ITNL AFRICA PROJECTS LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

ITNL AFRICA PROJECTS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **ITNL Africa Projects Limited** which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows, statement of value added for the year then ended, a summary of significant accounting policies, financial summary and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act, CAP C20, LFN 2004, the Financial Reporting Council of Nigeria Act, 2011, the International Financial Reporting Standard, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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 auditors consider internal controls 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 Directors, 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 give a true and fair view of the financial position of **ITNL Africa Projects Limited** as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard and the Companies and Allied Matters Act, CAP C20, LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Other reporting responsibilities

In accordance with the Sixth Schedule of the Companies and Allied Matters Act, CAP C20, LFN 2004 we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
ii) The Company has kept proper books of account, so far as appears from our examination of those books.
iii) The Company's financial position and its statement of activities are in agreement with the books of account.

Folorunso Hunga, FCA - FRC/2013/ICAN/00000001709
for: Akintola Williams Deloitte
Chartered Accountants
Abuja, Nigeria
17 June **2016**

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors of **ITNL Africa Projects Limited** are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2015 and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- making an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of Company; and
- preventing and detecting fraud and other irregularities.

Going concern:
The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

The financial statements of the Company for the year ended 31 December 2015 were approved by Directors on 31st MAY 2016.

Signed on behalf of the Directors of the Company

RAVI SREEHARI MADDIPATLA - Director

KRISHNA GHAG - Director

STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31-Dec-2015 NGN	Year ended 31-Dec-2014 NGN
Revenue		-	-
Cost of revenue		-	-
Gross profit		-	-
General and administrative expenses	5	(29,379,658)	(164,972,696)
Other gains/(losses)	6	-	(305,187)
Other income		789,620	461,507
Loss before tax		**(28,590,038)**	**(164,816,376)**
Taxation	13	-	-
Loss for the year		**(28,590,038)**	**(164,816,376)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(28,590,038)**	**(164,816,376)**

The accompanying notes on pages 7 to 23 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Notes	2015 NGN	2014 NGN
ASSETS			
Non-current assets			
Property, plant and equipment	7	11,602,032	22,250,259
		11,602,032	22,250,259
Current assets			
Prepayments and other receivables	8	803,105	3, 795,517
Cash and cash equivalents	9	85,737,291	115,173,004
Total current assets		86,540,396	118,968,521
Total assets		98,142,428	141,218,780
Equity and reserves			
Share capital	10	434,800,000	434,800,000
Accumulated losses		(465,028,288)	(436,438,250)
Total equity and reserves		(30,228,288)	(1,638,250)
LIABILITIES			
Non-current liabilities			
Due to a related party	11	76,988,452	76,988,4452
Current liabilities			
Accruals and other liabilities	12	51,382,264	65,868,578
Total current liabilities		51,382,264	65,868,578
Total liabilities		128,370,716	142,857,030
Total equity and liabilities		98,142,428	141,218,780

These financial statements on pages 3 to 26 were approved by the Board of Directors on 31 MAY 2016 and signed on its behalf by:

RAVI SREEHARI MADDIPATLA
- Director

KRISHNA GHAG
- Director

The accompanying notes on pages 7 to 23 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Share capital NGN	Accumulated losses NGN	Total NGN
Share capital introduced	**434,800,000**	**(271,621,874)**	**163,178,126**
Total comprehensive loss for the year	-	(164,816,376)	(164,816,376)
Balance at 31 December 2014	**434,800,000**	**(436,438,250)**	**(1,638,250)**
Total comprehensive loss for the year	-	(28,590,038)	(28,590,038)
Balance at 31 December 2015	**434,800,000**	**(465,028,288)**	**(30,228,288)**

