

Antenea Seguridad Y Medico
Ambiente S.A.

Annual Report

2010

Audit of the Component's Financial Information Clearance Memorandum

From: BERNARDO TAHOCES ACEBO
Date: May 31, 2011
Subject: Atenea Seguridad y Medio Ambiente S.A's Financial Information for the year ended December 31, 2010

We have audited the financial information comprising the Balance Sheet as at December 31, 2010, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date included in the accompanying reporting package of Atenea Seguridad y Medio Ambiente S.A. for the year ended December 31, 2010 using the Accounting Policies stipulated by the holding company, IL&FS Transportation Networks Limited, and in accordance with auditing standards generally accepted in India.

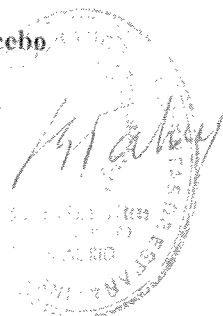
The preparation of the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement is the responsibility Atenea Seguridad y Medio Ambiente S.A's management. As stated therein, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement has been prepared *in accordance with the recognition and measurement criteria as adopted by the Group* for inclusion in the consolidated financial information of IL&FS Transportation Networks Limited (ITNL) and are intended solely for that purpose.

Based on our audit of Atenea Seguridad y Medio Ambiente S.A, and read together with our comments above, in our opinion and according to the information and explanations given to us, we report that the Financial Statements comprising of the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement as at / for the year ended 31 December 2010 has been prepared, in all material respects, in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, other recognised accounting practices and policies stipulated by the Holding Company, IL&FS Transportation Networks Limited (ITNL) and that the amounts contained in the Financial Statements are appropriate for inclusion in the consolidated financial ITNL as at / for the year ended 31 December 2010..

This communication is provided to you solely for the information and use in the consolidated financial statements of ITNL Group for the year ended December 31, 2010. It should not be distributed to anyone in the Group, any of its components, or any other third party.

For Bernardo Tahoces Acebo
 Chartered Accountants
 N° 5625 del R.O.A.C

Bernardo Tahoces Acebo
 Membership no: 5625
 Date: May 31, 2011



Atenea Seguridad y Medio Ambiente, S.A.
 (FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
 BALANCE SHEET AS AT December 31, 2011

	Schedule	Euros	As at December 31, 2010 Euros
SOURCES OF FUNDS			
Shareholders' funds			
Capital	A	130,200	
Reserves and surplus	B	612,800	743,000
Minority interest	Q		-
Preference shares issued by subsidiary to Minority			-
Advance towards capital of subsidiary			-
Loan funds			
Secured			
Unsecured	C	144,491	144,491
Deferred tax liability	R		12,693
			<u>900,184</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block		113,087	
Less: Depreciation	D	110,839	
Net fixed assets			2,248
Capital work in progress			
Goodwill on consolidation			-
Investments	E		-
Receivable under Service Concession Arrangement			-
Deferred Tax Asset	S		1,833
Current assets, loans & advances	F		
Inventories	F1	-	
Sundry debtors	F2	2,184,195	
Cash and bank balances	F3	122,182	
Other current assets	F4	1	
Loans and advances	F5	3,901,467	
		6,207,845	
Less : Current liabilities & provisions			
Current liabilities	G1	5,111,438	
Provisions	G2	200,304	
		5,311,742	
Net current assets			896,103
			<u>900,184</u>
Significant accounting policies	O		
Notes to account	P		0

In terms of our clearance memorandum attached.
 For [Name of audit firm] *B.TAHUES ACABO*
 Chartered Accountants

[Name of partner] *B.Tahues*
 Partner *Bernardo Tahues*

Place: *Madrid*
 Date: *May 31, 2011*

For and on behalf of the Board

[Signature]
 Managing Director

Director

Company Secretary

Atenea Seguridad y Medio Ambiente, S.A.
 (FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
 PROFIT AND LOSS ACCOUNT THE YEAR ENDED DECEMBER 31, 2010

