ITNL INTERNATIONAL JLT

FINANCIAL STATEMENTS

2013

ITNL International JLT

Contents | **Pages**

Independent auditor's report	**1 - 2**
Statement of financial position	**3**
Statement of comprehensive income	**4**
Statement of changes in equity	**5**
Statement of cash flows	**6**
Notes to the financial statements	**7 - 23**

Deloitte.

Deloitte & Touche (M.E.)
Building 3, Level 6
Emaar Square
Downtown Dubai
P.O. Box 4254
Dubai, United Arab Emirates

Tel: +971 (0) 4 376 8888
Fax: +971 (0) 4 376 8899
www.deloitte.com

Independent Auditor's Report

The Shareholder
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 2013, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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.

Cont'd.....

Deloitte.

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 2013 and its financial performance and cash flows for the year then ended, 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.

Deloitte & Touche

21 March 2014

ITNL International JLT

Statement of financial position
as at 31 December 2013

	Notes	2013 AED	2012 AED
ASSETS			
Non-current assets			
Property and equipment	5	3,133,387	2,934,521
Current assets			
Due from related parties	6	110,947	-
Prepayments and other receivables	7	482,091	267,831
Cash and cash equivalents	8	1,838,243	1,662,283
Total current assets		2,431,281	1,930,114
Total assets		5,564,668	4,864,635
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	10,000,000	5,500,000
Accumulated losses		(4,802,852)	(730,916)
Total equity		5,197,148	4,769,084
LIABILITIES			
Non-current liabilities			
Provision for employees' end of service indemnity	10	133,924	28,962
Current liabilities			
Due to a related party	6	39,194	33,714
Accruals and other liabilities	11	194,402	32,875
Total current liabilities		233,596	66,589
Total liabilities		367,520	95,551
Total equity and liabilities		5,564,668	4,864,635

Chairman

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

ITNL International JLT

Statement of comprehensive income
for the year ended 31 December 2013

	Note	**Year ended 31 December 2013 AED**	Period from 10 May 2012 (date of incorporation) to 31 December 2012 AED
Revenue		-	-
Cost of revenue		-	-
Gross profit		-	-
General and administrative expenses	12	**(4,092,190)**	(723,831)
Other expenses		-	(7,085)
Other income		**20,254**	-
Loss for the year/period		**(4,071,936)**	(730,916)
Other comprehensive income		-	-
Total comprehensive loss for the year/period		**(4,071,936)**	(730,916)

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

ITNL International JLT

Statement of changes in equity
for the year ended 31 December 2013

	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
Increase in share capital during the year	4,500,000		4,500,000
Total comprehensive loss for the year	-	(4,071,936)	(4,071,936)
Balance at 31 December 2013	**10,000,000**	**(4,802,852)**	**5,197,148**

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

ITNL International JLT

Statement of cash flows
for the year ended 31 December 2013

	Year ended 31 December 2013 AED	Period from 10 May 2012 (date of incorporation) to 31 December 2012 AED
Cash flows from operating activities		
Loss for the year/period	**(4,071,936)**	(730,916)
Adjustments for:		
Provision for employees' end of service indemnity	**104,962**	28,962
Depreciation	**237,158**	26,799
Interest income	**(20,254)**	
Operating cash flows before changes in operating assets and liabilities	**(3,750,070)**	(675,155)
Increase in prepayments and other receivables	**(212,668)**	(267,831)
Increase in due from related parties	**(110,947)**	-
Increase in due to a related party	**5,480**	33,714
Increase in accruals and other liabilities	**161,527**	32,875
Net cash used in operating activities	**(3,906,678)**	(876,397)
Cash flows from investing activities		
Additions to property and equipment	**(436,024)**	(2,961,320)
Interest received	**18,662**	-
Net cash used in investing activities	**(417,362)**	(2,961,320)
Cash flows from financing activity		
Increase in share capital	**4,500,000**	5,500,000
Net cash generated from financing activity	**4,500,000**	5,500,000
Net increase in cash and cash equivalents	**175,960**	1,662,283
Cash and cash equivalents at the beginning of the year/period	**1,662,283**	-
Cash and cash equivalents at the end of the year/period (Note 8)	**1,838,243**	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. The Company has not started its commercial operations at the end of the reporting period and is currently pursuing project opportunities in the Emirate of Sharjah in roads, transport and airport sectors with notable project areas relating to performance based road maintenance and upgrades, operations and maintenance of pedestrian bridges and airport expansion. The Company has also initiated discussions with various departments involving transport infrastructure projects in the Emirate of Dubai. The project development activities of the above opportunities are currently being pursued and expected to generate revenue during the financial year 2014.

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

2.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Company for the first time has applied the following new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements in IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurement and disclosures about fair value measurements except for share-based payment transactions that are within the scope of IFRS *2 Share-based payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purpose).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the financial statements.

