	-	
Capital reserve on consolidation		
Opening balance	-	
Transfer during the period	-	
Other statutory reserves (created through transfer of profits)		
Opening balance	15,006	
Transfer during the period	-	
Debenture redemption reserve		
Opening balance	-	
Addition during the period (post acquisition)	-	
General reserve		
Opening balance	-	
Add : Transfer during the period	-	
Foreign Exchange Fluctuation Reserve (Net of deferred tax asset of Rs. _____)		
Opening balance	-	
Add/(Less): Adjustment during the period (Net)	-	
Cash Flow Hedge Reserve		
Opening balance	-	
Add/(Less): Adjustment during the period (Net)	-	
Balance in Profit and loss account		(2,622,428)
Total reserves and surplus		(2,607,422)



Señalización Viales e Imagen S.A.U.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS
SCHEDULES TO BALANCE SHEET AS AT December 31, 2010)

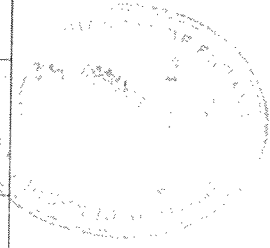
SCHEDULE C : LOAN FUNDS

	As at December 31, 2010 Euros
SECURED	
From banks	-
From financial institutions	-
From others	-
Non convertible debentures	-
Deep discount bonds	-
Zero Coupon Bonds	-
Lease Finance	1,188,647
Interest accrued and due	-
Total secured loans	<u>1,188,647</u>
UNSECURED	
From Bank	
Short term loans	-
Other than short term loans	-
From Others	
Short term loans	-
Other than short term loans	2,634,386
Non-Covertible Debentures	-
Interest accrued and due	-
Total unsecured loans	<u>2,634,386</u>
Total loan funds	<u>3,823,033</u>

Señalización Viales e Imagen S.A.U.
(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
SCHEDULES TO BALANCE SHEET AS AT December 31, 2010

Schedule D : FIXED ASSETS

Particulars	Gross Block				Depreciation			Net Block		
	Opening as at 31.12.09	Opening adjustments	Additions	Deletions Reclassifications	Closing as at 31.12.10	Up to 31.12.09	For the period	Up to 31.12.10	As at 31.12.10	As at 31.12.09
Tangible Assets										
Land	422,801	-	-	-	422,801	-	-	-	422,801	422,801
Building & Structures	-	-	-	-	-	-	-	-	-	-
Roads and bridges	-	-	-	-	-	-	-	-	-	-
Vehicles	54,320	-	-	-	54,320	(54,320)	-	(54,320)	-	-
Data Processing Equipments	109,721	-	-	-	109,721	(108,703)	(285)	(108,989)	752	1,018
Office Premises	-	-	-	-	-	-	-	-	-	-
Office Equipments	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-
Furniture & Fixtures	46,280	-	-	-	46,280	(37,539)	(2,472)	(40,011)	6,269	8,741
Electrical Installations	260,541	-	-	-	260,541	(242,070)	(5,550)	(247,620)	12,921	18,471
Plant & Machinery	1,201,949	-	1,995	-	1,203,944	(903,999)	(85,633)	(989,635)	214,009	297,950
Advertisement Structure	-	-	-	-	-	-	-	-	-	-
Sub Total	2,095,613	-	1,995	-	2,097,607	(1,346,632)	(94,223)	(1,440,855)	656,753	748,981
Leased Assets										
Plant & Machinery	32,194	-	-	-	32,194	(13,205)	(4,482)	(17,688)	14,506	18,989
Electrical Installations	-	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-	-
Furniture & fixtures	165,965	-	-	-	165,965	(56,705)	(16,596)	(73,301)	92,664	109,261
Building & Structures	2,315,528	-	-	-	2,315,528	(138,250)	(46,347)	(184,602)	2,130,926	2,177,273
Land	-	-	-	-	-	-	-	-	-	-
Sub Total	2,513,689	-	-	-	2,513,688	(208,160)	(67,425)	(275,591)	2,238,097	2,305,522
Intangible Assets										
Softwares / licenses	28,067	(5,037)	-	-	22,970	(15,947)	(5,743)	(13,043)	9,927	12,060
Commercial Rights Acquired	9,625	(9,625)	-	-	-	(6,016)	6,016	-	-	3,609
Right Under Service Concession Arrangements	-	-	-	-	-	-	-	-	-	-
Trademarks and Licenses	-	-	-	-	-	-	-	-	-	-
Others and R&D Expenses	-	-	-	-	-	-	-	-	-	-
Sub Total	37,692	(14,662)	-	-	22,970	(21,962)	14,662	(13,043)	9,927	15,669
Total fixed assets	4,646,922	(14,662)	1,995	-	4,634,265	(1,576,760)	14,662	(1,729,489)	2,904,776	3,070,172
Previous year ended December 31, 2010										

