



Prepared on

The attached draft financial statements, which have been prepared by management of the Company, are subject to changes that may arise from the resolution of outstanding audit matters which are set out in the attached appendices and comments and adjustments from our engagement quality assurance review. The draft audit report included in the attached financial statements should not be provided to any other party or used for any purpose without our prior written permission.

**ITNL OFFSHORE PTE. LTD.**  
(Registration No. 201134421C)

**REPORT OF THE DIRECTORS  
AND FINANCIAL STATEMENTS**

**FINANCIAL YEAR ENDED  
MARCH 31, 2016**

**ITNL OFFSHORE PTE. LTD.**

**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS**

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

	<u>PAGE</u>
Report of the directors	2 - 3
Statement of directors	4
Independent auditors' report	5 - 6
Statement of financial position	7
Statement of profit or loss and other comprehensive income	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to financial statements	11 - 32

## **ITNL OFFSHORE PTE. LTD.**

### **REPORT OF THE DIRECTORS**

The directors present their report together with the audited financial statements of the Company for the financial year ended March 31, 2016.

#### **1 DIRECTORS**

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

Mr. Ramchand Karunakaran  
Mr. Teh Kwang Hwee  
Mr. Deep Sen  
Mr. Dilip Lalchand Bhatia

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

Neither at the end of the financial year nor at any time during the financial year ended March 31, 2016 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, 2015 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 year, 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.

5 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the Company was granted.

(b) *Options exercised*

During the financial year, 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 year, there were no unissued shares of the Company under options.

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

.....

.....

Singapore  
Date:

**ITNL OFFSHORE PTE. LTD.**

**STATEMENT OF DIRECTORS**

In the opinion of the directors, the accompanying financial statements set out on page 7 to 32 are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the results, changes in equity and cash flows of the Company for the financial year ended March 31, 2016 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

.....

.....

Singapore  
Date:







ITNL OFFSHORE PTE. LTD.

STATEMENT OF FINANCIAL POSITION

March 31, 2016

	<u>Note</u>	<u>2016</u> <u>US\$</u>	<u>2015</u> <u>US\$</u>
<b><u>ASSETS</u></b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	211,346	71,352
Restricted cash	7	-	6,948,508
Other receivables	8	2,960,939	4,215,436
Derivative financial instrument	12	-	1,283,176
<b>Total current assets</b>		<b>3,172,285</b>	<b>12,518,472</b>
<b>Non-current assets</b>			
Loan to a fellow subsidiary	9	88,301,085	93,607,131
Other receivables	8	12,152,766	-
<b>Total non-current assets</b>		<b>100,453,851</b>	<b>93,607,131</b>
<b>Total assets</b>		<b>103,626,136</b>	<b>106,125,603</b>
<b><u>LIABILITIES AND NET EQUITY</u></b>			
<b>Current liabilities</b>			
Trade and other payables	10	161,848	3,464,927
Income tax payable		105,911	105,911
Borrowings	11	-	102,663,493
<b>Total current liabilities</b>		<b>267,759</b>	<b>106,234,331</b>
<b>Non-current liability</b>			
Borrowings	11	102,386,587	-
<b>Total non-current liabilities</b>		<b>102,386,587</b>	-
<b>Capital and reserves</b>			
Share capital	13	3,370,500	3,370,500
Cash flow hedge reserve	14	-	(1,457,224)
Accumulated Losses		(2,398,710)	(2,022,004)
<b>Net equity (Capital Deficiency)</b>		<b>971,790</b>	<b>(108,728)</b>
<b>Total liabilities and net equity</b>		<b>103,626,136</b>	<b>106,125,603</b>

See accompanying notes to financial statements.