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

2.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements (continued)

Amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*

The main amendment to IAS 1 requires items of other comprehensive income to be grouped into two categories in the other comprehensive income section:

a) Items that will not be reclassified subsequently to profit or loss; and
b) Items that may be reclassified subsequently to profit or loss when specific conditions are met.

Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

2.2 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs have been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- 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.

- Amendments to IFRS 7 *Financial Instruments: Disclosures* enhances disclosures about offsetting of financial assets and financial liabilities.

- 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.

- 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.

- 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.

- 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.

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

2.2 *New and revised IFRSs applied with no material effect on the financial statements* (continued)

- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognised as an asset, how the asset is initially recognised, and subsequent measurement.

- Annual Improvements to IFRSs 2009 - 2011 Cycle

  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 servicing 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.

2.3 *New and revised 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 are not yet effective:

New and revised IFRSs	*Effective for annual periods beginning on or after*
• Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied.
• IFRS 7 *Financial Instruments: Additional hedge accounting disclosures* (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	When IFRS 9 is first applied.

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

2.3 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
• IFRS 9 *Financial Instruments (2009)* issued in November 2009 introduces new requirements for the classification and measurement of financial assets. *IFRS 9 Financial Instruments (2010)* revised in October 2010 includes the requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement.*	At its November 2013 meeting, the IASB tentatively decided that the mandatory effective date of IFRS 9 will be no earlier than annual periods beginning on or after 1 January 2017. However, IASB allows each version of the standard to be available for early application.
IFRS 9 *Financial Instruments (2013)* was revised in November 2013 to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the own credit gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9.	
IFRS 9 (2009) and IFRS 9 (2010) were superseded by IFRS 9 (2013) and IFRS 9 (2010) also superseded IFRS 9 (2009). The various standards also permit various transitional options. Accordingly, entities can effectively choose which parts of IFRS 9 they apply, meaning they can choose to apply: (1) the classification and measurement requirements for financial assets (2) the classification and measurement requirements for both financial assets and financial liabilities (3) the classification and measurement requirements and the hedge accounting requirements.	
• Amendments to IAS 19 *Employee Benefits* - to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.	1 July 2014
• Amendments to IAS 32 *Financial Instruments: Presentation* relating to application guidance on the offsetting of financial assets and financial liabilities.	1 January 2014

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

2.3 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	*Effective for annual periods beginning on or after*
• Amendments to IAS 36 – *Recoverable amount disclosures.* The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to the period in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.	1 January 2014
• Amendments to IAS 39 *Financial Instruments: Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting.* The amendment allows the continuation of hedge accounting when a derivative is novated to a clearing counterparty and certain conditions are met.	1 January 2014
• IFRIC 21 – *Levies.* Interpretation was developed to address the concerns about how to account for levies that are based on financial data of a period that is different from that in which the activity that give rise to the payment of the levy occurs.	1 January 2014
• Amendments to IFRS 10, IFRS 12 and IAS 27 – Guidance on Investment Entities. On 31 October 2012, the IASB published a 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.	1 January 2014

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

2.3 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
• Annual Improvements to IFRSs 2010 - 2012 Cycle	1 July 2014
▪ *IFRS 2 Share Based Payments* - definition of 'vesting condition'.	
▪ *IFRS 3 Business Combinations* - accounting for contingent consideration.	
▪ *IFRS 8 Operating Segments* - aggregation of segments, reconciliation of segment assets.	
▪ *IAS 16 Property, Plant and Equipment* - proportionate restatement of accumulated depreciation on revaluation.	
▪ *IAS 24 Related Party Disclosures* - management entities.	
▪ *IAS 38 Intangible Assets* - proportionate restatement of accumulated depreciation on revaluation.	
• Annual Improvements to *IFRSs 2011 - 2013 Cycle*	1 July 2014
▪ *IFRS 1 First Time Adoption of International Financial Reporting Standards* - meaning of effective IFRSs.	
▪ *IFRS 3 Business Combinations* - scope exception for joint ventures.	
▪ *IFRS 13 Fair Value Measurement* - scope of the portfolio exception.	
▪ *IAS 40 Investment Property* - interrelationship between IFRS 3 and IAS 40.	

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements for the year beginning 1 January 2014 or 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 year 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 excluding capital work in progress 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
Furniture & fixtures	10
Office equipment	3
Data processing equipment	4

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.

The capital work in progress is transferred to the appropriate property and equipment category and is depreciated in accordance with Company's policies when the assets are ready for intended use.

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.

Foreign currency transactions

The financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in Arab Emirates Dirhams, which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements, transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the statement of comprehensive income for the period.

3. Significant accounting policies (continued)

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 and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including other receivables and bank balances and cash and are measured at amortised cost using the effective interest method, less any impairment.

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.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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 and the definitions of a financial liability and equity inetrument.

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, other liabilities 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.

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.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

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 has significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, is 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.

The management determines the estimated useful lives and related depreciation charges for the property and equipment and will increase the depreciation charge where useful lives are assessed as less than previously estimated lives.