	Schedule	Year ended December 31, 2010 Euros
INCOME		
Income from operations	H	5,068,748
Other Income	I	85,222
Foreign exchange fluctuation (Net)	T	-
		<u>5,153,970</u>
EXPENSES		
Increase / decrease in stock in trade and work in progress		
Consumption of raw materials		
Operating Expenses	J	1,458,741
Employee Cost	K	2,584,490
Administrative and general expenses	L	984,409
Interest and finance charges	M	-
Preliminary expenses written off		-
		<u>5,027,640</u>
PROFIT BEFORE DEPRECIATION AND TAX		126,330
Depreciation	W	14,393
PROFIT BEFORE DIMINUTION AND TAX		<u>111,937</u>
Provision for Diminution in value of investments		-
PROFIT BEFORE TAX		111,937
Provision for tax	N	(30,977)
PROFIT AFTER TAX (BEFORE ADJUSTMENT OF MINORITY INTREST)		<u>80,961</u>
Less: Share of profit transferred to minority interest	V	-
Add: Own share in Associate included as Minority Interest of a Jointly Controlled Entity		-
PROFIT AFTER TAX (AFTER ADJUSTMENT OF MINORITY INTREST)		<u>80,961</u>
Add / Less : Share of Profit / (Loss) of associates		-
PROFIT AFTER TAX		<u>80,961</u>
Balance of profit brought forward		-
Profit available for appropriation		80,961
Appropriations:		
Transfer to general reserve		-
Transfer to debenture redemption reserve		-
Proposed dividend on equity shares		-
Tax on dividend on equity shares		-
Premium on preference shares of subsidiary		-
Tax on dividend and premium on preference shares of subsidiary		-
Balance carried forward		<u>80,961</u>
Basic / Diluted earnings per share (Face value per share Rs. ____)		0

Significant accounting policies
 Notes to account

O
 P

In terms of our clearance memorandum attached.
 For [Name of audit firm]
 Chartered Accountants

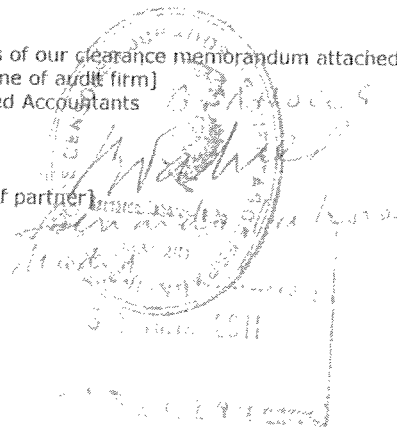
For and on behalf of the Board

[Name of partner]
 Partner

Managing Director

Place:
 Date:

Company Secretary



Atenea Seguridad y Medio Ambiente, S.A.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)

SCHEDULES TO BALANCE SHEET AS AT December 31, 2010

SCHEDULE A : CAPITAL

	As at December 31, 2010 Euros
AUTHORISED	
Issued 2170 equity shares of Euros 60 each	130,200
	<u>130,200</u>
ISSUED, SUBSCRIBED AND PAID-UP	
Suscribed and paid up 2170 equity shares of Euros 60 each fully paid up	130,200
	<u>130,200</u>

Atenea Seguridad y Medio Ambiente, S.A.
 (FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED
 SCHEDULES TO BALANCE SHEET AS AT December 31, 2010)

SCHEDULE B : RESERVES AND SURPLUS

	Euros	As at December 31, 2010 Euros
Securities premium account		
Balance as per last Balance Sheet	-	
Addition during the period	-	
Capital reserve		
Opening balance	-	
Transfer during the period	-	
Capital reserve on consolidation		
Opening balance	-	
Transfer during the period	-	
Other statutory reserves (created through transfer of profits)		
Opening balance	26,040	
Transfer during the period	-	
Debenture redemption reserve		26,040
Opening balance	-	
Addition during the period (post acquisition)	-	
General reserve		
Opening balance	-	
Add : Transfer during the period	-	
Foreign Exchange Fluctuation Reserve (Net of deferred tax asset of Rs. _____)		
Opening balance	-	
Add/(Less): Adjustment during the period (Net)	-	
Cash Flow Hedge Reserve		
Opening balance	-	
Add/(Less): Adjustment during the period (Net)	-	
Balance in Profit and loss account		586,760
Total reserves and surplus		612,800



