ITNL International JLT

ANNUAL REPORT

2012

ITNL International JLT
Dubai - United Arab Emirates

Report and financial statements
for the period from 10 May 2012
(date of incorporation) to 31 December 2012

ITNL International JLT

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Independent Auditor's Report

The Shareholders
ITNL International JLT
Dubai
United Arab Emirates

Report on the Financial Statements

We have audited the accompanying financial statements of **ITNL International JLT, Dubai, United Arab Emirates** (the "Company"), which comprise the statement of financial position as at 31 December 2012, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 10 May 2012 (date of incorporation) to 31 December 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgment, 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 and fair presentation of the financial statements 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.

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INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **ITNL International JLT, Dubai, United Arab Emirates** as of 31 December 2012 and its financial performance and cash flows for the period from 10 May 2012 (date of incorporation) to 31 December 2012, in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Also, in our opinion, all necessary books and records were maintained in accordance with the provisions of Implementing Regulations 1/3 issued by the Dubai Multi Commodities Centre.

28 March 2013

ITNL International JLT

Statement of financial position as at 31 December 2012

	Notes	2012 AED
ASSETS		
Non-current assets		
Property and equipment	5	2,934,521
Current assets		
Prepayments and other receivables	6	267,831
Cash and cash equivalents		1,662,283
Total current assets		1,930,114
Total assets		4,864,635
EQUITY AND LIABILITIES		
EQUITY		
Share capital	7	5,500,000
Accumulated losses		(730,916)
Total equity		4,769,084
LIABILITIES		
Non-current liabilities		
Provision for employees' end of service indemnity	8	28,962
Current liabilities		
Due to a related party	9	33,714
Accrued expenses		32,875
Total current liabilities		66,589
Total liabilities		95,551
Total equity and liabilities		4,864,635

Chairman

The accompanying notes form an integral part of these financial statements.

Statement of comprehensive income
for the period from 10 May 2012 (date of incorporation) to 31 December 2012

	Note	Period to 31 December 2012 AED
Revenue		-
Cost of revenue		-
Gross profit		-
General and administrative expenses	10	(723,831)
Other expenses		(7,085)
Loss for the period		(730,916)
Other comprehensive income		-
Total comprehensive loss for the period		(730,916)

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
for the period from 10 May 2012 (date of incorporation)
to 31 December 2012

	Share capital AED	Accumulated losses AED	Total AED
Share capital introduced	5,500,000	-	5,500,000
Total comprehensive loss for the period	-	(730,916)	(730,916)
Balance at 31 December 2012	**5,500,000**	**(730,916)**	**4,769,084**

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
for the period from 10 May 2012 (date of incorporation) to 31 December 2012

	Period to 31 December 2012 AED
Cash flows from operating activities	
Loss for the period	(730,916)
Adjustments for:	
Provision for employees' end of service indemnity	28,962
Depreciation	26,799
Operating cash flows before changes in operating assets and liabilities	(675,155)
Increase in prepayments and other receivables	(267,831)
Increase in due to a related party	33,714
Increase in accrued expenses	32,875
Net cash used in operating activities	(876,397)
Cash flows from investing activity	
Additions to property and equipment	(2,961,320)
Net cash used in investing activity	(2,961,320)
Cash flows from financing activity	
Share capital introduced	5,500,000
Net cash generated from financing activity	5,500,000
Cash and cash equivalents at the end of period	1,662,283

The accompanying notes form an integral part of these financial statements.

1. Company and operations

ITNL International JLT (the "Company") was incorporated on 10 May 2012 as a limited liability company in the United Arab Emirates under a trade license issued by the Dubai Multi Commodity Centre Authority ("DMCC"), Government of Dubai. The Company is a wholly owned subsidiary of ITNL International Pte. Limited, Singapore (the "Parent Company"). The ultimate parent and controlling party is Infrastructure Leasing & Financial Services Limited (IL&FS), India.

The address of the registered office is Unit No. 608/609, Jumeirah Business Centre I, Cluster G, Jumeirah lake Towers, Dubai, United Arab Emirates.