5. Property and equipment

	Buildings AED	Vehicles AED	Furniture and fixtures AED	Office equipment AED	Data processing equipment 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
Additions during the year	70,419	11,995	-	54,445	299,165	-	436,024
Transfers	617,316	-	292,800	39,250	-	(949,366)	-
At 31 December 2013	**2,380,989**	**330,695**	**292,800**	**93,695**	**299,165**	-	**3,397,344**
Accumulated depreciation							
At incorporation	-	-	-	-	-	-	-
Charge for the period	19,639	7,160	-	-	-	-	26,799
At 31 December 2012	19,639	7,160	-	-	-	-	26,799
Charge for the year	76,728	64,075	25,911	25,251	45,193	-	237,158
At 31 December 2013	**96,367**	**71,235**	**25,911**	**25,251**	**45,193**	-	**263,957**
Carrying amount							
At 31 December 2013	**2,284,622**	**259,460**	**266,889**	**68,444**	**253,972**	-	**3,133,387**
At 31 December 2012	1,673,615	311,540	-	-	-	949,366	2,934,521

6. 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 (IAS) 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 from/due to related parties is as follows:

	2013 **AED**	2012 AED
Due from related parties		
Companies under common management/control		
ITNL Africa Projects Limited, Nigeria	**7,597**	-
Sharjah General Services Co. L.LC, United Arab Emirates	**103,350**	-
	110,947	-
Due to a related party		
Intermediate Parent Company		
IL&FS Transportation Networks Limited, India	**39,194**	33,714

Compensation of key management personnel

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

	Year ended 31 December 2013 AED	Period from 10 May 2012 (date of incorporation) to 31 December 2012 AED
Short-term benefits	**476,520**	38,000
Long-term benefits - end of service indemnity	**38,735**	2,228
	515,255	40,228

7. Prepayments and other receivables

	2013 AED	2012 AED
Prepayments	**332,869**	227,290
Advances	**98,750**	12,861
Deposits	**48,880**	27,680
Interest Accrued and not due on Fixed deposits	**1592**	0
	482,091	267,831

8. Cash and cash equivalents

	2013 AED	2012 AED
Cash in hand	547	-
Bank balances:		
Current accounts	**330,071**	1,662,283
Fixed deposits	**1,507,625**	-
	1,838,243	1,662,283

All fixed deposits with banks mature within different periods not exceeding 3 months from the financial date of deposit and carry interest rates between 1.15% to 1.50% per annum (2012: Nil).

9. Share capital

The authorised, issued and fully paid-up share capital of the Company comprises of 10,000 shares (2012: 5,500 shares) of AED 1,000 each held by the Parent Company at the reporting date.

10. Provision for employees' end of service indemnity

	2013 AED	2012 AED
Balance at the beginning of the year/period	**28,962**	-
Amounts charged during the year/period	**104,962**	28,962
Balance at the end of the year/period	**133,924**	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.

11. Accruals and other liabilities

	2013 AED	2012 AED
Accrued expenses	**57,383**	32,875
Other liabilities	**137,019**	-
	194,402	32,875

12. General and administrative expenses

	Year ended 31 December 2013 AED	Period from 10 May 2012 (date of incorporation) to 31 December 2012 AED
Salaries and benefits	**2,431,295**	547,409
Travelling	**672,464**	39,867
Depreciation (Note 5)	**237,158**	26,799
Rent	**234,287**	23,923
Building and office maintenance	**119,602**	22,957
Professional fee	**71,261**	29,375
Conferences	**23,762**	19,351
Communication	**100,326**	-
Directors' fee	**25,000**	-
Other	**177,035**	14,150
	4,092,190	723,831

13. Commitments

The Company has total commitments of AED Nil (2012: 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.

14. 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*

	2013	2012
	AED	AED
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,998,070**	1,702,824
Financial liabilities		
At amortised cost	**233,596**	66,589

(c) *Fair value of financial instruments*

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

15. 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).

15. Financial risk management objectives (continued)

(c) Liquidity risk management

The 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 continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

Liquidity risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the discounted financial liabilities based on the earliest date on which the Company can be required to pay.

	Less than 1 year AED	**Total AED**
2013		
Non-interest bearing financial liabilities	**233,596**	**233,596**
2012		
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 floating rate borrowings.

16. 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 shareholder through the optimisation of the equity.

The capital structure of the Company consists of equity comprising issued capital and accumulated losses as disclosed in the statement of changes in equity.

17. Comparatives

The current accounting period represents a 12 month period ended 31 December 2013. The previous accounting period represented the period from 10 May 2012 (date of incorporation) to 31 December 2012. Hence the comparative figures provided on the statement of comprehensive income, statement of cash flows and statement of change in equity for previous period may not be readily comparable to current year figures.

18. Approval of the financial statements

The financial statements were approved by the management and signed for issuance on 21 March 2014.