ITNL OFFSHORE PTE. LTD.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the year ended March 31, 2016**

		For the year ended March 31, 2016	For the year ended March 31, 2015
	<u>Note</u>	US\$	US\$
Revenue	15	6,847,391	6,505,745
Other income	16	455,120	30,690
Other expenses	17	(88,030)	(112,856)
Finance costs	18	(7,607,428)	(8,333,920)
<b>Loss before income tax</b>		(392,947)	(1,910,341)
Income tax	19	(16,241)	25,506
<b>Loss for the year</b>		(376,706)	(1,884,835)
<b>Other Comprehensive (Loss) Income</b>			
<i>Items that may be subsequently classified to profit or loss</i>			
Fair value (loss) gain in cash flow hedge		1,457,224	(800,073)
<b>Total comprehensive (loss) income for the year</b>		1,080,518	(2,684,908)
<b>Loss Per Share (in cents)</b>	20		
(1) Basic		(0.11)	(0.56)
(2) Diluted		(0.11)	(0.56)

See accompanying notes to financial statements.

**ITNL OFFSHORE PTE. LTD.**

**STATEMENT OF CHANGES IN EQUITY**

**For the year ended March 31, 2016**

	<u>Share capital</u> US\$	<u>Cash flow hedge reserve</u> US\$	<u>Accumulated profits (losses)</u> US\$	<u>Total</u> US\$
<b>Balance at April 1, 2014</b>	<b>3,370,500</b>	<b>(657,151)</b>	<b>(137,169)</b>	<b>2,576,180</b>
<b>Total comprehensive income (loss) for the year</b>				
Loss for the year	-	-	(1,884,835)	(1,884,835)
Other comprehensive loss	-	(800,073)	-	(800,073)
<b>Total</b>	<b>-</b>	<b>(800,073)</b>	<b>(1,884,835)</b>	<b>(2,684,908)</b>
<b>Balance at March 31, 2015</b>	<b>3,370,500</b>	<b>(1,457,224)</b>	<b>(2,022,004)</b>	<b>(108,728)</b>
<b>Total comprehensive income (loss) for the year</b>				
Loss for the year	-	-	(376,706)	(376,706)
Other comprehensive loss	-	1,457,224	-	1,457,224
<b>Total</b>	<b>-</b>	<b>1,457,224</b>	<b>(376,706)</b>	<b>1,080,518</b>
<b>Balance at March 31, 2016</b>	<b>3,370,500</b>	<b>-</b>	<b>(2,398,710)</b>	<b>971,790</b>

See accompanying notes to financial statements.

**ITNL OFFSHORE PTE. LTD.**

**STATEMENT OF CASH FLOWS**  
**For the year ended March 31, 2016**

	<b>For the Year ended March 31, 2016</b>	<b>For the Year ended March 31, 2015</b>
	<u>US\$</u>	<u>US\$</u>
<b>Operating activities</b>		
Loss for the year before income tax	(376,706)	(1,910,341)
Amortisation of bond issue expenses	76,907	1,076,420
Interest expense	7,248,978	4,904,666
Guarantee commission	251,543	2,352,834
Interest income	(6,847,391)	(6,505,745)
Foreign exchange gain on restricted bank balance	<u>-</u>	<u>(32,267)</u>
<b>Operating cash flow before movements in working capital</b>	<b>353,331</b>	<b>(114,433)</b>
Decrease in other receivables	1,028,133	1,064,057
Guarantee Commission paid	(1,007,984)	(1,821,504)
Decrease/Increase in trade and other payables	38,233	102,927
Increase in restricted cash	6,948,508	(3,044)
<b>Cash (used in) generated from operations</b>	<b>7,283,755</b>	<b>(771,997)</b>
Interest received on the above restricted cash maintained with banks	-	6,249
Taxes paid	-	(143,510)
Interest paid	<u>(2,458,899)</u>	<u>(4,904,724)</u>
<b>Net cash used in operating activities</b>	<b><u>(4,824,856)</u></b>	<b><u>(5,813,982)</u></b>
<b>Investing activity</b>		
Interest received	<u>227,035</u>	<u>5,579,061</u>
<b>Net cash from investing activity</b>	<b><u>227,035</u></b>	<b><u>5,579,061</u></b>
<b>Financing activity</b>		
Bond repaid	(100,455,130)	-
Loan Borrowings from fellow subsidiary	<u>95,543,233</u>	<u>-</u>
<b>Net cash from financing activity</b>	<b><u>(4,911,897)</u></b>	<b><u>-</u></b>
Net decrease in cash and cash equivalents	<b>139,994</b>	<b>(234,921)</b>
Cash and cash equivalents at the beginning of the year/period	<u>71,352</u>	<u>306,273</u>
Cash and cash equivalents at the end of the year/period	<b><u>211,346</u></b>	<b><u>71,352</u></b>

