

**ITNL INTERNATIONAL PTE LIMITED**

**FINANCIAL STATEMENTS**

**2013-14**

**ITNL INTERNATIONAL PTE. LTD.**

**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS**

**C O N T E N T S**

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## ITNL INTERNATIONAL PTE. LTD.

### REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the Company for the financial period ended March 31, 2014. There was a change of year end in the current period from December 31 to March 31 to be consistent with the year end of the immediate and ultimate holding companies of the Company.

#### 1 DIRECTORS

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

Mr. Arun Kumar Saha  
Mr. Ramchand Karunakaran  
Mr. Teh Kwang Hwee  
Mr. Mukund Gajanan Sapre (Appointed with effect from March 1, 2013)  
Mr. Harish Mathur (Appointed with effect from August 2, 2013)  
Mr. Deep Sen (Appointed with effect from May 2, 2014)

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

Neither at the end of the year nor at any time during the financial period did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

#### 3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company have been exempted by the Accounting and Corporate Regulatory Authority ("ACRA") from the requirements to disclose their interest in shares and debentures in the Company and related corporations in this report with reference to the email dated June 4, 2014 from the 'ACRA Officer' and Company Transaction No. C140244068. The exemption order is subject to annual renewal upon application. Full detailed information regarding directors' interest can be obtained in the register of directors' shareholdings in accordance with Section 164 of the Singapore Companies Act.

#### 4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

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

ITNL INTERNATIONAL PTE.LTD.

REPORT OF THE DIRECTORS

5 SHARE OPTIONS

(a) *Option to take up unissued shares*

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

(b) *Options exercised*

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

(c) *Unissued shares under option*

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

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS



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Singapore  
Date:

ITNL INTERNATIONAL PTE.LTD.

**STATEMENT OF DIRECTORS**

In the opinion of the directors, the accompanying financial statements set out on page 6 to 38 are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the results, changes in equity and cash flows of the Company for the financial period from January 1, 2013 to March 31, 2014 and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

  
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x  


  
.....

Singapore  
Date:

## INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ITNL INTERNATIONAL PTE. LTD.

### Report on the Financial Statements

We have audited the accompanying financial statements of ITNL International Pte. Ltd. (the "Company") which comprise the statement of financial position of the Company as at March 31, 2014 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the period from January 1, 2013 to March 31, 2014, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 38.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# Deloitte.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ITNL INTERNATIONAL PTE. LTD.

### Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the results, changes in equity and cash flows of the Company for the financial period from January 1, 2013 to March 31, 2014.

### Report on Other Legal and Regulatory Requirements

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

*Deloitte & Touche LLP*

Public Accountants and  
Chartered Accountants  
Singapore

Date:

ITNL INTERNATIONAL PTE. LTD.

STATEMENT OF FINANCIAL POSITION  
As at March 31, 2014

	<u>Note</u>	<u>March 31, 2014</u> US\$	<u>December 31, 2012</u> US\$
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash and cash equivalents	6	774,321	6,501,559
Trade and other receivables	7	8,851,199	1,637,141
<b>Total current assets</b>		<b>9,625,520</b>	<b>8,138,700</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	3,139	1,858
Associate	9	19,665,186	19,665,186
Jointly controlled entity	10	168,063,746	168,063,746
Subsidiaries	11	6,532,103	1,504,105
Loan to associate	12	3,434,974	3,297,922
Loan to subsidiary	12	204,137	-
Available-for-sale investment	13	75,220	75,220
Restricted cash	6	1,320,000	1,320,000
<b>Total non-current assets</b>		<b>199,298,505</b>	<b>193,928,037</b>
<b>Total assets</b>		<b>208,924,025</b>	<b>202,066,737</b>
<b><u>LIABILITIES AND NET EQUITY</u></b>			
<b>Current liabilities</b>			
Borrowings	14	-	4,500,000
Trade and other payables	15	2,499,378	3,374,613
Income tax payable		4,456	9,157
<b>Total current liabilities</b>		<b>2,503,834</b>	<b>7,883,770</b>
<b>Non-current liability</b>			
Borrowings	16	185,302,693	178,623,941
<b>Total non-current liability</b>		<b>185,302,693</b>	<b>178,623,941</b>
<b>Capital and accumulated losses</b>			
Share capital	17	48,050,001	36,050,001
Share application money		1,000,000	-
Deemed capital contribution	9	726,961	726,961
Accumulated losses		(28,659,464)	(21,217,936)
<b>Net equity</b>		<b>21,117,498</b>	<b>15,559,026</b>
<b>Total liabilities and net equity</b>		<b>208,924,025</b>	<b>202,066,737</b>

See accompanying notes to financial statements.