The Company's principal activities are project management consultancy services. These are the first financial statements of the Company, and are for the period from 10 May 2012 (date of incorporation) to 31 December 2012; hence no comparative figures are presented.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

New and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective and not early adopted

The Company has not early applied the following new standards, amendments and interpretations that have been issued but which are not yet effective:

New and revised IFRSs	***Effective for annual periods beginning on or after***
• Amendments to IFRS 1 *Government Loans* provide relief to first-time adopters of IFRSs by amending IFRS 1 to allow prospective application of IAS 39 or IFRS 9 and paragraph 10A of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance to government loans outstanding at the date of transition to IFRSs.	1 January 2013
• Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS.	1 January 2015 (or otherwise when IFRS 9 is first applied)
• Amendments to IFRS 7 *Financial Instruments: Disclosures* enhancing disclosures about offsetting of financial assets and liabilities.	1 January 2013
• Amendments to IFRS 9 require all recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.	1 January 2015

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

New and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective and not early adopted (continued)

New and revised IFRSs (continued)	**Effective for annual periods beginning on or after**
• IFRS 10 *Consolidated Financial Statements** uses control as the single basis for consolidation, irrespective of the nature of the investee. IFRS 10 requires retrospective application subject to certain transitional provisions providing an alternative treatment in certain circumstances. Accordingly, IAS 27 *Separate Financial Statements** and IAS 28 *Investments in Associates and Joint Ventures** have been amended for the issuance of IFRS 10.	1 January 2013
• IFRS 11 *Joint Arrangements** establishes two types of joint arrangements: Joint operations and joint ventures. The two types of joint arrangements are distinguished by the rights and obligations of those parties to the joint arrangement. Accordingly IAS 28 *Investments in Associates and Joint Ventures* has been amended for the issuance of IFRS 11.	1 January 2013
• IFRS 12 *Disclosure of Interests in Other Entities** combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, associates and structured entities into one comprehensive disclosure standard.	1 January 2013
• IFRS 13 *Fair Value Measurement* issued in May 2011 establishes a single framework for measuring fair value and is applicable for both financial and non-financial items.	1 January 2013
• Amendments to IAS 1 - *Presentation of Other Comprehensive Income*. The amendments retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate statements. However, items of other comprehensive income are required to be grouped into those that will and will not subsequently be reclassified to profit or loss with tax on items of other comprehensive income required to be allocated on the same basis.	1 July 2012
• Amendments to IAS 19 *Employee Benefits* eliminate the "corridor approach" and therefore require an entity to recognise changes in defined benefit plan obligations and plan assets when they occur.	1 January 2013
• Amendments to IAS 32 *Financial Instruments: Presentation* relating to application guidance on the offsetting of financial assets and financial liabilities.	1 January 2014
• IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*.	1 January 2013

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

New and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective and not early adopted (continued)

New and revised IFRSs (continued)	**Effective for annual periods <u>beginning on or after</u>**
• Annual Improvements to *IFRSs 2009 - 2011 Cycle*	1 January 2013

The annual improvements include the amendments to five IFRSs which have been summarized below:

- *IFRS 1 First Time Adoption of International Financial Reporting Standards* - Repeated application of IFRS 1
- *IFRS 1 First Time Adoption of International Financial Reporting Standards* - Borrowing costs
- *IAS 1 Presentation of Financial Statements* - Clarification of the requirements for comparative information
- *IAS 16 Property, Plant and Equipment* - Classification of serving equipment
- *IAS 32 Financial Instruments: Presentation* - Tax effect of the distribution to the holders of equity instruments.
- *IAS 34 Interim Financial Reporting* - Interim financial reporting and segment information for total assets and liabilities.

• Amendments to IFRS 10, IFRS 12 and IAS 27 - Guidance on Investment Entities	1 January 2014

On 31 October 2012, the IASB published a final standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs. The amendments establish an exception to IFRS 10's general consolidation principle for investment entities, requiring them to "measure particular subsidiaries at fair value through profit or loss, rather than consolidate them." In addition, the amendments outline required disclosures for reporting entities that meet the definition of an investment entity.

*In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011). In June 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these IFRSs for the first time. These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

Management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

3. Significant accounting policies

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Basis of preparation

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

Revenue recognition

Revenue from rendering of services is recognised when the outcome of the transaction can be estimated reliably, by reference to the deliverables of the services or stage of completion of the transaction at the reporting date.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, as follows:

	Years
Buildings	30
Vehicles	5

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the pattern of economic benefits expected to flow to the Company through the use of items of property and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income when incurred.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

3. Significant accounting policies (continued)

Impairment of tangible assets

At each reporting date, the Company reviews the carrying amounts of its tangible 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 asset 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 asset 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 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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so long as the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognized on the Company's statement of financial position when the Company has become a party to the contracted provisions of the instrument.

Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through statement of comprehensive income, which are initially measured at fair value.

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 receivables

The Company's loans and receivables comprise other receivables (excluding prepaid expenses) and are measured at amortised cost. Appropriate allowances for estimated receivable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

Financial assets that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

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 was recognised, the previously recognised impairment loss is reversed through the income statement to the extent that the carrying amount of the financial asset 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.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

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

Financial liabilities

Financial liabilities are classified as other financial liabilities which include accrued expenses and amount due to a related party and are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method, with interest expense recognised on an effective yield basis.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities (continued)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in statement of comprehensive income.

