ITNL OFFSHORE PTE. LIMITED

ANNUAL REPORT

2012

ITNL OFFSHORE PTE. LTD.
(Registration No. 201134421C)

REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM NOVEMBER 29, 2011 (DATE OF INCORPORATION) TO DECEMBER 31, 2012

Proof read and footings checked

By .... to .... casted by .... on 2013

The attached draft financial statements, which have been prepared by management of the Company, are subject to changes that may arise from the resolution of outstanding audit matters which are set out in the attached appendices and comments and adjustments from our engagement quality assurance review. The draft audit report included in the attached financial statements should not be provided to any other party or used for any purpose without our prior written permission.

ITNL OFFSHORE PTE. LTD.
(Registration No. 201134421C)

REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM NOVEMBER 29, 2011 (DATE OF INCORPORATION) TO DECEMBER 31, 2012

ITNL OFFSHORE PTE. LTD.

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

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ITNL OFFSHORE PTE. LTD.

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the Company for the period from November 29, 2011 (date of incorporation) to December 31, 2012.

1 DIRECTORS

The directors of the Company in office at the date of this report are:

Mr. Ramchand Karunakaran (Appointed on December 5, 2011)
Mr. George Cherian (Appointed on December 5, 2011)
Ms. Preeti Yardi (Appointed on January 9, 2012)
Mr. Teh Kwang Hwee (Appointed on November 29, 2011)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the period nor at any time during the period from November 29, 2011 (date of incorporation) to December 31, 2012 did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company have been exempted by the Accounting and Corporate Regulatory Authority ("ACRA") from the requirements to disclose their interest in shares and debentures in the Company and related corporations in this report with reference to the email dated March 8, 2013 from the 'ACRA Officer' and Company Transaction No. C130097630. The exemption order is subject to annual renewal upon application. Full detailed information regarding directors' interest can be obtained in the register of directors' shareholdings in accordance with Section 164 of the Singapore Companies Act.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the period, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5 SHARE OPTIONS

(a) *Option to take up unissued shares*

During the period, no option to take up unissued shares of the Company was granted.

(b) *Options exercised*

During the period, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the period, there were no unissued shares of the Company under option.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....

MR. GEORGE CHERIAN

....

MS. PREETI YARDI

Singapore
May 2, 2013

ITNL OFFSHORE PTE. LTD.

STATEMENT OF DIRECTORS

In the opinion of the directors, the accompanying financial statements set out on page 8 to 25 are drawn up so as to give a true and fair view of the state of affairs of the Company as at December 31, 2012 and of the results, changes in equity and cash flows of the Company for the period from November 29, 2011 (date of incorporation) to December 31, 2012 and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

....

MR. GEORGE CHERIAN

....

MS. PREETI YARDI

Singapore
May 2, 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ITNL OFFSHORE PTE. LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of ITNL Offshore Pte. Ltd. (the "Company") which comprise the statement of financial position of the Company as at December 31, 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the period from November 29, 2011 (date of incorporation) to December 31, 2012, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 25.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at December 31, 2012 and of the results, changes in equity and cash flows of the Company for the period on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Public Accountants and
Certified Public Accountants

Singapore
[redacted]

ITNL OFFSHORE PTE. LTD.

STATEMENT OF FINANCIAL POSITION
December 31, 2012

Particulars	Note	2012 US$
ASSETS		
Current assets		
Cash and cash equivalents	7	854,377
Other receivables and assets	8	2,638,100
Restricted Cash	7	2,864,824
Total current assets		**6,357,301**
Non-current assets		
Loan to fellow subsidiary	9	89,428,065
Restricted Cash	7	4,000,271
Total non-current assets		**93,428,336**
Total assets		**99,785,637**
LIABILITIES AND NET EQUITY		
Current liabilities		
Other payables	10	2,052,567
Total current liabilities		**2,052,567**
Non-current liabilities		
Borrowings	11	97,480,296
Derivative financial instruments	12	1,847,201
Total Non-current liabilities		**99,327,497**
Capital and accumulated profits		
Share capital	13	50,000
Cash Flow Hedge Reserve	14	(1,829,268)
Accumulated profits		184,841
Net equity		**(1,594,427)**
Total liabilities and net equity		**99,785,637**

See accompanying notes to financial statements.