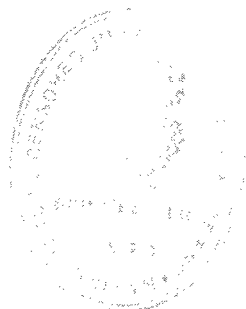


Señalización Viales e Imagen S.A.U.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
SCHEDULES TO BALANCE SHEET AS AT December 31, 2010

SCHEDULE E : INVESTMENTS

	As at December 31, 2010 Euros
Investments in associates	
Less: Unrealised gain on transactions between the Company and its associates	
Add: Post-acquisition share of profit/ (loss) of associates	
Add: Post-acquisition share of movement in the capital reserves of an associate	
Less: Cash flow Hedge Reserve	
	-
<u>Long term investments</u>	
Unquoted equity shares (fully paid up)	-
Other investments	-
	-
Sub total	-
<u>Current investments</u>	
In units of mutual funds	-
(Market value as June 30, 2010 Rs. _____)	
Sub total	-
	-
Less: Provision for diminution	-
	-
Total investments	-



Señalización Viales e Imagen S.A.U.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED
SCHEDULES TO BALANCE SHEET AS AT December 31, 2010)

SCHEDULE F : CURRENT ASSETS AND LOANS & ADVANCES

	As at December 31, 2010 Euros
CURRENT ASSETS	
INVENTORIES (at lower of cost and market value)	
Raw Material	-
Finished Goods	1,927,863
Stores and Spares	-
Total inventories	<u>1,927,863</u>
SUNDRY DEBTORS (Unsecured, considered good unless otherwise stated)	
Considered good	984,071
Considered doubtful	1,725,172
	<u>2,709,243</u>
Less: Provision for doubtful debts	1,725,172
Total sundry debtors	<u>984,071</u>
CASH AND BANK BALANCES	
Cash in hand	1,436
Balance with scheduled banks	
In current accounts	33,803
In fixed deposits	-
Balance with non-scheduled banks	
In current accounts	-
In fixed deposits	-
Total cash and bank balances	<u>35,238</u>
OTHER CURRENT ASSETS	
Interest accrued	-
Option premium assets	-
Receivable against sale of investments	-
Other current assets	24,296
Total other current assets	<u>24,296</u>
LOANS AND ADVANCES	
Advances recoverable in cash or in kind or for value to be received	14,203
Deposits	-
Advance payment of taxes (net of provision)	-
Advance Fringe benefit tax (net of provision)	-
Long term loans	-
Short term loans	-
Advance towards Capital / Share Application Money	-
Investment in Call Money	-
Grant receivable from National Highway Authorities of India	-
Total loans and advances	<u>14,203</u>
Total current assets and loans & advances	<u><u>2,985,672</u></u>

Señalización Viales e Imagen S.A.U.**(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)****SCHEDULES TO BALANCE SHEET AS AT December 31, 2010****SCHEDULE G : CURRENT LIABILITIES AND PROVISIONS**

	As at December 31, 2010 Euros
CURRENT LIABILITIES	
Sundry creditors	5,340,813
Advance received	-
Interest accrued but not due	-
Other liabilities (Derivatives)	-
Unearned revenue	-
Income received in advance	-
Total current liabilities	<u><u>5,340,813</u></u>
PROVISIONS	
Provision for fringe benefit tax (net of advance)	-
Provision for Tax (net of advance)	-
Provision for employee benefits	-
Proposed dividend on equity shares	-
Provision for tax on proposed dividend on equity shares	-
Provision for dividend on preference shares of subsidiary	-
Provision for premium on preference shares of subsidiary	-
Provision for tax on preference dividend of subsidiary	-
Provision for tax on preference share premium of subsidiary	-
Provision for overlay	-
Provision for contingency	205,605
Total provisions	<u><u>205,605</u></u>
Total current liabilities & provisions	<u><u>5,546,418</u></u>

Señalización Viales e Imagen S.A.U.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORK SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010)