Atenea Seguridad y Medio Ambiente, S.A.
 (FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS
 SCHEDULES TO BALANCE SHEET AS AT December 31, 2010)

SCHEDULE C : LOAN FUNDS

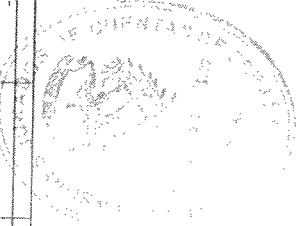
	As at December 31, 2010 Euros
SECURED	
From banks	-
From financial institutions	-
From others	-
Non convertible debentures	-
Deep discount bonds	-
Zero Coupon Bonds	-
Lease Finance	-
Interest accrued and due	-
Total secured loans	<u>-</u>
UNSECURED	
From Bank	
Short term loans	44,491
Other than short term loans	126,500
From Others	
Short term loans	-
Other than short term loans	-
Non-Convertible Debentures	-
Interest accrued and due	-
Total unsecured loans	<u>170,991</u>
Total loan funds	<u><u>170,991</u></u>



Atenea Seguridad y Medio Ambiente, S.A.
 (FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF ILFS TRANSPORTATION NETWORKS LIMITED)
 SCHEDULES TO BALANCE SHEET AS AT December 31, 2010

Schedule D : FIXED ASSETS

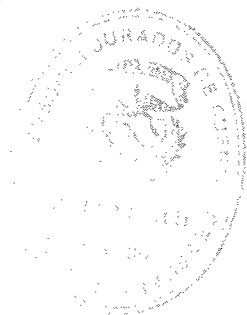
Particulars	Gross Block						Depreciation		Net Block		
	Opening as at 31.12.09	Opening adjustments	Additions	Deletions Reclassifications	Closing as at 31.12.10	Up to 31.12.09	Opening adjustments	For the period	Up to 31.12.10	As at 31.12.10	As at 31.12.09
Tangible Assets											
Land											
Building & Structures											
Roads and bridges											
Vehicles	86,321				86,321			(12,158)	(92,340)	(6,019)	5,975
Data Processing Equipments											
Office Premises											
Office Equipments											
Leasehold Improvements											
Furniture & Fixtures	3,833				3,833	(2,356)		(384)	(2,740)	1,098	1,482
Electrical Installations	1,034		340		1,374	(879)		(47)	(917)	457	55
Plant & Machinery	9,284				9,284	(9,284)			(9,284)		
Advertisement Structure											
Sub Total	100,478		340		100,818	(92,865)		(12,589)	(105,281)	(4,463)	7,612
Leased Assets											
Plant & Machinery											
Electrical Installations											
Vehicles											
Furniture & fixtures	12,269				12,269	(3,753)		(1,865)	(5,558)	6,711	8,516
Building & Structures											
Land											
Sub Total	12,269				12,269	(3,753)		(1,865)	(5,559)	6,711	8,516
Intangible Assets											
Softwares / licenses											
Commercial Rights Acquired											
Right Under Service Concession Arrangements											
Trademarks and Licenses											
Others and R&D Expenses											
Sub Total											
Total fixed assets	112,747		340		113,087	(96,618)		(14,393)	(110,989)	2,248	15,129
<i>Previous year ended December 31, 2010</i>											



Atenea Seguridad y Medio Ambiente, S.A.
 (FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
 SCHEDULES TO BALANCE SHEET AS AT December 31, 2010