STATEMENT OF CASH FLOWS

	Note	2015 NGN	2014 NGN
Cash flows from operating activities			
Loss for the year		(28,590,038)	(164,816,376)
Adjustments for:			
- Depreciation	7	4,921,902	4,131,902
- Other income		-	(461,507)
- Loss on sale of property and equipment		4,476,325	13,063,014
Operating cash flows before changes in operating assets and liabilities		**(19,191,811)**	**(148,082,967)**
Decrease in prepayments and other receivables		2.992,412	20,436,674
(Increase)/Decrease in liability due to related parties		-	(297,143)
Increase in accruals and other liabilities		(14,486,314)	59,173,499
Net cash used in operating activities		(30,685,713)	(68,769,937)
Cash flows from investing activities			
Purchase of property and equipment	7	-	(15,690,000)
Interest received		-	461,507
Proceeds from sale of property and equipment		1,250,000	4,000,000
Net cash used in investing activities		1,250,000	(11,228,493)
Net decrease in cash and cash equivalents		**(29,435,713)**	**(79,998,430)**
Cash and cash equivalents at the beginning of the year		115,173,004	195,171,434
Cash and cash equivalents at the end of the year	9	**85,737,291**	**115,173,004**

NOTES TO THE FINANCIAL STATEMENTS

1. Company and operations

ITNL Africa Projects Limited (the "Company") was incorporated on 3 October 2012 as a Company limited by Shares in Nigeria. The Company is a 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 No. 2, Justice Sowemimo Street, Asokoro District, Abuja, Nigeria.

The object of incorporating this Company is to source infrastructure business in African countries. The source of income will be from project management consultancy services, success fees, construction etc. This is the third year financial statements of the Company for the year ended 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

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

2.1 Accounting standards and interpretations issued and effective

The following revisions to accounting standards and pronouncements were issued and effective at the reporting period.

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
Employee Contributions (Amendments to IAS 19)	The amendments clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employees. For contributions that are independent of the number of years of service, the entity may recognise the contribution as a reduction of the service cost in the period in which the related service is rendered, or attribute them to employees' period of service either using the plan's contribution formula or a straight-line basis. Whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employee's periods of service.	1 July 2014
Amendments to IFRSs Annual improvements To IFRSs 2010-2012 cycle	The Annual Improvements to IFRSs 2010-2012 cycle includes a number of amendments to various IFRSs. Amendments to IFRSs include: • Amendments to IFRS 2 share based payments • Amendments to IFRS 3 Business combinations • Amendments to IFRS 8 Operating Segments • Amendments to IFRS 13 Fair Value measurement • Amendments to IASs 16 and 38 Property Plant and Equipment and Intangible assets • Amendments to IAS 24 Related Party Disclosure	1 July 2014
Amendments to IFRSs Annual Improvements To IFRSs 2011-2013 cycle	This makes amendments to the following standards: • Amendments to IFRS 3 Business Combination • Amendments to IFRS 13 Fair Value Measurement • Amendments to IAS 40 Investment Property	1 July 2014

The directors of the company have determined that the application of these standards do not have any material effect on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

2.2 Accounting standards and interpretations issued but not yet effective

The following revisions to accounting standards and pronouncements were issued but not effective at the reporting period.

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
Amendments to IFRS 9 Financial Instruments	IFRS 9 Financial Instruments issued in July 2014 is the IASB'S replacement of IAS 39 Financial Instruments: Recognition and Measurement. The IASB completed its project to replace IAS 39 in phases, adding to the standard as it finalized each phase.	1 January 2018
IFRS 14 Regulatory Deferral Accounts	IFRS 14 specifies the accounting for regulatory deferral account balances that arise from rate-regulated activities. The standard is available only to first-time adopters of IFRSs who recognised regulatory deferral account balances under pervious GAAP. IFRS 14 permits eligible first–time adopters of IFRSs to continue their previous GAAP rate-regulated accounting policies, with limited changes and requires separate presentation of regulatory deferral account balances in the statement of financial position and statement of profit or loss and other comprehensive income.	1 January 2016
IFRS 15 Revenue from Contract with Customers	This IFRS establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It is intended to supersede the following standards; • IAS 18 Revenue • IAS 11 Construction Contracts • IFRIC 13 Customer Programmes • IFRIC 15 Agreements for the Construction of Real Estate • IFRIC 18 Transfer of Assets from Customers; and • SIC 31 Revenue Barter Transactions Involving Advertising Services.	1 January 2018
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	The amendments provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 13 Business Combination. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 13 and other standards (e.g. IAS 36 Impairment of Assets regarding impairment of cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied.	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	Amendments to IAS 16 clarifying acceptable method of depreciation on items of property, plant and equipment while IAS 38 clarifying acceptable method for amortization of intangible asset.	1 January 2016
Bearer Plants (Amendments to IAS 16 and IAS 41)	The amendments defines bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. Also, bearer plants can be measured using either cost model or the revaluation models set out in IAS 16.	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS

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

2.2 Accounting standards and interpretations issued but not yet effective (cont'd)

The following revisions to accounting standards and pronouncements were issued but not effective at the reporting period.