See accompanying notes to financial statements.

## **ITNL OFFSHORE PTE. LTD.**

### **NOTES TO FINANCIAL STATEMENTS**

**For the year ended March 31, 2016**

#### **1 GENERAL**

The Company (Registration No. 201134421C) 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 an investment holding.

The financial statements of the Company for the year ended March 31, 2016 were authorised for issue by the Board of Directors on \_\_\_\_\_

#### **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.

## ITNL OFFSHORE PTE. LTD.

### NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2016

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, except for share-based payment transactions that are within the scope of FRS 102 Share-based Payment, leasing transactions that are within the scope of FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 Inventories or value in use in FRS 36 Impairment of Assets.

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 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.

**ADOPTION OF NEW AND REVISED STANDARDS** – On April 1, 2015, 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 has not resulted in changes to the Company’s accounting policies and has no material effect on the amounts reported for the current or prior years.

Management has considered and is of the view that the adoption of new/revised FRSs, INT FRSs and amendments to FRS that are issued as at the date of authorisation of these financial statements but effective only in future periods will not have a material impact on the financial statements of the company in the period of their initial adoption.

**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.

## ITNL OFFSHORE PTE. LTD.

### NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2016

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 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 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 instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest rate basis for debt instruments other than those financial instruments “at fair value through profit or loss”.

##### **Financial assets**

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

##### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash in hand which are subject to an insignificant risk of changes in value.

##### Loans and 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.

## ITNL OFFSHORE PTE. LTD.

### NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2016

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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.

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.

#### 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. 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.

##### 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.



**NOTES TO FINANCIAL STATEMENTS**

**For the year ended March 31, 2016**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 rate method.

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.

Derecognition of financial liabilities

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

DERIVATIVES - The Company entered into a derivative financial instruments to manage its exposure to foreign exchange rate risk which include foreign exchange forward contracts.

Further details of derivative financial instruments are disclosed in Note 12 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

## ITNL OFFSHORE PTE. LTD.

### NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2016

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Hedge accounting

Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 12 contain details of the fair values of the derivative instruments used for hedging purposes.

##### Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other gains and losses.

Amounts recognised and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the statement of profit or loss and other comprehensive income as the recognised hedged item.

Hedge accounting is discontinued when the company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and when the forecast transaction is ultimately recognised in profit or loss, such gains and losses are recognised in profit or loss, or transferred from equity and included in the initial measurement of the cost of the asset or liability as described above.

**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.

## ITNL OFFSHORE PTE. LTD.

### NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2016

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**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.

#### Interest income

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

## ITNL OFFSHORE PTE. LTD.

### NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2016

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**BORROWING COSTS** - All borrowing costs, including guarantee commission, 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.

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 statement of comprehensive income, except when they relate to items credited or debited directly to other comprehensive income, in which case the tax is also recognised directly in other comprehensive income.

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.

## ITNL OFFSHORE PTE. LTD.

### NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2016

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

##### *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.

## ITNL OFFSHORE PTE. LTD.

### NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2016

#### *Key sources of estimation uncertainty*

The are key assumptions 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, are discussed below.