SCHEDULE E : INVESTMENTS

	As at December 31, 2010 Euros
Investments in associates	
Less: Unrealised gain on transactions between the Company and its associates	
Add: Post-acquisition share of profit/ (loss) of associates	
Add: Post-acquisition share of movement in the capital reserves of an associate	
Less: Cash flow Hedge Reserve	
	-
<u>Long term investments</u>	
Unquoted equity shares (fully paid up)	-
Other investments	-
Sub total	-
<u>Current investments</u>	
In units of mutual funds	-
(Market value as June 30, 2010 Rs. _____)	
Sub total	-
Less: Provision for diminution	-
Total investments	-



Atenea Seguridad y Medio Ambiente, S.A.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED
SCHEDULES TO BALANCE SHEET AS AT December 31, 2010)

SCHEDULE F : CURRENT ASSETS AND LOANS & ADVANCES

	As at December 31, 2010 Euros
CURRENT ASSETS	
INVENTORIES (at lower of cost and market value)	
Raw Material	-
Finished Goods	-
Stores and Spares	-
Total inventories	<u>-</u>
SUNDRY DEBTORS (Unsecured, considered good unless otherwise stated)	
Considered good	2,184,195
Considered doubtful	604,332
	<u>2,788,527</u>
Less: Provision for doubtful debts	604,332
Total sundry debtors	<u>2,184,195</u>
CASH AND BANK BALANCES	
Cash in hand	8,931
Balance with scheduled banks	
In current accounts	113,252
In fixed deposits	50,000
Balance with non-scheduled banks	
In current accounts	-
In fixed deposits	-
Total cash and bank balances	<u>172,182</u>
OTHER CURRENT ASSETS	
Interest accrued	-
Option premium assets	-
Receivable against sale of investments	-
Other current assets	1
Total other current assets	<u>1</u>
LOANS AND ADVANCES	
Advances recoverable in cash or in kind or for value to be received	3,851,467
Deposits	-
Advance payment of taxes (net of provision)	-
Advance Fringe benefit tax (net of provision)	-
Long term loans	-
Short term loans	-
Advance towards Capital / Share Application Money	-
Investment in Call Money	-
Grant receivable from National Highway Authorities of India	-
Total loans and advances	<u>3,851,467</u>
Total current assets and loans & advances	<u>6,207,845</u>

Atenea Seguridad y Medio Ambiente, S.A.
 (FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
 SCHEDULES TO BALANCE SHEET AS AT December 31, 2010

SCHEDULE G : CURRENT LIABILITIES AND PROVISIONS

	As at December 31, 2010 Euros
CURRENT LIABILITIES	
Sundry creditors	4,904,737
Advance received	166,142
Interest accrued but not due	-
Other liabilities (Derivatives)	-
Unearned revenue	-
Income received in advance	22,754
Total current liabilities	5,093,633
PROVISIONS	
Provision for fringe benefit tax (net of advance)	-
Provision for Tax (net of advance)	17,805
Provision for employee benefits	-
Proposed dividend on equity shares	-
Provision for tax on proposed dividend on equity shares	-
Provision for dividend on preference shares of subsidiary	-
Provision for premium on preference shares of subsidiary	-
Provision for tax on preference dividend of subsidiary	-
Provision for tax on preference share premium of subsidiary	-
Provision for overlay	-
Provision for contingency	200,304
Total provisions	218,109
Total current liabilities & provisions	5,311,742

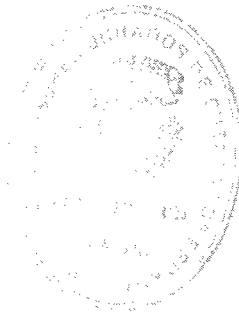


Atenea Seguridad y Medio Ambiente, S.A.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWO
SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010

SCHEDULE H : INCOME FROM OPERATIONS

		Year ended December 31, 2010 Euros
Income from services		
Advisory and project management fees		-
Lenders' engineer and supervision fees		-
Operation and maintenance income		5,068,748
Toll revenue		-
Periodic Maintainance Income		-
Finance Income		-
Licence Fee		-
Total	(a)	<u><u>5,068,748</u></u>
Traded products		
Sales (net of sales tax)		-
Total	(b)	<u><u>-</u></u>
Construction Income		-
Total	(c)	<u><u>-</u></u>
Total income from operations (a+b+c)		<u><u>5,068,748</u></u>

