



India's largest Network Services  
provider to the world

# ***THE POWER BEHIND***





*The race is on. In a competitive world, where performance is defined by jargons like torque and acceleration, you got to plot the winning formula yourself. The Indian telecom industry is on a fast track today, with scores of telecom operators offering services. And fuelling the power circuit is GTL, India's largest Network Services provider to the World. All geared up with solid values and vision, GTL has the right formulae to provide the power behind every endeavour, every telecom venture. GTL. Get Set Go.*

**DISCLAIMER:**

The information and opinions contained in this report do not constitute an offer to buy any of GTL's securities, businesses, products or services. The report also contains forward-looking statements, qualified by words such as 'expect', 'plan', 'estimate', 'believe', 'project', 'intends', 'exploit' and 'anticipates', that we believe to be true at the time of the preparation of the report. The actual events may differ from those anticipated in these statements because of risk, uncertainty or the validity of our assumptions. GTL does not take on any obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

## Financial Highlights



Particulars	GTL Consolidated				GTL Standalone	
	12 months ended March 31 2008 Audited	12 months ended March 31 2007 Unaudited	12 months ended March 31 2008 Audited	12 months ended March 31 2007 Unaudited	12 months ended March 31 2008 Audited	12 months ended March 31 2007 Unaudited
	Rs. Million	Rs. Million	US\$ Million	US\$ Million	Rs. Million	Rs. Million
Total Income	17,725.6	11,596.3	444.5	258.8	14,344.1	8,274.9
Net Sales/Services	17,713.4	11,562.9	444.2	258.1	14,333.3	8,246.0
PBDIT	2,660.8	1,438.8	66.7	32.1	2,303.8	945.3
Depreciation	495.5	404.9	12.4	9.0	458.8	394.4
Profit Before Tax (PBT)	1,613.8	1,058.6	40.5	23.6	1,119.2	579.3
Profit After Tax (PAT)	1,541.4	1,003.4	38.7	22.4	1,066.1	547.6
Profit on Sale of Business	1,199.2	NIL	30.1	NIL	218.9	NIL
Dividend (Per Share)						
March 08*	3.0	N.A	0.1	N.A	3.0	N.A
March 07	N.A	2.5	N.A	0.1	N.A	2.0
EPS (Amount)						
-Basic	15.9	10.6	0.4	0.2	10.8	10.6
-Diluted	15.4	10.0	0.4	0.2	10.4	10.0
Equity Share Capital	945.7	973.2	23.7	22.3	945.7	973.2
Reserves and Surplus	10,238.3	10,128.7	256.8	232.0	8,290.5	9,381.9
Net Worth	11,184.1	11,101.8	280.5	254.3	9,236.3	10,355.1
Gross Fixed Assets	4,870.3	4,374.1	122.2	100.2	3,930.8	4,040.2
Net Fixed Assets	3,226.9	3,044.5	80.9	69.7	2,418.6	2,782.2
Total Assets	18,206.9	19,597.0	456.7	448.0	16,254.4	18,567.0

Financials for the year ended March 31, 2007 are recasted by giving effect of Scheme of Arrangement.

With a view to have better understanding, the Financials in the above table have been compared on 12 month basis (April 2006 - March 2007 and April 2007 - March 2008).

\*Subject to the approval of Shareholders.

Conversion Rate for 1 US\$ into INR	As of March 08	As of March 07
P&L Items	Rs. 39.88	Rs. 44.80
Balance Sheet Items	Rs. 39.87	Rs. 43.66

## Corporate Information

### BOARD OF DIRECTORS

Tirodkar, Manoj G.	Chairman & Managing Director
Patil, Sadanand D.	Senior Director
Ayyar, T.N.V.	Director
Desai, Gajanan V.	Director
Naik, Charudatta K.	Additional Director and Whole-time Director & COO (w.e.f. October 1, 2007)
Poddar, Dipak Kumar	Director
Prof. Navathe, Shamkant B.	Director
Prof. Sahasrabudhe, S. C.	Director
Sethi, Vinod	Director

### COMPANY SECRETARY

Apte, Vidyadhar A.

### AUDITORS

India	M/s Godbole Bhawe & Co.	Indonesia	Bayudi Watu & Rekan
India	M/s Yeolekar & Associates	Ireland	Hopkins O Halloran Group
Mauritius	Horwath Mauritius	New Zealand	Gilligan & Company
USA	Horwath Mauritius	Malaysia	Horwath
Bermuda	Horwath Mauritius	USA	Horwath
Singapore	Rohan.Mah & Partners	Thailand	Navamin Dherakasatechai
UK	Kajaine Limited	Philippines	Teresita M. Obedoza
Saudi Arabia	Ernst & Young	China	Horwath, Certified Public Accountant Firm
UAE	Horwath Mauritius	Singapore	David Yeung & Co, PAC
Nigeria	Iyantian & Partners	New Zealand	McGregor Bailey Chartered Accountants
Indonesia	Bayudi Watu & Rekan	India	V P Thacker & Co.
UK	Kajaine Limited	Indonesia	Horwath
Australia	Bradfield Partners	Australia	BCS Assurance Pty Limited
USA	Smith, Jackson, Boyer & Bovard	USA	Israeloff, Trattner & Co. P.C.
Sri Lanka	Rodrigo Associates	UK	Kajaine Limited
India	P. Parekh & Associates	Taiwan	First Horwath & Company, CPA

### BANKS / INSTITUTIONS INDIA

Bank of Baroda  
Bank of India  
Canara Bank  
Dena Bank  
Development Credit Bank  
HDFC Bank  
ICICI Bank  
IDBI Bank  
Indian Bank  
Indian Overseas Bank  
Indus Ind Bank  
SIDBI  
State Bank of Hyderabad  
State Bank of India  
Syndicate Bank  
UCO Bank  
Union Bank of India  
Yes Bank

### INTERNATIONAL

Bank of Julius Baer  
Bank of Muscat  
Barclays Bank  
BNP Paribas  
CIMB  
Citibank  
Credit Suisse  
Deutsche Bank  
EDC Bank  
Hongkong & Shanghai Banking Corporation  
Maybank  
Natwest Bank  
Royal Bank of Scotland  
Saudi British Bank  
Standard Chartered Bank  
Wachovia Bank  
Zenith Bank

### REGISTERED OFFICE

#### GTL Limited

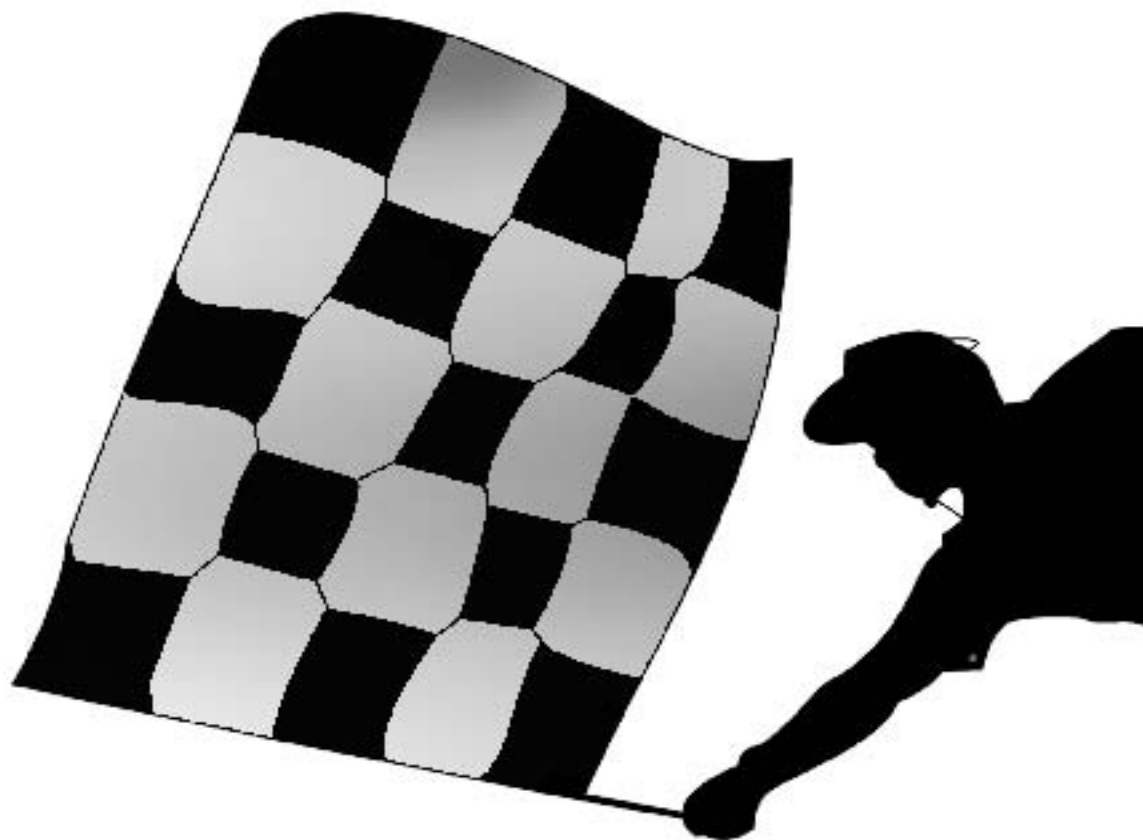
'Global Vision', Electronic Sadan No. II,  
MIDC, TTC Industrial Area, Mahape,  
Navi Mumbai 400 710. Maharashtra,  
India.

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## GTL Track Record



**FY07**

**FY08**

**25**

**COUNTRIES**

**35**

**16**

**NATIONALITIES**

**22**

**35**

**CELLULAR NETWORKS**

**45**

**20,000**

**CELL SITES**

**36,000**

**3,390**

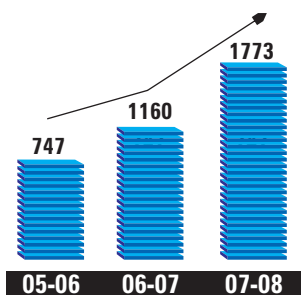
**EMPLOYEES**

**5,045**

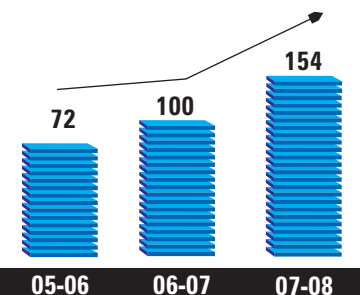
## Financial Achievements



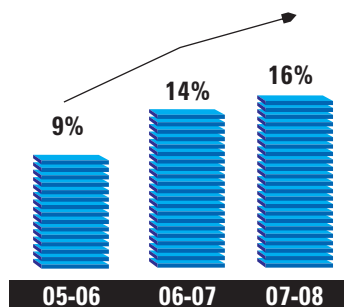
### Total Income (Rs. Crores)



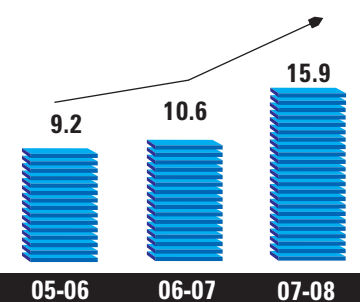
### PAT (Rs. Crores)\*



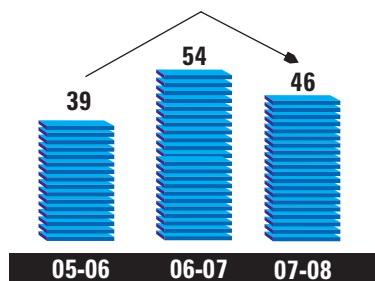
### RoCE<sup>#</sup>



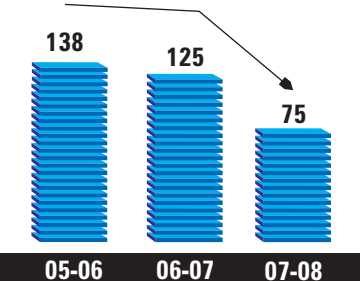
### EPS (Rs.)\*



### Inventory Turnover (Days)



### Debtors Turnover (Days)



<sup>#</sup> Excluding Cash and Income from sale of ITES Business

<sup>\*</sup> Excluding Extra-ordinary profit of Rs. 120 Crores from sale of ITES Business

To facilitate better understanding, the Financials in the above tables have been compared on 12 month basis (April 2006 to March 2007 and April 2007 to March 2008)

## **HR Award**

GTL won the award for “Best HR Strategy in line with Business” at the Employer Branding Award 2007, presented by Indiatimes Mindscape and ITM Business Institute.

## **RASBIC Award**

GTL’s Chief People Officer, Mr. S. N. Jadhav won the 2007 Rasbic Award for the most Innovative Recruiting & Staffing Program / Initiative. “The Recruiting and Staffing Best in Class Awards” (RASBIC) have been established to honour, recognise and promote innovative practices in workforce management and planning.

## **Amity Corporate Excellence Award**

GTL Limited was awarded “The Amity Corporate Excellence Award” on the occasion of The 10<sup>th</sup> International Business Horizon INBUSH 2008. The award was presented by Amity Business School, Noida.

## **HR Congress Award**

Mr. Manoj Tirodkar was conferred with the “HR Excellence Award” for “CEO with HR Orientation” at the HRD Congress at Bangalore in 2007.

## **Rajiv Gandhi Foundation Award**

GTL Foundation received appreciation from Rajiv Gandhi Foundation in 2007. GTL Foundation provides automated Triwheeler Bingo Scooters to the disabled thus empowering them through mobility.



**GTL features amongst the**



#### ***Golden Peacock Corporate Governance 2007 Award***

GTL has won the prestigious “Golden Peacock Global Award for Excellence in Corporate Governance”. Mr. Ola Ullesten, former Prime Minister of Sweden, presented the Award at the 8<sup>th</sup> International Conference on Corporate Governance held in London on September 21, 2007. The World Council for Corporate Governance, England has instituted the award.

#### ***Pegasus CSR 2007 Award***

GTL was honoured with Silver Award in the “Pegasus Corporate Social Responsibility Awards” 2007 held in Mumbai on December 12, 2007. The Pegasus Awards are presented in recognition of Corporate Leadership for social responsibility and sustainable development initiatives.

#### ***Golden Peacock Innovation 2007 Award***

GTL was honoured with the “Golden Peacock Innovation Award” for the “Knowledge on Wheels”, a CSR initiative of GTL Limited. Justice P.N. Bhagwat in New Delhi presented the Award on January 11, 2008.

#### ***BSR Award***

Bombay Stock Exchange in association with Times Now, felicitated GTL's CSR initiative by presenting it with the “Corporate Governance Business for Social Responsibility Award”. The award is instituted by BSR, a non-profit business association headquartered in San Francisco and was hosted by ITM Business School.

#### ***4Ps Power Brand 2007 Award***

In an exclusive survey conducted by Indian Council of Market Research (ICMR) and 4Ps Business and Marketing, GTL Limited emerged as the “4Ps Power Brand 2007”.

AWARDS

**Top 10 in Standard & Poor's ESG India Index**

## Letter to Shareowners



This year, we continued working towards our goal of transforming GTL into a world class Company in the Network Services space. We started our restructuring process in 2006 and have carried out a series of steps that transformed the Company and unlocked the value for all Shareholders. As the total number of mobile subscribers in the mature markets of USA and Europe grew at 9%, the total number of mobile subscribers in the emerging markets of India, China, Middle East and the African regions grew at 36%. Another growth area is In-Building Solutions (IBS), as in the years to come, 70% of mobile voice and data calls are expected to originate within enclosed areas. Migrating to the Next Generation of Networks like 3G & WiMAX, coupled with digitalization of content will drive the growth of wireless communications.

### Unlocking Value

We took a series of measures to unlock value for our Shareholders. They are as follows:

#### Sale of Enterprise Networks and Managed Services Business

At GTL, we have the vision of becoming the 'World's Largest Network Services Provider'. To achieve this, we have set a goal of focusing only on the telecom sector and exiting all other non-core businesses. In July 2007, we sold off the Enterprise Networks and Managed Services business in an all cash deal to Orange Business Services (OBS), the business communications arm of France Telecom. The Enterprise Networks and Managed Services business had over 500 large MNCs and Indian companies as its clients, generating a revenue of over Rs. 140 Crores (US\$ 35.11 Mn) in FY 2006-07. France Telecom is the 3<sup>rd</sup> largest telecom operator in the world and the sell-off showcases our ability to setup world-class businesses. The sell-off generated extra-ordinary profits of Rs. 119.92 Crores (US\$ 30.78 Mn). This transaction also helped us to build a very strong relationship with France Telecom and win Network rollout contracts in Africa. In future, we expect to extend this partnership to other regions of the world. Despite the sell-off, we achieved a year-on-year growth of 35% that validates our faith in the new business model adopted by the Company.

#### Buy Back of Shares

We successfully concluded the Buy Back of shares. We offered to buy back GTL shares through the 'Tender route' at Rs. 300 (US\$ 7.52) per share. This resulted into a cash disbursement of Rs. 259 Crores (US\$ 64.94 Mn) to our





## Letter to Shareowners



shareholders. In the process, the company bought back 8.6 Mn shares, thereby reducing our share capital base to Rs. 94.57 Crores (US\$ 23.76 Mn). The entire exercise has benefitted our shareholders in the following ways:

- 'Return on Equity' has improved from 8.75% in FY 2006-07 to 11.57% in FY 2007-08 and 'EPS' has gone up to Rs. 15.91 (US\$ 0.40) in FY 2007-08 from Rs. 10.60 (US\$ 0.24) in FY 2006-07
- The cash reduced from Rs. 1,124.42 Crores (US\$ 282.02 Mn) in FY 2006-07 to Rs. 861.03 Crores (US\$ 215.95 Mn) in FY 2007-08, leading to efficient utilization of cash reserves of the Company.

### Cash Returned to Shareholders during the last 2 years

Particulars	Amount (Rs. Crores)	Amount (US\$ Mn)
Dividend of Rs. 20/share for FY 2005-06	190.10	42.43
Dividend of Rs. 2.5/share for FY 2006-07	24.36	5.44
Buyback of Shares @ Rs. 300/share	258.88	64.91
<b>Total Cash Returned to Shareholders</b>	<b>473.34</b>	<b>112.78</b>
Proposed Dividend of Rs. 3/share for FY 2007-08	28.37	7.11
<b>Grand Total</b>	<b>501.71</b>	<b>119.89</b>

We had set aside a fund of Rs.1,000 Crores (US\$ 250 Mn) to finance our inorganic growth ambitions. We have so far spent around Rs.152 Crores (US\$ 38 Mn) to acquire three companies namely Genesis Consultancy, ADA CellWorks and SCS in the last 18 months. If we do not conclude upon any suitable acquisition within a reasonable time, we will propose to the board & Shareholders that the funds be used either to retire our outstanding debt or will be returned back to the shareholders in the form of dividends or Buy Back of shares.

### Transfer of BPO/KPO Assets

We have transferred the IT Application Management, BPO, KPO businesses and all related assets to Global ProServ Ltd, a subsidiary of GTL. We are in the process of considering its consolidation with IGTL Mauritius. We are negotiating to sell off these assets to prospective buyers at a fair valuation to complete the restructuring process.

Our KPO, BPO and ongoing IT Business has a strong customer base, quality manpower and assets. We believe we will be able to reward our shareholders suitably upon the sell off/hive off of the business.

### GTL Infrastructure Limited (GTL Infra) Rights Issue

GTL Infra completed a 1:1 rights issue at par value of Rs. 10 (US\$ 2.51) to its shareholders in September 2007. Currently, GTL is the largest shareholder of GTL Infra, holding 37% stake in the Company. GTL had made an initial investment of Rs. 133 Crores (US\$ 33.35 Mn), in GTL Infra. We strongly believe in the business model and the growth prospects of GTL Infra, and hence we subscribed fully to this rights issue, which increased our investment in GTL Infra to Rs. 294.12 Crores (US\$ 73.75 Mn). The market value of this investment as on March 31, 2008 is Rs. 1,276.40 Crores (US\$ 320.14 Mn). This represents an unrealized gain of Rs. 1,002.22 Crores (US\$ 251.37 Mn).

As you know, we have given you one share of GTL Infra free at the time of demerger. Post this, GTL Infra issued a rights issue at par for your benefit. Thus the cost of acquisition at GTL Infra shares is Rs. 5 (US\$ 1.25), for all the shareholders who have held the shares since its listing post the demerger.

During the last financial year, the Indian telecom tower industry generated tremendous interest among the international and domestic investors. Given the valuations of tower companies in the industry, we believe we have substantially unlocked value for our shareholders through GTL Infrastructure.

### Creeping Acquisition/ Open Offer by the Promoter

As a Promoter, I am passionate about the business prospects of GTL and to demonstrate my conviction, I have concluded upon a 4.95% creeping acquisition of the shares in the Company during FY 2007-08. Depicted in the table below are the details of all the creeping acquisitions and the open offer conducted by me since 2006, which has lead to an investment of Rs. 345 Crores (US\$ 86.53 Mn).

Particulars	Period	No. of Shares	Avg. Price (Rs.)	Value (Rs.Crores)
Creeping Acquisition	FY 2005-06	4,107,203	128	52
Open Offer/ Creeping Acquisition	FY 2006-07	8,738,004	127	128
Creeping Acquisition	FY 2007-08	4,683,099	244	114
Creeping Acquisition	Since April 2008	1,892,032	271	51
<b>Total</b>		<b>19,420,338</b>	<b>169</b>	<b>345</b>

## Letter to Shareowners



When I made my 1<sup>st</sup> Creeping acquisition in 2006, my holding in the Company was to the extent of 26%. Thereafter I have increased my stake to the extent of 41%. I decided to consolidate my holdings in GTL under Global Holding Corporation Pvt. Ltd (GHC), formerly known as Global Asset Holding Corporation Pvt. Ltd. (GAHC). GHC will act as the holding company of the Global Group, a diversified Telecom infrastructure service provider with significant presence in Network Services.

GTL Infra has issued 16.75 Crores Warrants, convertible at Rs. 40 (US\$ 1.00) per share to GHC. GHC has committed to make an investment of Rs. 670 Crores (US\$ 168.00 Mn) in accordance with the terms of the warrants. GHC has already made a payment of Rs. 194 Crores (US\$ 38.50 Mn). In addition to this, GHC has invested Rs. 345 Crores (US\$ 86.53 Mn) to increase its stake in GTL since FY 2005-06. Thus my total commitment towards the group since FY 2005-06 is Rs. 1,015 Crores (US\$ 254.57 Mn).

### Industry Outlook

The potential and size of the Network Services sector is directly proportionate to the Operator spending on Passive and Active Infrastructure. We are present across 35 countries and have divided our target market into three segments on the basis of the scope of services offered:

**Growth Markets:** We have strong presence in India, Middle East and Africa region, which are currently witnessing huge Telecom growth. India, our domestic and biggest market is witnessing explosive growth. It is adding almost 7/8 million subscribers per month. To cater to this growth, various Indian operators have announced their Capex plan for the next two to three years aggregating in excess of Rs. 80,000 Crores (US\$ 20 Bn).

All major operators have signed multi-year Managed Network Services deals with several OEMs. We expect to get our share from the Network Deployment and the Managed Services space. The telecom sector in the Middle East has been deregulated, enabling access to international players to launch their services in the region. GTL has good presence across UAE and Kingdom of Saudi Arabia, which has got further enhanced with the acquisition of ADA CellWorks. We will definitely seek to capitalize on this opportunity.

**Upcoming Markets:** The African Telecom market is slowly opening up for private participation, offering a huge opportunity for growth in the future. We have set up an office in Nigeria to establish our presence in the region. During the year we won several contracts from Operators and OEMs mainly in the Network Planning and Design and Network Deployment space.

**Matured Markets:** We are also present in the matured markets of USA, Europe and Oceania. Our acquisitions of SCS and Genesis have been instrumental in building up our presence in these regions. The telecom penetration in some of these regions is more than 100%. As a result, the cellular markets there are now heading towards saturation and operators are fighting stiff competition to gain and retain customers. To cut costs, operators have undertaken network consolidation initiatives giving immense opportunities for our Company to provide Infrastructure Management and Network Optimization Services.

### Business Overview & Outlook

At the core, we are a Network Services company, catering to the needs of Cellular Operators and OEMs. Our defining mission is to help telecom users enjoy unhindered and seamless connectivity.

Our approach towards our business has been to meet and exceed customer expectations. We have streamlined our business processes to be more customer-centric. We have refined our product offerings in the Network Services space into - Network Planning and Design, Network Deployment, Network Operations and Maintenance, Professional Services, Infrastructure Management and Application Management.

We have taken a quantum leap in terms of delivery capability in the Telecom Infrastructure space. GTL had engineered over 36,000 cell sites till date. Our vision is that we will engineer 100,000 cell sites by 2011.

GTL's performance on a consolidated basis can be judged from the financial highlights of the year, which are as follows:

On a consolidated basis, our

- Net Sales increased by 53% to Rs. 1,771 Crores (US\$ 444.97 Mn)
- Operating Profit increased by 84% to Rs. 265 Crores (US\$ 66.41 Mn)
- Profit after tax increased by 54% to Rs. 154 Crores (US\$ 38.62 Mn)
- Order visibility as on March 31, 2008 stood at Rs. 2,124 Crores (US\$ 532.60 Mn)

The notable outcomes of our strategic initiatives are as follows:

### Strategic Partnerships & Alliances

GTL and Ericsson-UK have entered into a strategic alliance to jointly address the Managed Network Infrastructure Services



## Letter to Shareowners



opportunity in the UK market. The partnership will give the company an entry into the high growth Managed Network Infrastructure Services market in Europe. This alliance along with our earlier acquisition of Genesis Consultancy has given us a strong hold in the European Network Services market, and will open many opportunities to enhance our footprint and increase our customer base.

Our Company was awarded 'Globally Authorized Service Provider' status by ZTE in all 120 countries of its operations. ADA CellWorks was accorded the 'Excellent Partner' status by Huawei for the year 2007. We ventured into the Network Services space for latest technologies like WiMAX by joining hands with Navini Networks and Telsima to deploy and maintain their networks in India, Asia Pacific (APAC) and Middle East markets.

### Inorganic Growth

In my Letter in our Annual Report for the year 2006-07, we had informed you that we would pursue the inorganic route to increase our capabilities and establish our presence in new markets with a sound customer base. This, we believe will transform GTL from being a vendor to a strategic partner for its customers. Such a transformation will ensure long lasting value-added relationships. The key objectives behind inorganic growth are as follows:

- Change the business mix: Increase business from high margin recurring revenue segments
- Change the geography mix: Increase business from international markets particularly APAC, Europe and USA
- Change the positioning: Be the strategic partner of operator instead of being a vendor

We acquired ADA CellWorks, a leading player in Network Design & Planning and Professional services in November 2007 for a consideration of US\$ 25 Mn. This acquisition helped us become a leading company in Network Planning and Design in the APAC region. It gave access to markets like China, Indonesia & Taiwan. The acquisition of SCS in the US helped to strengthen our presence in the region. As a result of the acquisition, we are in the process of building strong relationships with Operators in USA.

We would continue to look for acquisition opportunities in the areas of Network Planning & Design, Infrastructure Management and Professional Services. We have already identified companies in USA, Europe and the Asia-Pacific region. Few of these target companies operate on a large scale and to acquire them,

we might go for further fund raising in the form of Debt, Equity and/or Quasi Equity.

### Key Challenges

#### Increasing Recurring Revenue and Improving Profitability

Historically, more than 75% of our revenue is contributed by the Network Deployment activity. We would like to increase our share of revenue from other service offerings like Network Planning & Design, Operations & Maintenance and Professional Services. These are recurring revenue, high margin segments and would provide greater stability to our business model and increase stickiness with our customers. We are addressing this by entering into strategic tie-ups with OEMs and acquiring companies in this space, that provide high skilled and high quality services to telecom operators.

#### Changing Geographic Mix

Currently, 80% of our revenue is drawn from the Indian market. We want to increase our revenue contribution from international operations to over 50% of our revenue over a period of the next three years. We expect that our acquisition through investments of over Rs. 200 Crores (US\$ 50 Mn) in GTL International will contribute significantly to address this goal. We will continue to invest in our international operations and overseas subsidiaries for expanding globally.

#### Innovation in Delivery

Our delivery process needs to be innovative in order to address the various customer needs with the changing times. Similarly these innovations should also contribute towards controlling costs and reducing delivery cycle time, thus providing greater value to our customers. In this front we have deployed the Primavera software to enable Knowledge Sharing and standardization of the delivery process. The software will also create a database of vendors, allowing our engineers and project managers to source the required material locally. We are also centralizing our processes for project management in India and off-shoring engineering work to our engineering team in India and Malaysia.

### People

We are investing in building a customer centric world-class organization. The networking excellence of our engineers is the essence behind our growth.

## Letter to Shareowners



The sell-off of the Enterprise Networks & Managed Services business has resulted into a transfer of 590 plus employees to Orange Business Services. Despite this, our employee base has grown from 3,390 to 5,045. Post the acquisitions of Genesis, ADA CellWorks and SCS, we have around 1,449 people from over 22 nationalities working with us across 34 countries outside India. We are confronting certain cultural challenges due to our diversified workforce. We are addressing these challenges by joint work-outs with the top & middle level management along with the acquired entities and extending common employee benefits across all the companies to motivate them.

We have designed “Business Partner”, “Family Jewel” & “Club Orion” programs to attract and retain talent at all levels across the organization. These initiatives have lead to successful institutionalization of compensation review and performance management processes.

### Social Responsibility

We have always displayed a strong commitment to our responsibilities as a socially responsible corporate entity and safeguarding the environment and lives of the people around us. As part of this initiative, we set aside up to 1% of our net profit every year towards these noble causes. We have zeroed in on activities that focus on areas like imparting education to underprivileged children and disabled people, women empowerment and providing employment opportunities to women and physically challenged people.