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
Equity Method in Separate Financial Statements (Amendments to IAS 27)	The amendments to IAS 27 is to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in the separate financial statements.	1 January 2016
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Amendments to IFRS 10 and IAS 28 clarifies the treatment of the sale or contribution of asset from an investor to its associate or joint venture, as follows: • full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combination) • the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by direct sale of the assets themselves.	1 January 2016
Disclosure Initiative (Amendments to IAS 1)	The amendment seek to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes: • clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply; • clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; • additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so for listed in paragraph 114 of IAS 1.	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS

2.2 Accounting standards and interpretations issued but not yet effective (cont'd)

The following revisions to accounting standards and pronouncements were issued but not effective at the reporting period.

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	The amendments defines bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. Also, bearer plants can be measured using either cost model or the revaluation models set out in IAS 16.	1 January 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	These amendments to IFRS 10, IFRS 12 and IAS 28 (2011) address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points: • The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value. • A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity. • When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries. • An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12	1 January 2016
Annual Improvements 2012-2014 Cycle	The Annual Improvements to IFRSs 2012-2014 cycle includes a number of amendments to various IFRSs. These amendments to IFRS include: • IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. • IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements. • IAS 9 — Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid. • IAS 34 — Clarify the meaning of elsewhere in the interim report and require a cross-reference.	1 January 2016

The directors of the company do not anticipate that application of these standards and amendments will have a significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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
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.

NOTES TO THE FINANCIAL STATEMENTS

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 Nigerian Naira (NGN), 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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 profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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 instrument.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

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 assumptions 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. General and administrative expenses

	2015 NGN	2014 NGN
Salaries and benefits	854,792	2,735,625
Travelling and visa fees	822,520	22,469,793
Depreciation (Note 7)	4,921,902	4,131,902
Rent	7,706,713	20,000,001
Professional fee	3,781,824	87,075,630
Communication	10,500	411,850
Audit fees	4,800,000	5,600,000
Audit expenses	636,910	-
Business promotions	-	883,350
Loss on sale of assets	4,476,325	13,063,014
Office administration and maintenance	1,277,667	8,534,269
Bank charges	90,505	67,262
	29,379,658	**164,972,696**

6. Other gains/(losses)

Foreign exchange loss	-	(13,589)
Rates and taxes	-	(291,598)
	-	**(305,187)**

NOTES TO THE FINANCIAL STATEMENTS

7. Property, plant and equipment

	Vehicles NGN	Furniture and fixtures NGN	Office equipment NGN	Data processing equipment NGN	Total NGN
Cost					
At 1 January 2014	20,000,000	9,178,050	2,356,040	275,000	31,809,090
Additions during the year	15,600,000	-	90,000	-	15.590,000
Disposals during the year	(20,000,000)	-	-	-	(20,000,000)
At 31 December 2014	**15,600,000**	**9,178,050**	**2,446,040**	**275,000**	**27,499,090**
Additions during the year	-	-	-	-	
Disposals during the year	-	(6,883,538)	-	-	(6,883,538)
At 31 December 2015	**15,600,000**	**2,294,512**	**2,446,040**	**275,000**	**20,615,552**
Accumulated depreciation					
At 1 January 2014	2,936,986	557,253	512,056	47,620	4,053,915
Charge for the year	2,340,000	917,805	805,347	68,750	4,131,902
Disposals during the year	(2,936,986)	-	-	-	(2,936,986)
At 31 December 2014	**2,340,000**	**1,475,058**	**1,317,403**	**116,370**	**5,248,831**
Charge for the period	3,120,000	917,805	815,347	68,750	4,921,902
Disposals during the year	-	(1,157,213)	-	-	(1,157,213)
At 31 December 2015	**5,460,000**	**1,235,650**	**2,132,750**	**185,120**	**9,013,520**
Carrying amount					
At 31 December 2014	**13,260,000**	**1,058,862**	**1,128,637**	**158,630**	**22,250,259**
At 31 December 2015	**10,140,000**	**1,058,862**	**313,290**	**89,880**	**11,602,032**