#### Determination of impairment losses on loans to subsidiaries

Determining whether the Company's loans given to fellow subsidiary is impaired requires an estimation of the value in use of the subsidiary. The carrying amount of loans to subsidiary are disclosed in Notes 9 of these financial statements.

Management is of the view as the subsidiary are in start up stage and are either recently incorporated and/or has started winning new projects which are expected to be profitable. Accordingly, management is of the view that no impairment allowance is required for loan to subsidiary.

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

##### (a) *Categories of financial instruments:*

	<u>2016</u> US\$	<u>2015</u> US\$
<b>Financial assets</b>		
Loans and receivables (including cash and bank balances,) loan given to a fellow subsidiary	103,626,136	104,842,427
Derivative instrument in designated hedge accounting relationship, at fair value	-	1,283,176
<b>Financial liabilities</b>		
Borrowings at amortized cost	95,543,233	102,663,493
Trade and other payables	7,005,202	3,464,927

The Company does not have any financial instruments that are subject to offsetting or enforceable master netting agreements or similar arrangements.

## ITNL OFFSHORE PTE. LTD.

### NOTES TO FINANCIAL STATEMENTS For the year ended March 31, 2016

#### (b) *Financial risk management policies and objectives*

The Company has documented financial risk management policies. These policies set out the Company's overall business strategies and its risk management philosophy. The Company's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Company. 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.

#### (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. There is a concentration of credit risk in respect of loan from a fellow subsidiary. The repayment of loan is guaranteed by its immediate holding company.

The carrying amount of financial assets recorded in the financial statements, grossed up for 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) 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 9 and 11 to the financial statements. The Company lends and borrows at fixed rates.

No sensitivity analysis is prepared as the borrowing and lending is at fixed interest rates and thus no variables are involved.

## ITNL OFFSHORE PTE. LTD.

### NOTES TO FINANCIAL STATEMENTS For the year ended March 31, 2016

(iii) 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, Indian Rupees and Chinese Yuan (RMB). The Company has entered into currency SWAP agreement by virtue of which the balance under Chinese Yuan (RMB) has been swapped into United States Dollar (Note 12).

	<u>Liabilities</u>		<u>Assets</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Singapore Dollar	14,000	46,460	-	-
Chinese Yuan	-	2,053,275	-	6,948,508
Indian Rupees	<u>34,780</u>	<u>791,221</u>	<u>-</u>	<u>-</u>

#### *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:

	<u>2016</u> US\$	<u>2015</u> US\$
<u>Impact on Profit/(Loss) because of change in</u>		
Singapore Dollar	(1,400)	(4,646)
Chinese Yuan	-	489,523
Indian Rupees	<u>(3,478)</u>	<u>(79,122)</u>



**ITNL OFFSHORE PTE. LTD.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended March 31, 2016**

(iv) 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 balances to finance its activities. The Company maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities in addition to required funding support from its immediate holding company and ultimate company. On April 26, 2015, the Company repaid its bond holders with a related company loan having a longer duration and accordingly, management is of the view that there is no significant liquidity risk.

Non-derivative financial assets and liabilities

The following tables detail the remaining contractual maturity for non-derivative financial assets and liabilities. The table below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period and based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial asset or liability on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%					
<b>2016</b>						
Loan to fellow subsidiary	6.89%	-	116,851,678	-	(28,550,593)	88,301,085
Other receivables (including cash and cash equivalents and restricted cash)	-	211,346	15,113,705	-	-	15,325,051
Borrowings	6.64%	-	(117,206,663)	-	21,663,430	(95,543,233)
Other payables	-	(7,005,202)	-	-	-	(7,005,202)
<b>2015</b>						
Loan to fellow subsidiary	6.87%	-	108,857,973	-	(20,283,609)	88,574,364
Other receivables (including cash and cash equivalents and restricted cash)	-	16,268,063	-	-	-	16,268,063
Borrowings	4.80%	(100,355,068)	-	-	(2,308,425)	(102,663,493)
Other payables	-	(3,464,927)	-	-	-	(3,464,927)

**NOTES TO FINANCIAL STATEMENTS**

For the year ended March 31, 2016

(v) 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 and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments, and the swap agreement entered into for the non-current financial instruments (Note 12). Management is of the view that the long term loan to fellow subsidiary bears interest at market rates and hence approximates fair value.