We received appreciation for our Corporate Social Responsibility (CSR) activities and efforts, when we were conferred the “Pegasus Silver Award” instituted by Reader's Digest for “Corporate Leadership in social responsibility and sustainable development” initiatives. I would like to thank all the members of GTL Foundation and our CSR Team for relentlessly working towards improving the quality of life of the people, whom they serve.

### Awards

GTL's philosophy on Corporate Governance reiterates the importance of protecting the core values of the Company and the enforcing of policies and processes that will peg the Company at par with any other world-class company in Corporate Governance practices. GTL received the prestigious “Golden Peacock Global Award” in the 8<sup>th</sup> International Conference on Corporate Governance held in September 2007. In the past companies like Barclays, ONGC, Infosys and ITC have won this award.

We also bagged the following awards during the year

- Business for Social Responsibility Award 2007
- Golden Peacock Innovation Award 2007
- Amity Corporate Excellence Award 2007 and 2008

Over the years, we have been making conscious efforts towards worthy Environmental and Social causes. Our efforts were acknowledged when we were ranked amongst the Top 10 corporations in India, with Infosys occupying the first position in the latest Standard & Poors “Environment, Social and Governance (ESG) India Index”.

### Way Forward

We have set ourselves an ambitious target of growing our revenue at 25% CAGR over the next few years. We would like to achieve this growth with an improved profitability by adding more customers and offering value added services to them.

The Indian telecom sector has been growing at 41% for the past 4 years. Leading mobile operators in India alone are likely to generate revenue of US\$ 50 Bn this year. This has lead to a value creation of US\$ 90 Bn by all listed & unlisted entities for their shareholders. We believe that this has enhanced potential for Network Service players like GTL to create further value for its Shareholders.

For all that our Company has accomplished, we truly appreciate the support and trust shown in us by our shareholders, bankers, partners, customers, financial institutes and employees. It is your belief in us that drives us to serve you better and we would like to thank you for being with us all through out this journey.



Place : Mumbai  
Date: April 11<sup>th</sup> 2008

**Manoj G. Tirodgar**  
Chairman and Managing Director

## Global Group Corporate Identity



### Global Group Philosophy

At the Global Group, our purpose is to enable people to be in touch with each other and improve the quality of life of the communities we serve. We do this through leadership in sectors like Telecom and associated Infrastructure, to which the Group brings a distinct set of capabilities.

Our capability to execute complex global scale projects, ability to continuously innovate, commitment to enhance the quality of life and make a positive contribution to society, binds our customers, employees, and shareholders together. The culture of the group is enriched and nourished by formalizing the high standards of corporate governance, ethics and behavior expected from employees and businesses.

The Global Group represents Vision, Leadership and Innovation. The group will leverage this asset to enhance Group synergy and become globally competitive.

The Global Group of companies share a set of six core values

- Ethics and Transparency
- Proactively manage change
- Delight customers through superior services
- Develop entrepreneurs through an achievement - oriented culture
- Build a Sustainable global organization
- Share knowledge and focus on end-result

These values, have been part of the Group's beliefs and convictions from its earliest days and continue to guide and drive the business decisions of Global Group Enterprises. The Group and its enterprises have been steadfast and distinctive in their adherence to business ethics and their commitment to ESG. (Environment, Society and Governance).

### The Globe

The alphabet 'O' is substituted with a colorful globe in the word "GLOBAL". This globe does not have an outline. Instead, it is shaped by a collection of free flowing strokes of 3 different colours symbolizing Intellect, Innovation, Purity, Warmth, Youth, Energy and

Drive. The Globe symbolizes vibrancy and the spirit of entrepreneurship within the Group. The free flowing strokes in various colours denote the Company's expansion plans in various areas, retaining the core values.

### The Colours

The colours symbolize the Group's vibrancy, attributes, culture, and the spirit that drives the group forward, besides making the logo attractive. The colours also play an important role in connecting the group's identity with the identities of flagship companies, GTL Limited and GTL Infrastructure Limited.

**Blue:** Blue symbolizes expanse, depth, infinity, innovation and intellect

**Red:** Red symbolizes passion, fire in the belly, a zeal for winning, energy and drive

**Yellow:** Yellow symbolizes warmth, purity, human spirit and a commitment to build sustainable businesses

### The Tagline

"Endless possibilities" is a description of the Global Group's mission and vision. The Group has diversified into numerous services. It has provided solutions to seemingly impossible challenges. This undefiable spirit to lead the field and rise to the top is symbolized in the tagline.

The tagline also signifies the entrepreneurial spirit of the Group, exploring new opportunities, moving into new frontiers of Innovation, Service, Excellence and Commitment to Build Sustainable Businesses.



## ***CIRCUIT DÈ GTL***

Telecom is not merely a business for us. It's a passion, a relentless pursuit of excellence. It is the unparalleled commitment towards providing clients with the best services, that has fuelled our growth.



## Business Snapshot



GTL is a leading Network Services company, globally, that serves across different Telecom technologies for addressing the Network Life-Cycle requirements of Telecom Service Providers and Technology Providers (OEMs). GTL has rolled out 45 cellular Networks, built over 36,000 cell sites across 35 countries, thus potentially connecting 36 million subscribers, since the inception of its services. GTL achieved a revenue base of Rs. 1,771 Crores (US\$ 443 Mn) in FY 2007-08.

The Company's vision is to be the "World's Largest Network Service Provider". To accomplish its vision, GTL has established a strong presence in each segment of its value chain, right from Network Planning and Design, Network Deployment, Network Operation and Maintenance to Infrastructure Management, Application Management and Professional Services.

### Network Planning and Design

Network Planning and Design services deliver value by designing the most economical Network with the high Quality of Service to support current and future technology and capacity requirements.

GTL provides Network Planning and Design services to its customers, starting from Radio Frequency (RF) and Transmission

Engineering to Fixed and Core Network Engineering Design in the domain of GSM, CDMA, Microwave Transmission, SDH, DWDM, WiMAX and Broadband networks.

The planning and design process assesses alternative options of Network Technologies, Network Migration and Expansion imperatives and incorporates them into the planning phase.

To satisfy the discerning requirements of global customers, GTL engineers use technology expertise, sophisticated algorithms, world-class tools and disciplined design processes to provide total end-to-end, multi vendor design solutions that not only fulfill but even exceed customer expectations.

### Service Offerings

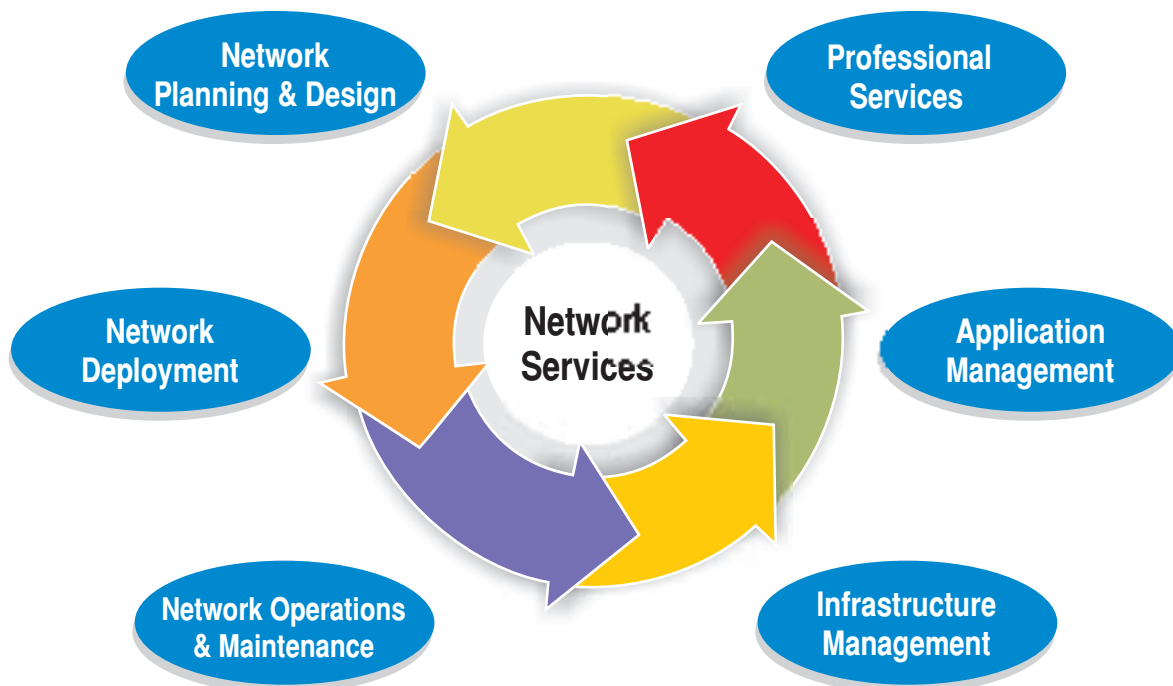
- **Network Planning and Design**

Carrier Wave Test and Model Tuning, Nominal Cell Planning, Radio/Tran Receiver Design, RF/Line of Sight Survey, Link Planning, BSC Planning

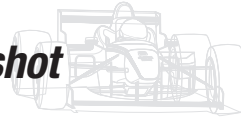
- **Network Optimization**

Verification Drive Test, Parametric Optimization, Transmission Network Planning, RF Optimization

## GTL's Value Chain



## Business Snapshot



- **Network Audit and Benchmarking**

Site Audit, Site Benchmarking, BSS Parameter Verification & Audit

- **Virtual Planning and Optimization (VPO)**

Radio/Transmission Planning and Network Optimization performed remotely through the VPO centre

- **Site Documentation**

Site Plan, Material Consumption Report, As Built Report, Site Handover Documents

- **Validation Services**

Tower Audits, AC Audits, Energy Efficiency Audits, Foundation Audits, Refurbishment Services Post Audits

## Network Deployment

GTL offers a comprehensive suite of Network Deployment services that supports every phase of the deployment process. The offerings include Active as well as Passive Infrastructure services for Wireless and Wireline domains.

GTL's Network Deployment services enable customers to rollout their Wireless and Broadband Networks efficiently with a shorter time to market. By applying its global expertise and leveraging local resources, GTL assures its customers high quality and cost effective network.

GTL has a proven track record of timely and successful deployments that meet and exceed customer satisfaction levels. GTL's multi skilled technicians and professionals, combined with our mature processes and techniques, create turnkey solutions by managing, integrating, installing and testing the customer's multi-vendor network.

## Service Offerings

- **Site/Construction Engineering**

Site Survey, Civil Works Design, Structural Analysis, Electricity Utility Design, Soil Investigation, Network Design, Reinforcement Solution, Site Acquisition, Foundation design

- **Management Service**

Project Management, Permits & Clearance, Logistics, Warehousing, Supply Chain Management, Third Party Handling

- **Site Implementation**

Civil Works, Mechanical Works, Electrical Works, Infra Equipment Supplies, Installation and Commissioning, Telecom RM Kit Supply, Telecom Works at BTS, BSC and MSC levels, Telecom Works for WiMAX & Wi-Fi

- **Acceptance Services**

Telecom and Infra Acceptance Tests, Factory Acceptance Services and Third Party Dispatch Audit

## Network Operations and Maintenance

GTL's Network Operations and Maintenance service portfolio enables Network Operators to focus on the core of their business in marketing, brand building and value creation while ensuring effective Network Operations and Maintenance activities, thus yielding significant reduction in Operational Expenses (OPEX).

GTL's expert engineers and field personnel undertake operations and maintenance of all network processes and elements for a wide range of technologies.

GTL has extensive experience on multi technology products across geographies, system & process based maintenance and right shoring of operations. This enables GTL to manage operators' critical task of Network Operations & Maintenance.

## Service Offerings

- **Network Monitoring & Operations**

24x7 Network Monitoring, Escalation Management & Trouble Shooting, Upgrade/Capacity Management, Configuration Management, KPI Measurement, Fault Management & Trouble Shooting Management, Database

- **Network Field Maintenance**

Preventive & Corrective Maintenance of Core Network Elements (MSC, BSC, BTS), Transmission Systems, Electrical Equipments & other Facilities

- **Technical Support & Process Management**

Technical Help Desk, Acceptance Testing, Type Approval Testing, Benchmarking & Process Management activities

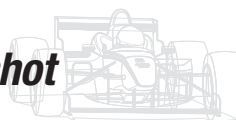
- **Logistics & Vendor Management**

Warehousing, Spares Management, Repair & Return co-ordination and 3rd Party Vendor Management

- **Transition Management**

SWAP Management Transmission Network Audit for Network, Backbone & Access level of Fibre / HSDL/ADSL/SAT COM/Microwave links

## Business Snapshot



### Infrastructure Management

GTL's Infrastructure Management Services allows the Network Operator to make optimal use of its assets by the way of critical and periodic evaluation of performance of various assets vis-à-vis their desired outcomes.

GTL has been involved in Design, Planning, Engineering, Implementation and Maintenance of almost all elements of Telecom Networks. The Network services have been provided for various levels of Network Maturity i.e Green Field Rollouts, Network Expansions or SWAPs. This has enhanced GTL's understanding of network requirements in the infrastructure space.

The Infrastructure Management Services allows better utilisation of capacities available by use of incremental reinforcement in design parameters.

### Service Offerings

- **Program Management**  
Planning, Execution, Control Activities and Key Reports Generation within a Program
- **Site Expansion Management**  
Indoor/Outdoor Equipments Augmentation, Tower Strengthening Services, Foundation Reinforcement Services, Refurbishment Services
- **Sharability Assessment**  
Power Utilization Audits, Site Infrastructure, Telecom Infrastructure Audits and other preliminary assessment services like Design Evaluation, Reporting & Recommendations
- **Documentation Management**  
Database hosting, Document Creation & Version Control
- **Disaster Recovery Management**  
Back Up, Backhaul, Server Management, Management of Site Location and the Disaster Site Location
- **Site Acquisition Management**  
Acquisition Process Management, Structural/Geo-technical Assessment, Site Mapping Services

### Application Management

GTL's Application Management portfolio offers services that can help operators generate revenue opportunities and network efficiencies. The Application Management services portfolio

includes the provisioning of value added services (VAS) solutions such as Multimedia Messaging Service (MMS), Short Messaging Service (SMS), Wireless Application Protocol (WAP), Voice Mail Services (VMS), thus enabling service providers to offer new revenue generating services to its customers.

### Service Offerings

- Application Installation/Integration
- Application Validation/Testing
- Forecast and Analysis
- Application Optimization and Performance Enhancement

### Professional Services

GTL's Professional services have on board a pool of skilled resources from the various technology and OEM platforms in the Telecom domain. The services of these skilled resources are offered to the Telecom Service providers as well as Technology providers (OEMs), to meet their long term requirements of skilled resources.

GTL provides Professional services to various OEMs such as NEC, ZTE, Huawei, Ericsson, Alcatel Lucent, Nokia Siemens, Motorola etc. across the Network Life Cycle. GTL also provides System Engineers to manage all aspects related to Network Planning, Design, Rollout & Operations and Maintenance. Working closely with the customer's project management teams and the vendors, GTL ensures final delivery of the services through close co-ordination with the customer's project managers and technical experts. Skilled resources of GTL's Professional Services group render valuable services in Fixed as well as Wireless Communication Networks.

### Service Offerings

- RF Engineering
- NSS Engineering Services
- VAS and Billing services
- 2G and 3G Access
- Microwave and Optical Transmission Networks
- Network Operations and Maintenance
- Network Operating Centre related services like Network Monitoring, HSDPA (High Speed Data Package Access) Implementation, RAN 1<sup>st</sup> and 2<sup>nd</sup> Line Support, Configuration Management and OSS Support.

## Delivery Philosophy



GTL's commitment to customer satisfaction, service excellence and adherence to world-class standards, enables it to provide a customer experience, that is much superior than the competition. GTL's approach is focused on enabling its customers to achieve their business objectives and overcome challenges. GTL's delivery mechanism provides cost-effective value proposition to its customers that allows them to grow their Wireless & Wireline business and deliver the high quality end user experience. The Company enjoys long standing relationships with a majority of its customers, which testifies its dedication towards its clients.

GTL's Delivery Philosophy is aimed at achieving customer delight through a combination of Competence Driven Human Capital, Project Management Expertise and SLA Driven Services. The delivery organization, skill sets and service offerings are aligned along the Network Services value chain. This delivery methodology is based on the Company's collective experience of over two decades and competencies developed across a spectrum of technologies adopted by leading OEMs.

Over the years, GTL has evolved into a competency driven organization, where the engineers are exposed to Project Management methodologies as per Project Management Institute (PMI) Standards. The Engineers perform in an environment that ensures transparency through dashboards and a flawless Service Management culture. The application of Project Management principles enable GTL's Engineers and Project Managers to guide

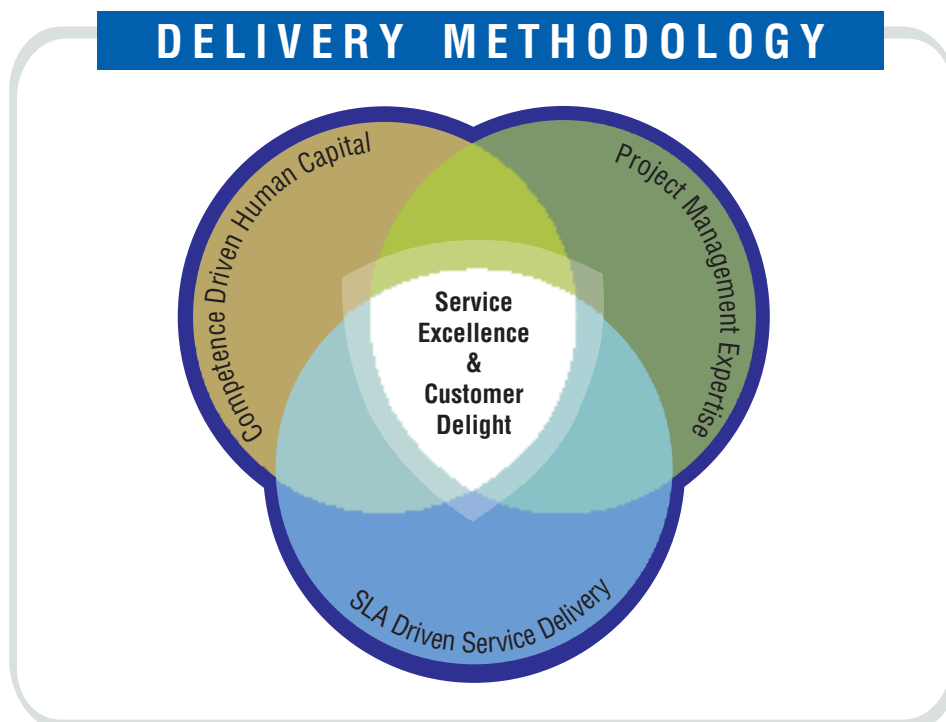
customer focus and alignment, quantify value commensurate with cost, optimize the use of organizational resources, incorporate quality principles, put strategic plans into practice and ensure faster time-to-market.

The Project Planning and Management in GTL is undertaken with the following objectives:

- Boost Profitability through Standardization
- Optimal Utilization of Resources (Labour, Equipment and Material)
- Avoid Cost Overruns and Delay
- Collaborative Scheduling for Proper Planning and Execution
- Creation of an Information Centre for all to Access

To inculcate the SLA driven service mindset, all the project managers are trained on Project Management software like PRIMAVERA. A Project Monitoring Cell is in place, which tracks project activities on weekly and monthly basis. It also facilitates in generating Management Information System (MIS) for effective tracking of project progress.

The following steps facilitate efficiency and effectiveness in delivery that translates into a satisfactory output for the client within the desired time frame.





## Delivery Philosophy



### The Right Project Resource Mix

Selection of the right strategic mix of projects is essential. This leads to better utilization of company resources and generates higher profits. The essence is to see that the best resources are being used either for the most promising opportunity or for the most challenging task. Thus underutilization is minimized thereby increasing operational efficiency.

Constant mapping of resource requirement is required to be carried out, supporting both top-down and bottom-up resource planning. This helps an organization wide check to ensure that the appropriate capacity and resources will be available for the projects in hand. This in a way also supports optimal resource planning.

### Governance

Ensuring that essential legal and operational requirements are met and clearances are obtained while a project is being executed. In telecom projects on turnkey basis Site Acquisition and Site Erection requires permissions from local, statutory and multiple authorities which play a very pivotal role. Thus parallel to execution on the activity front, compliance with the regulatory and governance authorities helps in controlling cycle time and smoothens the project execution even in future.

### Enhanced Efficiency

This is directed towards reducing schedule delays and risk. Timely accomplishment of milestones is a key determinant of the efficiency in Project Management. Once the deviations come to the surface while the project is on, rectifying them and moving ahead is comparatively easier.

The job costs are monitored and controlled with an ongoing tracking of program costs, where the cost details pertaining to all the projects are collected and summarized.

### Knowledge Sharing

Improved project team collaborations would result in experience and knowledge sharing. In GTL, a collaborative platform has been created where, project managers and project control professionals exchange their experiences on challenging projects along with proposed solutions. The access to project database plays a key roll in enhancing operational efficiency.

We are currently in the process of enabling the project team and executive stakeholders to review and share the Key Performance Indicators (KPIs) from a single configurable point.

### Local Leverage

De-centralization of project organization, whereby the project offices have been located at local levels to enable faster decision making and deliver effective service in line with stringent deadlines.

Local sub-contractors have been developed at circle level to facilitate rapid ramp up of team's ability to execute the projects within stipulated time frame.

### Vendor Management and Logistics

Most of the Network deployment activities carried out by GTL are in the form of Turnkey projects. Since our performance is measured on milestone basis, availability of the right mix of material for project execution at right time assumes great significance. To provide cost effective value proposition for its clients, GTL sources most of its material requirements from local vendors. The logistical functional team is responsible for creating a database of local vendors, which is then used by our on-site engineers and project managers to procure material at effective rates. We have now initialized the process of introducing Standardization in our resource requirements to allow us to provide quality deliverables in the stipulated period of time.

#### Benefits to Customer

##### Comprehensive Services

- Services across entire Network life-cycles
- Project execution experience in multiple geographies

##### Efficiency in Operating Cost

- Reduce operating cost through outsourcing
- Predict and manage costs better
- Manage technology risk
- Optimize resource utilization

##### Multi Platform Technology Expertise

- Stay updated with rapid technological developments with minimal risk
- Integration expertise
- Skilled engineers

The Company aims to continuously strive towards meeting and exceeding customer's expectations through a combination of skilled and trained resources, service management philosophy and project management expertise. GTL's years of experience in providing leading edge solutions for multi-vendor networks, backed by dedication to quality, makes GTL the ideal choice as a service partner.

## Case Studies and Competencies



### Case Studies

#### Network Planning and Design services for a leading Mobile Carrier in China

The client - China's leading operator, offering GSM and CDMA services was looking at expanding its market share. The operator was in need of a capable engineering team in order to optimize existing Network and for rolling out new Networks.

In order to meet the expected Key Performance Indicators (KPI), the operator commenced the search for a partner that could do the GSM Radio Network Roll Out, Optimization Services and Planning Services for it.

The operator engaged ADA CellWorks (a subsidiary of GTL International) through an OEM. ADA CellWorks deployed 100 engineers for a period of 2 years through out China (Yunnan, Fujian, Zhejiang, Wenzhou and Shanghai).

ADA CellWorks successfully delivered the desired Network KPIs and the Operator now enjoys the benefits of a better network. It has assisted the Operator in strengthening its brand image as well as improving the quality of service provided to the end customers. The project has also given GTL entry into the world's largest telecommunications market.

#### Network Deployment and Network Operations and Maintenance of WiMAX Services

The Client, a leading integrated telecommunications solutions provider and the pioneer in internet and international telecom services in India. It chose GTL as its partner to deploy WiMAX network to offer last mile broadband connectivity to its existing subscribers and to attract new ones.

GTL with a leading WiMAX equipment provider implemented 650 sites, which included site survey, installation of Antennae and GPS, Base Station Commissioning, Acceptance Test (AT) and integration of the network.

GTL also undertook the task of providing Operation and Maintenance support services for the WiMAX network for its client. GTL engineers successfully provided field level support on 24x7 basis co-ordinating for fault reporting and trouble ticket closing with OMCR and providing day-to-day on-site assistance for performance improvement.

#### Network Deployment for a leading Wireless Telecom Service Provider in KSA (Kingdom of Saudi Arabia)

The Client, one of the largest players in wireless telecom had aggressive expansion plans in KSA. It required to quickly ramp up its operations against stringent timeline. It wanted a partner who could

support its aggressive deployment schedule and adhere to stringent quality of service norms.

The project was an end-to-end execution covering aspects of RF Planning, Site Identification and Survey, Testing and Commissioning of Transmission Links, testing and commissioning of Radio Base Station etc. GTL formed a team of experienced project managers to execute the project. It engaged local resources to execute more than 200 sites in difficult terrains of KSA.

GTL helped in reducing the customer's total cost of ownership by managing the entire network deployment. This alleviated the time-consuming tasks of installing new equipment, finding qualified personnel, and of building up in-house competence.

#### Network Deployment for a leading Wireless Telecom Service Provider in USA

The Client is a leading Telecom service provider with operations in USA and the European region. It was seeking to aggressively enhance its market share by providing world class Network Services by deploying a UMTS Network. To enable the same, the client was looking for an able partner to help with the rollout. GTL was selected as a partner for this project.

The scope of work included Scheduling, Tracking and Supervision of Milestones of the project, Project documentation and Implementation, Site Change Management, Quality Management audits and Telecom Implementation management. GTL through its dedicated team of professionals was responsible for sticking to the demanding schedule and performing on the agreed deliverables. GTL provided National RAN Integration Support and RNC Consultancy towards the project. For this GTL engaged UTRAN Technical Support Engineers to provide Technical Support on a National Level.

The smooth and trouble-free rollout has enabled the client to enhance its network capacity and offering and grow its market share.

#### Operation and Maintenance Services for a leading GSM operator in India

The Client is a leading GSM Network Operator with widest pan India coverage. The operator was seeking for a partner to maintain its wide network of cell-sites, so as to maintain maximum uptime and deliver high quality experience to the end user.

GTL had to perform complete maintenance of all the passive components at over 1500 sites spread across the 4 circles of Rajasthan, Uttar Pradesh (East), Punjab and Himachal Pradesh. GTL faced several challenges like providing round the clock site support spread across several geographies with different site configuration, multiple vendors and configuration. GTL's engineers had to

## Case Studies and Competencies



establish supply chain linkages, source manpower locally and train them to manage sites located remotely to maintain the satisfaction level of the client.

GTL reliable operations and maintenance services and faster replacement of faulty modules lead to minimum downtime for the client translating into uninterrupted services in all these states.

### Technology and Competencies

Over the past few decades, technology in wireless communication telecommunication has witnessed consistent evolution. It started with 2G and has moved to 3G and WiMAX (Worldwide Interoperability for Microwave Access) platforms.

#### GSM and CDMA

GSM technology has established itself as the favored technology of mobile operators around the world, with a market share of 75%.

CDMA technology's spectral efficiency becomes prominent in dense urban environments. While this capability is under subscribed, CDMA operators are setting up more cellsites that would entail additional capital and operating expenditure.

In India, leading Telecom Service Providers have secured dual licenses and are willing to offer both GSM and CDMA services. The company also has the necessary capabilities to carry out both GSM and CDMA projects in different countries around the world. Over the years GTL has thus emerged as an established player in offering both GSM and CDMA related services.

#### WiMAX and Wi-Fi

All the three technologies, LTE (Long Term Evolution), HSPA (High Speed Packet Access), and WiMAX are in very different stages of maturity.

HSPA is a mature technology with more than 10 million users around the globe. WiMAX is a better way to cover cities and sparsely populated areas, while nomadic use through 802.16d is commercially deployed, mobile use on 802.16e is advancing towards full certification. LTE is even further away, and with normal technology maturity timelines it will not be commercially available before 2012.

It is expected that the combination between Wi-Fi and WiMAX is a natural phenomena: Wi-Fi would excel in small hotspots, and WiMAX in large wide areas. They can be combined in a mesh network, which itself is an emerging topology, and provide enough bandwidth for voice, video and data. The creative combination of these and other protocols, topologies and applications are quickly creating an overall ecosystem that is a potent competitor to 3, 3.5 and even 4G cellular networks.

GTL has undertaken both Wi-Fi and WiMAX deployment on commercial networks in India. Through our acquired entity ADA CellWorks we are deploying WiMAX network for commercial operation in Malaysia.

The company has invested in training and development of the engineers to ensure that enough human resource is available to deliver across wireless broadband technology platforms. A significant number of GTL engineers have already acquired good domain knowledge and are prepared to execute projects on these platforms around the globe.

### 3G

3G, or third generation, is the generic term used for the next generation of mobile communications systems. The new systems will enhance the services available today and offer multimedia and Internet access and the ability to view video footage. With a 3G phone and access to the 3G network, subscribers can send and make video calls, watch live TV clips, access the internet, receive emails and download music tracks, along with the usual voice call and messaging services, which are typical to mobile phones.

GTL has already acquired 3G competencies through the acquisition of Genesis, which includes Network Monitoring, Remote Integration Services, Network Upgrades, HSDPA Implementation, Network Auditing, 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> line operations support for packet switched and service switched core, Configuration Management, Performance Management and various OSS Support Services.

With the introduction of 3G in India and other world markets where it is awaited, the company's capabilities and long standing relations with operators would serve to fuel take off and quicker acceptance of these services in relatively dormant markets.