NOTES TO THE FINANCIAL STATEMENTS

8. Prepayments and other receivables

	2015 NGN	2014 NGN
Prepayment - rent and insurance	803,105	3,605,655
Withholding tax	-	189,862
	803,105	**3,795,517**

9. Cash and cash equivalents

Cash in hand	9,947	153,517
Bank balances	85,727,344	115,019,487
	85,737,291	**115,173,004**

10. Share capital

The authorised, issued and fully paid-up share capital of the Company comprises of 434,800,000 ordinary shares of NGN 1 each.

432,300,000 shares are held by the ITNL International Pte. Ltd., Singapore (Parent Company) and 2,500,000 shares are held by IL&FS Transportation Networks Limited, India (Ultimate Parent Company) at the reporting date.

11. 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 to related parties is as follows:

	2015 NGN	2014 NGN
Due to a related party		
Ultimate Parent Company	76,988,452	76,988,452
	76,988,452	**76,988,452**

NOTES TO THE FINANCIAL STATEMENTS

	2015 NGN	2014 NGN
12. Accruals and other liabilities		
Accrued expenses	6,974,997	5,796,875
Due to Herbert Smith Freehills LLP	44,407,267	60,071,703
	51,382,264	**65,868,578**

13. Taxation

The company's income tax and education tax for the year ended 31 December 2015 is nil as the Company is yet to commence operations and thus there are no assessable profits for income tax and education tax assessments. Also, the company is not liable to minimum tax according to Section 28A (3b) of CITA because it has 100% foreign equity from IL&FS Transportation Networks Limited, India and ITNL International Pte Limited.

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

	2015 NGN	2014 NGN
Financial assets		
Loans and receivables (including cash and cash equivalents)	**86,540,396**	**118,968,521**
Financial liabilities		
At amortised cost	**128,370,716**	**142,857,030**

(c) Fair value of financial instruments

The fair values of assets and liabilities at year 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 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.

NOTES TO THE FINANCIAL STATEMENTS

(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 Nigeria Naira (NGN).

(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.

NOTES TO THE FINANCIAL STATEMENTS

15.1 Financial risk management objectives (continued)

Maturities of financial assets and liabilities

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 expected maturity and the earliest date on which the Company can be required to pay. The table includes principal cash flows.

As at 31 December 2015

FINANCIAL ASSETS	N'000	Less than 1 month N'000	1 – 3 months N'000	3 - 12 months N'000	1 – 3 years N'000	3 – 5 years N'000
Cash and bank balances	85,737	-	-	85,737	-	-
Prepayments and other receivables	803	-	-	803	-	-
	86,540	-	-	86,540	-	-
FINANCIAL LIABILITIES						
Payables	128,371	-	-	51,383	76,988	-
	128,371	-	-	51,383	76,988	-
Liquidity gap	(41,831)	-	-	35,157	(76,988)	-

As at 31 December 2014

FINANCIAL ASSETS	N'000	Less than 1 month N'000	1 – 3 months N'000	3 - 12 months N'000	1 – 3 years N'000	3 – 5 years N'000
Cash and bank balances	115,173	154	-	115,019	-	-
Prepayments and other receivables	3,795	-	1,139	2,656	-	-
	118,968	154	1,139	117,675	-	-
FINANCIAL LIABILITIES						
Payables	142,857	-	5,869	60,000	76,988	-
	142,857	-	5,869	60,000	76,988	-
Liquidity gap	(23,889)	154	(4,730)	57,675	(76,988)	-

	Less than 1 year NGN'000	Total NGN'000
2015		
Non-interest bearing financial Assets	**86,540**	**86,540**
Non-interest bearing financial liabilities	**51,383**	**51,383**
2014		
Non-interest bearing financial Assets	**118,968**	**118,968**
Non-interest bearing financial liabilities	**142,557**	**142,857**