SCHEDULE H : INCOME FROM OPERATIONS

		Year ended December 31, 2010 Euros
Income from services		
Advisory and project management fees		-
Lenders' engineer and supervision fees		-
Operation and maintenance income		1,368,821
Toll revenue		-
Periodic Maintenance Income		-
Finance Income		-
Licence Fee		-
Total	(a)	<u><u>1,368,821</u></u>
Traded products		
Sales (net of sales tax)		-
Total	(b)	<u><u>-</u></u>
Construction Income		-
Total	(c)	<u><u>-</u></u>
Total income from operations (a+b+c)		<u><u>1,368,821</u></u>

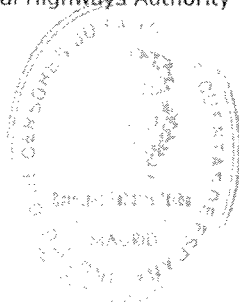


Señalización Viales e Imagen S.A.U.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LI
SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010

SCHEDULE I : OTHER INCOME

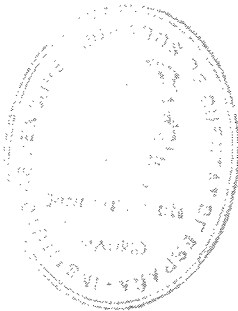
	Year ended December 31, 2010 Euros
Interest on loans granted	-
Interest on debenture	-
Interest on call money	-
Interest on bank deposits	-
Interest on Short Term Deposit	-
Interest on advance towards property	-
Profit on sale of investment (net)	-
Profit on sale of fixed assets (net)	-
Advertisement income	-
Income from Material Testing	-
Excess provisions written back	-
Operation and Maintainace Grant from National Highways Authority of India	-
Miscellaneous income	(129,016)
Total other income	(129,016)



Señalización Viales e Imagen S.A.U.
 (FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS
 SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010)

SCHEDULE J : OPERATING EXPENSES

	Three Months ended December 31, 2010 Euros
Material Consumption	816,573
Cost of traded products	-
Construction Contract Costs	-
Fees for technical services / design and drawings	-
Diesel and Fuel Expenses	-
Operation and maintainance expenses	111,196
Provision for overlay expenses	-
Periodic maintainance expenses	-
Total operating expenses	927,769

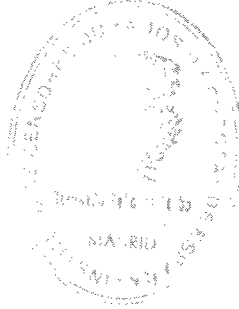


Señalización Viales e Imagen S.A.U.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS
SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010)

SCHEDULE K : EMPLOYEE COST

	Three Months ended December 31, 2010 Euros
Salaries and allowances	418,377
Contribution of provident and other funds	132,257
Staff welfare expenses	-
Total employee cost	550,634



Señalización Viales e Imagen S.A.U.**(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORK)
SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010****SCHEDULE L : ADMINISTRATIVE & GENERAL EXPENSES**

	Three Months ended December 31, 2010 Euros
Services Various	
Legal and consultation fees	22,083
ECR Operating and Administrative Expenses	
Agency fees	
Travelling and conveyance	85,852
Rent	183,099
Rates and taxes	5,742
Repairs and maintenance	6,418
Bank commission	8,542
Registration expenses	
Communication expenses	
Insurance	18,203
Exchange rate fluctuation	
Printing and stationery	
Electricity charges	33,741
Cost of shared services	
Directors' fees	
Bad debts and provision for doubtful debts	
Project management fees	
Loss on sale of assets (net)	
Royalty	
Miscellaneous expenses	29,567
Total administrative & general expenses	<u>393,247</u>



Señalización Viales e Imagen S.A.U.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORK)
SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010

SCHEDULE M : INTEREST & FINANCE CHARGES

	Three Months ended December 31, 2010 Euros
Interest on loans for fixed period	393,132
Interest on debentures	-
Guarantee commission	-
Finance charges	-
Upfront fees on performance guarantee	-
Intrest on Deep Discount bonds	-
Other interest	-
Total interest and finance charges	393,132

Señalización Viales e Imagen S.A.U.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORK)
SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010

SCHEDULE N : PROVISION FOR TAXATION

	Three Months ended December 31, 2010 Euros
Current tax	(357,710)
Tax related to earlier years	-
Fringe benefit tax	-
Deferred tax charge (net)	-
Total provision for taxation	<u>(357,710)</u>