### In-building Solutions

In 2008, 70% of mobile voice calls and a similar proportion of mobile data usage are expected to originate inside the building. In-building solutions will thus play a large part in the mobile carriers' strategy to fill in coverage gaps, driving increased ROI for enterprises and average revenue per user (ARPU) for carriers.

Carriers will follow an "inside out" strategy, enabling coverage that focus on where the most lucrative customers are (eg, enterprise, in-building) instead of providing a city with a blanket coverage. Carriers will endeavor to achieve low-cost, low-power femtocells as a way of increasing coverage and capacity, fostering customer loyalty and reducing operating costs.

GTL has identified this as a viable opportunity and will offer in-building solutions as the demand from operators arise.



## ***G - FORCE***

AT GTL, its less of me and more of we. Each insight and opportunity is thoroughly analysed and discussed to reach a productive conclusion. No surprise then, the G-Force helps us achieve the set goals and objectives.



## Industry Structure and Development



The telecom sector generates more than 2% of the global GDP. More than 20 of the companies in the Fortune 500 are either operators or manufacturers of mobile technology. Almost 3 million jobs are dependent on the mobile industry in Europe alone (Source: TMT Trends 2008, Deloitte). The sector commands high valuation owing to the underlying growth and strong fundamentals.

The price of mobile phones have fallen sharply and a growing number of models are now priced at under US\$ 50. There are plans for the launch of a mobile phone with a wholesale price of US\$ 10 in 2009. Lower priced handsets are likely to increase overall mobile penetration rates, which are rapidly approaching a saturation point.

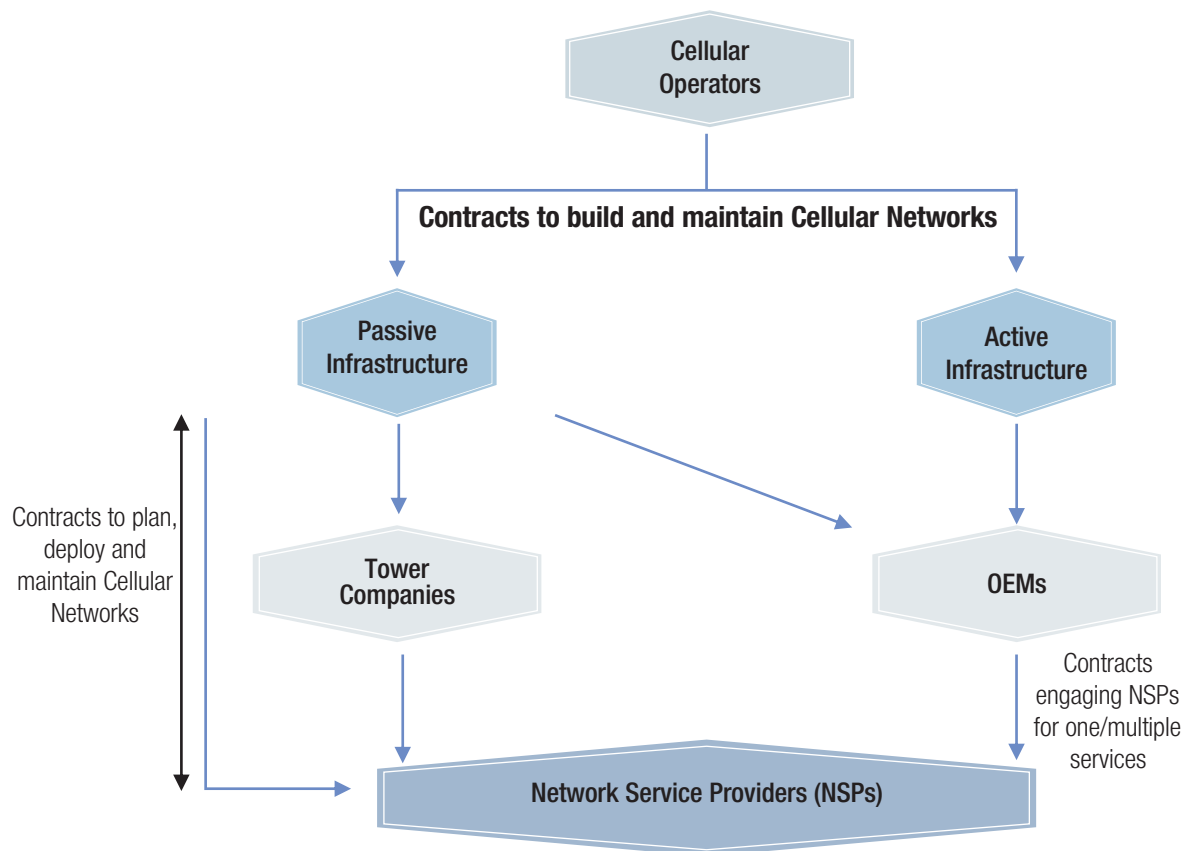
The service providers would benefit from the world's dependence on telecommunication services and recent price cuts. The

emergence of global companies with operations in multiple countries may even encourage some businesses to introduce process changes that require telecommunications. The intensity of these trends, and the pace of growth in telecom varies from region to region.

GTL carries out projects in 35 countries around the world that translates into a balanced geography mix, tapping on the growth in the world markets.

The wireless equipment value chain includes, the Network Operators that purchase equipment, Tower Companies that develop passive infrastructure for operators, Original Equipment Manufacturers (OEMs) that produce fully-assembled equipments, and components.

### Industry Structure for Network Infrastructure

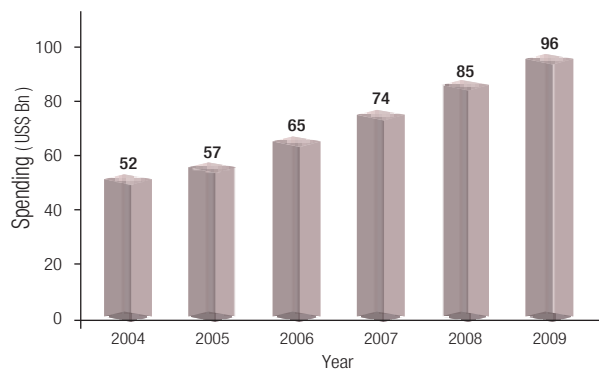


## Industry Structure and Development



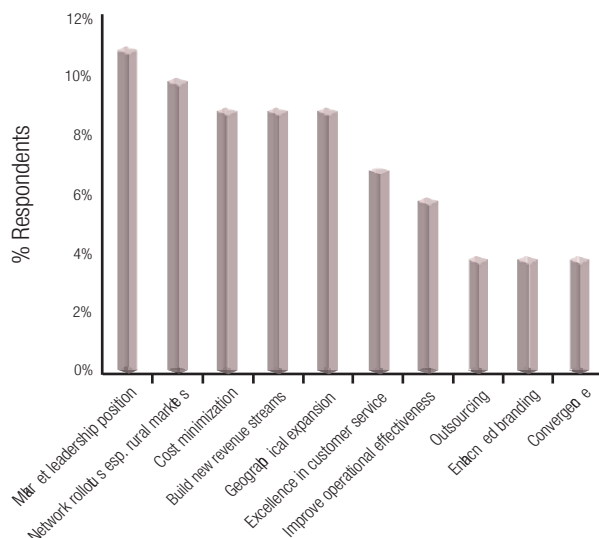
In the world telecom market Operator's spending on Network Services is expected to be around US\$ 181 Bn for next 2 years. GTL acts as a Network Services Provider (NSP) and typically receives contracts from Wireless Operators, OEMs and Tower Companies to build, operate and maintain Cellular networks. GTL develops and implements a competitive and innovative range of solutions that meet the requirements of Wireless Operators, Tower Companies and Technology providers around the world. Thus the trends and developments in the telecom sector drive the growth of Network Service companies like GTL.

### Operator's Spending on Network Services Globally



Source : Industry reports

As per E&Y Industry survey Network Rollout, Cost Minimization and Geographical Expansion are ranked amongst the top 5 priorities by leading telecom operators the world over. GTL's Service offerings facilitate operators in all the 3 areas.



Source : E&Y Industry Survey

In the recent years the world telecommunication markets have witnessed a clear classification into matured and emerging markets based on the status of the telecom sector in the region.

### Mature Markets

Despite high penetration levels at around 75%, there is still room for growth in Network Planning and Optimization in these markets. Operators are focused on retaining subscribers and stimulating increased usage and are thus ready to make additional investments into capacity and transmission network. This endeavour is driving capacity additions to existing GSM Networks and the rollout of WCDMA/HSDPA Networks.

However, factors like enhanced competition, alternative technologies, decreasing mobile net additions and declining ARPU levels are forcing operators to achieve ever-higher levels of operational excellence. The need to find sustainable differentiation while safeguarding economic viability has created a role for specialists, who focus on certain parts of the value chain, trying to offer new services or the same services at better quality and lower cost. Thus, these markets are generating demand for Managed Services.

Sensing this emerging opportunity, GTL has entered the West European market through its subsidiary Genesis Consultancy and alliance with Ericsson UK. In the North American market, GTL offers Network Deployment and Infrastructure Management Services through its recent acquisition SCS, USA.

### Emerging and Growth Markets

Emerging Telecom markets in the world are characterized by high population base, high GDP growth, low mobile penetration and high monthly subscribers net-adds. At the end of 2007, the 10 mobile operators with the best EBITDA margins were all in emerging markets. In developed economies, average margins are closer to 35% despite monthly ARPU of almost US\$ 45. (Source: TMT Trends 2008, Deloitte)

The Emerging and Growth markets have been traditionally lucrative for Network Planning and Design and Network Deployment and Maintenance. GTL's domestic and biggest market India, has emerged as the fastest growing Telecom market in the world, thus creating a huge demand for Network Services.

### India

India has emerged as the fastest growing Telecom market in the world surpassing China with the monthly net subscriber additions in the region of 7-8 Mn in the recent period. The total Telecom subscriber base touched 301 Mn as on March 2008, leading to an overall teledensity of 26%.

Leading Telecom operators are expected to spend US\$ 20 Bn by 2010 mainly for expansion and to increase rural penetration and

## Industry Structure and Development



thereby increase their market share in these unserved markets. This in turn translates into a huge demand for companies offering ancillary and support services, who are directly engaged in the task of planning and creating new infrastructure, providing a boost to the Network Services Industry in which GTL operates.

### Wireless Capex for leading Telecom Operators in India

Rs. Mn

Particulars	FY08	FY09E	FY10E
Bharti	116,680	92,750	71,310
RCOM	152,815	140,361	61,670
IDEA	46,667	46,148	39,750
Vodafone - Essar	68,255	61,430	73,715
BSNL	29,433	80,000	80,000
Tata Tele	42,754	38,479	30,783
Others	28,655	22,924	18,339
<b>Total</b>	<b>485,259</b>	<b>482,092</b>	<b>375,568</b>
<b>Total (US\$ Bn)</b>	<b>11.3</b>	<b>11.2</b>	<b>8.7</b>

Source: Industry/Motilal Oswal Securities Reports

With an intention to create increased competition, the telecom authorities have announced issuance of fresh licenses to new players to rollout their network across the country. Additionally leading CDMA players; Reliance Comm and Tata Teleservices, have also been granted licenses to offer GSM across the country. This has led to an incremental investment opportunity of US\$ 15 Bn over next three years.

During the year Bharti, Vodafone and Idea have announced consolidation of part of tower assets to form Indus, the world's largest tower company. Indus is estimated to have a tower portfolio of 70,000 cell sites. An immediate opportunity that is likely to develop for companies like GTL is Network Rationalization, Optimization and Network Audit.

The new wave of regulatory developments has also highlighted the benefits that would accrue from the sharing of active infrastructure. To address these opportunities, GTL has entered into an agreement with Vanu Inc., a leading software radio innovator for the wireless infrastructure industry.

Among the Emerging markets, GTL has focused on China, Middle East, Asia Pacific and African markets.

### China

China is the world's largest telecommunication market. China's

mobile business is expanding at a fast pace. Tariffs at wireless service providers have fallen around 15-16% over the last two years, encouraging more and more mainland Chinese to switch to using mobile phones from landline phones. In the year 2007, China added 87 Mn subscribers with a mobile penetration of 40%. For the year 2008 and 2009 the estimated addition in subscribers is to the tune of 170 Mn taking penetration to 52%. However the double-digit growth is still far away from satisfying the market demand for mobile usage.

In the past few years, investments made by the four telecommunication operators totalled US\$ 28 Bn per year, half of which were contributed by China Mobile.

In 2008 and 2009, Network investments in China are expected to reach US\$ 14 Bn and US\$ 13 Bn respectively, which will be mainly used in GSM network construction and research and development in new technology.

GTL plans to address this growth opportunity through its acquisition of ADA CellWorks which has extensive operations in China.

### Middle East

The Middle East market has been a traditional stronghold for GTL. It has had presence in the region since last ten years. This market has livened up in the last two years by the Privatization of the Telecom sector, which led to issue of licenses to Mobile operators and subsequent rollout of additional Passive and Active Infrastructure. The other drivers of growth will be impending introduction of 3G services and new data services.

### Asia Pacific (APAC)

GTL established its presence in APAC in a major way through the acquisition of ADA CellWorks, which has domain expertise in Network Planning & Design and Professional services. This market is the most developed amongst the Emerging markets. Although the penetration level in this region is higher amongst the developing economies, falling tariffs and emergence of 3G is expected to drive the subscriber growth further, in turn creating demand for Network Planning and Network Deployment activities.

### Africa

This market is the most underdeveloped Telecom market and will witness the highest growth rate in the future. The reasons for this optimism are creation of Pan Africa unified networks, deployment of 3G networks, planned development of national backbone networks and increase in the number of licensed operators. GTL

## Industry Structure and Development



has set up an office in Nigeria to address the opportunities arising in the region.

### The OEM Sector

#### Consolidation

A recent wave of consolidation among OEMs could be considered as a major move towards profitable growth. The market has consolidated to the point where two years ago, the Top 3 players world wide controlled a 52% share of the market. By mid 2006, the share of the Top 3 was nearly 70%. This is likely to induce price stability and a higher level of standardization in the industry. Also the average size of a contract would increase given the increase in the magnitude of OEM activity.

#### The Emergence of Chinese OEMs

Leveraging upon their competitive pricing, Huawei and other Chinese players are expected to gain significant market share in APAC region via greenfield markets, posing a serious threat to OEMs from Europe and USA. In the developed world, their main challenges would include establishing the installed base, building client relationships, and ensuring the service infrastructure needed to obtain significant positions in western 3G markets.

GTL has been certified as a “Globally Authorized Service Provider” by ZTE, a leading operator in China for Network Services across 120 countries, in which it operates.

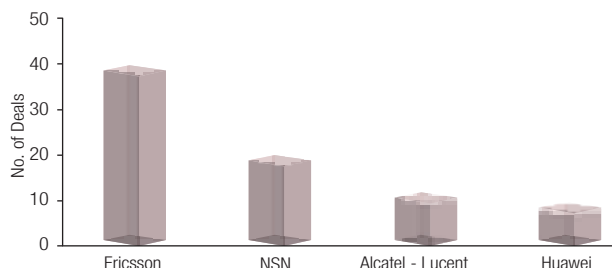
#### Increasing Focus on Managed Services Businesses

Traditionally, most of the operators the world over, were wary of outsourcing the network related functions as they considered them as their core activity. However, Network outsourcing has gained momentum globally in last two years. In matured markets of Europe and USA, operators are adopting to Network outsourcing model as a means to cut operational cost, and achieve Network Optimization. The global Telecom Industry has witnessed more than 200% increase in Network Outsourcing activities in last three years with Asia-Pacific region accounting for about two-third of all such deals. In growing markets like India, leading operators like Bharti and Idea have outsourced expansion and maintenance activities to achieve scalability and flexibility in operation volumes and resources. This has in turn resulted in increasing average deal size by around 20-25%. Mobile operators usually experience a saving of around 15-17% in Network OPEX arising from outsourcing of Network Services activities.

Along with the increase in number of deals, the operators are also extending the scope and duration of their network outsourcing contracts. Industry survey indicates that out of the total outsourcing deals signed in recent times, around 75% were for

more than 3 year duration and over 42 % included both passive and active infrastructure segments.

#### Contracts won by top Global Network Outsourcers, 2006-07



Source : Insights, Capgemini's journal on telecom, media & entertainment sectors

Over 95% of operators have awarded network outsourcing contracts to existing equipment suppliers. Ericsson, UK and Nokia Siemens Network have leveraged their existing relationship with operators and wide geographical footprint to become leaders in outsourcing services space. These OEMs have been extending a part of the overall integrated Managed Network Services activity to GTL.

GTL has recently entered into an alliance with Ericsson for the Managed Network Infrastructure Services Opportunity in U.K. The partnership marks Ericsson UK's first ever partnership to offer Managed Network Infrastructure Services (MNIS) to Network Operators and Service Providers in the United Kingdom and Ireland.

Ericsson and GTL will focus on the growing demand for the provision of highly efficient managed infrastructure services for mobile operators. Ericsson and GTL will work closely together to form a strong strategic business relationship in the marketing, rollout, and operation of managed infrastructure and related equipment. Ericsson currently has comprehensive Managed Services contracts with tier- 1 mobile operator in the UK.

So far the operators have resorted to a model to outsource the entire Network Services engagement to a single service provider. However, this approach is likely to be challenged in coming years on account of distinct classification between active and passive infrastructure by the operators. The passive infrastructure Network Management will be outsourced to players like GTL whereas the active Network Management may be retained by the OEMs.

### Outlook and Way Forward

The Company facilitates the operators primarily in India and also across the world in providing improved service to their customers, thereby moving closer to the company's objective of becoming the preferred partner for all the OEMs and Telecom Carriers in the Network Services domain.



## Industry Structure and Development



Recognized as “India's Largest Network Service Provider to the World”, GTL is well placed to tap the growth opportunities presented by the Telecom sector in Africa, Middle East and Asia Pacific region in the years ahead.

### Organic Growth

Organic growth indicates the efficiency of management to use its internal resources to expand profits. GTL's expertise and experience in offering Network Services has enabled it to achieve its targeted 30% plus growth rate for FY 2007-08. The Company has given guidance for revenue growth of 25% for FY 2008-09. The Company is likely to achieve the same by continually investing in enhancing its competencies in every segment of the value chain to serve the needs of its clients.

### Growing along with Partners

GTL has a strong relationship with technology partners, such as Alcatel-Lucent, Nortel, Ericsson, Huawei, Motorola, Nokia-Siemens and ZTE among others, to provide the complete bouquet of Network Services. The Company enjoys the preferred partner status with leading OEMs, which gives it an added advantage in securing bulk orders. The Company also plays a vital role in making new and innovative applications work for its technology partners. Now the Company is focusing on improving the share of business that they get directly from operators thereby improving their profitability and reducing dependence on OEMs.

### Globalization

To attain a leadership position in Network Services, GTL needs to increase its scale of operations in international markets rapidly. Currently, 20% of GTL's business comes from international markets. GTL aims to have at least 50% of its business from international markets over the next three years. Overseas expansion would help the company to mitigate its business risk by reducing its dependence on revenues from a few markets. Moreover, it would provide GTL with an opportunity to leverage upon the excellent relationship it shares with global OEMs.

GTL has entered the African market in the Network Deployment space and also has a strong presence in Europe in the Network Enhancement and Upgradation, and in the Professional Services domain. In the Asia Pacific region, GTL has a presence and further aims to strengthen the foothold in the Network Deployment and Services space.

### Delivery

GTL has taken a quantum leap in terms of delivery capability in the Telecom Infrastructure space. The delivery capability has been enhanced, leading to shorter project completion time and enhanced customer satisfaction. GTL also has consolidated its delivery capabilities in overseas markets like South Africa,

Mauritius, Thailand, Saudi Arabia and UAE. The number of associates has increased from 3,390 to 5,045 adding to the resource pool. Faster delivery enables the company to serve their clients better thereby strengthening GTL's brand image as a reliable Network Service's company

The Company has also initiated implementation of Project Management Techniques that would provide information with respect to the status of a particular project that is under execution, thereby generating periodic reports. The Company is actively working towards establishing Remote Management set up for delivery in India as well as abroad.

### Inorganic Growth

Inorganic growth proved to be an equally effective growth alternative for GTL with the acquisition of Genesis in the year 2006 and ADA CellWorks and SCS Communications in the year 2007. The Company intends to actively pursue inorganic growth through acquisitions even in the future.

Moving up the value chain to improve its profit margin would require acquisition of new skill sets. Targeting businesses with the relevant skill-sets presents a good case for acquisitions to fill-in the gaps and further strengthen the value chain of the Company. So far the Company has smoothly integrated the dual approach of organic and inorganic growth while trying to meet the revenue and profitability targets that it has set for itself and will continue to do so even in the future.

### New Initiatives

India, APAC, Middle East are underserved broadband markets and WiMAX will play a key role in improving broadband penetration in these regions. Broadband vendors like Huawei are relying on India to drive broadband growth, and have introduced low cost Customer Premise Equipment (CPE) in India. Broadband providers like VSNL have announced plans to provide WiMAX in 120 cities in India and Sify has announced plans to deploy 700 base stations and 3,500 subscriber units to offer services in 200 cities of India. WiMAX is also expected to play a major role in facilitating telemedicine, e-governance and e-education. Once the regulatory policy in WiMAX is in place and spectrum issues are solved, the rate of deployment will increase manifold. GTL is already building expertise on the WiMAX front so that they can tap the growth in the years ahead.

GTL will partner with Ericsson in the Managed Network Space. Through the GTL- Ericsson partnership the Company will initially focus on addressing the growing demand for Managed Services and Network Optimization and Rationalization in UK. In the near future it will also focus on rolling out, Wireless services and telecommunications systems for Mobile Network Operators for their 3G and WiMAX network footprints across Europe.



# ***RACE OF CHAMPIONS***

While racing with the fastest, you got to be Superfast.  
At GTL, an acquisition is much more than a takeover.  
It is about partnering success and sharing vision to move  
together at the speed of thought.

## Mergers & Acquisition



Inorganic growth strategy will play a vital role in accomplishing GTL's vision of becoming "World's Largest Network Services Provider". GTL has also laid down corporate objectives as mentioned below:

- Achieve Net Profit Margins of around 11% in the next three years
- Increase contribution from high margin segments like Network Planning and Design, Network Operations and Maintenance and Professional Services from 20% to 40%
- Increase contribution from geographies other than India from 20% to 50%

### Activity during FY 2007-08

In this financial year, GTL successfully completed the acquisition of two companies in the network services space: ADA CellWorks, a company owned by Govt. of Malaysia and Intel Corporation and SCS, USA. Genesis Consultancy, UK was acquired in the year 2006 and contributed significantly to the company's growth during the year. The table below gives brief information on the acquired entities.

Acquired Entity	Geographic Presence	Area of Operation	Associates	Major Customers
Genesis (Oct 2006)	Europe, USA & Australia	O&M and Professional Services	100	Nokia Siemens Networks
ADA CellWorks (Nov 2007)	APAC & North America	Network Planning & Designing and Professional Services	750	Nokia Siemens Networks, Alcatel-Lucent and Huawei
SCS (Dec 2007)	North America	Network Deployment	75	Verizon Wireless, Ericsson, Alcatel-Lucent, Nokia Siemens Networks

GTL's acquisition of ADA CellWorks in November 2007 provided the company access to a well-trained resource pool of over 750 employees spread across 11 countries. The acquisition has strengthened GTL's presence in China, Taiwan and Indonesia in the targeted segments of Network Planning and Design and Professional Services.

Apart from these markets, ADA CellWorks has also executed projects in Australia, New Zealand, Singapore, Philippines, India with their major customers being Nokia Siemens Networks, Alcatel-Lucent and Huawei. GTL has already worked with these players and the acquisition will take these relationships beyond the existing boundaries. Looking back at Genesis's acquisition, it has benefited GTL in gaining a foothold in UK, Australia & USA in

the Telecom business and has also given access to capabilities on 3G technology.

### Benefits Through Acquisitions

#### Acquire new skill sets

GTL designs, deploys and manages the Network Infrastructure of Telecom Service Providers and OEMs. Currently, most of the revenues come from the deployment of network infrastructure, which is a low margin business. To move up the value chain, the company would require new skill sets in the areas of Network Planning and Design, Professional Services and Infrastructure Management.

Targeting the companies with the relevant skill sets presents a good case for acquisitions to fill-in the gaps and further strengthen the value chain of the company

#### Improved Geography Mix and Acquisition of New Clients

Currently GTL's 80% revenue comes from India. The overseas expansion would help the company to mitigate its business risk by reducing its dependency on revenues from the Indian market. Moreover, it would provide GTL with an opportunity to leverage upon

the excellent relationship it shares with Global OEMs. GTL would get an opportunity to serve additional clients due to the acquisitions.

### Future

GTL will continue to look for opportunities to acquire companies with significant presence in high growth markets. The Company has already made non-binding offers to potential target companies with operations in USA, Europe, Middle East and APAC region in the business of Network Planning & Design, Professional Services and Infrastructure Management. GTL had earmarked Rs. 1,000 Crores (US\$ 250 Mn) for the purpose of funding these acquisitions last year and has already spent around Rs. 200 Crores (US\$ 50 Mn) on the three acquisitions done so far.

## Enterprise Business Sell-off



On July 11, 2007, Orange Business Services, the business communications arm of France Telecom, entered into an agreement with GTL Limited, for acquiring its Enterprise Networks and Managed Services business in an all cash deal.

GTL offered Enterprise Networks and Managed Services to medium and large Corporates. It had over 500 customers, comprising of blue chip companies, with major presence in the BFSI and ITES segments. The company also has relationships with leading technology providers such as Alcatel-Lucent, Nortel, Juniper, Patchlink, Arc Sight and Verint in the Enterprise space. GTL is one of the oldest partners for Nortel, and has a leadership position in the Contact Center space. The business serves customers at 13 locations in India and globally in countries like USA, UK, Singapore and Sri Lanka.

### Rationale for the Hive off

GTL Limited has set up the following goals during the restructuring

- To be the World's Largest Network Services Provider
- Exit all non-telecom related business
- Hive Off/Sell-off the Enterprise business services

The decision to exit the Enterprise business is based on the fact that GTL enjoys leadership position in Network Services, but is not amongst the top players in the Enterprise services. Another factor that was considered was that the Global Telecom market is witnessing a huge growth and GTL would like to capitalize on this opportunity. The exit from the Enterprise business will free up management bandwidth to focus on the high growth business of Network Services. The cash generated out of the sale of the business can be utilized to pursue inorganic opportunities in Network Services Business

The hiving off the Enterprise business was part of the Company's efforts to focus on Network Services for Telecom carriers. In Orange Business Services, GTL saw a perfect partner who would add value to the business and take care of its employees. Post the hive-off, our end customers are largely "Telecom Operators" and "OEM's" or "Enterprises" who deal with them.

### Deal Snapshot

GTL had built world class Enterprise Networks and Managed Services business and the fact that Orange Business Services, a leading global brand owned by France Telecom is acquiring the business speaks for the quality of assets we have built.

Enterprise Business Sell off	
Business	Enterprise Networks & Managed Services
Revenue FY 2006-07 (Rs.Crores)	140
Nature of Transaction	All Cash Deal
No. of Employees	590 plus

### Impact on GTL

The proposed divestment is unlikely to impact the revenue growth of GTL. The Company has already surpassed its projected revenue growth of 30% for FY 2007-08 and has generated Rs. 1,771 Crores in revenue. The guidance for the revenue growth for FY 2008-09 is 25%.

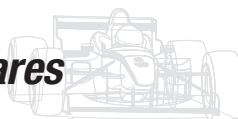
Particulars	Rs. Crores	
	GTL Consolidated Post Sell-off Guidance issued on July 11, 2007	Actual Nos. after hive-off based on audited accounts as on March 31, 2008
Order Visibility	1,600	2,124
Revenue	1,450-1,600	1,771
EBITDA	190-220	265



Mr. Manoj G Tirodar, CMD GTL Limited and Ms. Barbara Dalibard, CEO Orange Business Service at the function on July 11, 2007



## Buy Back of Shares



GTL operates in the Telecom Industry, one of the fastest growing sectors in the Indian economy. The growth drivers of the industry have enabled the Company to provide 25% growth guidance for FY 2008-09. However, this growth and true value of the Company was not reflecting in its stock price at the marketplace. In addition, the cash balance in the books and the market value of the Company's investment in GTL Infra was not being factored into the Company's stock price. Hence a buy back was carried out with the following objectives to reiterate the confidence in the Company's performance.

- To return excess cash back to the shareholders.
- To increase return on capital employed
- To increase the earning per share

### Execution of Buyback of Shares

On receiving the necessary approval from Security and Exchange Board of India (SEBI), the Company's Buy Back offer opened on October 29, 2007 and closed on November 19, 2007. Ind Global Corporate Finance Pvt. Ltd., India Capital Market Pvt. Ltd. & Fortress Capital Management Services Pvt. Ltd were appointed as managers towards the Buy Back of shares. The details of the Buy Back carried out are stated below

Highlights of Buy Back of Shares	
Method of Buy Back	Tender
Buy Back Amount (Rs. Crores)	259
Buy Back Price/ Share (Rs.)	300
Premium to Mkt Price (6 months Avg) (%)	115%
No. of Shares (in mn)	8.63
% of Paid up Capital	8.49%
% of Fully Diluted Capital	8.09%
% of Free Float post Buy Back (excluding Promoters)	13.43%

During the year, the EPS grew from Rs. 10.6 to Rs. 15.9, showing an increase of 44.33%

Since the total number of shares tendered by the shareholders was more than the Buy Back size, the shares accepted by the Company were on proportionate basis in accordance with the Buy Back regulations.