ITNL INTERNATIONAL PTE. LTD.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the fifteen month period ended March 31, 2014**

	<u>Note</u>	<u>Financial period</u> <u>from January 1,</u> <u>2013 to March 31,</u> <u>2014</u> <u>US\$</u>	<u>Financial period</u> <u>from January 1,</u> <u>2012 to</u> <u>December 31, 2012</u> <u>US\$</u>
<b>Revenue</b>	18	15,241,674	1,085,921
Foreign exchange gain		206,321	65,682
Other expenses	19	(1,374,268)	(994,240)
Finance costs	20	(20,757,855)	(15,365,567)
<b>Loss before income tax</b>		<hr style="width: 100%; border: 0.5px solid black;"/> (6,684,128)	<hr style="width: 100%; border: 0.5px solid black;"/> (15,208,204)
Income tax	21	(757,400)	(24,498)
<b>Loss for the period/year representing total comprehensive loss for the period/year</b>		<hr style="width: 100%; border: 0.5px solid black;"/> <b>(7,441,528)</b>	<hr style="width: 100%; border: 0.5px solid black;"/> <b>(15,232,702)</b>

See accompanying notes to financial statements.

ITNL INTERNATIONAL PTE. LTD.

**STATEMENT OF CHANGES IN EQUITY**  
**For the fifteen month period ended March 31, 2014**

	<u>Share capital</u> US\$	<u>Share application money</u> US\$	<u>Deemed capital contribution</u> US\$	<u>Accumulated losses</u> US\$	<u>Total</u> US\$
Balance at January 1, 2012	28,050,001	-	726,961	(5,985,234)	<b>22,791,728</b>
Total comprehensive loss for the Year	-	-	-	(15,232,702)	<b>(15,232,702)</b>
<b>Transactions with owners, recognised directly in equity</b>					
Shares issued/allotted during the Year	8,000,000	-	-	-	<b>8,000,000</b>
<b>Balance at December 31, 2012</b>	<b>36,050,001</b>	<b>-</b>	<b>726,961</b>	<b>(21,217,936)</b>	<b>15,559,026</b>
Total comprehensive loss for the Period	-	-	-	(7,441,528)	<b>(7,441,528)</b>
<b>Transactions with owners, recognised directly in equity</b>					
Shares issued/allotted during the Period	12,000,000	-	-	-	<b>12,000,000</b>
Share application money <sup>^</sup>	-	1,000,000	-	-	<b>1,000,000</b>
<b>Total</b>	<b>12,000,000</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>13,000,000</b>
<b>Balance at March 31, 2014</b>	<b>48,050,001</b>	<b>1,000,000</b>	<b>726,961</b>	<b>(28,659,464)</b>	<b>21,117,498</b>

<sup>^</sup> Money received to issue shares but shares have yet to be issued due to certain application procedures not completed.

See accompanying notes to financial statements.

ITNL INTERNATIONAL PTE. LTD.

**STATEMENT OF CASH FLOWS**  
**Fifteen month period ended March 31, 2014**

	<u>Financial period from</u> <u>January 1, 2013</u> <u>to March 31,</u> <u>2014</u> US\$	<u>Financial period</u> <u>from January 1,</u> <u>2012 to</u> <u>December 31,</u> <u>2012</u> US\$
<b>Operating activities</b>		
Loss before income tax	(6,684,128)	(15,208,204)
<b>Adjustments for:</b>		
Depreciation	967	224
Dividend income	(13,854,417)	-
Interest income	(83,635)	(98,879)
Excess provision written back	(6,906)	(96,324)
Finance costs	20,757,855	15,365,567
Unrealised foreign exchange gain	(137,052)	(65,871)
Operating cash flows before movements in working capital	(7,316)	(103,487)
Trade and other receivables	1,276,852	(1,072,989)
Trade and other payables	(761,492)	196,822
Income taxes paid	(108,721)	-
<b>Net cash from/(used in) operating activities</b>	<b>399,323</b>	<b>(979,654)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(2,248)	(2,083)
Dividend received	5,365,208	1,479,824
Loan to associate	(204,137)	-
Acquisition of subsidiary	(5,027,998)	(1,504,105)
Interest received	81,934	107,898
Taxes paid on dividend received	(653,380)	(15,341)
<b>Net cash (used in)/from investing activities</b>	<b>(440,621)</b>	<b>66,193</b>

ITNL INTERNATIONAL PTE. LTD.