ITNL OFFSHORE PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME
Period from November 29, 2011 (date of Incorporation) to December 31, 2012

Particulars	Note	2012
		US$
Finance Revenue	15	4,022,257
Foreign exchange fluctuation gain (net)		409,760
Gain on revaluation of bonds		17,933
Gain on revaluation of bonds adjusted against Cash Flow hedge reserve		(17,933)
Other expenses	16	(48,748)
Finance costs	17	(4,134,220)
Profit before income tax		249,049
Income tax	18	64,208
Profit for the period		**184,841**
Other Comprehensive Income		
Loss on Cash flow hedge		(1,829,268)
Other Comprehensive loss for the period		**(1,829,268)**
Total comprehensive loss for the year		**(1,644,427)**

See accompanying notes to financial statements.

ITNL OFFSHORE PTE. LTD.

STATEMENT OF CHANGES IN EQUITY
Period from November 29, 2011 (date of incorporation) to December 31, 2012

				US$
	Share capital	**Accumulated profits**	**Cash Flow Hedge Reserve**	**Total**
Balance at November 29, 2011 (date of incorporation)	-	-	-	-
Issued during the period for cash (Refer Note 13)	50,000	-	-	50,000
Profit for the period	-	184,841	-	184,841
Other Comprehensive Loss for the period	-	-	(1,829,268)	(1,829,268)
Balance at December 31, 2012	**50,000**	**184,841**	**(1,829,268)**	**(1,594,427)**

See accompanying notes to financial statements.

ITNL OFFSHORE PTE. LTD.

STATEMENT OF CASH FLOWS
Period from November 29, 2011 (date of incorporation) to December 31, 2012

	2012 US$
Operating activities	
Profit for the period before income tax	249,049
Amortisation of Bond issue expenses in the current period	737,208
Foreign exchange gain on restricted bank balances	(488,065)
Bond issue expenses paid in the current period	(3,238,979)
Operating cash flows before movements in working capital	**(2,740,787)**
Increase in other receivables	(2,638,100)
Increase in other payables	1,988,359
Increase in restricted cash	(6,805,095)
Net cash used in operating activities (a)	**(10,195,623)**
Investing activities	
Loan given to fellow subsidiary	(89,000,000)
Net cash used in investing activities (b)	**(89,000,000)**
Financing Activities	
Proceeds from Bond issue	100,000,000
Issue of share capital	50,000
Net cash from financing activities (c)	**100,050,000**
Net increase in cash and cash equivalents (a+b+c)	854,377
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the Period	**854,377**
Components of Cash and Cash Equivalents	
Cash and cash equivalents at the end of the Period	854,377

See accompanying notes to financial statements.

Note:
Interest received during the period is US$ 3,589,260 and interest paid during the period is US$ 2,458,137.

NOTES TO FINANCIAL STATEMENTS
From November 29, 2011 (date of incorporation) to December 31, 2012

1 GENERAL

The Company, ITNL OFFSHORE PTE. LTD. (Registration No. 201134421C) is incorporated in the Republic of Singapore with its registered office and principal place of business at 8, Marina Boulevard, #05-02 Marina Bay Financial Centre, Singapore - 018981. The financial statements are expressed in United States Dollars (the functional currency).

The principal activity of the Company is to raise funds and onwards lending.

The financial statements of the Company for the period from November 29, 2011 (date of incorporation) to December 31, 2012 were authorised for issue by the Board of Directors on May 2, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRSs").

ADOPTION OF NEW AND REVISED STANDARDS - In the current period, the Company has adopted all the applicable new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2011.