The Company paid out Buy Back consideration amounting to Rs. 258.88 Crores consequently leading to reduction in Share Capital to the extent of 8,629,333 Equity Shares. The present Share Capital of the Company post the Buy Back is as follows:

Description	No of Shares
Paid-up Share Capital (Pre Buy Back) - Nov 2007	102,329,908
Extinguishment of Shares Bought Back - Dec 06, 2007	8,629,333
Paid up Shares Capital (Post Buy Back) - Dec 06, 2007	93,700,575
Allotment of Shares upon conversion of FCCBs during December 2007	803,762
<b>Paid up Capital as on March 31, 2008</b>	<b>94,574,079</b>

### Buy Back Impact

**The Buy Back had a positive impact on the organization in the following areas:**

- Enabled efficient cash utilization and discipline in balance sheet management
- Enabled returning money to the shareholders in an investor friendly manner without sacrificing growth opportunities
- Improved share performance due to Reduced weighted average cost of capital, Improved ROE, Higher EPS through reduced no. of shares post buy back
- Contributed towards enhancement & unlocking of shareholder value

## Discussion on Financials



### Balance Sheet as at 31st March, 2008

Particulars	GTL Consolidated		GTL Standalone	
	As at March 31, 2008	As at March 31, 2007	As at March 31, 2008	As at March 31, 2007
	Rupees Audited	Rupees Unaudited	Rupees Audited	Rupees Unaudited
<b>SOURCES OF FUNDS</b>				
<b>Shareholders Funds</b>				
Share Capital	945,740,790	973,168,860	945,740,790	973,168,860
Reserves and Surplus	10,238,319,591	10,128,666,805	8,290,519,152	9,381,936,432
	<b>11,184,060,381</b>	<b>11,101,835,665</b>	<b>9,236,259,942</b>	<b>10,355,105,292</b>
<b>Minority Interest</b>	4,668,850	2,774,178	NIL	NIL
<b>Loan Funds</b>				
Secured Loans	NIL	594,047,812	NIL	313,514,480
Unsecured Loans	7,018,186,390	7,898,361,003	7,018,186,390	7,898,361,003
	7,018,186,390	8,492,408,815	7,018,186,390	8,211,875,483
<b>TOTAL</b>	<b>18,206,915,621</b>	<b>19,597,018,658</b>	<b>16,254,446,332</b>	<b>18,566,980,775</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	4,674,081,220	3,757,531,637	3,734,642,250	3,423,594,504
Less : Depreciation	1,643,317,669	1,329,609,193	1,512,153,253	1,258,022,818
Net Block	3,030,763,551	2,427,922,444	2,222,488,997	2,165,571,686
Capital Work-in-progress including capital advances	196,150,586	616,580,524	196,150,586	616,580,525
	<b>3,226,914,137</b>	<b>3,044,502,968</b>	<b>2,418,639,583</b>	<b>2,782,152,211</b>
<b>Investments</b>	<b>4,386,433,203</b>	<b>2,237,726,415</b>	<b>7,379,289,146</b>	<b>3,633,913,014</b>
<b>Deferred Tax Asset</b>	<b>272,704,822</b>	<b>122,551,251</b>	<b>269,618,596</b>	<b>123,910,806</b>
<b>Current Assets, Loans and Advances</b>				
Inventories	2,225,136,442	1,695,833,971	1,932,353,905	1,200,012,899
Sundry Debtors	3,647,703,597	3,958,413,477	2,854,896,997	2,654,669,565
Cash and Bank balances	8,610,344,057	11,244,223,052	6,139,720,733	10,837,439,403
Loans and Advances	6,860,774,777	4,387,960,668	4,859,840,167	3,530,661,894
	<b>21,343,958,873</b>	<b>21,286,431,168</b>	<b>15,786,811,802</b>	<b>18,222,783,761</b>
<b>Less : Current Liabilities and Provisions</b>				
Liabilities	10,330,406,485	6,741,616,614	8,914,183,750	5,843,259,486
Provisions	692,688,929	352,576,530	685,729,045	352,519,531
	<b>11,023,095,414</b>	<b>7,094,193,144</b>	<b>9,599,912,795</b>	<b>6,195,779,017</b>
<b>Net Current Assets</b>	<b>10,320,863,459</b>	<b>14,192,238,024</b>	<b>6,186,899,007</b>	<b>12,027,004,744</b>
<b>TOTAL</b>	<b>18,206,915,621</b>	<b>19,597,018,658</b>	<b>16,254,446,332</b>	<b>18,566,980,775</b>

## Discussion on Financials



### Profit and Loss Account for the year ended March 31, 2008

Particulars	GTL Consolidated		GTL Standalone	
	FY 2007-08	FY 2006-07	FY 2007-08	FY 2006-07
	Rupees Audited	Rupees Unaudited	Rupees Audited	Rupees Unaudited
<b>INCOME</b>				
International	3,572,879,761	3,845,099,957	192,759,800	530,334,068
Domestic	14,140,511,384	7,717,838,215	14,140,511,384	7,715,694,622
<b>Sales and Services ( Net of Taxes )</b>	<b>17,713,391,145</b>	<b>11,562,938,172</b>	<b>14,333,271,184</b>	<b>8,246,028,690</b>
Other Income	12,224,915	33,406,592	10,784,699	28,909,551
<b>TOTAL INCOME</b>	<b>17,725,616,060</b>	<b>11,596,344,764</b>	<b>14,344,055,883</b>	<b>8,274,938,241</b>
<b>EXPENDITURE</b>				
Cost of Sales and Services	11,716,231,469	7,453,275,628	10,078,345,981	5,450,620,630
Cost of Delivery	1,648,454,267	1,298,538,269	808,247,839	847,958,113
Selling & Marketing Expenses	542,308,495	427,642,042	315,570,194	285,794,431
Administration and Other Expenses	1,157,840,075	944,666,937	838,082,046	716,306,733
Finance Cost ( Net )	551,492,087	8,728,142	725,853,520	579,774
Depreciation	495,466,915	404,870,324	458,796,833	394,418,103
<b>TOTAL EXPENDITURE</b>	<b>16,111,793,308</b>	<b>10,537,721,342</b>	<b>13,224,896,413</b>	<b>7,695,677,784</b>
<b>Profit before Tax and Extraordinary and prior period items</b>	<b>1,613,822,752</b>	<b>1,058,623,422</b>	<b>1,119,159,470</b>	<b>579,260,457</b>
<b>Less : Provision For Taxation for current year</b>				
Income Tax	210,312,661	66,480,603	187,650,000	44,116,200
Deferred Tax	(159,480,606)	(30,602,560)	(156,192,560)	(32,476,538)
Fringe Benefit Tax	21,610,322	19,340,492	21,610,322	20,021,312
	<b>72,442,377</b>	<b>55,218,535</b>	<b>53,067,762</b>	<b>31,660,974</b>
<b>Profit After Tax &amp; Before Extraordinary &amp; Prior Period Items</b>	<b>1,541,380,375</b>	<b>1,003,404,887</b>	<b>1,066,091,708</b>	<b>547,599,483</b>
Add : Profit on Sale of Business	1,199,219,854	NIL	218,879,851	NIL
Add / ( Less ) : Prior period items	(72,042,086)	(31,647,376)	(72,042,086)	(31,365,184)
<b>Profit after Tax ( PAT )</b>	<b>2,668,558,143</b>	<b>971,757,511</b>	<b>1,212,929,473</b>	<b>516,234,299</b>
Minority Interest	(2,093,625)	1,029,270	NIL	NIL
Share of Profit / ( Loss ) in associates	(119,406,465)	21,467,834	NIL	NIL
Reserve on consolidation	(1,461,293)	(1,539,516)	NIL	NIL
Excess provision of Equity Dividend and Tax on Dividend Written Back	17,061,155	201,065,035	17,061,155	201,065,035
Add: Balance brought forward From last Year	1,767,470,351	3,394,506,784	822,131,961	2,925,624,449
<b>Profit available for Appropriation</b>	<b>4,330,128,266</b>	<b>4,588,286,918</b>	<b>2,052,122,589</b>	<b>3,642,923,783</b>

## Discussion on Financials



The trends and developments in the telecom space in several countries have paved the way for increased network outsourcing by the telecom operators. GTL, being a dominant player in the telecom network services segment has benefitted from the growth.

The company took major strategic decisions in the form of its planned exit from the non core business and completion of two international acquisitions ADA CellWorks, Malaysia and SCS, USA. These acquisitions were successfully closed during the year. Wherever possible, the financial figures of these entities have been consolidated. However, the full impact on all the areas namely revenue, profit and resource utilization would reflect post integration only in the following financial year. The acquired entities have offered the company access to newer markets and also capabilities in the high margin revenue generating segments.

The financial year ending March 31st, 2007 was for 9 months. As per the Statutory requirements, Financial Accounts for the year ended March 31<sup>st</sup>, 2007 ( 9 months ) and March 31<sup>st</sup>, 2008 (12 months) are presented in the Account Section of this Annual Report.

With a view to have better understanding and comparability of the Financials, Management Discussion and Financial Disclosure is on the basis of Unaudited 12 months Financials (April 2006 - March 2007) and Audited 12 months Financials for FY 2007-08 (April 2007 - March 2008).

For the purpose of Financial Analysis, the figures in rupees for the FY 2006-07 and FY 2005-06 are converted into US\$ as under:

Rs.

Particulars	FY 2007-08	FY 2006-07
Profit and Loss Account -		
1 US\$ equals to	39.88	44.80
Balance Sheet-		
1 US \$ equals to	39.87	43.66

### Pre-elimination and Post-elimination Revenues of the Group for 12 months period

Particulars	FY 2007-08 (Rs. Crores)	FY 2006-07 (Rs. Crores)	FY 2007-08 (US\$ Mn)	FY 2006-07 (US\$ Mn)
GTL (Standalone)	1,433.33	824.60	359.41	184.06
IGTL & International Subsidiaries	351.39	379.37	88.11	84.68
Indian Subsidiaries	NIL	0.24	NIL	0.05
Pre-elimination Group Revenues	1,784.72	1,204.21	447.52	268.80
Less: Inter- company elimination entries	13.38	47.93	3.35	10.70
Post-elimination GTL Consolidated	1,771.34	1,156.28	444.17	258.10

### Results of Operations

	FY 2007-08 (Rs. Crores)	FY 2006-07 (Rs. Crores)	Y-O-Y Growth (%)	FY 2007-08 (US\$ Mn)	FY 2006-07 (US\$ Mn)
International	357.29	384.5	-7.08%	89.59	85.83
Domestic	1,414.05	771.78	83.22%	354.58	172.27
<b>Total</b>					
<b>Net Sales &amp; Services</b>	<b>1,771.34</b>	<b>1,156.28</b>	<b>53.19%</b>	<b>444.17</b>	<b>258.10</b>

During the year the Company registered a revenue growth of 53% over FY 2006-07. This growth was impressive considering the Company's planned exit from the Enterprise Networks and Managed Services business. Post the sell-off the revenue generated from International operations during FY 2007-08 reduced by 7% over FY 2006-07. This was because the Enterprise Networks and Managed Service business was largely built overseas.

### Acquisitions

In December 2007, GTL acquired two companies- ADA CellWorks, Malaysia and SCS, USA. These Companies have major operations in APAC region and USA respectively. Post successful integration of these companies into GTL, its full impact on revenue, cash flow and bottom line will be realised in next financial year. Detailed information on the same is provided in the Section on Mergers and Acquisitions in the Annual Report.

Encouraged by the growing subscriber base and rise in Minutes of Usage (MoU) all the major telecom operators accelerated the pace of Network Rollout to increase their Market Share. The year also marked an emerging trend amongst the operators to outsource the Network rollout activity especially in India, Middle East and Africa.



## Discussion on Financials



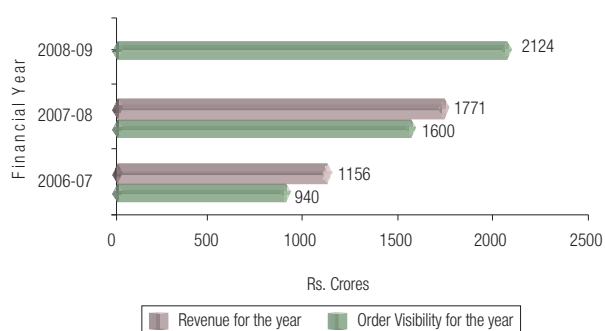
GTL was a direct benefactor of these developments as its domestic sales grew by 83.22% over previous year.

### Order Inflow and Sales

GTL has embarked upon a vision to become the “World’s Largest Network Service Provider”. In order to fulfill its vision, the Company underwent a restructuring exercise in FY 2005-06 to focus on the growth opportunities in Network Services space and reduce dependence on all other non-core businesses. This strategy of the Company helped it to extract full potential of the buoyancy in the world telecom industry by delivering high revenue growth over last two years. In April 2006, the Company had an order visibility of Rs. 940 Crores (US\$ 208.89 Mn) for the FY 2006-07 which was further increased to Rs. 1,600 Crores (US\$ 357 Mn) for FY 2007-08. On both the occasions, the Company comfortably surpassed the projected guidance by clocking revenue of Rs. 1,156 Crores (US\$ 258 Mn) and Rs. 1,771 Crores (US\$ 444 Mn) in FY 2006-07 & FY 2007-08 respectively. These orders were a mix of the various services offered by the company in different geographies. For the FY 2008-09, the Company anticipates an order visibility of Rs. 2,124 Crores (US\$ 532 Mn).

The Company has issued to Stock Exchanges Revenue guidance of about 25% growth for next year.

### Order Visibility & Revenue



### Cost of Sales, Services and Delivery

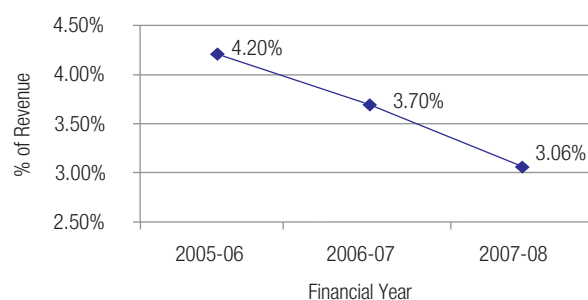
In the FY 2007-08, cost of sales (includes Products and Engineering Services) and delivery (includes Manpower and Associated Cost) stood at Rs.1,336.47 Crores (US\$ 335.12 Mn) (75.45% of revenue) as against Rs. 875.18 Crores (US\$ 195.35 Mn) (75.69% of revenue) in FY 2006-07. Due to better contractual terms, scale of operations and better operational efficiencies, the gross margin for the Company stood at 24.55%.

Particulars	FY 2007-08		FY 2006-07	
	Rs. Crores	US\$ Mn	Rs. Crores	US\$ Mn
Cost of Goods Sold	1,171.62	293.79	745.33	166.37
Cost of Delivery	164.85	41.33	129.85	28.98
<b>Total</b>	<b>1,336.47</b>	<b>335.12</b>	<b>875.18</b>	<b>195.35</b>

As stated earlier, we exited Enterprise Networks and Managed Services business. Despite the same, we have been able to maintain revenue and Margin Growth.

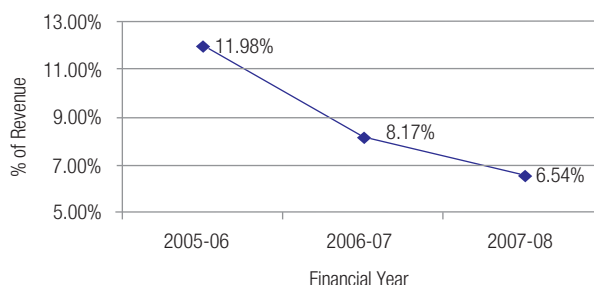
The **Selling and Marketing expenses** as a percentage of sales dipped marginally from 3.70% (Rs. 42.76 Crores) (US\$ 9.54 Mn) in FY 2006-07 to 3.06% (Rs. 54.23 Crores) (US\$ 13.60 Mn) in FY 2007-08. Focus on Network Services domain has limited the client base to telecom operators and OEMs, intermediaries and suppliers to Telecom industry.

### Selling & Marketing Expenses (As a % of Revenue)



The **Administration Expenses** as a percentage of sales also decreased from 8.17% (Rs. 94.47 Crores) (US\$ 21.09 Mn) in FY 2006-07 to 6.54% (Rs. 115.78 Crores) (US\$ 29.03 Mn) in FY 2007-08 due to better operational efficiencies.

### Administration Expenses (As a % of Revenue)



As can be seen from the above, the Company continued to remain focused on macro-managing our expenses across administration, Selling & Marketing Expenses. Despite the revenue growth of 53% on year on year basis, GTL remain tight-fisted over the expenditures.

## Discussion on Financials



### Interest, Finance Charges and Other Income

The break of up Finance Cost and Other Income is as provided below:

Particulars	Rs. Crores		US\$ Mn	
	FY 2007-08	FY 2006-07	FY 2007-08	FY 2006-07
<b>Interest Income</b>				
Interest - Bank Deposits	47.72	43.12	11.96	9.63
- Others	16.23	1.40	4.07	0.31
<b>Total of Interest Income</b>	<b>63.95</b>	<b>44.52</b>	<b>16.03</b>	<b>9.94</b>
<b>Less :</b>				
<b>Interest Expense</b>				
Interest - Term loan	52.61	32.30	13.19	7.21
- Others	3.23	9.06	0.81	2.02
<b>Total of Interest Expense</b>	<b>55.84</b>	<b>41.36</b>	<b>14.00</b>	<b>9.23</b>
<b>Net Interest Income</b>	<b>8.11</b>	<b>3.16</b>	<b>2.03</b>	<b>0.71</b>
Less : Finance Charges	64.54	9.82	16.18	2.19
<b>Net Interest Income and Finance Charges (A)</b>	<b>(56.43)</b>	<b>(6.66)</b>	<b>(14.15)</b>	<b>(1.49)</b>
<b>Other Financial Income</b>				
Dividend				
From Subsidiaries	3.69	4.34	0.93	0.97
From Others	0.33	2.84	0.08	0.63
<b>Gross Dividend</b>	<b>4.02</b>	<b>7.18</b>	<b>1.01</b>	<b>1.60</b>
Less : Elimination of Subsidiaries Dividend	(3.69)	(4.34)	(0.93)	(0.97)
<b>Dividend (Net of Elimination)</b>	<b>0.33</b>	<b>2.84</b>	<b>0.08</b>	<b>0.63</b>
Profit/(Loss ) on sale of Investments	24.24	2.97	6.08	0.67
Exchange Gain/(Loss)	(23.29)	(0.02)	(5.84)	(0.04)
<b>Total of Other Financial Income (B)</b>	<b>0.95</b>	<b>5.79</b>	<b>0.24</b>	<b>1.29</b>
<b>Other Income</b>				
Miscellaneous Income	1.66	1.60	0.42	0.35
Profit / (Loss) on sale of Assets	(0.44)	1.74	(0.11)	0.39
<b>Total of Other Income (C)</b>	<b>1.22</b>	<b>3.34</b>	<b>0.31</b>	<b>0.74</b>

Finance Charges include Rs. 47.23 Crores (US\$ 11.84 Mn) towards finance charges on Letter of Credits and Financial Facilities for procurement of materials/ services. The said cost is factored into project cost and pricing to customers.

### Exchange Variation

The Company and its subsidiaries execute projects in 35 countries and thus has exposure in several currencies related to bank deposits, payment to suppliers, receivables and loans e.g. ECB / Suppliers' credit. Fluctuations in currency exchange rates and interest rates are the

## Discussion on Financials



potential risks in these transactions. The Company has used hedges, forex forward bookings, currency and interest rate swaps and related derivatives as part of overall strategy to manage the level of exposure with following objectives :

- To cover its import obligations
- To hedge its ECB
- To reduce its interest cost on these borrowings

The Company assesses, both at the inception of the hedge and on an ongoing basis, whether the derivatives that are used in hedging transactions are effective in risk mitigation. The Company does not hold derivatives for trading purposes.

In accordance with the recommendations on 'Derivatives positions of Companies' by the Institute of Chartered Accountants of India, the outstanding derivatives of the Company are mark-to-market on Balance sheets date. Accordingly, the mark-to-market losses of Rs.30.64 Crores (US\$ 7.68 Mn) are provided in books of accounts, keeping in view the principle of prudence as enunciated in AS 1, "Disclosure of Accounting Policies". Although certain outstanding Derivative Instruments have mark-to-market gains of Rs. 8.16 Crores, (US\$ 2.05 Mn ) the same is not recognised as Income in view of principle of prudence.

### Provision for Tax

The Provision for Tax for FY 2007-08 (including deferred tax assets and Fringe Benefit Tax) is as given below:

Provision for Tax	Rs. Crores	US\$ Mn
Income Tax	21.03	5.27
Deferred Tax	(15.95)	(4.00)
Fringe Benefit Tax	2.16	0.54
<b>Total Tax</b>	<b>7.24</b>	<b>1.81</b>

### Balance Sheet Items

#### Equity Share Capital

As on March 31, 2008 the Equity Share Capital was Rs. 94.57 Crores (US\$ 23.72 Mn) as against Rs. 97.32 Crores (US\$ 22.29 Mn) as on March 31, 2007. The changes in the Share Capital that took place during the year is given as follows

Particulars	No. of Equity Shares	Rs. Crores	US\$ Mn
Equity Capital as on March 31, 2007	97,316,886	97.32	24.41
Add: Allotment of Equity Shares on account of conversion of ESOPs	144,320	0.14	0.04
Add: Allotment of Equity Shares on account of conversion of FCCBs	5,742,206	5.74	1.44
Less: Buy Back of Equity Shares	(8,629,333)	(8.63)	2.16
<b>Equity Capital as on March 31, 2008</b>	<b>94,574,079</b>	<b>94.57</b>	<b>23.72</b>

The Company bought back shares amounting to Rs. 258.88 Crores (US\$ 64.93 Mn). Since the total number of shares tendered by the shareholders was 3.77 times the size of the offer, the shares accepted by the Company were on proportionate basis in accordance with the Buy Back regulations recommended by SEBI (Securities and Exchange Board of India). Information on the same is provided in the Section on Buy Back of Shares in the Annual Report.

### FCCBs

All the Outstanding FCCBs as on March 31, 2007 were converted into Equity Shares and hence there are no outstanding bonds as on March 31, 2008.

Particulars	No. of FCCBs	Amount (CHF Mn)	No. of Equity Shares
Outstanding as on March 31, 2007	1,586	14.32	5,742,225
Less: Conversions from April 1, 2007 to March 31, 2008	1,586	14.32	5,742,206
<b>Outstanding as on March 31, 2008</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

*Fraction coupons - 19 on account of conversion per bond less than CHF 50*

As a result, there was an addition of Rs. 5.74 Crores (US\$ 1.44 Mn) in Equity Share Capital and Rs. 47.66 Crores (US\$ 11.95 Mn) in Reserves & Surplus. Outstanding liabilities on account of FCCB has been fully extinguished.

## Discussion on Financials



\*In terms of the provisions of conversion of bonds in to Equity Shares as contained in the Bond Purchase, Paying and Conversion Agency Agreement, any conversion of bond less than one share per conversion or cash payment resulting in a cash adjustment of less than CHF 50 per conversion was disregarded. Thus the number of shares actually converted were less than the total requirement, nevertheless the total liability of the Company towards FCCBs converted is nullified.'

### ESOPs

The Employee Stock Option Plan (ESOP) was introduced and implemented in FY 1998-99 to enable the employees of the Company to participate in future growth and success of the Company. As on March 31, 2008, a total of 717 employees hold 55,303,293 stock options, allotted under various schemes.

Particulars	Nos.
<b>No. of outstanding ESOPs as on March 31, 2007</b>	<b>1,892,365</b>
Less: No. of ESOPs converted during the year	144,320
Less: Forfeited during the year	277,602
Add: Grants issued during the year	3,832,850
<b>Total no. of outstanding ESOPs as on March 31, 2008</b>	<b>5,303,293</b>

As a result of ESOP conversion, there was an addition of Rs. 0.14 Crores (US\$ 0.03 Mn) in Equity Share Capital and Rs. 1.00 Crores (US\$ 0.25 Mn) in Reserves & Surplus.

The resultant Fully Diluted Share Capital of the Company will be as under:

Particulars	Rs. Crores	US\$ Mn
Equity Capital on March 31, 2007	94.57	23.72
Add : Full ESOP Conversion	5.30	1.32
<b>Fully Diluted Equity Capital</b>	<b>99.87</b>	<b>25.04</b>

If all the ESOPs are converted, Resultant Equity Capital will be Rs. 99.87 Crores (US\$ 25.04 Mn).

### Reserves and Surplus

Reserves and Surplus as on March 31, 2008 was Rs. 1,023.83 Crores (US\$ 256.79 Mn). As a policy the Company distributes around 15-20% of the Net Profits to the shareholders. In line with the policy, the Company paid a dividend of Rs. 2.5 per share

(US\$ 0.06) for FY 2006-07. In the current financial year the board of directors have proposed an increase in dividend payout by 20% per share over FY 2006-07 to Rs. 3.00 per share (US\$ 0.08). The aggregate Dividend & Tax thereon will result into distribution of Rs. 33.19 Crores (US\$ 8.32 Mn) to the shareholders. This dividend payout would be provided from the Profit of Current Year.

Particulars	Rs. Crores	US\$ Mn
<b>Reserves &amp; Surplus on March 31, 2007</b>	<b>1,012.87</b>	<b>253.98</b>
Add: Profits during the year (Excluding Extra-ordinary Income Profit but after Prior Period Adjustment, Profit/ Loss on associates, Reserve on Consolidation)	136.33	34.19
Extra-ordinary Income	119.92	30.07
Share Premium on FCCB and ESOP conversion	48.66	12.20
Capital Redemption Reserve ( Face value of Buy back Shares )	8.63	2.16
ESOP Reserve	2.65	0.66
Less :Buy Back of Shares	258.88	64.91
Proposed Dividend (Return to Shareholders )and Dividend Tax	33.19	8.32
Translation and Reserve & Consolidation	13.16	3.30
<b>Reserves &amp; Surplus on March 31, 2008</b>	<b>1,023.83</b>	<b>256.73</b>

### Loans

Loans as on March 31, 2008 stood at Rs. 701.82 Crores (US\$ 176.03 Mn). FCCB loan of Rs.52.11 Crores (US\$ 13.07 Mn) outstanding as on March 31, 2007 were all converted into Equity Shares during the year.

Particulars	Rs. Crores		US\$ Mn	
Loans	FY 2007-08	FY 2006-07	FY 2006-07	FY2006-07
Secured Loans	NIL	59.40	NIL	13.61
Unsecured Loans	701.82	789.84	162.54	173.37
- External Commercial Borrowings	651.82	687.79	150.00	150.00
- Others	50.00	102.05	12.54	23.37

ECB was raised in October 2006 for a period of 5 years for Capex and Acquisition. As per the RBI guidelines, these funds will be used accordingly.

ECB Loan outstanding as at 31st March,2008 was US\$ 150 Mn. The Rupee amount is considered based on the financials. Hence conversion rate as given in the beginning of Discussion on Financials has not been considered.

### Net Fixed Assets

As on March 31, 2008 the net fixed assets were Rs. 322.69 Crores (US\$ 80.93 Mn) as against Rs. 304.45 Crores (US\$ 69.73 Mn) on March 31, 2007.

## Discussion on Financials



### Financial Status and Liquidity - Investments and Cash Flow

Cash and Cash equivalent on March 31, 2008 was Rs. 861.03 Crores (US\$ 215.95 Mn) as against Rs. 1,124.42 Crores (US\$ 257.54 Mn) on March 31, 2007. Following is the brief snapshot of Company's Cash Flow for FY 2007-08 :

Particulars	Rs. Crores		US\$ Mn	
	FY 2007-08	FY 2006-07	FY 2007-08	FY 2006-07
Cash and cash equivalent at the beginning of the period	1,124.42	532.69	282.02	122.00
Add: Net Cash provided/(used) by Operating Activities	267.41	115.46	67.07	26.44
Investing Activities	(41.64)	17.67	(10.45)	4.05
Financing Activities	(489.15)	458.60	(122.69)	105.05
Cash and cash equivalents at the end of the period	861.03	1,124.42	215.95	257.54

With a view to fund Company's inorganic growth plans and also improve the Return on Capital Employed, GTL embarked upon following activities during the year:

Particulars	FY 2007-08	
	Rs. Crores	US\$ Mn
Proposed Dividend & Tax on Dividend	33.19	8.32
BuyBack of Shares	258.88	64.91
Acquisitions :		
ADA CellWorks & SCS	119.64	30.00
<b>Total</b>	<b>411.71</b>	<b>103.23</b>

As a part of the prudent treasury norm, the Company deploys its surplus cash into diversified investment portfolio to generate excess returns while ensuring adequate balance and maintaining the risk return levels. Company has made strategic Investment of US\$ 50 Mn in GTL International.

Major Strategic Investments during FY 2007-08 (value on date of Investments)

Investor Company	Investee Company	Rs. Crores	US\$ Mn
GTL Limited	GTL International Limited	199.40	50.00
GTL Limited	GTL Infrastructure Limited	156.46	39.24
GTL International Limited*	ADA CellWorks & SCS	119.60	30.00

\* Out of the Investment made by GTL Limited in GTL International

Since in Consolidated Financial Statements, Inter-company Investments are eliminated, the Net Investments as on March 31, 2008 stood at Rs. 438.64 Crores (US\$ 110.02 Mn) as against Rs. 223.77 Crores (US\$ 51.25 Mn) as on March 31, 2007. The details of the investments are as given below:

Investments	Rs. Crores		US\$ Mn		Market value (Rs Cr.)
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007	
<b>Quoted</b>					
Equity					
-GTL Infra	276.73	135.06	69.41	30.93	1,269.45
-Others	5.82	18.50	1.46	4.24	7.79
Liquid Mutual Funds	20.00	NIL	5.02	NIL	
<b>Unquoted</b>					
Equity	83.09	5.21	20.84	1.19	N.A
Preference Shares	53.00	65.00	13.29	14.89	N.A
<b>Total</b>	<b>438.64</b>	<b>223.77</b>	<b>110.02</b>	<b>51.25</b>	<b>1,277.24</b>

The market value of Quoted Investments as at March 31, 2008 is at Rs. 1,277.24 Crores (US\$ 320.35 Mn).