**STATEMENT OF CASH FLOWS**  
**Fifteen month period ended March 31, 2014**

	<u>Financial period from</u> <u>January 1, 2013</u> <u>to March 31,</u> <u>2014</u> US\$	<u>Financial period</u> <u>from January 1,</u> <u>2012 to</u> <u>December 31,</u> <u>2012</u> US\$
<b>Financing activities</b>		
Share application money	1,000,000	-
Issue of shares	7,500,000	-
Loans repaid to banks	-	(140,000,000)
Loans from banks	-	90,000,000
Loan received from immediate holding company	-	10,500,000
Loan received from fellow subsidiary	-	89,000,000
Loan repaid to immediate holding company	-	(31,000,000)
Finance costs paid	(14,185,940)	(21,428,967)
Movement in bank balances held as margin money or as security against borrowing	-	535,000
<b>Net cash used in financing activities</b>	<b>(5,685,940)</b>	<b>(2,393,967)</b>
Net decrease in cash and cash equivalents	(5,727,238)	(3,307,428)
Cash and cash equivalents at the beginning of the period/year	6,501,559	9,808,987
<b>Cash and cash equivalents at the end of the period/year</b>	<b>774,321</b>	<b>6,501,559</b>

Note:

During the current period, loans from immediate holding company aggregating US\$4,500,000 (2012: US\$8,000,000) were converted into 4,500,000 equity shares (2012: 8,000,000) and were allotted to the immediate holding company. The effect of this has not been given in the statement of cash flows.

See accompanying notes to financial statements.

## ITNL INTERNATIONAL PTE. LTD.

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 1 GENERAL

The Company (Registration No. 200818474G) is incorporated in the Republic of Singapore with its registered office and principal place of business at 8, Marina Boulevard, #05-02 Marina Bay Financial Centre, Singapore 018981. The financial statements are expressed in United States Dollars (the functional currency).

The principal activity of the Company is that of investment holding.

The financial statements of the Company for the period from January 1, 2013 to March 31, 2014 were authorised for issue by the Board of Directors on June 30, 2014.

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** – The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (“FRS”).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**ITNL INTERNATIONAL PTE. LTD.**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2014**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**ADOPTION OF NEW AND REVISED STANDARDS** - On January 1, 2013, the Company adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

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

**CONSOLIDATION** - The Company has not prepared consolidated financial statements as the Company is a wholly owned subsidiary, and its immediate holding company has been informed and does not object to the Company not preparing the consolidated financial statements. The immediate holding company produces consolidated financial statements for public use. The registered address of the immediate holding company is The IL&FS Financial Centre, Plot C-22, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai-400 051, India.

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest rate basis for debt instruments.

**Financial assets**

Financial assets comprise cash and cash equivalents, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

ITNL INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Available-for-sale financial assets

Investment made in equity shares of a company (other than associate and jointly controlled entity) is classified as available-for-sale and stated at fair value. Fair value is determined in the manner described in Note 13. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to statement of profit or loss and other comprehensive income.

Loans and other receivables

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

Impairment of financial assets

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss. If in the subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income. In respect of available-for-sale debt instruments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

De-recognition of financial assets

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

**Financial liabilities and equity instruments**

Classification as debt or equity

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



ITNL INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Equity instruments

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

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term payables when the recognition of interest would be immaterial.

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

De-recognition of financial liabilities

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

ASSOCIATE – An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investment in associate are accounted at cost less accumulated impairment losses.

The investment in associate is not accounted using the equity method as the Company is a wholly owned subsidiary, and its immediate holding company has been informed and does not object to the Company not applying the equity method. The immediate holding company produce consolidated financial statements for public use.

The investment in associate is stated at cost less any impairment in net recoverable value that has been recognised in profit or loss.

**ITNL INTERNATIONAL PTE. LTD.**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2014**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**JOINTLY CONTROLLED ENTITY** - A jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest. The entity operates in the same way as other entities, except that a contractual arrangement between the venturers establishes joint control over the economic activity of the entity.

The investment in the jointly controlled entity is not consolidated in the Company's financial statements as the Company does not produce consolidated financial statements. The immediate holding company produces consolidated financial statements for public use and the jointly controlled entity is consolidated using the proportionate method at this level.

Investment in jointly controlled entity has been stated at cost less any impairment in net recoverable value that has been recognised in profit or loss.

**SUBSIDIARIES** – A subsidiary is an entity over which the Company has control over the financial and operating policy decisions. Investment in subsidiaries are stated at cost less any impairment in net recoverable value that has been recognised in profit or loss.

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

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

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

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

ITNL INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY, PLANT AND EQUIPMENT – Computer hardware is stated 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, on the following basis:

Computer hardware – 25%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

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

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

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

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

Project management fees

Project Management fees are recognised on an annual basis based on the Project Management Agreement entered with the parties.

ITNL INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Interest income

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

Dividend income

Dividend income from investments is recognised when the Company's right to receive payment has been established.