(d) Interest rate risk management

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

NOTES TO THE FINANCIAL STATEMENTS

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. Information regarding Directors and employees

	2015 NGN	2014 NGN
a. Directors		
There were no directors who earned fees or received remuneration from the Company during the period.	-	-

b. Scale of Directors' remuneration

The number of Directors excluding the Chairman whose emoluments were within the following range are:

	N	Number	Number
Over	1,000,000	-	-

c. Total employee cost for the above during the year

	2015 NGN	2014 NGN
Salaries and allowances	854,792	2,735,625
	854,792	**2,735,625**

d. Highest paid employees

The table below shows the number of staff of the Company whose emoluments during the year, excluding pension contributions were within the following ranges:

N		N	Number	Number
500,001	-	1,500,000	2	3
1,500,001	-	3,500,000	-	1
3,500,001	and above		-	-
			2	**4**

All staff information shown above exclude normal allowances made available to senior employees.

e. Particulars of staff

The average numbers of persons employed by the Company during the year were:

	Number	Number
Administrative department	2	4
	2	**4**

NOTES TO THE FINANCIAL STATEMENTS

18 Contingent liabilities and Contingent assets

a. **Pending litigation**
There were no pending litigations as at 31 December 2015

b. **Capital commitment**
There were no capital commitments as at 31 December 2015.

c. **Guarantees**
The company did not guarantee or pledge any financial commitment for liabilities of third parties.

d. **Contingent liabilities**
There are no contingent liabilities which, in the opinion of the Directors, have not been accounted for or fully disclosed in these financial statements.

19. Events after the reporting period

There were no material events after the reporting date which could have had material effect on the state of affairs of the company as at 31 December 2015, and on the loss for the year then ended that have not been provided for or disclosed in these financial statements.

OTHER NATIONAL DISCLOSURES

STATEMENT OF VALUE ADDED

	2015 N'000	%	2014 N'000	%
Revenue	-		-	
Other income	789,620		461,507	
Bought-in-service - local	(23,602,964)		(158,410,356)	
Value added	**(22,813,344)**	**100**	**(157,948,849)**	**100**
APPLIED AS FOLLOWS:				
To pay employees:				
Salaries and allowances	854,792	(4)	2,735,625	(1)
To pay government:				
- Taxation	-		-	
Retained for future replacement of assets and expansion of business:				
- Depreciation	4,921,902	(22)	4,131,902	(3)
- Profit or loss account	(28,590,038)	126	(164,816,376)	104
	(22,813,344)	**100**	**(157,948,849)**	**100**

Value added represents additional wealth which the Company has been able to create by its own and employees' efforts. This statement shows the allocation of that wealth among the employees, providers of capital, the Government and that retained for the creation of more wealth.

FINANCIAL SUMMARY

	12/31/2015 N'000	12/31/2014 N'000	Fifteen months period ended 12/31/2013 N'000
Assets/liabilities			
Non-current assets	11,602,032	22,250,259	30,166,134
Net current (liabilities)/assets	35,158,132	53,099,943	210,297,587
	46,760,164	75,350,202	240,463,721
Non-current liabilities	(76,988,452)	(76,988,452)	(77,285,595)
	(30,228,288)	**(1,638,250)**	**163,178,126**
Capital and reserves			
Share capital	434,800,000	434,800,000	434,800,000
Retained earnings	(465,028,288)	(436,438,250)	(271,621,874)
	(30,228,288)	**(1,638,250)**	**163,178,126**
Revenue and loss			
Revenue	-	-	-
Loss before taxation	(28,590,038)	(164,816,376)	(271,621,874)
Loss for year/period	(28,590,038)	(164,816,376)	(271,621,874)
Per share data (kobo)			
Loss per share (Kobo):			
- Basic	(0.07)	(0.38)	(0.62)
Net assets per share (Kobo)			
- Basic	(0.07)	(0.00)	0.38

Note:

Loss per share are based on loss after taxation and the weighted average number of issued and fully paid ordinary shares at the end of each year financial year.

Net assets per share are based on net assets and the number of issued and fully paid ordinary shares at the end of each year financial year.