The Company ensures to maintain sufficient cash balance to meet atleast one year's operational requirements and also to fund its inorganic growth ambitions.

### Guarantees

GTL extends guarantees to its subsidiaries and affiliates in its normal course of business in India and abroad. The Details of the guarantees given during the year is as mentioned below:

As On	Rs. Crores		US\$ Mn	
	Performance	Financial	Performance	Financial
March 31, 2007	175.96	712.50	44.13	178.71
June 30, 2007	257.70	989.97	64.64	248.30
Sept. 30, 2007	233.72	1,383.23	58.62	346.93
Dec. 31, 2007	281.21	1,819.10	70.53	456.26
March 31, 2008	418.24	995.00	104.90	249.56



## Discussion on Financials



Guarantees are given for:

- Performance of its Subsidiaries, Associates & affiliates for business obligations
- To enable its Subsidiaries & Associate Companies to avail financial Assistance

The increase in Guarantees during the year is in tune with Increased Revenue & business opportunities to Company's from its Subsidiaries, Associates.

The Financial Guarantees are substantially reduced in the last quarter (January - March 2008) from Rs. 1,819.10 Crores (US\$ 456.26 Mn) to Rs. 995.00 Crores (US\$ 249.56 Mn). The company continues its plan to reduce Guarantees given to its Associate Companies.

### Funds Employed

The key elements of Working Capital is as under:

Particulars	Rs. Crores		US\$ Mn	
	FY 2007-08	FY 2006-07	FY 2007-08	FY 2006-07
Inventory	222.51	169.58	55.81	38.89
Receivables	364.77	395.84	91.49	90.79
Loans & Advances	686.08	438.80	172.08	100.50
Current Liabilities	1,033.05	674.16	259.10	154.41
Provisions	69.27	35.26	17.37	8.08

**Inventory** on March 31, 2008 was Rs. 222.51 Crores (US\$ 55.81 Mn) as against Rs. 169.58 Crores (US\$ 38.89 Mn) on March 31, 2007. **Inventory Turnover days reduced from 53 to 46 days.** This was on account of:

- Reducing the process cycle time between procuring material from vendors and supplying it to customers.
- Implementation of PRIMAVERA software, a project management tool that helps tracking and managing projects resulting in better re-ordering level of towers and other accessories.

**Receivables** on March 31, 2008 was Rs. 364.77 Crores (US\$91.49 Mn) as against Rs. 395.84 Crores (US\$ 90.79 Mn) on March 31, 2007. As a result, **the Daily Sales Outstanding (DSO) reduced from 125 days to 75 days.**

This was on account of:

- Better project execution resulting into timely achievement of milestones
- Favorable contracts with advance payment terms
- Consistent Management focus on recovery of receivables

### Loans and Advances

On March 31, 2008 loans and advances were Rs. 686.08 Crores (US\$ 172.08 Mn) as against Rs. 438.80 Crores (US\$ 100.64 Mn) on March 31, 2007. The break-up for Loans and Advances is as under :

Particulars	Rs. Crores		US\$ Mn	
	FY 2007-08	FY 2006-07	FY 2007-08	FY 2006-07
Advance to Suppliers	286.79	244.54	71.93	56.00
Accrued Receivables	204.12	105.42	51.20	24.16
Deposits	84.09	30.45	21.09	6.97
Advance Tax/TDS (Net of Provisions)	36.49	22.87	9.15	5.24
Prepaid Expenses	34.74	14.32	8.71	3.28
Others	39.85	21.20	10.00	4.85
<b>Total</b>	<b>686.08</b>	<b>438.80</b>	<b>172.08</b>	<b>100.50</b>

- **Advances to Suppliers** - The Company gives Advances to suppliers to obtain competitive pricing and timely delivery of materials and services. The number of days of 'Advances to suppliers' will reduce from 50 days in FY 2007-08 to 46 days in FY 2008-09. This helps Company to obtain better competitive pricing from suppliers of Telecom Material / Services and timely delivery.
- **Accrued Receivables** indicates Revenue Recognition for ongoing contracts. As a % of Revenue, it increased marginally from 9.12 % to 11.52%
- **Deposits** include Earnest Money Deposit (EMD) and Security Deposits for Marketing.
- **Advance Tax / TDS (Net of Provision for Tax)**, Tax deducted by Customers on Turnkey Services & on Interest on Bank Deposits
- **Prepaid Expenses** include charges paid to banks towards Cost of Finance, Insurance, Selling & Administration Expenses

## Discussion on Financials



### Current Liabilities

On March 31, 2008 current liabilities were Rs. 1,033.05 Crores (US\$ 674.16 Mn) as against Rs. 674.16 Crores (US\$ 154.41 Mn) on March 31, 2007.

The break-up is as under:

- Increase in Acceptances & suppliers liability is on account of Procurement of material / Project requirement under Letter of Credits & other Credit Facilities to avail better pricing and low cost of finance towards Turnkey Projects being executed

Particulars	Rs. Crores		US\$ Mn	
	FY 2007-08	FY 2006-07	FY 2007-08	FY 2006-07
Acceptances & Suppliers o/s	806.65	539.02	202.31	123.46
Advances from Customer	144.83	52.58	36.33	12.04
Interest Accrued but not due	2.22	23.91	0.56	5.48
Other Liabilities	79.35	58.65	19.90	1.34
<b>Total</b>	<b>1,033.05</b>	<b>674.16</b>	<b>259.10</b>	<b>154.41</b>

- Favourable contracts with Advance from Customers towards Turnkey Contracts
- Interest Accrued reduced in view of Repayment of Loans
- Other Liabilities Include Provision for Expenses, Outstanding Indirect Taxes & Statutory Liabilities (payment not due subsequent to March 31, 2008)

### Provisions

On March 31, 2008 provisions stood at Rs. 69.27 Crores (US\$ 17.37 Mn) as against Rs. 35.26 Crores (US\$ 8.07 Mn). The break-up is as under:

Particulars	Rs. Crores		US\$ Mn	
	FY 2007-08	FY 2006-07	FY 2007-08	FY 2006-07
Proposed Dividend	28.37	25.82	7.12	5.91
Tax on Dividend	4.82	4.39	1.21	1.00
Derivatives Loss - MTM	30.64	NIL	7.68	NIL
Gratuity and Leave Encashment	5.44	5.05	1.36	1.16
<b>Total</b>	<b>69.27</b>	<b>35.26</b>	<b>17.37</b>	<b>8.07</b>

Derivative loss is not a cash loss but is provided as on March 31, 2008 as explained in the note given on Exchange variation.

### Returns on Capital Employed

In the view of profit growth and fall in working capital days, the Returns on Capital Employed increased from 14% in FY 2006-07 to 16% in FY 2007-08. Under prudent accounting practices GTL's investment in GTL Infra of Rs. 277 Crores is considered at its book value. On consideration of the actual market value of the investments the RoCE would be higher. This is after reducing ECB proceeds which is earmarked for acquisition / Capex as per RBI policy.

### Contribution to Exchequer

Particulars	Rs. Crores		US\$ Mn	
	FY 2007-08	FY 2006-07	FY 2007-08	FY 2006-07
<b>A. Direct Tax</b>				
Income Tax paid (incl.TDS) during the year	24.24	11.29	6.08	2.59
<b>B. Indirect Tax</b>				
Sales Tax/ VAT/WCT/Cess	9.30	17.81	2.33	4.78
Service Tax	12.02	11.88	3.01	2.72
<b>Total (B)</b>	<b>21.32</b>	<b>29.69</b>	<b>5.34</b>	<b>14.95</b>
<b>Total (A+B)</b>	<b>45.56</b>	<b>40.98</b>	<b>11.42</b>	<b>10.09</b>
<b>International Taxes (C)</b>	<b>12.82</b>	<b>14.35</b>	<b>3.22</b>	<b>3.28</b>
<b>Total Taxes (A+B+C)</b>	<b>58.38</b>	<b>58.37</b>	<b>14.64</b>	<b>13.37</b>

## Discussion on Financials



### Ratio Analysis

Particulars	April 07- March 08 (12 months)	April 06 - March 07 (12 months)
<b>Financial Performance</b>		
<b>As a % of Sales</b>		
International Sales	20.17	33.26
Domestic Sales	79.83	66.74
Cost of Sales and Services	66.14	64.46
Cost of Delivery	9.31	11.23
Selling & Marketing Expenses	3.06	3.70
Administration & Other Expenses	6.54	8.17
Depreciation	2.80	3.50
Income Tax / PBT (%)	13.03	6.28
No. of Employees	5,045	3,390
Sales per Employee (Rs. Lacs)	35.11	34.11
Profit per Employee (Rs Lacs)	2.91	2.87
<b>Profitability*</b>		
Gross Profit / Sales (%)	24.55	24.31
EBDITA / Sales (%)	15.02	12.73
PBDT / Sales (%)	11.91	12.66
PBT / Total Income (%)	9.10	9.16
PAT / Total Income (%)	8.28	8.40
PAT / Networth (%)	13.14	8.75
<b>Balance Sheet</b>		
Debt Equity Ratio	0.63	0.76
Net Fixed Assets / Networth (%)	28.85	21.86
Debtors Turnover (No. of Days)	75	125
Current Ratio	1.94	3.00
Cash / Total Assets (%)	29.46	42.12

\* Profitability ratios for the FY 2007-08 are calculated without considering Profit on Sale of ITES Business to make it comparable with ratios for FY 2006-07

## Discussion on Financials



### Geographical Segment (On Consolidated basis)

Regions	FY 2007-08 (Rs Crores)	FY 2006-07 (Rs Crores)	FY 2007-08 (US\$ Mn)	FY 2006-07 (US\$ Mn)
India	1,414.05	783.81	364.58	179.53
Asia Pacific / Europe	129.95	187.46	32.59	42.94
North America	49.61	37.48	12.44	8.58
Middle East & Others	177.73	147.54	44.57	33.79
<b>Total</b>	<b>1,771.34</b>	<b>1,156.29</b>	<b>444.17</b>	<b>264.84</b>

Particulars	FY 2007-08	FY 2006-07
Telecom	92%	78%
IT & ITES	7%	11%
Banking, Finance and Insurance	NIL	5%
Others	1%	6%

Particulars	FY 2007-08	FY 2006-07
% of revenues from largest customer*	14%	6%
% of revenues from top 5 customers	43%	46%
% of revenues from top 10 customers	56%	56%
Customers accounting for more than 5% of total revenue	4	2
Customers accounting for US \$ 1-5 Mn revenue	36	37
Customers accounting for US \$ 5-10 Mn revenue	5	3
Customers accounting for US \$ 10 Mn revenue	4	2

\*Other than associate companies

**21 years**

**35 countries**

**12675 employees**

**45 cellular operators**

**36000 cell sites**

## Risk Management Report



**"Take calculated risks.  
That is quite different  
from being rash"**

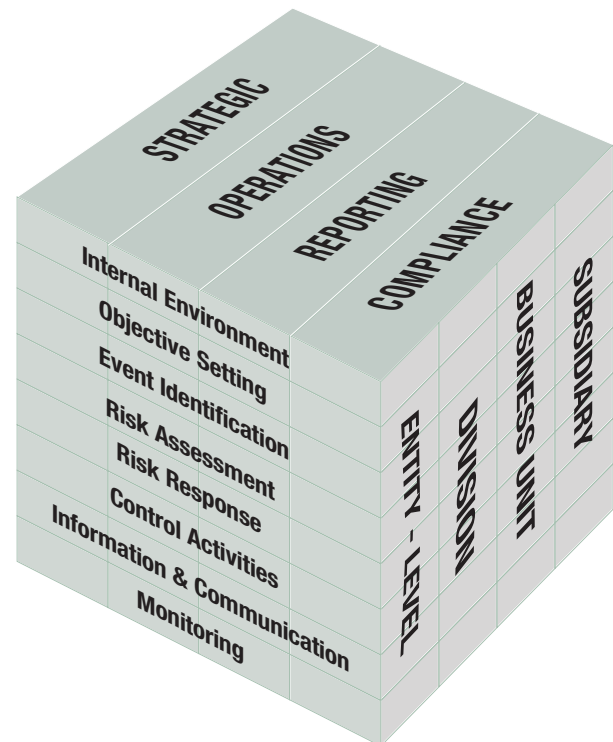
*George S. Patton*

This report, prepared in accordance with Clause 49 (IV) of the Listing Agreement with Stock Exchanges in India, sets out the Enterprise Risk Management practiced by GTL Limited (the Company). Shareholders and other readers are cautioned that the risks outlined here are not exhaustive and are for information purposes only. The report may contain statements, which may be forward-looking in nature. The Company's business model is subject to uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Hence, all readers are requested to exercise their own judgment in assessing the risks associated with the company, and to refer to the discussions of risks in the Company's previous annual reports and the website.

### Risk Management - Significance & Approach

In India, since 2001, Enterprise Risk Management (ERM) has evolved steadily in progressive companies. It is developing from being merely a risk identification and assessment process to building a risk portfolio that is continually assessed and monitored. The perception that "risk is not my responsibility" has evolved to a more realistic "risk is everybody's responsibility". These changes have resulted in ERM becoming an integral part of a company's operating philosophy.

There are several ERM frameworks to choose from (e.g. Aus/NZ, AIRMIC, Canada, COSO, etc.), of which 'COSO's Integrated ERM Framework' is most popular. This framework describes a direct relationship between an entity's objectives (what an entity strives to achieve) and ERM components (what is needed to achieve them) spanning across various levels in the organisation. This relationship is portrayed as a three-



dimensional cube. COSO's flexible framework allows a company to focus on the entirety of its ERM framework, or by objectives category, components, entity unit, or any combination thereof. However, the choice of a framework depends upon individual company's needs. Some companies have even prepared their own framework by picking up the relevant recommendations from various frameworks.

GTL has also prepared its own framework and adhered to the same. However, as a continual improvement measure, it has always been striving to adhere completely to COSO framework as well.



## Risk Management Report



GTL's adherence level vis-à-vis COSO's ERM Integrated Framework is given below:

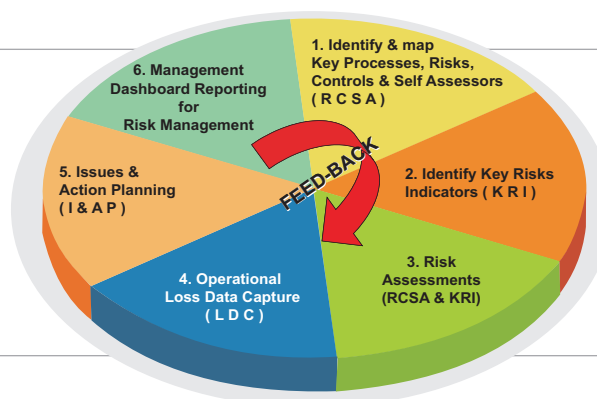
1.	Internal Environment	
	Sub Component	Status
	The internal environment should encompass the tone of an organization, influencing the risk consciousness of its people, and should form the basis for all other components of ERM, providing discipline and structure.	GTL is consciously building up a conducive internal environment by implementing ERM program across the Company. Under the program, GTL has conducted several workshops, imparted training, etc. to a large number of people. To enable people to access/ report risks in a structured way, GTL has also implemented a Risk Management Software (please refer details below).
	The Company should have a well-defined Risk management philosophy.	GTL has a well-defined Risk Management Philosophy which requires abandonment of the traditional approach of "Risk Management by Silos" and adoption of "Enterprise Risk Management (ERM)" to have a comprehensive view of the entire gamut of risks in the organization.
	The entity's risk appetite should reflect the entity's risk management philosophy and should be considered while strategy setting.	Currently, the Risk Appetite at GTL is not formally defined. However, as it is transiting from selective risk management to enterprise-wide risk management, it strives to develop a comprehensive system that will measure risk at entity level and determine the risk taking capacity of the Company and acceptable levels of risk.
	The board should be active and possess an appropriate degree of management, technical, and other expertise, coupled with the mind-set necessary to perform its oversight responsibilities. It should be prepared to question and scrutinize management's activities, present alternative views, and act in the face of wrong doing. It should have at least a majority of independent outside directors and should provide oversight to enterprise risk management and is aware of and concurs with the entity's risk appetite.	The Board of GTL consists of 9 Directors out of which 6 are Independent Directors. 3 of the Independent Directors are experts in finance and 3 of them are engineering professionals. Risk Management is overseen at Top Management Level through Operating Council & Risk Management Committee and at Board Level through the Audit Committee of the Board.
	The entity's standards of behavior should reflect integrity and ethical values. Ethical values should not only communicate but also be accompanied by explicit guidance regarding what is right and wrong. Integrity and ethical values should be communicated through a formal code of conduct. Upward communications channels should exist where employees feel comfortable bringing relevant information. Penalties should be applied to employees who violate the code. Mechanisms should encourage employee for reporting suspected violations, and disciplinary actions should be taken against employees who knowingly fail to report violations. Integrity and ethical values should be communicated through management actions and the examples they set.	GTL has got a well-defined code of conduct which is issued to all new joiners including Directors. The Code of Conduct talks about the integrity & ethical values. GTL management has recently implemented an 'Ethical Practices Policy' which is a pre-cursor for adoption of a 'Whistle Blower Policy'. This Policy is formulated to provide mechanism to employees to report to the Ethical Practices Committee concerns about unethical behaviour, actual or suspected fraud or violation of respective Company's Code of Conduct or Ethics Policy, if any (Unethical Practices) and to provide safeguards against victimization of employees who avail of the mechanism. In addition, it also has a 'Sexual Harassment Policy' for the protection of female employees.
	Competence of the entity's people should reflect the knowledge and skills needed to perform assigned tasks and the same should also be aligned to the compensation.	GTL's organization structure clearly establishes the lines of reporting. To enable effective implementation of ERM, GTL has an independent Risk Management Group and a Risk Management Committee. GTL has well-defined HR systems and policies. Recently, GTL's HR has also won the Award for "Best HR strategy in line with Business" at the Employer Branding Award 2007 (presented by Indiatimes Mindscape and ITM Business Institute) and RASBIC Award 2007 for the Most Innovative Recruitment & Staffing Program / Initiative. These awards are the reflection of the effectiveness of HR system at GTL.
	The organizational structure should define key areas of responsibility and accountability and should establish lines of reporting. It should be developed in consideration of the entity's size and nature of activities to enable effective enterprise risk management.	
	HR Standards should address hiring, orientation, training, evaluating, counseling, promoting, compensation, and remedial actions and should drive expected levels of integrity, ethical behavior, and competence.	

## Risk Management Report



<b>2. Objective Settings</b>		
	Sub Component	Status
	Objectives should be set at the strategic level, establishing a basis for operations, reporting, and compliance objectives. They should also be aligned with the entity's risk appetite, which drives risk tolerance levels for the entity.	At GTL, the strategic objectives are set at the Board level. The strategic objectives also form the basis for operations, reporting, and compliance objectives which are set by the Operating Council/Operational Heads.
<b>3. Event Identification</b>		
	Sub Component	Status
	Management should identify potential events that, if they occur, will affect the entity, and determine whether they represent opportunities or whether they might adversely affect the entity's ability to successfully implement strategy and achieve objectives.	GTL has been focusing on all operational and other risks. In this direction, it has implemented a Risk Management Software viz. 'CORE' i.e. CRISIL's Corporate Risk Evaluation software for risk event identification. CORE has got four modules i.e. Risk Control Self Assessment (RCSA), Key Risk Indicator (KRI), Loss-data Capture (LDC) & Issue and Action Plan (I&AP) modules for facilitating event identification across the organization.
<b>4. Risk Assessment</b>		
	Sub Component	Status
	Management should assess events from two perspectives - likelihood and impact and use a combination of qualitative and quantitative methods.	RCSA module of CORE allows risk assessment from both perspectives likelihood (i.e. Probability of an Event or PE) and impact (Loss Given Event or LGE).
<b>5. Risk Response</b>		
	Sub Component	Status
	Management should determine how to respond to the relevant risk identified through risk assessment. Responses include risk avoidance, reduction, sharing and acceptance. In considering its response, management should assess the response effect on risk likelihood and impact vis-a-vis the response costs. The response should bring the residual risk within desired risk tolerances. Management should also identify any opportunities that might be available, and take an entity-wide/portfolio view of risk, determining whether overall residual risk is within the entity's risk appetite.	Traditionally, the risks are responded/controlled by taking adequate insurance cover for insurable risks, entering into hedging transactions for financial risks, negotiating contractual terms for contractual risks, etc. Risk identified through the CORE software are discussed with the concerned heads and subsequently action plans are prepared through Issue & Action Planning (IAP) module of CORE software. Risks that cannot be addressed through IAP module are considered separately. The new approach gives more emphasis on risk mitigation than risk transfer.

### CORE Risk Management Methodology



## Risk Management Report



<b>6.</b>	<b>Control Activities</b>	
	<b>Sub Component</b>	<b>Status</b>
	Management should establish effective controls through well-defined policies and procedures to ensure that risk responses are carried out.	GTL has got ISO accreditation for most functions. It has also developed Standard Operating Procedures for all critical processes. RCSA module of CORE also helps in evaluating the control effectiveness of existing controls.
<b>7.</b>	<b>Information and Communication</b>	
	<b>Sub Component</b>	<b>Status</b>
	<p>All personnel in the Company must receive a clear message from top management that ERM responsibilities must be taken seriously.</p> <p>Pertinent information has to be identified, captured, and communicated in a form and timeframe that enable people to carry out their responsibilities. Information systems should use internally generated data, and information from external sources, providing information for managing risks and making informed decisions relative to objectives. The personnel should understand their own role in ERM, as well as how their activities relate to the work of others. They must have a means of communicating significant information upstream.</p>	<p>By setting up an independent ERM team and implementing Risk Management Software across the Company, the top management has indicated their seriousness about the subject.</p> <p>RCSA/KRI/LDC modules (which use internal as well as external data) of CORE are expected to identify &amp; capture the pertinent risk information and IAP module is expected to communicate the same to the relevant people across the organization. CORE modules will also help personnel in understanding their own role in ERM.</p>
	Effective communication should also occur, flowing down, across, and up the organization. There should also be effective communication with external parties, such as customers, suppliers, regulators, and shareholders.	GTL has got a highly interactive intranet system and mail system for communication flow throughout the organization.
<b>8.</b>	<b>Monitoring</b>	
	<b>Sub Component</b>	<b>Status</b>
	ERM should be monitored through ongoing monitoring activities and/or separate evaluations. Ongoing monitoring occurs in the normal course of management activities. The scope and frequency of separate evaluations will depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. ERM deficiencies are reported upstream, with serious matters reported to top management and the board.	Ongoing monitoring occurs in the normal course of management activities like Functional, Operating Council, or Board level activities. RMG at GTL also conducts separate evaluation of risks in various areas and reports the same to the Top Management and the Board. CORE also enables to conduct separate evaluation of risks in other areas of operations.

### Risks and Concerns

Major Risks Identified are as follows:

#### Strategic Risks

##### Current High Demand for Telecom Sites may plateau

Our business is driven by the projected growth in the Indian cellular subscriber base. The overall tele-density from current level of 26.22% with a subscriber base of 301 Mn, as at March 2008, is expected to reach to 500 Mn subscribers in 2010, at a

CAGR of 41%. However, over a period of five years, we may face the risk of the Indian wireless market not growing at the projected growth rate as stated above resulting in stagnation/slowdown of tower demand.

##### Decrease in demand for telecom sites may affect our operating results.

Many of the factors affecting the demand for telecom sites could materially affect our operating results. These factors include:

## Risk Management Report



- Consumer demand for wireless services
- The financial condition of wireless service providers
- The ability and willingness of wireless service providers to maintain or increase their capital expenditures
- The growth rate of wireless communications or of a particular wireless segment
- Governmental licensing of spectrum
- Mergers or consolidations among wireless service providers
- Increased use of network sharing arrangements or roaming and resale arrangements by wireless service providers
- Delays or changes in the deployment of 3G or other technologies
- Zoning, environmental, health and other government regulations
- Technological changes

The demand for telecom sites is dependent on the needs of wireless service providers. In the event that there is a significant variation in any of the aforesaid factors, our business, our growth plans and results of operations may be significantly affected.

**If our wireless service provider customers consolidate or merge with each other to a significant degree, the demand for telecom towers may reduce.**

Significant consolidation among our wireless service provider customers may result in reduced capital expenditures in the aggregate because the existing networks of many wireless carriers overlap, as do their expansion plans. The Indian wireless telecom market has experienced consolidation during the past couple of years. There are still numerous wireless operators in India with at least 2-3 GSM operators and 1-2 CDMA operators for each circle. There is potential for further consolidation among the operators to realize a larger operating scale and subscriber base.

### Mergers and Acquisition Risk

**If the newly acquired companies are not integrated properly, we may not be able to achieve the expected benefits from the acquisitions.**

We have recently acquired ADA CellWorks (Malaysia), Genesis (UK) and Strategic Communications Services (USA) for expansion of our services and expansion in other geographical areas. In the event where these companies are not integrated properly with us, not only will we lose upon the expected benefits from the acquisition but also face new risks like cultural risks, operational

risks, systems risks and financial risks, which may ultimately affect our operations and profitability. This risk is expected to increase, as GTL has earmarked US\$ 250 Mn for further acquisitions.

### International Project Risks

**Political, Social or Economic conditions in a particular Country may impact our International Projects.**

As a strategic initiative, the Company has ventured/ venturing into select overseas markets. We are having International Projects in KSA, UAE, Nigeria, Srilanka, Bangladesh, Oman, Indonesia, Thailand, UK, Guinea-Conakry, etc. Each of these markets is unique and the early adoption to the local conditions shall be the key to the Company's success. Consolidated international revenues of GTL for the FY 2007-08 was Rs. 357.29 Crores and the same is expected to grow significantly in future.

The major challenges in conducting business internationally include:

- Changes in political, social and economic conditions, laws or regulations
- Staffing and managing operations with sufficient numbers of skilled personnel
- Employment laws and practices in different countries, including visa restrictions
- Different laws concerning the protection of intellectual property rights
- Country-specific tax legislation & administration
- Trade barriers and import / export licensing requirements
- Foreign Exchange fluctuation risks
- Stringent compliance with the safety, health and environment regulations
- Restrictions on profit repatriation, if any
- General law and order situation

We are now scouting new projects in West Africa. However, this region is highly prone to Political Risks and Security Risks. This increases the financial risks in such countries.

### Business Concentration Risks

**Loss of large projects/customers can significantly impact revenues.**

Significant portion of our revenue is derived from limited number of

## Risk Management Report



large projects. As these projects reach the stage of completion, the Company faces the challenge to replace such revenues with new projects. Its inability to replace these large projects upon completion could have a significant impact in its revenues.

Similarly, significant portion of our revenue is derived from limited number of large customers. If the Company's relationships with one or more of these customers are distorted, it may affect the future business prospects.

### **Decrease in demand of Network Deployment Business can significantly impact revenues.**

We are now operating in a single business segment i.e. Network Services. As a result, the Company is exposed to a new 'Single line of Business' risk. Though we have taken concentrated efforts in managing this risk by diversifying into complete value chain of Network Services, the majority of revenue is still coming from Network Deployment business. Decrease in demand from the Network Deployment business will not only impact our existing business but also impact our potential to achieve business in other revenue segments.

### **Contractual Risks**

#### **We face the risk of liability from the Service Level Agreements with the Operators.**

We have Service Level Agreements with operators containing specific key performance parameters. In the event we not meeting these key performance parameters, we are liable to pay fixed penalties to the operators, which may reduce our profitability.

#### **We face various risks arising from fixed price contracts.**

Increasing percentage of revenues from fixed price contracts may lead to the risk of cost overruns, higher working capital requirements, etc.

### **Competition Risks**

#### **We face competition from other service providers.**

We operate in six segments of Network Services business i.e. Network Planning and Design, Network Deployment, Professional Services, Operation and Maintenance, Application Management and Infrastructure Management. In each of these segments, we

face competition from other service providers who offer services in one or more revenue segments.

#### **We face competition from Telecom Operators and OEMs.**

We face competition from some telecom operators who too have an expertise in servicing their own networks.

Similarly, there are OEMs who provide network services to Telecom Operators.

#### **We may face competition from our own subcontractors.**

We face competition from own subcontractors and other unorganized players, who may be able to provide the services directly to the customer for the same or lower price.

The aforesaid competition is likely to have adverse influence on our market share and profitability. Intense competition may force us to agree to less favourable contract terms. If the Company is not able to compete effectively, our ability to attract and retain customers will be adversely affected, which will decrease our revenues and negatively affect our operating results.

### **Project Risk**

#### **We may not be able to manage our projects at Budgeted Costs.**

It is very critical for the company to execute large & complex projects within budgeted cost and schedule. Usually there are huge penalty/LD clauses in all contracts and hence any delayed delivery can take heavy toll on profitability. Delayed achievement of milestones means delayed collection and then consequent pressure on the working capital management.

### **Regulatory Risk**

#### **Government regulations can affect our business.**

Our business is mainly regulated by the Telecom Regulatory Authority of India (TRAI). In addition, we are also subject to other national and international regulations.

Any change by the telecom regulators in the available spectrum by the Indian Government or other Governments can have a huge impact on our revenues and profitability.



## Risk Management Report



Exclusion of our technology by a standard body could have a harmful effect on the business, operating results, liquidity and financial position.