Management anticipates that the adoption of the FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the company in the period of their initial adoption .

At date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS were issued but not effective:

Amendments to FRS 32 Financial Instruments: Presentation and FRS 107 Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to FRS 107 require entities to disclose information about rights of set-off and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to FRS 107 are required for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to FRS 32 are effective for annual periods beginning on or after January 1, 2014, with retrospective application required.

The management anticipates that the application of amendments to FRS 107 will result in more extensive disclosures on offsetting financial assets and financial liabilities. However, the management is still evaluating the impact of the amendments to FRS 32 on the financial assets and liabilities that have been set-off on the balance sheet/statement of financial position.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest rate basis.

Financial assets

Financial assets comprise of cash and cash equivalents, Loans and Other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash in hand which are subject to an insignificant risk of changes in value.

Loans and other receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially measured at fair value and subsequently measured at an amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through Statement of Comprehensive Income to the extent the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss ("FVTPL")

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 39 permits the entire combined contract (asset or liability) to be designated as at FTVPL.

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in Statement of Comprehensive Income. The net gain or loss recognised in Statement of Comprehensive Income incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 4.

Other financial liabilities

Other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Interest-bearing loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

DERIVATIVES - The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk which include foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Note 12 to the financial statements.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in Statement of Comprehensive Income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of Comprehensive Income depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 12 contain details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss as part of other gains and losses.

Amounts recognised and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the income statement as the recognised hedged item.

Hedge accounting is discontinued when the group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and when the forecast transaction is ultimately recognised in profit or loss, such gains and losses are recognised in profit or loss, or transferred from equity and included in the initial measurement of the cost of the asset or liability as described above.

IMPAIRMENT OF NON-FINANCIAL ASSETS – At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

PROVISIONS - Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable.

<u>Interest income</u>

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable income for the year. Taxable income differs from income as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or that has been substantively enacted by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised as an expense or income in statement of comprehensive income, except when they relate to items credited or debited directly to other comprehensive income, in which case the tax is also recognised directly in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

BORROWING COST - Borrowing costs are charged to the Statement of Comprehensive Income in the period to which they relate, regardless of how the funds have been utilised, except where it relates to the financing of construction of development of assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalised up to the date when the asset is ready for its intended use. The amount of interest capitalised (gross of tax) for the period is determined by applying the interest rate applicable to appropriate borrowings outstanding during the period to the average amount of accumulated expenditure for the assets during the period. Expenses incidental to the arrangement of borrowings are amortised on straight line basis over the period of related borrowings.

FOREIGN CURRENCY TRANSACTIONS - The financial statements of the Company are measured and presented in United States Dollars ("US$"), the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Company's accounting policies which are described in Note 2 above, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the Company's accounting policies

The management is of the opinion that any instances of application of judgments are not expected to have a significant effect on the amounts recognized in the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments:

Financial assets	**US$**
Loans and receivables (including cash and bank balances, loan given to fellow subsidiary)	99,783,718

Financial liabilities (amortised cost)	**US$**
Loan funds	97,480,296
Other payables	3,835,560
	101,315,856

(b) Financial risk management policies and objectives

The Company has documented financial risk management policies. These policies set out the Company's overall business strategies and its risk management philosophy. The Company's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Company. The Board of Directors provide principles for overall financial risk management and written policies covering specific areas, such as credit risk, liquidity risk and investing excess cash.

Such written policies are reviewed annually by the Directors and periodic reviews are undertaken to ensure that the Company's policy guidelines are complied with.

The Company does not hold or issue derivative financial instruments for speculative purposes. There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Foreign currency risk management

Foreign currency risk arises from a change in foreign exchange rates resulting in an adverse impact on the Company.

The Company is exposed to currency fluctuation between the United States Dollar against the Singapore Dollar, Indian Rupees and Chinese Yuan (RMB). It has not hedged such foreign currency exposures in the current period.