Financial assets/ financial liabilities	Fair value as at (US\$)				Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2016		2015					
	Assets	Liabilities	Assets	Liabilities				
<i>Derivative financial instruments (see note 12)</i>								
Cross Currency Interest rate swaps	-	-	1,283,176	-	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest and exchange rates (from observable yield curves and forward exchange rates at the end of the reporting period) and contract forward, interest rates, discounted at a rate that reflects the credit risk of various counterparties	N/A	N/A

(c) *Capital risk management policies and objectives*

The Company reviews its capital structure at least annually to ensure that it will be able to continue as a going concern. The capital structure of the Company comprises issued capital. The Company's overall strategy remains unchanged from the preceding year.

## ITNL OFFSHORE PTE. LTD.

### NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2016

#### 5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of IL&FS Transportation Networks Limited (“ITNL”), 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.

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

Name of entity	Particular	Nature	March 31, 2016 US\$	US\$
IL&FS Transportation Networks Limited (“ITNL”) – Immediate holding company	Guarantee fee expenses	Transactions	40,918	1,328,329
ITNL International Pte. Ltd. – Fellow subsidiary (“IIPL”)	Financial income on financial asset	Transactions	6,846,720	6,499,496
	Guarantee fee reimbursement	Transactions	-	(366,905)
ITNL offshore Two Pte. Ltd. – Fellow subsidiary (“IOPL2”)	Interest Expense	Transactions	6,386,587	-

The Company has incurred guarantee fees which are paid / payable to ITNL as well as the Export Import Bank of India. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed from related companies.

#### 6 OTHER RELATED PARTY TRANSACTIONS

There were no transactions with related parties during the period other than directors’ fees paid amounting to US\$ 14,526 (2015: US\$22,612).

**ITNL OFFSHORE PTE. LTD.**

**NOTES TO FINANCIAL STATEMENTS**

**For the year ended March 31, 2016**

**7 CASH AND CASH EQUIVALENTS**

	<u>2016</u> US\$	<u>2015</u> US\$
Cash at bank	<u>211,346</u>	<u>71,352</u>

**RESTRICTED CASH (CURRENT)**

	<u>2016</u> US\$	<u>2015</u> US\$
Balance in Debt Service Reserve Account with bank **	-	2,947,326
Balance in bank *	-	<u>4,001,182</u>
	<u>-</u>	<u>6,948,508</u>

\*\* This balance refers to the amount in RMB denominated bank account representing six months interest on bonds for the period from October 27, 2014 to April 26, 2015 (2014 – October 27, 2013 to April 26, 2014) to be paid on April 26, 2015 (2014 – April 26, 2014), which is to be kept in this account as per the terms of the bond issue. The amount of interest paid and DSRA a/c closed after redemption of Bond.

\* This balance referred to the amount in a bank account as a security towards repayment of the bonds which was to be kept as per the terms of the bond issue.

**8 OTHER RECEIVABLES**

	<u>2016</u> US\$	<u>2015</u> US\$
Guarantee fees receivable (Current) from a fellow subsidiary (Note 5)	-	1,028,133
Interest receivable (Current) from a fellow subsidiary (Note 5)	<u>2,960,939</u>	<u>3,187,303</u>
	<u>2,960,939</u>	<u>4,215,436</u>

**ITNL OFFSHORE PTE. LTD.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended March 31, 2016**

9 LOAN TO A FELLOW SUBSIDIARY

	<u>2016</u> US\$	<u>2015</u> US\$
Unsecured Loan given to ITNL International Pte. Ltd(I IPL)	88,301,085	88,574,364
Interest accrued and not due	<u>12,152,766</u>	<u>5,032,767</u>
	<b><u>100,453,851</u></b>	<b><u>93,607,131</u></b>

The loan to I IPL is unsecured, carries a fixed interest rate of 8% per annum. The loan matures in January 2018.