### Manpower Risks

**Our success depends upon our ability to retain the Key Management and other Personnel.**

Our success will significantly depend on the expertise, experience and continued efforts of our key management and other personnel. Our future performance may be affected by any disruptions in the continued service of these persons. There is a dearth of managerial talent, including key managerial personnel, with related business experience. The loss of one or more of our key managerial personnel may impact our ability to maintain growth in our business.

### Technology Risks

**New technologies could make our services less desirable to potential operators and result in decreasing revenues.**

Substantial portion of our growth will be derived from services related to new technologies. Any delay in the adoption and deployment of new technologies such as 3G would negatively affect the demand for our services and our ability to grow our revenues. Our inability to anticipate or adapt to changes in technology may harm our competitive position, reputation and opportunities for revenue growth.

In addition, the emergence of new technologies could reduce the need for tower-based broadcast services transmission and reception. The development and implementation of any of these and similar technologies to any significant degree can have an adverse effect on our operations.

### Financial Risks

**Inability to collect receivables may impact revenues and operations of the company.**

Many of our customers face difficulties in obtaining finance to fund the expansion of their wireless networks, including deployments and upgrades, which may reduce demand for the services. If we are unable to collect receivables from such customers, the operating results may be materially harmed. Our average

collection period during the FY 2007-2008 was 75 days. Total receivables as on March 31, 2008 was Rs. 364.77 Crores

**Commodity Price Fluctuations can increase the cost of servicing and impact profitability.**

Most of the projects undertaken by the Company are in the nature of fixed price contracts where a contractual provision for price escalation is not easily available. In long duration contracts, the Company is exposed to input price increase mainly in the areas of commodities like cement, steel, copper, etc.

**GTL is subject to risk arising from adverse foreign exchange and interest rate fluctuations.**

The Company and its subsidiaries execute projects in 35 countries and thus has exposure in several currencies related to bank deposits, payment to suppliers, receivables, and loans e.g. ECB/Suppliers' credit. Fluctuations in currency exchange rates and interest rates are the potential risks in these transactions. The Company has used hedges, forex forward bookings, currency and interest rate swaps and related derivatives as part of its overall strategy to manage the level of exposure with following objectives:

- To cover its import obligations
- To hedge its loan, related principal repayment and interest exposures e.g. ECB
- To reduce its interest cost on foreign currency borrowing

**Part of our investments are subject to risk of diminution in value due to market fluctuations.**

The surplus funds of the Company are mainly invested in risk-free instruments. We also take limited positions in equities and equity related instruments that are subject to volatility in the stock markets. In the event that there is permanent diminution in the value of equity investments, it may impact our performance and business.

### IT Security Risk

We rely extensively on our IT systems to provide connectivity across our business functions through our software, hardware and network systems. Any failure in our IT systems or loss of connectivity or any loss of data arising from such failure can impact us adversely.

### Conclusion

Any business has to be conducted not only in a profitable manner, but also in the right manner with all operational, ethical, legal, financial and other risks being accounted for. In the long run, this could well be the difference between businesses that survives and excels and those that fizzle out despite providing quality services.

## Internal Control System



The Company follows the COSO (Committee of Sponsoring Organization) model of Internal Control Framework and has designed Internal controls to provide compliance with the COSO standards.

The Internal Control Framework of a company is devised to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations.
- Reliability of financial reporting.
- Compliance with applicable laws and regulations.

The Internal Control Framework of the Company is made up of five components. They are derived from the way the management runs an operation or functions and are integrated with the management process. The components of the internal control framework are:

### Control Environment

The control environment of the Company sets the tone of an organization, influencing the control consciousness of the employees. Control environment factors include the integrity, ethical values and competence of the Company's employees; management's philosophy and operating style; the way management assigns authority and responsibility, and organizes and develops its employees and the attention and direction provided by the Company.

### Risk Assessment

The Company has a system of risk assessment which covers the identification and analysis of relevant risks to achievement of the objectives, forming a basis for determining how the risks should be managed.

### Control Activities

The Company has a well-defined set of control activities that includes the policies and procedures that ensure management directives are carried out. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets, and segregation of duties.

### Information and Communication

Information systems produce reports containing operational, financial and compliance-related information that make it possible to run and control the organization. The Information systems also ensure that effective communication occurs in a broader sense, flowing down, across and up the organization.

### Monitoring

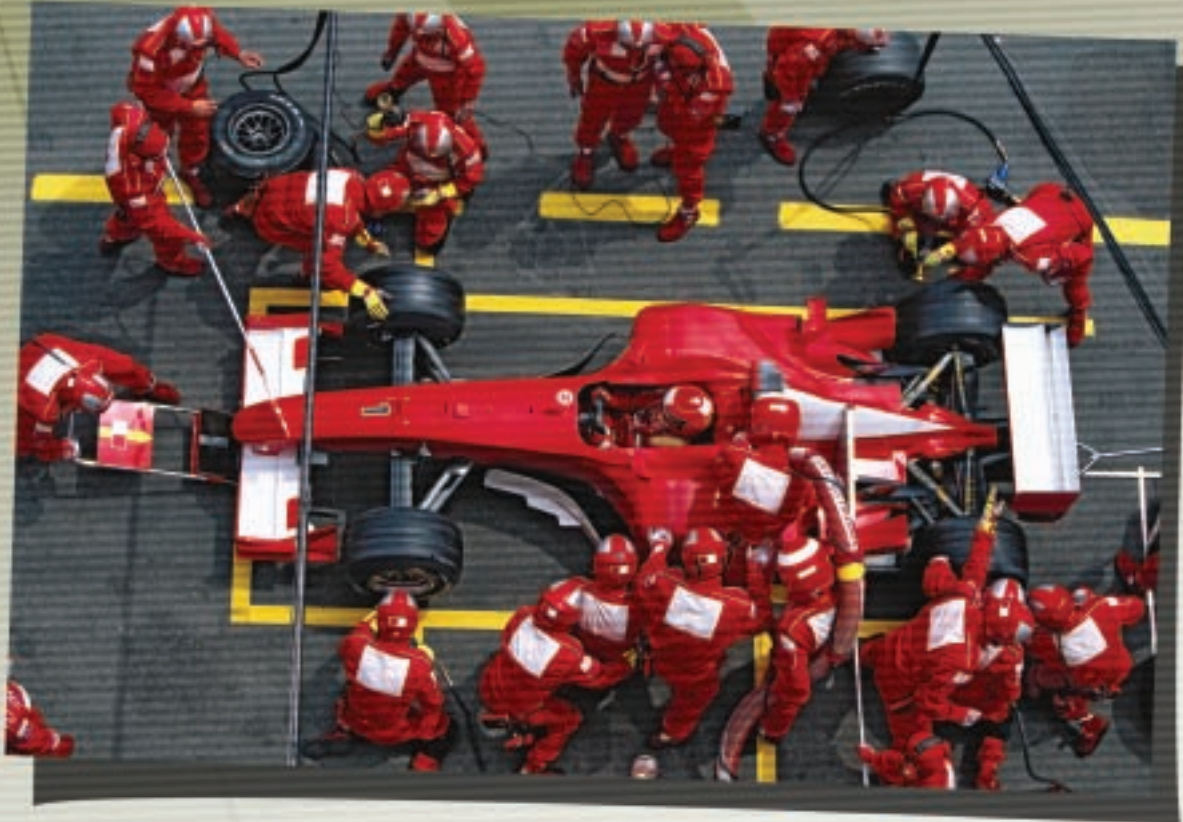
The Company has also a process to ensure that Internal control systems are properly monitored - a process that assesses the quality of the system's performance over time. This is accomplished through ongoing monitoring activities, separate evaluations or a combination of the two. Ongoing monitoring occurs in the course of operations.

### Internal Audit

The Role of Internal Audit Department is in line with the role for Internal Auditors as laid down by the Institute of Chartered Accountants of India, as given below

- Understanding and assessing the risks
- Identifying areas for systems improvement and strengthening controls
- Ensuring optimum utilization of the resources of the Company
- Ensuring proper and timely identification of liabilities
- Ensuring compliance with internal and external guidelines and policies of the Company as well as the applicable statutory and regulatory requirements
- Safeguarding the assets of the Company
- Reviewing and ensuring adequacy of information systems security control
- Reviewing and ensuring adequacy, relevance, reliability and timeliness of management information system

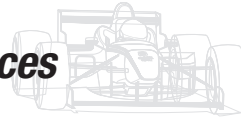
Thus effective internal controls enhance the organizational performance and contribute towards accomplishment of company objectives.



# ***THE UNSUNG HEROES***

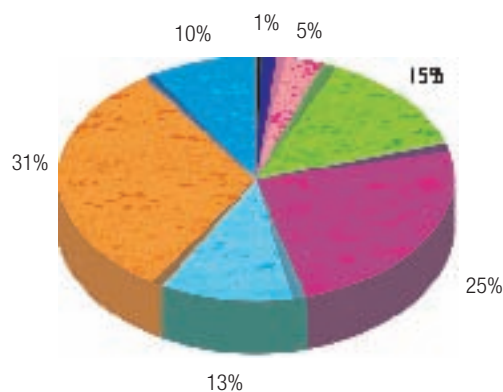
Getting good players isn't enough. Getting them to play together is the job. Our Human Resource team realises each individual's strength and guides it towards a common vision.

## Human Resources



In GTL the primary objective of the Human Resource function is developing and sustaining a culture where every employee is respected and valued for their good work irrespective of their level and designation within the company. We successfully carried out reorganization in the last financial year thereby, optimizing the allocation of resources, to focus on the core business of Network Services.

The qualification profile and age profile of the associates has been shown below:

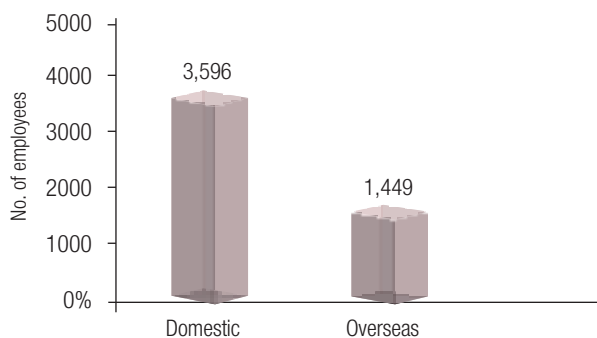


**Total Employee Base: 5,045**

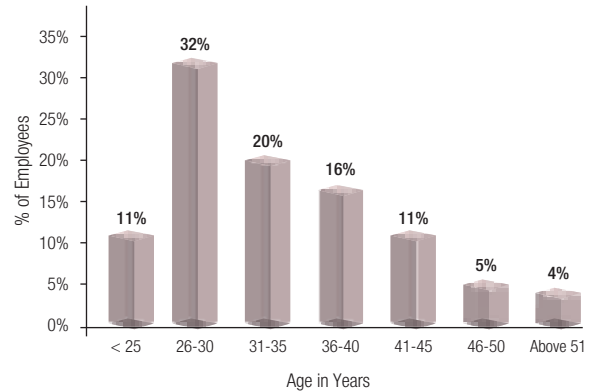
- Post Graduate Engineers
- Post Graduates
- CA/MBA/ICWA/CS/LLB
- Graduate Engineers
- Diploma Engineers
- Graduate/Diploma
- Others

In this year, GTL completed integration of Genesis Consultancy (UK) acquired in 2006 and the acquisition of ADA CellWorks and SCS. These acquisitions have added 1,000 plus employees to the company from a host of countries around the world - Europe, China, Taiwan, US, Malaysia to name a few. The current employee base of 5,045 has people from over 22 nationalities working for the company.

### No. of Employees



### Age Profile ( 2007-08 )



At GTL, an ongoing HR endeavour has been a perfect alignment between the HR processes and the Company's vision so that the workforce is bound by a common sense of purpose. This enabled the clear definition of GTL's HR strategy, which is:

"Integrating HR processes with the business operations leading to identification of the ideal resource level and quality, resulting in overall organizational effectiveness, continuous improvement and business growth".

The HRM strategy translates into the following objectives for the HR Function in GTL

### Clarity of Approach

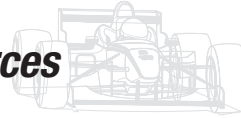
The HR department works closely with the executives and the leadership to clarify the business direction and performance expectations. It ensures that the same is cascaded down the organizational hierarchy in the form of short-term and long-term individual and departmental goals with minimum ambiguity. New technologies, increasing customer satisfaction, and global competition demand role clarity and clear direction. Realizing this, GTL has developed an appraisal system with its key essence being mutual acceptance and agreement, that prepares the work force for the new projects and action steps taken from time to time.

### Talent Development

While the Company operates in a knowledge economy, its most important asset is the nature of the intellectual capital that it holds, ideally full of enthusiasm and favouring loyalty towards the organization over a period. New technologies, increasing customer satisfaction, and global competition has put a heavy



## Human Resources



demand on the organization to be in tune with the latest trends in their domain.

In line with the industry and market requirements, Human Resource at GTL has identified two major areas - creating a learning organization and developing an effective talent management system to ensure retention and nurturing of talent.



### GTL - A Learning Organization

The following objectives were defined with a view to create a learning organization

- To make GTL a talent-rich organization and develop employees to take up challenging roles and assignments
- To impart 3-4 days of training to every employee every year

A training plan was devised to meet the above objectives. There were training programs planned for all levels of management. A pool of external trainers and educational institutes was identified to facilitate the trainings at GTL. The trainers are experienced and specialist in their respective areas.

#### Leadership Programs

Leadership Programs were planned for senior management that included the Business Partner and Family Jewel members at Premier B-Schools in India.

Nine of our senior management members attended the following programs:

- Leadership and Change Management at IIM-A
- Organisational Leadership in the 21<sup>st</sup> century at IIM-A
- Leadership Excellence at IIM-C
- Role of a CFO at ISB, Hyderabad
- Supply Chain Management at IIM-A

- 3 Tier MDP- A 28 days program at IIM-A

It was an enriching experience for all the members who attended these programs as the programs were highly appreciated by all members.

#### Programs for Emerging Leaders

As part of the developmental intervention planned for our Club Orion and top performers, who are the emerging leaders, there was a 20 day Management Development Program. This program was facilitated by Prin L.N. Welingkar Institute of Management Development and Research, Mumbai.

#### Programs for Middle Management

There were programs designed specifically for middle management level to help the middle level managers handle teams more effectively, positively and to bring out team synergy.

Other than these programs there were other requirement based programs that were designed for the middle managers. Some of the programs were Personality Enrichment, Business Etiquettes and various other functional and technical programs that they attended from time to time.

#### Programs for Executive Level

Programs like Improving Professional Effectiveness, Communication Skills, Basic and Advanced Excel were designed for the executive level. These programs were specifically designed for junior level managers who are individual contributors.

#### Specialized Trainings

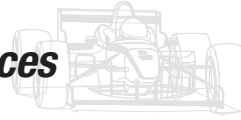
Customized training programs were organized based on the business requirements to take on the forthcoming business challenges.

A snapshot of the few customised programs is as follows:

- Culture Sensitization Workshop
- Corporate Etiquette
- Train the Trainer
- Project Management
- Finance for Business Managers
- Professional Selling Skills and Winning Account Strategies
- Experience your Excellence - A Motivational Workshop



## Human Resources



### Talent Management

Also a talent management system was developed within the organization with the objective of identifying the right talent at the right stage and to enhance the talent by providing them with appropriate developmental opportunities, so that they can assume key positions in the organization. The Talent Management activity takes into its fold employees from all the levels in the organization structure through the following programs

#### Club Orion

To provide recognition and ongoing development to the talent pool, an esteemed club is formed by the name of-Club Orion. As part of the Talent Management System, the fast trackers identified from within the organization are enrolled in this club with the objective of creating the next level of leadership within the organization.

Club Orion selection process follows a highly comprehensive system of assessment, nominations by superiors, a rigorous evaluation process, which includes Competency Assessment, Thomas Profiling and CAR form completion (which is a detailed discussion of the candidate's career achievements and career aspirations at GTL) and which concludes with a panel interview.

After their induction into the Club, the members undergo Career Discussions and their Performance Enhancement Action Plans are chalked out. These initiatives are aimed at effective and timely succession planning for the key roles and positions within the organization. These members are provided with challenging tasks and assignments from time to time.

At present, there are 46 employees who are part of Club Orion.

#### Family Jewel Program

The Family Jewel program is a program at middle management level intended to groom the finest talent in GTL to take on leadership roles and decisions that drive the company towards high growth.

This program ensures focused development through high end training and mentoring. As a member of this program, one can look forward to the best of the opportunities and privileges in the form of unique employee benefit schemes. Structured career progression through various career opportunities, monetary advances in the form of attractive loan schemes, exclusive personal benefits for a comfortable and convenient living are the key indicators of this exclusive club. At present there are 46 employees who are part of the Family Jewel Program.

### Business Partner Program

The business partner program is intended to nurture, develop and retain the top management in GTL. Structured career progression through lateral movement, leadership role for new initiatives, ownership through ESOPs, exclusive personal benefits for a comfortable and convenient learning are key ingredients of this program. The program presently covers 30 employees in GTL.

### Managing Cultural Diversity

With three acquisitions under the Company's fold, managing cultural diversity has become an impending priority. GTL has recognized cultural diversity as a facilitator in enabling the company to accomplish its vision. So far, HR has identified communication (creating awareness among all employees about diverse values of peers through communication), cultivation (facilitating acknowledgement, support and encouragement), and capitalization (linking diversity to every business process and strategy such as succession planning, reengineering, employee development, performance management and review, and reward systems).

The acquisitions done by GTL led to an immediate inflow of employees belonging to nationalities as varied as Indonesia, Philippines, China, Thailand, Taiwan and others with different cultures, work environments, policies, mannerisms, business etiquettes and also way of functioning. While carrying out the integration process the Company's constant endeavour has been to maintain a fine balance between the differing cultures and create one common approach and outlook towards operations as well the direction in which the Company's heads.

### Conducive Work Environment

The quality and business sense of employees defines the health of the organization, however a beautiful ambience adds to it. Building and maintaining a conducive environment is an inherent function of Human Resource Management in any organization and GTL is no exception to it. The Company provides its employees world over with facilities, well equipped with the requisite technical infrastructure thereby providing the employees with the right environment to brainstorm, plan new projects and action steps and execute the same.



## ***GEARED TO WIN***

GTL's entrepreneurial drive is targeted towards achieving maximum client satisfaction. The holistic approach towards qualitative excellence, backed by stringent quality standards and processes, have been acknowledged world over.



## Quality & Processes



GTL is progressing on the path of Quality to achieve excellence in every arena and interfaces with our internal and external customers. To accomplish this, we are focusing on Process Excellence & Total Quality Management (TQM) platforms.

GTL has recognized that a pre-requisite for this would be inculcation of Quality principles in each GTL employee. This approach would enable development of certain features in the day-to-day operations of the company, such as increased competitiveness, optimum cost, and reduced delivery time.



### Business Excellence

Total Quality in GTL has moved from organizational operational aspects to a strategic level. This demands focus on the vision and mission of the organization. The CII EXIM (EFQM) Business Excellence framework adopted as a part of the Quality Initiatives has led to this focus. TQM and the top management's commitment towards TQM would bring about the requisite cultural transformation for achieving business excellence.

**Developing the model towards business excellence:** Excellence model has been bench-marked and key criteria required by the model have been identified. Further self-assessment will be done based on the criteria and the system will be standardized based on the model.

**Developing mechanism to capture & report on sustainability:** Sustainability mechanism (GRI) is a key criteria of business excellence model. Key parameters for sustainability reporting have been identified.

### Process Excellence

GTL's approach towards process excellence includes the following:

**ISO 9001: 2000:** This certification is the foundation of all Quality Initiatives implemented at GTL. It is an assurance to the customer that at GTL, Quality & productivity is measured using the right tools on an ongoing basis, so that the company gets a direction in initiating improvements in the business performance.

Network Deployment and all support functions namely, People's Office, Investor Relations, Corporate Communications, Corporate Governance, Company Secretariat, Corporate Administration Office and Corporate Accounts are ISO 9001:2000 Certified.

**Six Sigma:** At GTL, the objective is to attain a Six Sigma level of Quality (3.4 ppm defects) i.e. 99.99967% in as many operations and processes as possible.

The Six Sigma movement is considered as a powerful vehicle through which GTL is driving excellence by ensuring employee participation at each stage, as they are the ones who are supposed to deliver and perform as per the Six Sigma standards.

GTL has increased the acceptance and implementation of Six Sigma principles by imparting Six Sigma Awareness & Yellow belt training to majority of its employees. As of today, GTL is having 20 Certified Six Sigma Blackbelts and Greenbelts and 40 Certified Yellow belts.

Six Sigma has been deployed in GTL since the last 3 years. It has led to attainment of breakthrough improvement and tangible gains by reducing delivery cycle time, enhancing customer satisfaction, increase in revenue, customer base and market share.

### Operational Excellence

GTL's operational excellence is a result of implementing a blend of Quality Tools.

**5S:** 5S is a Japanese Housekeeping standard which is used to reduce waste and optimize productivity through maintaining an orderly workplace and achieve more consistent operational results.

GTL has started the process of implementing 5S in all its offices & warehouses. This would enhance the operational efficiency.

**ISO 14001-2004:** GTL is an ISO 14001:2004 certified company. In the pursuit of environmental excellence, GTL has reduced paper and electricity consumption substantially across all its offices. In its quest to introduce further improvements, GTL is planning to set up a Vermi-Composting plant to treat organic waste generated in its canteen in an environment friendly manner.

**Health and Safety Initiatives:** Health and safety of its employees is of paramount importance for GTL. To enhance quality of its work environment, GTL is introducing elements of OHSAS in all its operational level processes.





## ***A DRIVE TO EMPOWER***

A true hero is who awakens the one in you. GTL believes in empowering the community and providing the underprivileged with equal opportunities to enhance their way of life.

## Corporate Social Responsibility



Corporate Social Responsibility (CSR) is our commitment to contribute towards sustainable development by working with employees, their families, the local community and society at large, to improve their lives in way that is good for business and overall development.

### Institutionalizing CSR at GTL

GTL's Board of Directors have pledged up to 1% of the net profit towards CSR activities.

Senior Management Representatives such as Chief Operating Officer, Deputy Chief Operating Officer, Global Head Sales and Marketing etc. are part of the CSR Advisory Committee that also has 2 independent members. At the grass root level, GTL's staff extend their valuable time towards social causes as positrons.

The CSR activities are channelised through GTL Foundation, a Not for Profit organization of the Global Group.

### Causes Supported

GTL has been experiencing growth by focusing on technology oriented business in the ever-evolving Telecom field. We therefore believe that opportunities to learn and use the technological advancement and computers can help other individuals make their lives better by pursuing high skilled jobs. We have therefore taken up the cause of "Bridging the Digital Divide" and we do this by taking technology or computer literacy to the doorsteps of the under privileged.

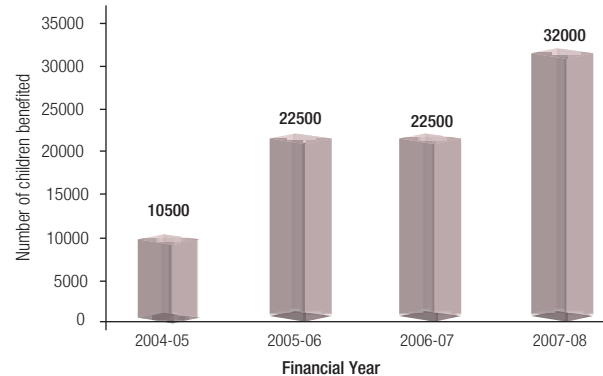
### Projects under "Bridging the Digital Divide"

#### Project Gyan IT



Infrastructure Build- Set up of 75 computer labs in secondary and higher secondary schools covering about 87,500 children for basic computer education.

#### Basic Training and Computer Lab set up

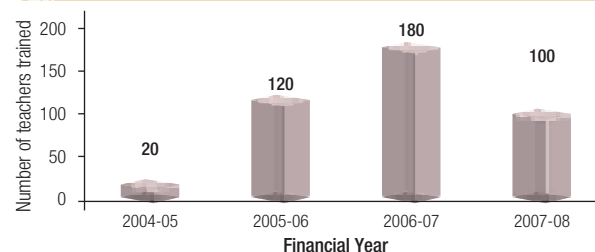


#### ICT Education

GTL has conducted seminars in rural colleges to educate the youth on the opportunities in IT/BPO sector benefiting 4,000 graduates

GTL has also conducted 'Train The Trainer' wherein 420 teachers from rural schools were taught how to use the computer. This enables sustainability and continuous improvement in computer education.

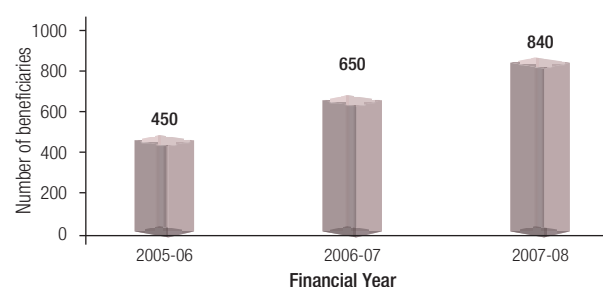
#### Teacher's Training



#### Project VKC

Internet training to 1,940 graduates / housewives from villages through the program 'Village Knowledge Centers (VKC).' A VKC is a place where a range of services like News, Weather, Prices, Education etc are rendered from a single window to the rural masses especially in remote areas

#### Internet Training in Rural Areas



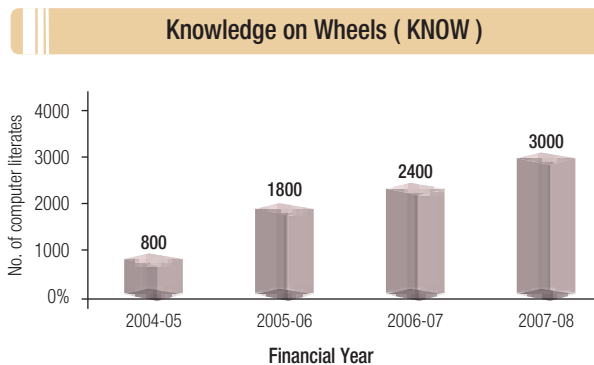


## Corporate Social Responsibility



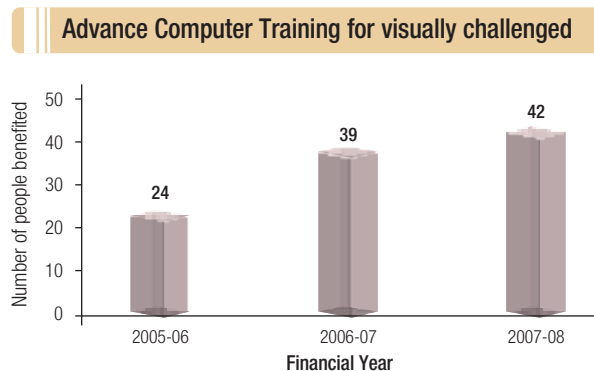
### Knowledge on Wheels (KNOW)

"Knowledge on Wheels" - the Golden Peacock Innovation Award 2008 winner is a mobile computer lab that spreads computer literacy in the rural parts of India. This initiative has helped us cover another 8000 children. Knowledge on Wheels also provides computers and training material to institutions where it imparts education so as to encourage students for their continuous learning.



### Support to Differently Abled to help them overcome their challenges

**Support to visually challenged under Project Netra Infrastructure:** GTL Foundation has setup an advanced computer lab in Parel, Mumbai. 105 Visually impaired students have been trained on Basic Computer education or Advanced Computer education programs. The programs, being employment oriented have helped such students get employed in corporate sector.



**Encouragement to Sports under project Netra** Chess is the only game that a visually impaired person can play with equal competence like a sighted. GTL extends support to All India Chess Foundation for the Blind that conducts National Chess Championship every year. This year was the 8th time in succession.

**Development of chess software Talk 64:** GTL's Talk 64 Chess Software that helps the visually challenged play and train on the game of Chess is now distributed free of cost through All India Chess Federation for the Blind. It has a knowledge-base of 100,000 games for self learning & practice.



### Mobility for the Disabled under the Project Samman

GTL extends support to the physically challenged by providing them with motorized three wheelers. This program is being partnered with another NGO - Rajiv Gandhi Foundation that has developed the motorized three-wheeler.



## Corporate Social Responsibility



### Support to Deaf and Blind under the Project Asha

GTL has provided infrastructure at the Helen Keller Institute by setting up a Training centre and a Diagnostic care center. This Institute supports the growth of the Deaf and Blind one of the most difficult disabilities.

### Employment Opportunities for the Differently Abled under Project Swayam

GTL encourages the differently abled to apply for vacancies in the organization. The qualification and competency criterion is suitably modified so that the disability is not a disadvantage for the individuals who are applying. The company has so far employed 6 individuals in the differently abled category.

### Other programs

- **Encouraging Studies under Gyan Jyot** - GTL provides financial assistance to deserving students with a view to motivate them and also help them continue their education. 49 Students were awarded merit cum need-based scholarships till FY 2007-2008.
- **Mentoring street children** - NGO 'AASARA' provides shelter to the street children and helps them get back to the main stream in the society. GTL's positrons as Gyan Deep ie. the one who shows the light of knowledge pledge their time, share knowledge and wisdom to help these children visualize career options helping them to grow up as good citizens. Over 130 sessions have been completed.
- **Non Formal Education** - GTL supports non-formal education to children in slums. Under the program 'Reach Education Action Program' GTLF supports 2 study centres covering about 50 children.