**BORROWING COSTS** - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Expenses incidental to the arrangement of borrowings are amortised on straight line basis over the period of related borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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

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

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2014**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

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

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

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(i) *Critical judgments in applying the Company's accounting policies*

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

(ii) *Key sources of estimation uncertainty*

The key assumptions made concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below:

Determination of impairment losses on investment in associate (which is also a fellow subsidiary)

Determining whether the Company's investment in associate (which is also a fellow subsidiary) is impaired requires an estimation of the value in use of the investment in associate (which is also a fellow subsidiary). The value in use calculation requires the Company to estimate the future cash flow expected from the investment in associate (which is also a fellow subsidiary) or its cash-generating units as well as to estimate an appropriate discount rate in order to calculate the present value of the future cash flow. The Management is of the view that there is no impairment to be recognised in respect of the Company's investment in associate (which is also a fellow subsidiary). The carrying amounts of the investment in associate (which is also a fellow subsidiary) are disclosed in Note 9 to the financial statements.

The Company prepares cash flow forecasts derived from the most recent financial budgets for the next five years. The rate used to discount the cash flows is 9.66% (2012: 7.59%) based on an estimated growth rate of 2.0% (2012: 3.0%)

ITNL INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

As at March 31, 2014, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts.

Determination of Impairment losses on jointly controlled entity

Determining whether the Company's investment in jointly controlled entity is impaired requires an estimation of the value in use of the investment in jointly controlled entity. The value in use calculation requires the Company to estimate the future cash flow expected from the investment in jointly controlled entity or its cash-generating units as well as to estimate an appropriate discount rate in order to calculate the present value of the future cash flow. The Management is of the view that there is no impairment to be recognised in respect of the Company's investments in jointly controlled entity. The carrying amounts of the investment in jointly controlled entity is disclosed in Note 10 to the financial statements.

The Company prepares cash flow forecasts derived from the most recent board approved financial budgets of the jointly controlled entity. The rate used to discount the cash flows is 13% (2012 : 13%) based on a growth rate of nil (2012: nil).

As at March 31, 2014, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments:*

	Financial period from January 1, 2013 to March 31, <u>2014</u> US\$	Financial period from January 1, to December 31, <u>2012</u> US\$
<b>Financial assets</b>		
Loans and receivables (including cash and cash equivalents and restricted cash)	14,517,704	12,158,508
Available-for-sale investment	<u>75,220</u>	<u>75,220</u>
<b>Financial liabilities (amortised cost)</b>		
Borrowings	185,302,693	183,123,941
Trade and other payables	<u>2,499,378</u>	<u>3,374,613</u>

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT  
(cont'd)

(b) *Financial risk management policies and objectives*

The Board of Directors provide principles for overall financial risk management and written policies covering specific areas, such as credit risk, liquidity risk and investing excess cash. Such written policies are reviewed annually by the Directors and periodic reviews are undertaken to ensure that the Company's policy guidelines are complied with.

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

(i) Credit risk management

Credit risk refers to the risk that debtors will default on its contractual obligations resulting in a financial loss to the Company.

As at March 31, 2014, one party accounted for 96% of trade and other receivables. There was no concentration of credit risk in 2012.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses represents the company's maximum exposure to credit risk.

The credit risk on cash and bank balances is limited as they are held with creditworthy institutions.

(ii) Foreign currency risk management

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

The Company is exposed to currency fluctuation between the United States Dollar against the Singapore Dollar, Chinese Yuan, Euro, Indian Rupees, AED and Sterling Pounds. It has not hedged such foreign currency exposures in the current year.



ITNL INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS  
March 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT  
(cont'd)

	<u>Liabilities</u>		<u>Assets</u>	
	<u>2014</u> US\$	<u>2012</u> US\$	<u>2014</u> US\$	<u>2012</u> US\$
Singapore dollars	-	1,020,150	4,014	-
Chinese Yuan	-	-	7,566,828	896,515
Euro	-	-	4,236,678	3,310,431
Indian Rupees	199,197	483,233	-	-
AED	-	-	204,137	-
Sterling Pounds	61,505	1,618	-	-

*Foreign Currency Sensitivity*

The following table details the Company's sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the

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

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

	<b>Financial period from January 1, 2013 to March 31, <u>2014</u> US\$</b>	<b>Financial period from January 1, to December 31, <u>2012</u> US\$</b>
<b><u>Impact on Profit/(Loss) because of change in</u></b>		
Singapore Dollar	401	(102,015)
Euro	423,668	331,043
Chinese Yuan	756,638	89,651
Indian Rupee	-	(48,323)
Sterling Pound	(6,151)	(162)
AED	20,414	-

ITNL INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS  
March 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT  
(cont'd)

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

	Financial period from January 1, 2013 to March 31, <u>2014</u> US\$	Financial period from January 1, to December 31, <u>2012</u> US\$
<b><u>Impact on Profit/(Loss) because of change in</u></b>		
Singapore Dollar	(401)	102,015
Euro	(423,668)	(331,043)
Chinese Yuan	(756,638)	(89,651)
Indian Rupee	-	48,323
Sterling Pound	6,151	162
AED	(20,414)	-

(iii) Interest rate risk management

Interest rate risk refers to the risk of adverse impact on the Company due to fluctuation in interest rates. Summary quantitative data of the Company's interest bearing financial assets and liabilities can be found in Notes 12 and 14 to the financial statements. The company lends and borrows at variable rates which are based on Euribor / Libor plus an additional spread.