Details about the carrying amount of monetary liabilities denominated in currencies other than its functional currency are disclosed under Note 10.

Foreign Currency Sensitivity

The following table details the Company's sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Company, United States Dollars. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency strengthens by 10% against the functional currency of the Company, profit or loss impact will be:

Particulars	2012 US$
Impact on Profit/(Loss) because of change in	
Singapore Dollar (SGD)	(7,646)
Indian Rupees (INR)	(53,292)
Chinese Yuan (RMB)	286,482

If the relevant foreign currency weakens by 10% against the functional currency of the Company, profit or loss impact will be:

Particulars	2012 US$
Impact on Profit/(Loss) because of change in	
Singapore Dollar (SGD)	7,646
Indian Rupees (INR)	53,292
Chinese Yuan (RMB)	(286,482)

(ii) Liquidity risk management

Liquidity risk refers to the risk that the Company has difficulties in meeting its short-term obligations. The Company maintains sufficient cash balances to finance its activities.

(iii) Fair value risk management

Fair value is defined as the amount at which the financial instruments could be exchanged between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale

The carrying amounts of financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments, other than disclosed in Note 8 and 10 to the financial statements.

(c) Capital risk management policies and objectives

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern. The capital structure of the Company comprises issued capital. The Company's overall strategy remains unchanged from incorporation.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of IL&FS Transportation Networks Limited, incorporated in India. Infrastructure Leasing & Financial Services Limited, incorporated in India, is the Company's ultimate holding company. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the Company's transactions and arrangements are with related companies and the effect of these on the basis determined between the parties is reflected in these financial statements.

Significant transactions with related companies other than those disclosed elsewhere in the financial statements are as follows:

Related Party	**Particular**	**Nature**	**In US$**
IL&FS Transportation Networks Limited ("ITNL")	Guarantee Fee expenses	Transactions	849,315
	Trade payables	Balances	532,921
ITNL International Pte. Ltd. ("IIPL")	Interest income on long term loan	Transactions	4,017,325
	Interest expense on short term loan (Finance costs)	Transactions	18,137
	Long term loan given	Transactions	89,000,000
	Long term loan given	Balances	89,430,472
	Short term loans taken	Transactions	10,000,000
	Short term loans repaid	Transactions	10,000,000
	Advances Recoverable	Balances	2,636,181

The Company has incurred Guarantee Fees which are paid / payable to ITNL as well as the Export Import Bank of India. These are recoverable from IIPL as per an arrangement between the Company and IIPL.

6 OTHER RELATED PARTY TRANSACTIONS

There were no transactions with related parties during the period other than those reported in 5 above.

7 CASH AND CASH EQUIVALENTS

	2012 US$
Cash at bank	854,377
	854,377

Cash and cash equivalents are denominated in functional currency of the Company and approximate their fair values.

RESTRICTED CASH (CURRENT)

	2012 US$
Balance in Debt Service Reserve Account with bank	2,864,824
	2,864,824

This balance refers to the amount lying in RMB denominated bank account representing six months interest on bonds for the period October 27, 2012 to April 26, 2013 to be paid on April 26, 2013, which is to be kept in this account as per the terms of the bond issue.

RESTRICTED CASH (NON CURRENT)

	2012 US$
Balance in bank	4,000,271
	4,000,271

This balance refers to the amount lying in a bank account as a security towards repayment of the bonds which is to be kept as per the terms of the bond issue.

8 OTHER RECEIVABLES (CURRENT)

	2012 US$
Recoverable in cash or kind	2,636,181
Prepaid expenses	1,919
	2,638,100

9 LOAN TO FELLOW SUBSIDIARY

	2012 US$
Unsecured Loan given to ITNL International Pte. Ltd.	**89,428,065**

The Company has given the unsecured loan of US$ 89,000,000 on May 2, 2012 for a period of 3 years. The loan carries an interest rate of 6.75% p.a. payable quarterly in arrears.