### Vendors and Associates

- Electronic Money Transfer for timely release of payments to the suppliers. This also helps in saving money and paper
- Vendor development - Opportunities are created for vendors to offer their services nationally. Several local vendors are now doing business Pan India in an organized way

GTL's humble efforts to fulfill Social Responsibility continues to

receive recognitions and awards from various forums and organizations. The company received the "Golden Peacock Innovation Award" in January 2008 and The "Silver Award" in the Pegasus Corporate Social Responsibility Awards 2007. GTL has been ranked amongst the top 10 Corporations in India out of 500 in the latest Standard & Poors Environment, Social and Governance (ESG) India Index.

These recognitions encourage us to continue to plan and execute innovative CSR Projects that would benefit the society and our business operations.

### Feedback received from Beneficiaries

- *"Thanks to GTL Foundation, that it trusted me and my capabilities as against the general myth. I was always given responsibilities and freedom to work to the best of my capabilities"*

**Zujar Shabbir Kanchwala**, now working with a software company, has served GTL Foundation as a Computer Instructor

- *"When I was 10 year's old, visitors who came to our school asked me what you want to become. I replied engineer. They laughed. I didn't understand why, but later I realized they laughed because I was blind. Now I have wings for my dreams, and am sure I will become a software engineer in 2 years"*

**Raju Singh**, Trainer at Computer Lab for the Blind, GTL Foundation

- *"I have joined Siemens and am working as computer programmer in Siemens. I had joined the first batch of the advanced computer programming batch of GTL Foundation. This course has provided me opportunity to develop my professional qualifications. This course does not become a turning point in my life, but it definitely prepared a way to turn my life"*

**Sanjeev S Chaudhari**, former student at the Computer Lab for the Blind, GTL Foundation

## Environmental Excellence



There has been considerable industrial growth over the past few years across the globe, which has helped the majority of population to rise above the poverty line and enabled them in meeting their basic needs of food, clothing and shelter. However the adverse effects of reckless pursuit of industrialization is noticed on earth's resources and environment.

GTL has taken great efforts in upholding causes related to environment in all its business endeavors and is ISO 14001:2004 certified for environment management.

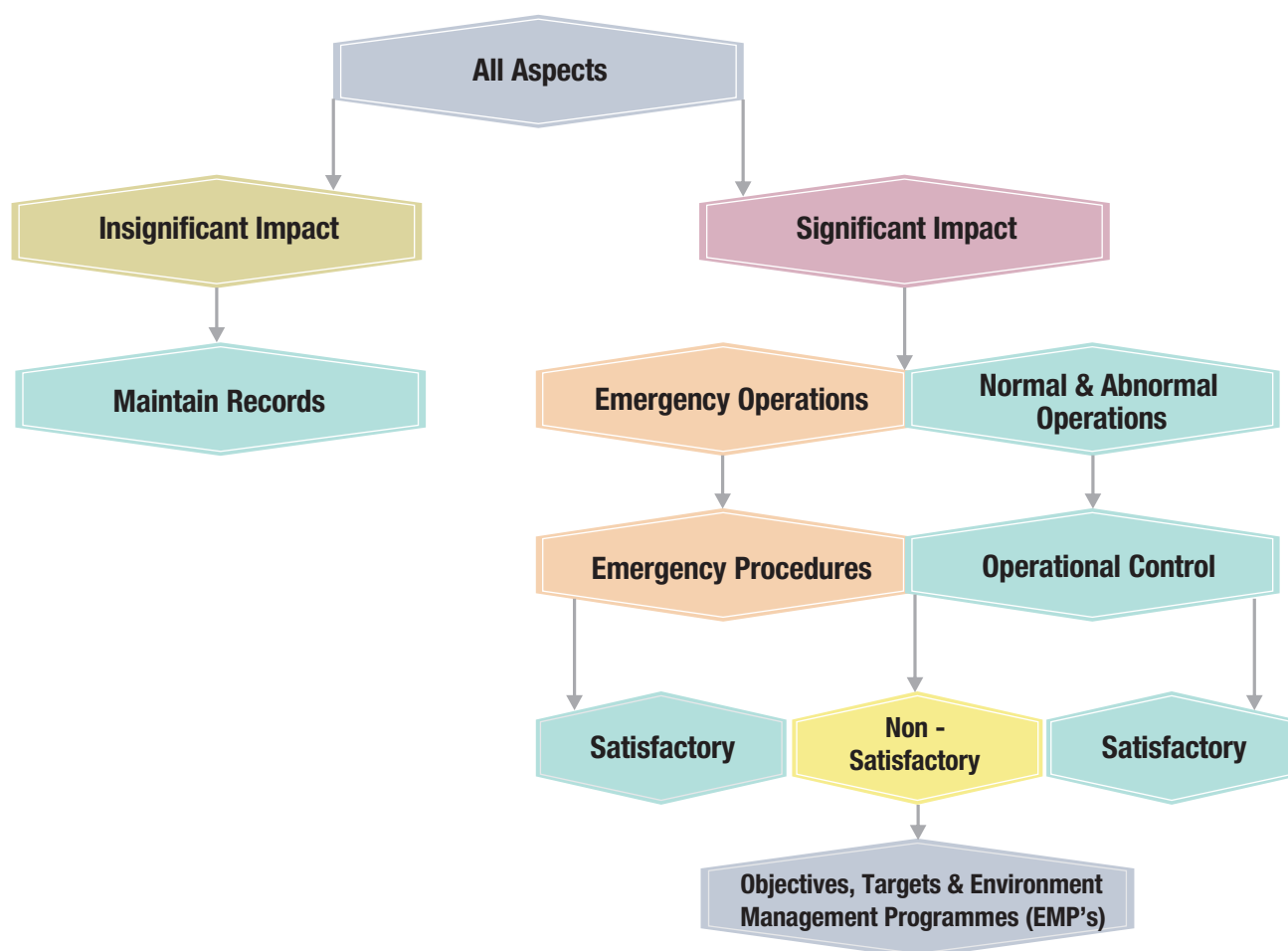
Further, we carry out Aspect Impact Analysis for our activities. A list of significant environmental impacts is derived from this Analysis. Each significant impact is then either "Improved" by means of Environmental Management Programme OR

"Controlled" by means of Work Instructions (WI) and Operational Control Procedures (OCP), as a part of Environmental Management Program (EMP).

GTL is complying with all the Indian Environmental laws, which are applicable such as:

- Environmental Protection Act, Second Amendment Rules, 2002
- Environmental Protection Act, Third Amendment Rules, 2002
- Hazardous Waste Management
- Batteries Management and Handling Rules
- Motor & Vehicle Act

### Environment Management System



## Environmental Excellence



Several of our initiatives for protection and restoration of native ecosystem yielded positive results. **The electricity consumption per employee reduced by 11.73% in FY 2007-08. This resulted in cost savings of Rs. 193,155 (US\$ 4,825).**

Major steps taken to reduce the electricity consumption are:

<b>Increased Efficiency</b>	<ul style="list-style-type: none"> <li>Improving the Operating Power Factor by introducing Capacitors</li> <li>Using Energy Efficient Air Conditioning System</li> <li>Replacing conventional copper Chokes with Electronic Chokes</li> <li>Periodic Preventive Maintenance of all Electrical equipments</li> <li>Diesel Generator sets and ups</li> </ul>
<b>Energy Savings</b>	<ul style="list-style-type: none"> <li>Using Compact Fluorescent lamps</li> <li>Using T-5 tube which is a low watt tube</li> <li>Maximum use of available sunlight by introducing Glass Windows</li> </ul>
<b>Reduced needs for additional lights</b>	<ul style="list-style-type: none"> <li>Regular cleaning of lights and electricity bulbs and making maximum use of Natural lights.</li> </ul>
<b>Prevention of Energy Losses</b>	<ul style="list-style-type: none"> <li>Using rubber sleeves on copper pipes of Air Conditioners</li> <li>Installing timer on each split air conditioner for switching off from one compressor to another</li> <li>Periodic checking of electrical contact points of UPS, D.G and E.I panels</li> </ul>
<b>Educating Employees to conserve energy</b>	<ul style="list-style-type: none"> <li>Achieved through internal campaign on Power Saving Tips</li> </ul>

### Paper Consumption reduced by 33% in FY 2007-08

Major steps taken to reduce and control the Paper Consumption are :

<b>Reuse, Recycle Paper</b>	<ul style="list-style-type: none"> <li>Note Pads</li> <li>Reusable Envelopes</li> </ul>
<b>Reduction in Paper Consumption</b>	<ul style="list-style-type: none"> <li>Encouraging Electronic correspondence</li> <li>Imparting training on various techniques of resource consumption</li> <li>Auto introduction of Responsibility message in emails that reads " Please do not print this email unless you really need to. Save Paper, Save Environment"</li> </ul>

## Environmental Excellence



In the pursuit of environmental excellence GTL has also adopted measures for

<b>Waste Management</b>	<ul style="list-style-type: none"> <li>• 100% Recycling of packaging material, no new packaging material is procured for packing electronic equipments</li> <li>• Shredded Waste paper is given to recycler</li> </ul>
<b>Water Conservation</b>	<ul style="list-style-type: none"> <li>• Introduction of mechanical floor cleaning machine to reduce water Consumption</li> <li>• Urinal Sensors to auto flush the urinal with fixed quantity of water</li> <li>• Educating People in premises to be water efficient by display of posters on Water Conservation in every wash room and near wash basins</li> </ul>
<b>Environment Care</b>	<ul style="list-style-type: none"> <li>• We are maintaining a green campus, and have also developed a garden opposite GTL office at Mahape on land leased by MIDC</li> <li>• Use of environmental friendly housekeeping material</li> <li>• Periodic PUC checks for all vehicles entering GTL premises at Company's cost</li> <li>• Invited world's second largest NGO i.e Greenpeace Foundation to spread awareness on Global Warming</li> <li>• Encourage employees to contribute to Greenpeace's efforts by way of donation</li> <li>• Fire fighting and first aid training to number of employees</li> <li>• Better processes with emphasis on safety for maintenance of electrical equipments such as DG sets, A/C, UPS</li> </ul>
<b>Employee safety</b>	<ul style="list-style-type: none"> <li>• Designed &amp; implemented a formal process of accident / incident reporting</li> <li>• Project Site Engineers are trained on safety awareness before the start of the project</li> <li>• Site Safety Audit is done by Quality Managers as a part of Site Quality Audit</li> <li>• Use of Personal Protective Equipments is mandatory for workmen and engineers working on site. The vendors are communicated about the same through Contracts</li> <li>• Developed Health Care facility for GTL employees with attending doctor available daily</li> <li>• Invite specialist doctors once every month for the treatment of our employees</li> <li>• Employees are covered across the country under Accident Policy</li> <li>• Medical checkup every six months is mandatory for contractors / vendors working in Cafeteria</li> <li>• GTL is introducing elements of OHSAS 18001 in all its operational level Processes</li> </ul>



***CORPORATE GOVERNANCE  
DIRECTORS' REPORT  
&  
ACCOUNTS***



# ***THE WINNING FORMULAE***

Winning is not an act, but a habit at GTL. With unmatched expertise and profound experience, we are second to none in providing our clients with the very best.

- \* PD - Promoter Director; NPD - Non-Promoter Director; ED - Executive Director; NED - Non-Executive Director; ID - Independent Director; NID - Non Independent Director.
- \*\* In Indian Public Limited Companies.
- \*\*\* In Audit and Shareholders' / Investors' Grievance Committees of Indian Public Limited Companies
- # In view of his association with the Company as a Whole-time Director till September 30, 2005, he has been categorized as Non Executive / Non Independent Director.
- ## Prof. S.B. Navathe was granted leave of absence for the Board Meetings not attended by him on account of his occupation in USA.
- \$ Inducted as an Additional Director and designated as Whole-time Director & Chief Operating Officer w.e.f. October 1, 2007.

➤ **Details of Board Meetings held during the year:**

Date of Board Meeting	25.04.07	11.07.07	24.07.07	05.10.07	22.10.07	24.01.08
Board Strength	8	8	8	9	9	9
No. of Directors Present	6	5	7	6	7	9

**III. AUDIT COMMITTEE:**

➤ **Brief description of terms of reference:**

- ❖ Review the financial reporting process and disclosure of its financial information.
- ❖ Review with the Management the Annual Financial Statements before submission to the Board.
- ❖ Review with the Management, Statutory Auditors and Internal Auditors the adequacy of internal control systems.
- ❖ Review the Company's accounting and risk management policies.
- ❖ Look into reasons for substantial defaults, if any, in payments to depositors, shareowners and creditors.
- ❖ Recommend the appointment and removal of Statutory Auditors and fixation of Audit Fees.
- ❖ Pre approval of non-audit services to be provided by the Statutory Auditors and fixation of fees for the same.

➤ **Composition of Audit Committee and Attendance of Members:**

Name of Director and position	Meetings/Attendance			
	25.04.07	24.07.07	22.10.07	24.01.08
Mr. Gajanan V. Desai, Chairman	P	P	P	P
Mr. Vinod Sethi, Member	P	P	A	P
Mr. Dipak Poddar, Member	A	P	P	P

P-Present, A-Absent

**IV. NOMINATION & REMUNERATION COMMITTEE (NRC):**

➤ **Brief description of terms of reference:**

- ❖ Frame Company's policies on Board and Directors with the approval of the Board.
- ❖ Make recommendations for the appointments on the Board.
- ❖ Recommend compensation payable to the Executive Directors.
- ❖ Review of HR Policies/Initiatives & Senior Level Appointments.
- ❖ Administer and supervise Employees Stock Option Schemes.
- ❖ Assist the Board in the implementation of the Policy on Prohibition of Insider Trading and Fraudulent and Unfair Trade Practices adopted by the Board.

➤ **Composition of NRC Committee and Attendance of Members:**

Name of Director and Position	Meetings/Attendance					
	18.04.07	26.07.07	03.08.07	05.10.07	22.01.08	21.02.08
Mr. T.N.V. Ayyar, Chairman	P	P	P	P	P	P
Mr. Sadanand D. Patil, Member	P	P	P	P	P	P
Mr. Vinod Sethi, Member	P	P	P	P	P	P
Mr. Dipak Poddar, Member	P	P	P	P	P	P

P-Present

- **Remuneration Policy:** The Policy Dossier approved by the Board at its meeting held on January 30, 2006, inter alia, provides for the following:

➤ **Executive Director:**

- ❖ Salary and commission not to exceed limits prescribed under the Companies Act, 1956.
- ❖ Remunerate from time to time depending upon the performance of the Company, Individual Director's performance and prevailing Industry norms.
- ❖ No sitting fees.
- ❖ No ESOPs for Promoter Directors.

➤ **Non-Executive Directors:**

- ❖ Eligible for commission based on time, efforts and output given by them.
- ❖ Sitting fees and commission not to exceed limits prescribed under the Companies Act, 1956.
- ❖ Eligible for ESOPs (other than Promoter Directors).

➤ Details of remuneration to all the Directors during the year ended March 31, 2008:

Name of Director	Salary (Rs.)	Provident Fund (Rs.)	Perquisites (Rs.)	Commission (Rs.)	Performance linked bonus (along with Criteria)	Sitting fees (Rs.)	Total (Rs.)	Service Contract/ Notice period/ Severance fees/ Pension
Mr. Manoj Tirodkar	4,800,000	576,000	2,400,000	20,000,000	-	-	27,776,000	*
Prof. S.C. Sahasrabudhe	-	-	-	20,000	-	40,000	60,000	Retirement by Rotation**
Mr. Sadanand D. Patil	-	-	-	2,500,000	-	230,000	2,730,000	Retirement by Rotation
Mr. Dipak Poddar	-	-	-	1,15,000	-	130,000	245,000	Retirement by Rotation
Mr. T.N.V. Ayyar	-	-	-	55,000	-	80,000	135,000	Retirement by Rotation
Prof. S. B. Navathe	-	-	-	US\$10,000	-	20,000	US\$10,000 + Rs.20,000	Retirement by Rotation
Mr. Vinod Sethi	-	-	-	80,000	-	105,000	185,000	Retirement by Rotation
Mr. Gajanan V. Desai	-	-	-	3,500,000	-	80,000	3,580,000	Retirement by Rotation
Mr. Charudatta Naik	1,200,000	144,000	1,306,200	-	14,000,000 @	-	16,650,200	Retirement by Rotation***

\* 5 years w.e.f. July 31, 2006 / notice period 3 months or 3 months salary in lieu of the notice / such sum which shall not exceed the remuneration for un-expired period of his appointment or 5 years whichever is less / N.A.

\*\* Status changed from Whole-time Director to Non-Executive Director w.e.f. October 1, 2005.

\*\*\* 3 years w.e.f. October 1, 2007/ notice period 3 months or 3 months salary in lieu thereof / Nil/Nil.

@ Based on the performance and achievements evaluated by the Nomination & Remuneration Committee.

➤ Details of ESOP Warrants allotted and converted:

Name of Director	No. of Warrants allotted	Date of Allotment	Exercise Price (Rs.) (including Premium)	Warrants Converted
Prof. S. C. Sahasrabudhe	9,000	20.01.03	80	-
	9,000	27.02.04	80	-
	9,000	21.09.04	85	-
Mr. Sadanand D. Patil	25,000	03.08.99	100	25,000
	9,000	20.01.03	80	9,000
	9,000	27.02.04	80	9,000
	15,000	05.04.06	113	15,000
	100,000	05.10.06	134	-
	150,000	05.10.06	145	-
Mr. Charudatta Naik	6,500	08.07.99	100	6,500
	10,000	03.08.99	100	10,000
	10,000	03.11.01	75	10,000
	9,000	20.01.03	80	9,000
	12,000	27.02.04	80	12,000
	9,000	21.09.04	85	7,000
			75	2,000
	100,000	05.10.06	134	-
	150,000	05.10.06	145	-
	250,000	18.04.07	140	-

Notes:

- ESOP warrants are vested over a period of 1-4 years from the date of allotment of warrants. Upon vesting, warrants are exercisable within a period of 3 to 36 months (depending upon the Scheme) or such other higher period as may be determined by the Board from time to time.

- The Exercise Price in respect of ESOP-2001 and ESOP-2002 Schemes has been re-priced by reducing Rs.10/- per share as per the Special Resolution passed at the Extra-ordinary General Meeting held on April 5, 2006.
- The commission/performance linked bonus to the Executive / Non-Executive Directors shall be paid out of a provision of Rs. 406.74 Lacs made in the Books of Accounts.
- The Company has taken on lease basis immovable property from Mr. Sadanand D. Patil and has paid Rs. 6.20 lakhs towards rent.
- Mr. Sadanand D. Patil, Mr. Dipak Poddar and Mr. Gajanan V. Desai hold 34000, 77000 and 500 equity shares respectively in the Company as on March 31, 2008.
- Apart from the above, the Company does not have any other pecuniary relationship or transactions with the Directors

V. SHAREHOLDERS'/INVESTORS' GRIEVANCE AND SHARE TRANSFER COMMITTEE:

Composition of Committee

Name of Director	Position
Mr. Sadanand D. Patil	Chairman
Mr. Manoj G. Tirodkar	Member
Mr. Dipak Poddar	Member

- Name of Non-Executive Director heading the Committee: Mr. Sadanand D. Patil
- Name and Designation of compliance officer: Mr. Vidyadhar A. Apte, Company Secretary
- Number of shareholders complaints received during 2007-08: 31
- Number not solved to the satisfaction of shareholders: NIL
- Number of pending complaints : NIL

**VI. DETAILS OF GENERAL MEETINGS:**

➤ **Location and time of GTL's last three Annual General Meetings with details of special resolutions passed:**

	2004-05	2005-06	2006-07
Date	September 27, 2005	September 27, 2006	June 20, 2007
Time	11.00 A.M.	10.30 A.M.	10.30 A.M.
Venue	Vishnudas Bhawe Natyagriha, Sector 16-A, Vashi, Navi Mumbai, 400 703.	Vishnudas Bhawe Natyagriha, Sector 16-A, Vashi, Navi Mumbai, 400 703.	Vishnudas Bhawe Natyagriha, Sector 16-A, Vashi, Navi Mumbai, 400 703
Details of Special Resolutions passed	a. Modification to ESOP 2004 and ESOP 2004 Subsidiary Scheme b. ESOP 2005 Scheme c. ESOP 2005 Subsidiary Scheme	NIL	a. Further issue of Securities in Domestic / Overseas Market. b. Commencement of new business.

➤ **Special / Ordinary resolutions that were put through postal ballot last year; details of voting pattern:**

1. A special resolution U/s 77A, 77B and all other provisions of the Companies Act, 1956 and the provisions of Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 for Buyback from the shareholders of the Company, 86,29,333 fully paid up Equity shares of the Company of the face value of Rs.10/- each at a price of Rs.300/- per share. The Company received a total of 670 postal ballot forms for 33,762,867 equity votes. After weeding out 4 forms on technical grounds, out of total valid 666 postal ballot forms for 33,762,631 equity votes, 639 forms consisting of 33,758,036 equity votes representing 99.99% of valid votes were in favour of the resolution. Accordingly, based on the report of the scrutinizer, the resolution was declared as passed as a special resolution on July 5, 2007.
2. An ordinary resolution U/s 293(1)(a) of the Companies Act, 1956 to sell, lease or otherwise dispose off the whole or substantially the whole of the Company's IT Enabled

Services business including Enterprise Solutions division. The Company received a total of 670 postal ballot forms for 33,762,867 equity votes. After weeding out 4 forms on technical grounds, out of total valid 666 postal ballot forms for 33,762,631 equity votes, 633 forms consisting of 33,757,964 equity votes representing 99.99% of valid votes were in favour of the resolution. Accordingly, based on the report of the scrutinizer, the resolution was declared as passed as an ordinary resolution on July 5, 2007.

- ❖ Person who conducted the postal ballot exercise:  
Mr. Virendra G. Bhatt, Practicing Company Secretary.
- ❖ Whether special resolutions are proposed to be conducted through postal ballot:  
No special resolution is proposed to be conducted through postal ballot.
- ❖ The Procedure for postal ballot:  
Shall be conducted as per the provisions of the Companies Act, 1956 as and when situations arise.

➤ **Details of Extra- Ordinary General Meetings and Court Convened Meetings held in last three years:**

Sr. No.	Date	Time	Venue	Purpose
1.	February 6, 2006 (Date of announcement of result of Postal Ballot)	11.00 am	412, Janmabhoomi Chambers, 29, Walchand Hirachand Marg, Ballard Estate, Mumbai 400038.	a. Sale of Assets of the Company.
2.	March 20, 2006 (Court Convened Meeting)	11.00 am	Vishnudas Bhawe Natyagriha, Sector 16-A, Vashi, Navi Mumbai 400 703.	a. Alteration of Articles of Association. b. Canceling / adjusting, setting off, reducing and writing off the balance standing to the credit of various reserve accounts. c. Approval of the Scheme of Arrangement and Reconstruction.
3.	April 5, 2006	11.00 am	Vishnudas Bhawe Natyagriha, Sector 16-A, Vashi, Navi Mumbai 400 703.	a. Re-pricing of Warrants under ESOP 2001, ESOP 2001 Subsidiary and ESOP 2002, ESOP 2002 Subsidiary. b. Alteration to main object - Declaration of result through Postal Ballot.
4.	October 12, 2006 (Date of announcement of result of Postal Ballot)	11.00 am	412, Janmabhoomi Chambers, 29, Walchand Hirachand Marg, Ballard Estate, Mumbai 400038.	a. Creation of mortgages, charges, hypothecations on assets of the Company. b. Power to the Board for making investment or loan or giving guarantee or providing security in connection with a loan by Banks / Financial Institutions / Other entities to an entity / body corporate which is either a subsidiary / associate / vendor Company.
5	July 5, 2007 (Date of announcement of result of Postal Ballot)	11.00 am	412, Janmabhoomi Chambers, 29, Walchand Hirachand Marg, Ballard Estate, Mumbai 400038	a. Buyback of Equity shares of the Company. b. Sell, lease or otherwise dispose off the whole or substantially the whole of the IT Enabled Services Business including Enterprise Solutions division.



**VII. DISCLOSURES:**

- Disclosure on materially significant related party transactions of the Company, that may have potential conflict with the interests of the Company at large:

The necessary disclosures regarding the transactions with Related Parties are given in the notes to the Accounts. None of these transactions have potential conflict with the interest of the Company at large.

- Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority, on any matter related to Capital Markets during the last three years.

- GTL has complied with the requirement of regulatory authorities on Capital Markets and no penalties/strictures have been imposed against it in the last three years, on any matter related to Capital Markets.

- Details of Compliance with mandatory requirements and adoption of the non-mandatory requirements:

- ❖ Pursuant to sub-clause VII (2) of Clause 49, the Company confirms that it has complied with all mandatory requirements prescribed in Clause 49 of the Listing Agreement for the financial year 2007-08 as detailed herein under:

Particulars	Clause of Listing Agreement	Compliance status (Yes/No)
<b>I. Board of Directors</b>	<b>49 I</b>	
(A) Composition of Board	49(IA)	Yes
(B) Non-Executive Directors Compensation & disclosures	49(IB)	Yes
(C) Other provisions as to Board and Committees	49(IC)	Yes
(D) Code of Conduct	49(ID)	Yes
<b>II. Audit Committee</b>	<b>49(II)</b>	
(A) Qualified and Independent Audit Committee	49(IIA)	Yes
(B) Meeting of Audit Committee	49(IIB)	Yes
(C) Powers of Audit Committee	49(IIC)	Yes
(D) Role of Audit Committee	49(IID)	Yes
(E) Review of Information by Audit Committee	49(IIE)	Yes
<b>III. Subsidiary Companies</b>	<b>49(III)</b>	<b>Yes</b>
<b>IV. Disclosures</b>	<b>49(IV)</b>	
(A) Basis of related party Transactions	49(IVA)	Yes
(B) Disclosure of Accounting Treatment	49(IVB)	Yes
(C) Board Disclosures – Risk Management	49(IVC)	Yes
(D) Proceeds from public issues, rights issues, preferential issues etc.	49(IVD)	Yes
(E) Remuneration of Directors	49(IVE)	Yes
(F) Management	49(IVF)	Yes
(G) Shareholders	49(IVG)	Yes
<b>V. CEO/CFO Certification</b>	<b>49(V)</b>	<b>Yes</b>
<b>VI. Report on Corporate Governance</b>	<b>49(VI)</b>	<b>Yes</b>
<b>VII. Compliance</b>	<b>49(VII)</b>	<b>Yes</b>

- **Non Mandatory requirements:**

**The Board –**

- Has an Executive Chairman and his office with required facilities is provided and maintained by the Company.
- No policy has been fixed on tenure of Independent Directors.

**Remuneration Committee –**

The Company has constituted a Nomination and Remuneration Committee; full details are furnished under item no. IV of Clause 49 Report.

**Shareholders Rights –**

The half yearly / quarterly financial results ended September 30, 2007 were published in Economic Times and Maharashtra Times newspapers and were also displayed on the Company's website [www.gtlimited.com](http://www.gtlimited.com) and posted on the website [www.corpfiling.co.in](http://www.corpfiling.co.in), hence separately not circulated to the shareholders.

**Training of Board Members –**

The review of the strategy and working of all the operational divisions and supporting divisions was carried out in the Business Conference (BC) of the Middle and Senior Level employees of the Company

held during April 2008. Apart from the Whole-time Directors of the Company, Mr. Gajanan V. Desai and Mr. Sadanand D. Patil the Directors also attended the BC. This provided a good opportunity for the Directors and Middle and Senior Level Employees to have close interaction, inter alia, on the business strategy, operations and technology of the Company, which enabled them to understand the Company's Business model.

#### **Mechanism for evaluating Non-Executive Board Members -**

Broad guidelines are given in the Policy Dossier on functioning of the Board of Directors.

#### **Whistle Blower Policy -**

The Company does not have any Whistle Blower Policy. However, the Company has formulated Ethical Practices Policy and any employee, if he / she so desires, have free access to communicate committee members any matter of concern.

### **VIII. MEANS OF COMMUNICATION:**

- Half-yearly report to each household of shareholders.  
Displayed on the Company's website [www.gtllimited.com](http://www.gtllimited.com) on October 22, 2007 the date on which the results were adopted by the Board.
- Quarterly results:  
The Quarterly Results along with Notes were published in the Newspapers as under:

Newspapers	Date of publication of results for the Quarter ended			
	31.03.07	30.06.07	30.09.07	31.12.07
Economic Times / Free Press Journal	26.04.07	25.07.07	23.10.07	25.01.08
Maharashtra Times / Navshakti / Nav Bharat Times	27.04.07	26.07.07	23.10.07	25.01.08

- Website where displayed:

<http://www.gtllimited.com>

- ❖ The Company has made presentations to institutional investors, stock market analysts and news media. These were displayed on the website of the Company.
- ❖ The Company's annual report also contains a detailed Management Discussion and Analysis Report on the Company's financial performance and operations.
- ❖ The Annual report, Quarterly results, half yearly results, shareholding pattern are posted on the website [www.corpfiling.co.in](http://www.corpfiling.co.in) as per the requirements of Clause 52 of the Listing Agreement.