A 10% increase or decrease in receipts / payments is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

ITNL INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS  
March 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT  
(cont'd)

If the relevant interest receipts / payments increase by 10%, the profit or loss impact will be:

	<b>Financial period from January 1, 2013 to March 31, 2014 US\$</b>	<b>Financial period from January 1, to December 31, 2012 US\$</b>		
	<b><u>Impact on interest income</u></b>	<b><u>Impact on interest expense</u></b>	<b><u>Impact on interest income</u></b>	<b><u>Impact on interest expense</u></b>
Increase (Decrease)	<u>8,364</u>	<u>(545,210)</u>	<u>8,074</u>	<u>(7,661)</u>

(iv) If the relevant interest receipts/payments decrease by 10%, the profit or loss impact will be:

	<b>Financial period from January 1, 2013 to March 31, 2014 US\$</b>	<b>Financial period from January 1, to December 31, 2012 US\$</b>		
	<b><u>Impact on interest income</u></b>	<b><u>Impact on interest expense</u></b>	<b><u>Impact on interest income</u></b>	<b><u>Impact on interest expense</u></b>
Increase (Decrease)	<u>(8,364)</u>	<u>545,210</u>	<u>(8,074)</u>	<u>7,661</u>

ITNL INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS  
March 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT  
(cont'd)

(v) Liquidity risk management

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

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	US\$	US\$	US\$	US\$	US\$
<b>2014</b>						
Loans and receivables (including cash and cash equivalents and restricted cash)	-	9,558,593	3,839,111	1,320,000	-	14,517,704
Available-for-sale investment	-	-	-	75,220	-	75,220
Borrowings from banks	7.42% to 8.07%	-	22,500,000	67,500,000	-1,450,552	88,549,448
Borrowings from fellow subsidiary	10.88%	7,753,246	95,480,000	-	-6,480,000	96,753,246
Trade and other payables	-	2,499,378	-	-	-	2,499,378
<b>2012</b>						
Loans and receivables (including cash and cash equivalents and restricted cash)	-	7,540,586	3,297,922	1,320,000	-	12,158,508
Available-for-sale investment	-	-	-	75,220	-	75,220
Borrowings from banks	7.49% to 8.15%	-	13,500,000	76,500,000	-804,124	89,195,876
Borrowings from fellow subsidiary	6.74%	-	89,000,00	-	428,065	89,428,065
Borrowings from immediate holding company	3.94%	4,500,000	-	-	-	4,500,000
Trade and other payables	-	3,374,613	-	-	-	3,374,613

ITNL INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT  
(cont'd)

(vi) Fair value risk management

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

The carrying amounts of financial assets approximate their respective fair values due to the relatively short-term maturity of these financial instruments, other than disclosed in Note 12 to the financial statements.

(vii) Fair value of available-for-sale financial assets

The available-for-sale investment in an unquoted entity is carried at cost less allowance for impairment loss, as management is of the view that its fair value approximates the cost.

(c) *Capital risk management policies and objectives*

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern. The capital structure of the Company consists of debt, which includes borrowing disclosed in Notes 14 and 16, and issued capital. The Company's overall strategy remains unchanged from 2012.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

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

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

ITNL INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS  
March 31, 2014

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS (cont'd)

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

	Financial period from January 1, 2013 to March 31, <u>2014</u> US\$	Financial period from January 1, to December 31, <u>2012</u> US\$
Project management fees from jointly controlled entity	1,296,716	890,718
Interest expense on loan from fellow subsidiary	12,128,073	4,017,325
Arrangement fees incurred on borrowings and payable at the year-end to associate	-	1,007,472
Guarantee fees	4,041,004	3,123,836
Interest income on loan given to subsidiary	411	-
Interest income on loan given to associate (which is also a fellow subsidiary)	83,224	98,879
Travelling expenses (payable at the year-end) to associate	<u>61,505</u>	<u>78,999</u>

6 CASH AND CASH EQUIVALENTS

	March 31, <u>2014</u> US\$	December 31, <u>2012</u> US\$
Cash on hand	4,312	189
Cash at bank	<u>770,009</u>	<u>6,501,370</u>
	<u>774,321</u>	<u>6,501,559</u>

All the cash and cash equivalent approximate their fair values.