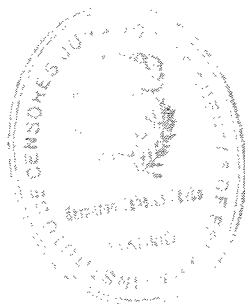


Atenea Seguridad y Medio Ambiente, S.A.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LI
SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010

SCHEDULE I : OTHER INCOME

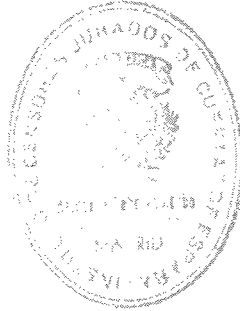
	Year ended December 31, 2010 Euros
Interest on loans granted	-
Interest on debenture	-
Interest on call money	-
Interest on bank deposits	104
Interest on Short Term Deposit	-
Interest on advance towards property	-
Profit on sale of investment (net)	-
Profit on sale of fixed assets (net)	-
Advertisement income	-
Income from Material Testing	-
Excess provisions written back	-
Operation and Maintainace Grant from National Highways Authority of India	-
Miscellaneous income	85,118
Total other income	85,222



Atenea Seguridad y Medio Ambiente, S.A.
 (FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS
 SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010)

SCHEDULE J : OPERATING EXPENSES

	Three Months ended December 31, 2010 Euros
Material Consumption	98,486
Cost of traded products	-
Construction Contract Costs	-
Fees for technical services / design and drawings	-
Diesel and Fuel Expenses	-
Operation and maintenance expenses	1,360,255
Provision for overlay expenses	-
Periodic maintenance expenses	-
Total operating expenses	<u>1,458,741</u>



Atenea Seguridad y Medio Ambiente, S.A.
 (FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORK)
 SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010

SCHEDULE L : ADMINISTRATIVE & GENERAL EXPENSES

	Three Months ended December 31, 2010 Euros
Services Various	
Legal and consultation fees	82,150
ECR Operating and Administrative Expenses	
Agency fees	
Travelling and conveyance	
Rent	301,050
Rates and taxes	18,903
Repairs and maintenance	9,816
Bank commission	13,827
Registration expenses	
Communication expenses	
Insurance	46,487
Exchange rate fluctuation	
Printing and stationery	
Electricity charges	6,168
Cost of shared services	
Directors' fees	
Bad debts and provision for doubtful debts	169,672
Project management fees	
Loss on sale of assets (net)	
Royalty	
Miscellaneous expenses	336,336
Total administrative & general expenses	<u>984,409</u>



Atenea Seguridad y Medio Ambiente, S.A.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORK)
SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010

SCHEDULE M : INTEREST & FINANCE CHARGES

	Three Months ended December 31, 2010 Euros
Interest on loans for fixed period	-
Interest on debentures	-
Guarantee commission	-
Finance charges	-
Upfront fees on performance guarantee	-
Intrest on Deep Discount bonds	-
Other interest	-
Total interest and finance charges	-



Atenea Seguridad y Medio Ambiente, S.A.
(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORK)
SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010

SCHEDULE N : PROVISION FOR TAXATION

	Three Months ended December 31, 2010 Euros
Current tax	30,977
Tax related to earlier years	-
Fringe benefit tax	-
Deferred tax charge (net)	-
Total provision for taxation	30,977



Atenea Seguridad y Medio Ambiente, S.A.
(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS
SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010)

SCHEDULE K : EMPLOYEE COST

	Three Months ended December 31, 2010 Euros
Salaries and allowances	2,078,794
Contribution of provident and other funds	505,696
Staff welfare expenses	-
Total employee cost	2,584,490