10 TRADE AND OTHER PAYABLES

	<u>2016</u> US\$	<u>2015</u> US\$
Trade payables to immediate holding company (Note 5)	34,780	791,221
Trade payables – others	127,068	165,301
Interest on borrowings accrued but not due	-	2,053,275
Other liabilities	<u>-</u>	<u>455,130</u>
	<b><u>161,848</u></b>	<b><u>3,464,927</u></b>

These amounts are unsecured, interest-free and payable on demand.

11 BORROWINGS:

	<u>2016</u> US\$	<u>2015</u> US\$
Bond & payable (Secured) (Current)	<u>-</u>	<u>102,663,493</u>
Loan & payable (unsecured (Non-Current))	95,543,233	-
Interest on borrowings accrued but not due	<u>6,843,354</u>	<u>-</u>
	<b><u>102,386,587</u></b>	<b><u>102,663,493</u></b>

## ITNL OFFSHORE PTE. LTD.

### NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2016

The Company had issued bonds of RMB630,000,000 on April 27, 2012. The bonds carry a fixed coupon rate of 5.75% per annum payable semi annually. The bonds have been issued for a term of 3 years and are listed on the Hong Kong Stock Exchange. The bonds have been guaranteed by the Export Import Bank of India and counter guarantee given by ITNL.

During the previous year, ITNL, the immediate holding company has incorporated a new subsidiary in Singapore, ITNL Offshore Two Pte Ltd. ("IOTPL"), wherein a bond issue of US\$ 111.15 million (RMB 690 million) was raised on March 25, 2015. In current year the Company has obtained a loan from IOTPL on April 13, 2015 and out of the proceeds the Company has fully settled the bond principal and interest on April 26, 2015.

The Loan from IOTPL is unsecured carries interest at 7.35% and repayable on 13<sup>th</sup> April 2018.

#### 12 DERIVATIVE FINANCIAL INSTRUMENT

<b>Current</b>	<u>2016</u> <b>US\$</b>	<u>2015</u> <b>US\$</b>
Fair valuation of derivative - Receivable	<u>-</u>	<u>1,283,176</u>

The Company has entered into a Swap Agreement with Deutsche Bank AG - Singapore Branch by virtue of which the bond issuance amount of RMB630,000,000 has been swapped into a USD liability of US\$100,000,000. Further, the interest payments on bonds denominated in RMB terms have also been swapped into US\$ terms by virtue of this Swap Agreement.

The risk management objective of entering into this derivative contract is to hedge the variability of the functional currency equivalent cash flows associated with the foreign currency bonds due to changes in forward rates. The critical terms of the derivative match with those of the underlying bonds i.e. exchange of principal at the maturity and semi-annual interest payments. Accordingly, there is an expectation of high effectiveness.

Further, the measurement of hedge effectiveness has been done by using hypothetical derivative method. Accordingly, since the actual hedging instrument is the same as a hypothetical cross currency swap with exactly matching terms and therefore, no ineffectiveness is anticipated. The Company will assess counterparty credit risk and probability of cash flows under the swap occurring every period. Further, the derivative contract has also been fair valued as at March 31, 2015 by the swap counterparty.

The Company's interest rate swaps are designated and effective as cash flow hedges and the movement in fair value of these interest rate swaps, amounting to US\$1.45 million gain (2015 : US\$0.8 million loss) has been recognised in other comprehensive income.