ITNL INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS  
March 31, 2014

RESTRICTED CASH

	<b>March 31, 2014 US\$</b>	<b>December 31, 2012 US\$</b>
Balance in Debt Service Reserve Account with bank	<u>1,320,000</u>	<u>1,320,000</u>

This balance refers to the amount in a bank account as a security towards payment of the interest on loans taken from banks which is to be kept as per the terms of the borrowings and are outstanding for more than one year hence considered as non-current (Notes 14 and 16).

7 TRADE AND OTHER RECEIVABLES

	<b>March 31, 2014 US\$</b>	<b>December 31, 2012 US\$</b>
Interest receivable on loan given to associate (which is also a fellow subsidiary)	14,877	13,176
Advance recoverable in cash	31,355	136,010
Trade receivables from jointly controlled entity	248,831	889,841
Prepaid expenses	66,927	598,114
Dividend receivable from jointly controlled entity	7,702,382	-
Dividend receivable from associate (which is also a fellow subsidiary)	<u>786,827</u>	<u>-</u>
	<u>8,851,199</u>	<u>1,637,141</u>

All these amounts are unsecured and are expected to be received within one year.

There are no trade and other receivables that are past due or impaired at the end of the reporting period. Management believes that trade receivables are neither past due nor impaired and are with creditworthy counterparties.

ITNL INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS  
March 31, 2014

8 PROPERTY, PLANT AND EQUIPMENT

	<u>Computer hardware</u> US\$
Cost:	
At January 1, 2012	-
Additions	<u>2,082</u>
At December 31, 2012	<u>2,082</u>
Additions	<u>2,248</u>
At March 31, 2014	<u>4,330</u>
Accumulated depreciation:	
At January 1, 2012	-
Depreciation for the year	<u>225</u>
At December 31, 2012	<u>225</u>
Depreciation for the period	<u>967</u>
At March 31, 2014	<u>1,191</u>
Carrying amount:	
At March 31, 2014	<u>3,139</u>
At December 31, 2012	<u>1,858</u>

9 ASSOCIATE (WHICH IS ALSO A FELLOW SUBSIDIARY)

	<u>March 31, 2014</u> US\$	<u>December 31, 2012</u> US\$
Unquoted equity shares, at cost <sup>(a)</sup>	<u>19,665,186</u>	<u>19,665,186</u>

(a) The Company entered into a Stock Purchase Agreement ("SPA") dated September 24, 2008 with ILFS Maritime Offshore Pte. Ltd. ("IMOPL"), a related company, to purchase the shares of Elsamex S.A. for a total consideration of US\$18,938,225. Further, the immediate holding company, IL&FS Transportation Networks Limited, had incurred due diligence costs of US\$726,961 on behalf of the Company which the immediate holding company had absorbed and accordingly, the same is treated as deemed capital contribution from the holding company with a corresponding increase in the carrying value of investments held in Elsamex S.A. by the Company.



ITNL INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS  
March 31, 2014

9 ASSOCIATE (WHICH IS ALSO A FELLOW SUBSIDIARY) (cont'd)

Details of the Company's associate (which is also a fellow subsidiary) as at March 31, 2014 and December 31, 2012 is as follows:

<u>Name of associate</u>	<u>Country of incorporation and operation</u>	<u>Proportion of ownership interest</u>	<u>Principal activities</u>
Elsamex S.A.	Spain	22.61%	Operation and maintenance of roads and gas stations

10 JOINTLY CONTROLLED ENTITY

	<b>March 31, <u>2014</u> US\$</b>	<b>December 31, <u>2012</u> US\$</b>
Unquoted equity shares, at cost	<u>168,063,746</u>	<u>168,063,746</u>

The company has acquired 77,166 equity shares (representing 49% stake) in Chongqing Yuhe Expressway Co. Ltd. (a company incorporated in the People's Republic of China) vide a share purchase agreement dated December 9, 2011 for a total purchase consideration of US\$160,843,478. Further, the Company has also incurred incidental cost of US\$ 9,250,000 and the Company is also entitled to reimbursement of transaction costs to the extent of US\$549,908. The Company also has entered into a Joint Venture Contract dated December 9, 2011 with Chongqing Expressway Group Company Limited (the other shareholder of Chongqing Yuhe Expressway Co. Ltd. owning 51% stake). Thus, this investee company has been classified as a Jointly Controlled Entity (JCE).