Provisions

Provisions are recognized 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 recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, 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 recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4. Key source of estimation uncertainty

The key assumption concerning the future and key source of estimation uncertainty at the reporting date, that have significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Useful lives of property and equipment

Property and equipment are depreciated over their estimated useful lives, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

5. Property and equipment

	Buildings AED	Vehicles AED	Capital work-in-progress AED	Total AED
Cost				
At incorporation	-	-	-	-
Additions during the period	1,693,254	318,700	949,366	2,961,320
At 31 December 2012	1,693,254	318,700	949,366	2,961,320
Depreciation				
At incorporation	-	-	-	-
Charge for the period	19,639	7,160	-	26,799
At 31 December 2012	19,639	7,160	-	26,799
Carrying amount				
At 31 December 2012	**1,673,615**	**311,540**	**949,366**	**2,934,521**

Capital work in progress includes capital advances amounting to AED 143,000 at the reporting date.

6. Prepayments and other receivables

	2012 AED
Prepayments	227,290
Advances and deposits	40,541
	267,831

7. Share capital

The authorised, issued and fully paid-up share capital of the Company comprises of 5,500 shares of AED 1,000 each held by the Parent Company at the reporting date.

8. Provision for employees' end of service indemnity

	2012 AED
At incorporation	-
Amounts charged during the period	28,962
Balance at the end of the period	28,962

Provision for employees' end-of-service indemnity is made in accordance with U.A.E. Labour Law and is based on the current remuneration and cumulative years of service at the reporting date.

9. Related party transactions

The Company enters into transactions with other companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24: Related Party Disclosures. Related parties comprise companies and entities under common ownership and/or common management control and key management personnel. The management decides on the terms and conditions of transactions and of services received/rendered from/to related parties as well as other charges.

At the reporting date, due to a related party is as follows:

	2012 AED
Due to a related party	
Intermediate Parent Company	
IL&FS Transportation Networks Limited	33,714

The amount due to the Intermediate Parent Company pertains to reimbursement of travelling expenses.

9. Related party transactions (continued)

Compensation of key management personnel

The remuneration of members of key management during the period was as follows:

	Period to 31 December 2012 AED
Short term benefits	38,000
Long term benefits	2,228
	40,228

10. General and administrative expenses

	Period to 31 December 2012 AED
Salaries and benefits	547,409
Travelling	39,867
Professional fee	29,375
Depreciation (Note 5)	26,799
Rent	23,923
Building Maintenance	22,957
Conferences	19,351
Other	14,150
	723,831

11. Commitments

The Company has total commitments of AED 356,447 towards interiors and IT work at the reporting date. The estimated total commitments are reviewed and assessed by management on a regular basis. The estimated costs are validated through historical pricing achieved, regular review of material prices and discussions with third party specialists.

12. Financial instruments

(a) *Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 3 to the financial statements.

(b) *Categories of financial instruments*

	2012 AED
Financial assets	
Loans and receivables (including cash and cash equivalents)	**1,702,824**
Financial liabilities	
At amortised cost	**66,589**

(c) *Fair value of financial instruments*

The fair values of assets and liabilities at period-end approximate their carrying amounts at the reporting date.

13. Financial risk management objectives

The Company's overall financial risk management program seeks to minimise potential adverse effects to the financial performance of the Company. The management provides principles for overall financial risk management and policies covering specific areas, such as credit risk, currency risk, liquidity risk and interest rate risk.

(a) *Credit risk management*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk is controlled by counterparty limits that are reviewed and approved by the management.

The Company's principal financial assets are cash and cash equivalents and other receivables. The credit risk on liquid funds is limited because the counterparties are reputable banks registered in the respective countries.

(b) *Foreign currency risk management*

At the reporting date, there were no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in United Arab Emirates Dirhams (AED).

13. Financial risk management objectives (continued)

(c) Liquidity risk management

Liquidity risk refers to the risk that the Company has difficulties in meeting its short-term obligations. Ultimate responsibility for liquidity risk management rests with the management which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the expected maturity and the earliest date on which the Company is expected to pay. The table includes principal cash flows.

	Less than 1 year AED	2 - 5 years AED	Greater than 5 years AED	Total AED
2012				
Non-interest bearing financial assets	**1,702,824**	-	-	**1,702,824**
Non-interest bearing financial liabilities	**66,589**	-	-	**66,589**

(d) Interest rate risk management

The Company is not exposed to interest rate risk at reporting date since there are no borrowings.

14. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the shareholder's capital.

15. Approval of the financial statements

The financial statements were approved by the management and signed for issuance on   March 2013.