ITNL OFFSHORE PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2016

13 SHARE CAPITAL

	<u>2016</u>		<u>2015</u>	
	Number of	US\$	Number of	US\$
<u>Issued and fully paid:</u>	<u>ordinary shares</u>		<u>ordinary shares</u>	
At the beginning and end of year	<u>3,370,500</u>	<u>3,370,500</u>	<u>3,370,500</u>	<u>3,370,500</u>

Ordinary shares carry one vote per share and have no right to fixed income.

14 CASH FLOW HEDGE RESERVE

	<u>2016</u>	<u>2015</u>
	US\$	US\$
At beginning of year	(1,457,224)	(657,151)
Changes during the year in other comprehensive income	<u>1,457,224</u>	<u>(800,073)</u>
At end of year	<u>-</u>	<u>(1,457,224)</u>

The maturity of the Swap agreement is on April 26, 2015 and the same is repaid.

ITNL OFFSHORE PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2016

15 REVENUE

	For the year ended March 31, 2016	For the year ended March 31, 2015
	US\$	US\$
Financial income on financial asset	6,846,720	6,499,496
Interest income	<u>671</u>	<u>6,249</u>
	<b><u>6,847,391</u></b>	<b><u>6,505,745</u></b>

16 OTHER INCOME

	For the year ended March 31, 2016	For the year ended March 31, 2015
	US\$	US\$
Foreign exchange gain	-	30,690
Excess provision written back	<u>455,120</u>	<u>-</u>
	455,120	30,690

17 OTHER EXPENSES

	For the year ended March 31, 2016	For the year ended March 31, 2015
	US\$	US\$
Legal and consultation fees	20,701	65,764
Audit fees	43,310	14,000
Bank commission	3,150	8,488
Directors' fees	14,526	22,613
Travelling expenses	-	1,500
Miscellaneous expenses	<u>6,344</u>	<u>491</u>
	<b><u>88,030</u></b>	<b><u>112,856</u></b>



ITNL OFFSHORE PTE. LTD.

NOTES TO FINANCIAL STATEMENTS  
For the year ended March 31, 2016

18 FINANCE COSTS

	For the year ended March 31, 2016	For the year ended March 31, 2015
	US\$	US\$
Interest on loan	6,386,587	-
Interest on bonds	892,391	4,866,667
Annual fee expenses	-	37,999
Amortisation of bond issue expenses	76,907	1,076,420
Guarantee commission	<u>251,543</u>	<u>2,352,834</u>
	<b><u>7,607,428</u></b>	<b><u>8,333,920</u></b>

19 INCOME TAX

	For the year ended March 31, 2016	For the year ended March 31, 2015
	US\$	US\$
Over provision in prior year	(16,241)	25,506
Current tax expense	<u>-</u>	<u>-</u>
	<b><u>(16,241)</u></b>	<b><u>25,506</u></b>

Domestic income tax on income earned as per Singapore tax law is calculated at 17% of the assessable income for the period.

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

	For the year ended March 31, 2016	For the year ended March 31, 2015
	US\$	US\$
Loss before income tax	<u>(392,947)</u>	<u>(1,910,341)</u>
Income tax benefit calculated at 17%	(66,801)	(324,758)
Effect of expenses that are not deductible		185,244
Effect of tax losses not recognised as a deferred tax asset		142,371
Effect of tax exemptions and rebates		-
Over provision in prior year		(25,506)
Others		<u>(2,857)</u>
Income tax (benefit) expense recognised		<b><u>(25,506)</u></b>

**ITNL OFFSHORE PTE. LTD.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended March 31, 2016**

20 (LOSS) EARNINGS PER SHARE

	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Loss for the year/period	(376,706)	(1,884,835)
Weighted number of shares	3,370,500	3,370,500
Basic loss per share	(0.11)	(0.56)
Equity shares used to compute diluted earnings per share	3,370,500	3,370,500
Diluted loss per share	(0.11)	(0.56)

21 COMPARATIVE PERIOD

Figures for the previous year have been regrouped, reclassified where necessary, to confirm to the classification for the current year.