ITNL INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS  
March 31, 2014

10 JOINTLY CONTROLLED ENTITY (cont'd)

A detail of the Company's jointly controlled entity as at March 31, 2014 and December 31, 2012 is as follows:

<u>Name</u>	<u>Country of incorporation and operation</u>	<u>Proportion of ownership interest</u>	<u>Principal activities</u>
Chongqing Yuhe Expressway Co. Ltd.	People's Republic of China	49.00%	Operation and maintenance of a road project

11 SUBSIDIARIES

	<u>March 31, 2014</u> <u>US\$</u>	<u>December 31, 2012</u> <u>US\$</u>
Unquoted equity shares, at cost <sup>(a)</sup>	<u>6,532,103</u>	<u>1,504,105</u>

- (a) The Company made a further investment in Dubai, U.A.E in the current period and formed a 100% subsidiary called ITNL International JLT. The subsidiary has been formed to look for business opportunities in Surface Transportation Sector in Middle East Asia.
- (b) In the current period, the Company made investment in Nigeria, Africa and formed 99.50% subsidiary called ITNL Africa Projects Limited. The subsidiary has been formed to look for business opportunities in Surface Transportation Sector in Africa.
- (c) In the current period, the Company made investment in USA and formed 100% subsidiary called IIPPL USA LLC. The subsidiary has been formed to look for business opportunities in Surface Transportation Sector in USA.
- (d) In the current period, the Company made investment in UAE and formed 49% subsidiary called SGSC LLC. The subsidiary has been formed to look for business opportunities in Surface Transportation Sector in Middle East Asia. The Company shares 70% of the losses incurred by SGSC LLC and remaining loss will be borne by other shareholders. The Company has control over the Board of Directors of SGSC LLC.

ITNL INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

12 LOANS

	March 31, <u>2014</u> US\$	December 31, <u>2012</u> US\$
Loan given to associate (which is also a fellow subsidiary)	3,434,974	3,297,922
Loan given to subsidiary	<u>204,137</u>	<u>-</u>
	<u>3,639,111</u>	<u>3,297,922</u>

The long term loan of US\$3,434,974 (2012 : US\$3,297,922 ) is unsecured, repayable on demand in 2019 after five years from the value date and carries a market rate based on Euribor plus a fixed spread of 1.75% per annum.

The long term loan of US\$204,137 (2012 : US\$ Nil ) is unsecured, repayable on demand in 2017 after three years from the value date and carries a fixed rate of 3.50% per annum.

This loan to associate and subsidiary have been carried at amortised as its fair value.

14 AVAILABLE-FOR-SALE INVESTMENT

	March 31, <u>2014</u> US\$	December 31, <u>2012</u> US\$
Other investment in equity shares <sup>(a)</sup>	<u>75,220</u>	<u>75,220</u>

<sup>(a)</sup> In 2011, the Company had made an advance towards investment in Airport Holdings Australasia Pte. Limited ( "AHA"). AHA was incorporated in the Republic of Singapore on June 17, 2010, with a share capital of SGD 250,000, with an objective of acquiring interests in airport and heliport projects in the foreseeable future either directly or through acquisition of existing companies having similar interests. The above advance was converted into investments during the previous year. The Company has made a 40% investment in AHA.

The Company does not exercise any control or significant influence on the decisions affecting the business of AHA.

This available-for-sale investment has been carried at cost less allowance for impairment loss as its fair value approximates the cost since the investee company has not commenced commercial operations and there are no projects in hand as at March 31, 2014.

ITNL INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS  
March 31, 2014

14 BORROWINGS (CURRENT)

	March 31, <u>2014</u> US\$	December 31, <u>2012</u> US\$
Loan from immediate holding company (Unsecured) <sup>(a)</sup>	<u>          </u>	<u>4,500,000</u>

(a) The rate of interest on this loan was linked to Libor plus an additional spread. The loan was repayable at the end of six months (Bullet repayment). During the financial period, this loan has been converted to equity in the Company (Note 17).

15 TRADE AND OTHER PAYABLES

	March 31, <u>2014</u> US\$	December 31, <u>2012</u> US\$
Guarantee fees payables to immediate holding company	199,198	404,234
Guarantee fees payables to a fellow subsidiary	2,090,836	2,636,181
Other payables	61,505	48,043
Interest accrued and due to immediate holding company	-	81,926
Interest accrued but not due on borrowings to immediate holding company	-	24,911
Accrued expenses	28,950	97,316
Other liabilities	<u>118,888</u>	<u>82,002</u>
	<u>2,499,378</u>	<u>3,374,613</u>

Other payables refer to amounts payable towards syndication fees.

Accrued expenses comprise amounts outstanding for audit fees, legal and professional expenses and travelling expenses.

ITNL INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS  
March 31, 2014

16 BORROWINGS (NON CURRENT)

	March 31, <u>2014</u> US\$	December 31, <u>2012</u> US\$
Loans from banks (Secured) <sup>(a)</sup>	88,549,447	89,195,876
Loan from fellow subsidiary (Unsecured) <sup>(b)</sup>	<u>96,753,246</u>	<u>89,428,065</u>
	<u>185,302,693</u>	<u>178,623,941</u>

(a) The loans from banks are secured against the pledge of shares in joint controlled entity and counter guarantee given by the immediate holding company. The rate of interest on these loans are linked to LIBOR plus an additional spread of 5.35% per annum. The loans are repayable over 5 years from December 2015.