10 OTHER PAYABLES (CURRENT)

	2012 US$
Trade payables	593,376
Accrued expenses	514,983
Interest accrued but not due on borrowings	880,000
Income taxes	64,208
	2,052,567

The Company's other payables that are not denominated in the functional currency are as follows:

	2012 Equivalent US$
Trade payables in Indian Rupees	532,921
Accrued expenses in Singapore Dollars	12,254
Income taxes in Singapore Dollars	64,208

11 BORROWINGS:

	2012 US$
Bond (Secured)	97,480,296

*During the period, the Company has issued bonds of RMB 630,000,000 on April 27, 2012. The bonds carry a fixed coupon rate of 5.75% p.a. payable semi-annually. The bonds have been issued for a term of 3 years and are listed on the Hong Kong Stock Exchange. The bond have been guaranteed by the Export Import Bank of India and Counter Guarantee given by ITNL.

12 DERIVATIVE FINANCIAL INSTRUMENTS

	2012 US$
Payable due to Fair valuation of derivative	1,847,201
	1,847,201

The Company has entered into a Swap Agreement by virtue of which the bond issuance amount of RMB 630,000,000 has been swapped into a USD liability of USD 100,000,000.

Further, the interest payments on bonds denominated in RMB terms have also been swapped into USD terms by virtue of this Swap Agreement. The risk management objective of entering into this derivative contract is to hedge the variability of the functional currency equivalent cash flows associated with the foreign currency bonds due to changes in forward rates. The critical terms of the derivative match with those of the underlying bonds i.e. exchange of principal at the maturity and semi-annual interest payments. Accordingly, there is an expectation of high effectiveness. Further, the measurement of hedge effectiveness has been done by using hypothetical derivative method. Accordingly, since the actual hedging instrument is the same as a hypothetical cross currency swap with exactly matching terms and therefore, no ineffectiveness is anticipated. The Company will assess counterparty credit risk and probability of cash flows under the swap occurring every period. Further, the derivative contract has also been fair valued as at December 31, 2012 by an external expert.

13 SHARE CAPITAL

	Number of ordinary shares	2012 US$
Issued and fully paid:		
At November 29, 2011 (date of incorporation)	-	-
Issued for cash	50,000	50,000
At December 31, 2012	50,000	50,000

Ordinary shares carry one vote per share and have no right to fixed income.

14 CASH FLOW HEDGE RESERVE

	US$
On fair valuation of a derivative contract	(1,829,268)
	(1,829,268)

15 FINANCE REVENUE

For the period November, 2011 (date of incorporation) to December 31, 2012

	US$
Financial Income on Financial Asset	4,017,325
Interest income	4,932
	4,022,257

16 OTHER EXPENSES

For the period November, 2011 (date of incorporation) to December 31, 2012

	US$
Legal and consultation fees	20,413
Audit Fees	12,254
Bank commission	7,214
Registration Expenses	5,137
Directors' fees	2,138
Miscellaneous expenses	1,592
	48,748

17 FINANCE COSTS

For the period November, 2011 (date of incorporation) to December 31, 2012

	US$
Interest on loans	18,137
Interest on Bonds	3,320,000
Annual Fee Expenses	58,875
Amortisation of Bond issue expenses	737,208
	4,134,220

18 INCOME TAX

For the period November, 2011 (date of incorporation) to December 31, 2012

	US$
Current tax expenses	64,208

Domestic income tax on income earned as per Singapore tax law is calculated at 17% of the assessable income for the period.

The total charge for the period can be reconciled to the accounting profit as follows:

	US$
Profit before income tax for the period	249,049
Income tax calculated at 17%	42,338
Effect of expenses not available for relief against income earned	135,334
Effect of income not chargeable to tax as per tax law	(69,659)
Effect of tax exemptions and rebates	(44,905)
Impact of foreign exchange differences since tax payable in Singapore Dollars	1,100
Income tax expense recognised in profit or loss	64,208