(b) The Company has taken the unsecured loan of US\$89,000,000 on May 2, 2012 for a period of 3 years. The loan carries an interest rate of 6.75% fixed per annum. Amount of US\$7,753,246 (2012: US\$428,065), which represents all interest and upfront fees on the loan, is included in the loan from fellow subsidiary.

17 SHARE CAPITAL

	March 31, <u>2014</u>		December 31, <u>2012</u>	
	Number of ordinary shares	US\$	Number of ordinary shares	US\$
<u>Issued and fully paid:</u>				
At the beginning of period/year	36,050,001	36,050,001	28,050,001	28,050,001
Issued during the period/year	<u>12,000,000</u>	<u>12,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>
At the end of period/year	<u>48,050,001</u>	<u>48,050,001</u>	<u>36,050,001</u>	<u>36,050,001</u>

During the year, loans from immediate holding company aggregating US\$4,500,000 were converted into 4,500,000 equity shares.

In 2012, US\$8,000,000 were converted into 8,000,000 equity shares on account of conversion of borrowings from the immediate holding company.

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

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18 REVENUE

	Financial period from January 1, 2013 to March 31, <u>2014</u> US\$	Financial period from January 1, to December 31, <u>2012</u> US\$
Dividend income from associate (which is also a fellow subsidiary)	786,827	-
Dividend income from jointly controlled entity	13,067,590	-
Project management fees	1,296,716	890,718
Interest income on loan given to associate (which is also a fellow subsidiary)	83,224	98,879
Excess provision written back	6,906	96,324
Interest income on loan given to subsidiary	<u>411</u>	<u>-</u>
	<u>15,241,674</u>	<u>1,085,921</u>

19 OTHER EXPENSES

	Financial period from January 1, 2013 to March 31, <u>2014</u> US\$	Financial period from January 1, to December 31, <u>2012</u> US\$
Employee costs	114,428	133,869
Director fees	12,637	1,965
Bank charges	16,095	26,826
Legal and professional fee	534,915	587,286
Audit fees	31,130	23,068
Travelling expenses	227,896	200,864
Depreciation	967	224
Business tax paid in China	122,486	-
Tender fees	242,000	-
Syndication fees	24,464	-
Rental expense	24,115	-
Others	<u>23,135</u>	<u>20,138</u>
	<u>1,374,268</u>	<u>994,240</u>

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20 FINANCE COSTS

	Financial period from January 1, 2013 to March 31, <u>2014</u> US\$	Financial period from January 1, to December 31, <u>2012</u> US\$
Interest on loan from fellow subsidiary	12,128,073	4,017,325
Interest on bank loans	4,588,778	2,507,728
Guarantee fees	4,041,004	3,123,836
Financial cost on financial liabilities	-	4,113,201
Amortisation of borrowing costs	-	1,603,477
	<u>20,757,855</u>	<u>15,365,567</u>

21 INCOME TAX

	Financial period from January 1, 2013 to March 31, <u>2014</u> US\$	Financial period from January 1, to December 31, <u>2012</u> US\$
Current tax	<u>757,400</u>	<u>24,498</u>

Domestic income tax on income earned as per Singapore tax law is calculated at 17% (2012 : 17%).

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21 INCOME TAX (cont'd)

The total charge for the period/year can be reconciled to the accounting loss as follows:

	Financial period from January 1, 2013 to March 31, <u>2014</u> US\$	Financial period from January 1, to December 31, <u>2012</u> US\$
Loss before income tax for the period/year	<u>6,684,128</u>	<u>15,208,204</u>
Income tax benefit calculated at 17%	(1,136,302)	(2,585,395)
Effect of taxable losses not available for relief against future taxable income	3,545,659	2,612,146
Effect of capital allowance on property, plant and equipment	(1,528)	(354)
Effect of tax exempt income	(2,381,537)	(13,540)
Effect of prior year's interest received in current year /period	2,240	-
Effect of tax rebates	(1,909)	(3,857)
Effect of Double tax relief	(22,167)	-
Effect of foreign exchange differences	-	157
Income tax expenses	<u>4,456</u>	<u>9,157</u>
Withholding tax expenses	<u>752,944</u>	<u>15,341</u>
Income tax expense recognised in profit or loss	<u>757,400</u>	<u>24,498</u>

22. COMPARATIVE FIGURES

Previous year figures are not comparable with current period since the current period is for the period of fifteen months from January 1, 2013 to March 31, 2014 whereas previous year period is for 12 months from January 1, 2012 to December 31, 2012. The year end of the Company was changed to be consistent with that of the immediate and ultimate holding companies.