### **IX. GENERAL SHAREOWNER INFORMATION**

1. **Date, time and venue of the 20th AGM** Friday, June 13, 2008, 10:30 a.m. at Vishnudas Bhawe Natyagriha, Sector 16-A, Vashi, Navi Mumbai 400703.
2. **Financial Calendar for F.Y.2008-2009**

Quarter Ended	To be Published
First Quarter Results(Quarter ended 30.06.08)	On or before July 31, 2008
Second Quarter Results(Quarter ended 30.09.08)	On or before October 31, 2008
Third Quarter Results (Quarter ended 31.12.08)	On or before January 31, 2009
Fourth Quarter Results(Quarter ended 31.03.09)	On or before April 30, 2009
3. **Dates of book closure** Tuesday, June 03, 2008 to Tuesday, June 10, 2008, both days inclusive.
4. **Dividend Payment** On or after June 14, 2008, but within the statutory time limit of 30 days.
5. **Listing on Stock Exchanges** Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).  
Listing Fees for 2008-09: Paid for both the stock exchanges
6. **Stock Exchange Codes:**

Stock Exchange / News Agency	Stock Code
BSE	500160
NSE	GTL
Reuters Code	GTL.BO & GTL.NS
Bloomberg ticker	GTS:IN
Equity ISIN	INE043A01012

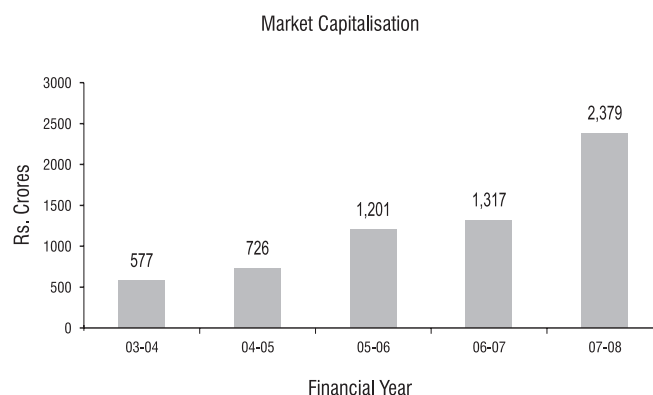
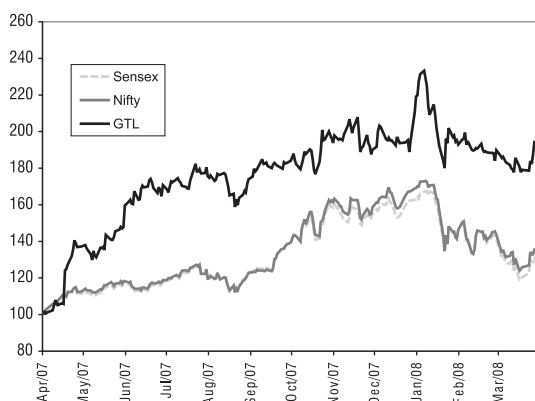
## 7. Stock Market Data

Monthly high and low of closing quotations and volume of shares traded on Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) are given below.

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
Apr-2007	185.65	132.20	18347734	185.70	132.15	44338358
May-2007	195.60	171.55	10733513	195.40	171.60	27432006
Jun-2007	229.90	210.60	12249784	230.15	210.95	30346317
Jul-2007	241.20	220.20	6587844	241.05	220.35	16650060
Aug-2007	233.85	210.65	2882963	234.35	209.85	8267342
Sep-2007	244.30	231.60	2609117	244.25	231.85	5186961
Oct-2007	265.40	233.00	4280527	265.55	233.60	10438318
Nov-2007	274.45	248.75	3354648	274.75	247.80	8824184
Dec-2007	277.85	251.10	2342329	278.25	249.60	8778743
Jan-2008	308.80	237.80	6290955	308.25	237.90	12370856
Feb-2008	263.20	243.80	1910362	263.55	243.20	4133300
Mar-2008	255.40	234.70	1391369	257.50	234.85	9156397

[Source: This information is compiled from the data available from the websites of BSE & NSE]

## 8. GTL's Share Performance in comparison to broad-based indices



## 9. Registrar and Share Transfer Agents

The In-house Investor Service Centre (ISC) of the Company provides share registration and all the other related services to its shareholders. The ISC has also established connectivity with both the Depositories in India, viz. National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd. (CDSL).

The ISC is registered with the Securities and Exchange Board of India (SEBI) as a Category II Share Transfer Agent (STA) vide Registration No. INR000003951 valid up to 15-Jul-2010.

The "Company Secretariat, Corporate Governance & Investor Services Centre" is accredited with ISO 9001:2000, certification.

## 10. Share transfers in physical form

As majority of shares of the Company are held in electronic (demat) form, requests for transfer of shares in physical form are negligible.

However, majority of share transfer requests are processed and the share certificates returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The Board has delegated the authority for approving transfers/transmission etc. of the Company's securities to the Shareholders/Investors Grievance and Transfer Committee of the Company, which meets regularly to approve the share transfers and other related work. A summary of transfer / transmission etc. of securities of the Company so approved by the said committee is placed quarterly at the Board Meetings. The Company obtains from a Company Secretary in Whole-time Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with the Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

The total number of physical shares transferred during the year under review were 18,094 (Previous year 21,737).

**11. Distribution of Shareholding as on March 31, 2008.**
**A. Distribution of shares according to size of holding as on March 31, 2008**

No. of Shares	No. of Shareowners	% of Shareowners	Share amount (Rupees)	% to Total
Upto 500	59290	93.20%	5774007	6.10%
501 - 1000	2029	3.19%	1571699	1.66%
1001 - 2000	1074	1.69%	1548278	1.64%
2001 - 3000	460	0.72%	1130842	1.20%
3001 - 4000	166	0.26%	586981	0.62%
4001 - 5000	143	0.22%	667662	0.71%
5001 - 10000	174	0.27%	1307699	1.38%
10001 & ABOVE	283	0.45%	81986911	86.69%
<b>TOTAL</b>	<b>63619</b>	<b>100.00%</b>	<b>94574079</b>	<b>100.00%</b>

**B. Distribution of shares by categories of shareholders as on March 31, 2008**

Category	Nos. of Shareowners	Nos. of Shares Held	Voting Strength
Promoters-Directors, their Relatives & Associates	10	36,114,204	38.19%
Other Directors, their Relatives	9	402,738	0.42%
Bodies Corporate (Domestic) / Trusts	1,739	7,844,286	8.29%
Banks	15	180,801	0.19%
Mutual Funds	14	1,852,928	1.96%
Financial Institutions (FIs)	6	1,462,883	1.55%
Foreign Institutional Investors (FIIs)	51	20,929,048	22.13%
Non-Resident Individuals (NRIs) / Foreign Corporate Bodies / Overseas Corporate Bodies (OCBs) / Foreign Banks	514	11,773,708	12.45%
Resident Individuals	61,261	14,013,483	14.82%
<b>TOTAL:</b>	<b>63,619</b>	<b>94,574,079</b>	<b>100.00%</b>

**C. Top 10 Shareowners as on March 31, 2008**

Name(s) of shareowners	Category (As per Depository)	Shares	%
Global Holding Corporation Pvt. Ltd. (GHC) (Promoter) *	Domestic Company	31,675,950	33.49%
Citigroup Global Markets Mauritius Private Limited	Foreign Institutional Investor (FII)	5,441,001	6.61%
	Other Foreign Body	814,626	
Somerset India Fund-Vulpes Strategic	Other Foreign Body	5,816,932	6.15%
Finav Securities Pvt. Ltd. (Promoter Group)	Domestic Company	4,055,381	4.29%
Sophia Growth - A Share Class Of Somerset India Fund	Foreign Institutional Investor (FII)	2,573,006	3.06%
	Other Foreign Body	322,230	
Bennett, Coleman And Company Limited	Domestic Company	2,663,000	2.82%
Merrill Lynch Capital Markets Espana S.A. S.V.	Foreign Institutional Investor (FII)	2,080,379	2.48%
	Other Foreign Body	262,850	
Morgan Stanley Mauritius Company Limited	Foreign Institutional Investor (FII)	1,980,230	2.09%
Mavi Investment Fund Ltd	Other Foreign Body	1,733,615	1.83%
Indea Capital Pte Limited A/c Indea Absolutereturn Fund	Foreign Institutional Investor (FII)	1,210,000	1.28%

\* GHC has set-up two wholly owned subsidiaries namely GAH International Pte. Ltd. and GHC International Ltd on June 5, 2007 and January 7, 2008 respectively which are treated as part of the Promoters/Group.

**12. Dematerialisation of shares and liquidity**

Trading in equity shares of the Company on the Stock Exchanges is permitted only in dematerialised form as per notification issued by SEBI. The shares of the Company are available for trading under both the Depository Systems in India – NSDL & CDSL. 99.50% of the Company's shares are held in dematerialised form as on March 31, 2008 (99.47% up to March 31, 2007).

The Company's equity shares are among the most liquid and actively traded shares on the BSE and NSE. Relevant data for the average daily traded volumes provided in the Director's Report under Capital Market Developments.

**13. Outstanding Warrants or any Convertible instruments, conversion date and likely impact on equity:****A. Foreign Currency Convertible Bonds (FCCBs)**

During August 2004, the Company issued 1% - 8,000 FCCBs to foreign investors and raised Swiss Francs. (SFr.) 80 million. As per the terms of the issue, the FCCB holders have the option to convert FCCBs into Equity Shares any time from November 22, 2004 to August 20, 2009 at a fixed conversion price of Rs.103/- per share (Face Value Rs.10 and Premium Rs.93), which was reduced to Rs. 93/- (Face Value Rs.10 and Premium Rs.83) in terms of the Scheme of Arrangement & Reconstruction between the Company and GTL Infrastructure Limited.

During the year under review upto November 2007, 1,200 FCCBs were converted into 4,344,674 equity shares and 386 FCCBs were outstanding. As per the provisions of Bond Purchase, Paying and Conversion Agency Agreement, the Company issued notice to bondholders on November 12, 2007 for redemption of the then outstanding bonds. However, the bondholders opted to convert all the outstanding 386 FCCBs into equity shares in the month of December 2007. Resultantly, the unsecured liability of the Company arising out of outstanding FCCBs were reduced to Nil. The details of FCCBs Conversion are as follows:

Financial Year	No. of bonds converted	Value of FC-CBs (Swiss Franc)	No. of shares allotted	Increase in Share Capital (Rs.)
2004-05	700	7,000,000	2,534,392	25,343,920
2005-06	2543	25,430,000	9,207,085	92,070,850
2006-07	3171	28,631,371	11,480,802	114,808,020
2007-08	1586	14,320,200	5,742,206	57,422,060

**B. Employees' Stock Option Plans (ESOPs)**

The details are furnished in the Directors' Report under the heading Employees' Stock Option Plans (ESOPs).

**14. Plant Locations:**

List of Branch Offices and addresses provided elsewhere in this Annual Report.

**15. Registered Office & Investor Service Centre (ISC)**

GTL Limited  
"Global Vision"  
Electronic Sadan No. II, MIDC,  
TTC Industrial Area, Mahape,  
Navi Mumbai 400710 MAHARASHTRA, INDIA

**16. Investor Correspondence**

**All shareholders complaints/queries in respect of their shareholding may be addressed to the ISC at the Company's Registered Office.**

**Contact Persons:**

Mr. Nagaraajan Iyer, General Manager, Investor Service Centre or  
Mr. Divesh R. Sawant, Manager, Shares & Systems

Tel.: +91-22-27612929/27684111  
Extn. Nos. 2232-2235 FAX: +91-22-27680171  
Website: www.gtllimited.com

**Email-ID for Investor Grievance/s:** [gtlshares@gtllimited.com](mailto:gtlshares@gtllimited.com)

**Queries relating to financial statements, company performance etc. may be addressed to:**

Mr. Pinakin Gandhi – VP- Investor Relations  
GTL Limited,  
412, Janmabhoomi Chambers, 29, W.H. Marg, Ballard Estate, Mumbai 400038  
Tel: +91-22-22613010  
Fax: +91-22-22619649  
Email: [ir@gtllimited.com](mailto:ir@gtllimited.com)

**17. Investor services – complaints, queries and correspondence.**

Particulars	Op. Bal.01-Apr-2007	Received	Resolved	Cl. Bal. as on31-Mar-2008
Complaints	Nil	31	31	Nil
Other Correspondence	Nil	2156	2156	Nil
Total	Nil	2187	2187	Nil

**18. Compliance Officer**

Mr. Vidyadhar A. Apte, Company Secretary, heading the Company Secretariat, Corporate Governance and Investor Service Centre of the Company, is the Compliance Officer under SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and under Clause 47 of the Listing Agreement with Stock Exchanges.

**19. Legal Proceedings**

There are no proceedings pending against the Company that are material to affect adversely the profit or financial health of the Company.

As on March 31, 2008, there were 23 proceedings against the Company, pending in various Courts and other Dispute Redressal Forums. In 13 out of 23 cases, the Company has been implicated, as proforma defendant i.e there is no monetary claim against the Company. In most of these cases dispute is concerning the matters like loss of share certificate, title claim/ownership/transfer of the shares etc. The Company's implication in these matters is with a view to protect the interest of the lawful owners of the shares. Upon the final orders passed by the Court(s), the Company shall have to release the shares, which are presently under 'stop transfer', in this regard to the rightful claimants. There is no direct liability or adverse impact on the business of the Company on account of the said 13 cases.

In the balance 10 cases, certain liabilities may arise. These cases are handled by the Company's Advocates, who have the necessary expertise on the subject. It is found that in most of the cases the claims are frivolous and without any basis and therefore the Company is resisting and defending these claims.



The contingent liability in respect of the above 10 cases would be about Rs. 51 lacs.

## 20. Statutory Compliance

During the year under review, to the best of our knowledge and belief the Company has complied with all applicable provisions, filed all returns/ forms and furnished all relevant particulars as required under the Companies Act, 1956 and allied Acts and Rules, the Securities and Exchange Board of India (SEBI) Regulations and the Listing Agreements with the Stock Exchanges. The Company has voluntarily obtained a certificate of compliance from Mr. Virendra G. Bhatt, a Company Secretary in the whole time practice, certifying compliance of the provisions of various applicable regulations and the same is reproduced elsewhere in this annual report.

## 21. Unpaid/unclaimed dividend

Pursuant to provisions of Section 205A(5) of the Companies Act,

1956, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund (IEPF), established by the Central Government under the provisions of Section 205C of the Companies Act, 1956. After transfer of unpaid/unclaimed dividend amount to the IEPF, the amounts cannot be claimed by shareowners.

The Company has issued reminders to all shareholders in respect of the Unclaimed/Unpaid Dividend for the F.Y 2000-2001 during February 2008. The Company has received around 500 claims in response to the same and issued Demand Drafts in lieu of the unclaimed dividend. The Company also proposes to issue final reminder before crediting the balance Unclaimed Dividend Amount to the IEPF. A statement showing the year/month(s) in which unpaid/unclaimed dividend(s) are due for transfer to the Investor Education and Protection Fund is given below:

Particulars	Rate	Dated	Due for transfer on or before
Dividend 2000-2001	30.00%	August 28, 2001	September 26, 2008
Dividend 2001-2002	10.00%	August 21, 2002	September 19, 2009
Dividend 2002-2003	12.00%	August 26, 2003	September 24, 2010
Dividend 2003-2004	15.00%	October 14, 2004	November 12, 2011
Dividend 2004-2005	18.00%	October 21, 2005	November 19, 2012
Dividend 2005-2006	200.00%	October 16, 2006	November 14, 2013
Dividend 2006-2007	25.00%	July 3, 2007	August 1, 2014

## 22. Changes to Equity Share Capital during the year ended March 31, 2008:

Date	Particulars	Increase/(decrease) in Share Capital	
		No of Shares	Share Capital (Rs.)
Share Capital as on April 1, 2007			973,168,860
April 23, 2007	FCCB Conversion	90,514	
May 4, 2007	FCCB Conversion	36,205	
July 12, 2007	FCCB Conversion	3,620	
July 13, 2007	FCCB Conversion	3,504,706	
July 26, 2007	FCCB Conversion	608,254	
August 3, 2007	ESOP Allotment	74,578	
August 29, 2007	FCCB Conversion	3,620	
October 1, 2007	FCCB Conversion	90,514	
October 9, 2007	FCCB Conversion	7,241	
November 23, 2007	FCCB Conversion	593,770	
December 7, 2007	FCCB Conversion	441,707	
December 14, 2007	FCCB Conversion	362,055	
January 22, 2008	ESOP Allotment	69,742	<b>58,865,260</b>
December 6, 2007	Buyback (Reduction)	(8,629,333)	<b>(86,293,330)</b>
<b>Share Capital as on March 31, 2008</b>			<b>945,740,790</b>

## 23. Voting Rights

All shares issued by the Company carry equal voting rights. Generally, matters of the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of "One Member – One Vote". If majority of shareholders raise their hands in favour of a particular resolution, it is taken as passed, unless a poll is demanded.

The Chairman may order to take a poll on his own motion. Any member or members present in person or proxy and holding shares in the Company, which confer a power to vote on the resolution,

can also demand Poll in respect of any resolution. Any member or members holding shares not less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up can demand a poll. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands. The person or persons who made the demand may withdraw the demand for Poll at any time.

No poll has been demanded in any annual general meeting of the Company, till date.

## CERTIFICATES AND STATEMENTS

## CERTIFICATE OF STATUTORY AUDITORS ON CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

To  
The Board of Directors  
GTL Limited

We have reviewed the records concerning the company's compliance with Clause 49 of Listing Agreement entered into by the Company with the Stock Exchanges, for the financial year ended March 31, 2008. The Objective of our review is to give our opinion that the Company has complied with the provisions of Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges. We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for review and the information and explanations given to us by the Company. Based on such review, in our opinion, the Company has complied with Clause 49 of the Listing Agreement with the Stock Exchanges.

For **GODBOLE BHAVE & Co.**  
Chartered Accountants

**M. V. Bhawe**  
Partner  
Membership No.38812  
  
Mumbai  
April 11, 2008.

For **YEOLEKAR & ASSOCIATES**  
Chartered Accountants

**S. S. Yeolekar**  
Partner  
Membership No.36398

## STATEMENT OF DISCLOSURE BY THE AUDIT COMMITTEE TO THE SHAREOWNERS

To  
The Shareowners  
GTL Limited

In terms of the Recommendation Number 9 of the 'Blue Ribbon Committee', we the members of the Audit Committee disclose in respect of the financial year ended March 31, 2008 that:

- i) the management has reviewed the audited Financial Statements of the Company with the Audit Committee, including the discussion on the quality of the accounting principles as applied and significant judgments affecting the Company's Financial Statements;
- ii) the Statutory Auditors have discussed with the Audit Committee, the Statutory Auditor's judgments on the quality of those principles as applied and the judgments referenced in (i) above under the circumstances;
- iii) the members of the Audit Committee have discussed among themselves, without Management or the Statutory Auditors present, the information disclosed to the Audit Committee described in (i) and (ii) above; and
- iv) the Audit Committee, in reliance on the review and the discussions conducted with Management and the Statutory Auditors pursuant to (i) and (ii) above, believes that the Company's Financial Statements are fairly presented in conformity with Indian Generally Accepted Accounting Principles (GAAP) in all material respects.

For and on behalf of Audit Committee

**Gajanan V. Desai**  
Chairman

Place : Mumbai  
Date : April 10, 2008.

## REVIEW REPORT OF DELOITTE HASKINS & SELLS ON CORPORATE GOVERNANCE

To  
The Board of Directors  
GTL Limited

We have reviewed the Corporate Governance Report of the Company dated April 11, 2008, concerning the Company's compliance with: (1) the Code of Best Practice as contained in the Report of the Cadbury Committee on Financial Aspects of Corporate Governance (set up, inter alia, by the Financial Reporting Council, London Stock Exchange), (2) the recommendations of the Blue Ribbon Committee (constituted by the New York Stock Exchange and the National Association of Securities Dealers), (3) Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges and (4) the recommendations of the committee constituted by the Confederation of Indian Industry (CII) on Corporate Governance, for the Financial Year beginning April 1, 2007 and ending on March 31, 2008, (herein after referred to as "FY 2007-08").

The objective of our review is to give our opinion on whether the Corporate Governance Report of the Company reflects on a fair basis the status of compliance by the Company with Clause 49 of the Listing Agreement and with the recommendations of the above referred bodies.

We have conducted our review on the basis of the relevant records and documents maintained by the Company Secretariat and Corporate Governance Department of the Company and furnished to us for review and the information and explanation given to us by the said department.

Based on such review, in our opinion, the Corporate Governance report of the Company, referred to above, reflects on a fair basis the status of the compliance by the Company with the Code of Best Practice of the Cadbury Committee, the recommendations of the Blue Ribbon Committee, Clause 49 of the Listing Agreement with the Stock Exchanges and the recommendations of the CII Committee relating to Corporate Governance, for the FY 2007-08.

For **DELOITTE HASKINS & SELLS**  
*Chartered Accountants*

**Amol Rane**  
Partner

Mumbai  
April 11, 2008.

## CERTIFICATE OF STATUTORY AUDITORS REGARDING INDEPENDENCE

To  
The Chairman,  
Audit Committee,  
GTL Limited  
Navi Mumbai – 400 710

Dear sir,

As per recommendation of Blue Ribbon Committee, constituted by New York Stock Exchange (NYSE) and the National Association of Securities Dealers (NASD), we, GODBOLE BHAVE & CO., Chartered Accountants, one of the Joint Auditors of GTL Limited, state that:

- i. We subscribe to the policy of independence in all matters relating to our clients.
- ii. We conduct our affairs to be impartial.
- iii. We abide by the requirements relating to independence embodied under the provisions of Companies Act, 1956, Chartered Accountants Act, 1949 and other regulations of professional and regulatory bodies.
- iv. In discharging our functions as Joint Auditors of GTL Limited:
  - a. We don't have any conflict of interest and duty.
  - b. We, the Auditors, are not related to any of the Directors of the Company; and
  - c. We, the Auditors, do not hold any securities of the Company having voting rights.
- v. We shall inform the Audit Committee of any future relationship or service, which may impact our independence.

For **GODBOLE BHAVE & CO.**  
Chartered Accountants

M. V. BHAVE  
Partner

Place : Mumbai  
Date : April 8, 2008.

## CERTIFICATE OF STATUTORY AUDITORS REGARDING INDEPENDENCE

To  
The Chairman,  
Audit Committee,  
GTL Limited,  
Navi Mumbai – 400 710.

Dear Sir,

As per recommendation of Blue Ribbon Committee, constituted by the New York Stock Exchange (NYSE) and the National Association of Securities Dealers (NASD), we, YEOLEKAR & ASSOCIATES, Chartered Accountants, one of the Joint Auditors of GTL Limited, state that:

- i. We subscribe to the policy of independence in all matters relating to our clients.
- ii. We conduct our affairs to be impartial.
- iii. We abide by the requirements relating to independence embodied under the provisions of Companies Act, 1956, Chartered Accountants Act, 1949 and other regulations of professional and regulatory bodies.
- iv. In discharging our functions as Joint Auditors of GTL Limited:
  - a. We don't have any conflict of interest and duty;
  - b. We, the Auditors, are not related to any of the Directors of the Company; and
  - c. We, the Auditors, do not hold any securities of the Company having voting rights.
- v. We shall inform the Audit Committee of any future relationship or service, which may impact our independence.

For **Yeolekar & Associates**  
Chartered Accountants

S. S. Yeolekar  
Partner

Place : Mumbai  
Date : April 9, 2008.

## COMPANY SECRETARY'S RESPONSIBILITY STATEMENT

**The Board of Directors,  
GTL Limited**

**This is to confirm that :**

A. The Company has:

- a. Maintained all the Statutory Registers.
- b. Filed all forms and returns and furnished all necessary particulars to the Registrar of Companies and / or other Authorities as required under the Companies Act, 1956.
- c. Registered all the charges created in favour of financial institutions, banks and others with the Registrar of Companies.
- d. Issued all Notices required to be given for Board Meetings and General Meetings within the time limit prescribed by law.
- e. Conducted the Board Meetings and Annual General Meetings as per the Companies Act, 1956.
- f. Effected share transfers and dispatched certificates within the time limit prescribed by various authorities.
- g. Not exceeded the borrowing powers.
- h. Paid dividend to the shareholders within the time limit prescribed and has also transferred the unclaimed dividends to the Central Government within the time limit from time to time.

B. No penalties or strictures have been imposed on the Company by the Stock Exchanges, Securities and Exchange Board of India (SEBI) or any other statutory authority on any matter related to Capital Markets during the last three years.

C. The Company has also complied with the regulations prescribed by the Stock Exchanges, SEBI and other Statutory authorities and also the statutory requirements under the Companies Act, 1956.

**Vidyadhar A. Apte**  
*Company Secretary*

Place: Navi Mumbai  
Date : April 11, 2008



## COMPANY SECRETARIAL COMPLIANCE CERTIFICATE

To  
The Board of Directors  
GTL Limited

I have examined the registers, records, books and papers of GTL Limited as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2008 (Financial Year 01/04/2007 to 31/03/2008). In our opinion and to the best of our information and according to the examinations carried out by me and explanations furnished to me by the Company, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and the returns with the authorities prescribed under the Act and rules made there under.
3. The Board of Directors duly met six times in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed.
4. The Annual General meeting for the financial year ended 31<sup>st</sup> March, 2007 was held on 20<sup>th</sup> June, 2007 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in Minute Book maintained for the purpose.
5. The Company has passed a resolution u/s 293(1)(a) of the Act for creation of mortgages, charges, hypothecations on assets of the Company and u/s 77A of the Act, the Company offered 86,29,333 Equity shares for its Buy-Back and all the procedures with regard to scrutiny and presentation of the postal ballot report has been complied as per Section 192A of the Companies Act, 1956.

The Company offered to Buy-back 86,29,333 Equity Shares of the face value of Rs. 10/- each for total consideration of Rs. 300/- per share. After completion of regulatory formalities the buyback offer opened on October 29, 2007 and closed on November 19, 2007.

The Company paid out Buyback consideration amounting to Rs. 25,888.00 Lacs and the excess shares were returned to the shareholders on or before November 30, 2007 who responded to the Company's Buyback offer. The amount paid is apportioned out of General Reserve. In terms of the provisions of Section 77A of the Act, and SEBI Buyback Regulation, the Company destroyed and extinguished 86,29,333 Equity Shares bought back on December 5 & 6, 2007. With the completion of these formalities and filing final report to SEBI by Managers to the Issue on December 4, 2007, the Company completed all formalities in respect of the buyback offer well within stipulated time.

6. The Company has delivered all the certificates on allotment of Securities and on lodgment thereof for transfer / transmission or any other purpose in accordance with the provisions of the Act.
7. The Board of Directors of the Company is duly constituted. The appointment of directors has been made in accordance with the provisions of the Act.
8. The Company has not altered the provisions of the Memorandum of Association.
9. The Company has constituted the Audit Committee required as per Section 292A of the Act.

**Virendra G. Bhatt**  
Practising Company Secretary  
ACS – 1157/CP-124

Place: Mumbai  
Date: 11/04/2008

### CERTIFICATE BY THE CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) ON FINANCIAL STATEMENTS OF THE COMPANY

We Manoj G. Tirodkar - Chairman & Managing Director and Milind Bapat – Sr. VP Finance of GTL Limited hereby certify that:

- (a) We have reviewed Financial Statements and the Cash Flow Statement for the financial year ended March 31, 2008 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that:
  - i. there have been no significant changes in internal control over financial reporting during the year;
  - ii. there have been no significant changes in accounting policies during the year; and
  - iii. there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Manoj G. Tirodkar**  
*Chairman & Managing Director*

**Milind Bapat**  
*Sr. VP Finance*

Date: April 11, 2008  
Place: Mumbai

### DECLARATION BY THE CHAIRMAN & MANAGING DIRECTOR

Pursuant to the provisions of Clause 49 of the Listing Agreement, it is hereby declared that all the Board Members and Senior Management personnel of GTL Limited have affirmed compliance with the Code of Conduct for 'Directors and Senior Management' for the year ended March 31, 2008.

Place: Mumbai  
Date: April 11, 2008

**Manoj G. Tirodkar**  
*Chairman & Managing Director*

## INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT/RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING

### Mr. Vinod Sethi, Director

Mr. Sethi was born on May 25, 1962. He has been a member of the Board since July 30, 2001. He is a Chemical Engineer from IIT, Mumbai, and a MBA (Finance) and a Beta Gamma Sigma Graduate from New York University.

Mr. Sethi was the Managing Director of Morgan Stanley Investment Management, Inc., New York. He established the India business for Morgan Stanley and was its Chief Investment Officer for 12 years, during which, the India business grew in excess of USD 2 billion in assets under management. At its peak, Morgan Stanley was one of the largest investors in India. Assets under Mr. Sethi's management had been consistently ranked in the top-tier in the performance and in risk control.

Currently, he holds Directorship in nine other Public Limited Companies namely Subex Azure Limited, Geodesic Information Systems Limited, KCP Sugar & Industries Corporation Limited, Mount Everest Bottling Co. Limited, United Phosphorous Limited, Axsys Health Tech Limited, ITZ Cash Card Limited, Advanta India Limited and G.G. Dandekar Machine Works Limited and two Private Limited companies namely Sethi Funds Management Pvt. Limited and Durgamba Investments Pvt. Limited. He is the Chairman of the Audit Committee of Advanta India Limited. He is also the member of the Audit Committee of Subex Azure Limited, Geodesic Information Systems Limited and G.G. Dandekar Machine Works Limited.

In GTL Limited, he serves as a Member of the Nomination & Remuneration Committee and Audit Committee.

He does not hold any shares of the Company either through himself or through his relatives.

### Mr. Sadanand D. Patil, Senior Director

Mr. Patil was born on November 10, 1955. He has been a member of the Board since September 5, 1998.

Mr. Patil has more than 21 years of management experience. His areas of operations include finance, audit, logistics, distribution, customer service, human relations and administration.

He does not hold Directorship in any other Indian Companies.

In GTL Limited, he serves as the Chairman in Shareholders / Investor Grievance and Share Transfer Committee and as a Member in the Nomination & Remuneration Committee.

Mr. Patil's shareholding in the Company is 34,000 Equity Shares and Nil Equity Shares are held by his family members / relatives.

### Mr. Charudatta Naik – Whole-time Director & Chief Operating Officer

Mr. Naik was born on November 9, 1965.

Mr. Charudatta Naik an Engineer by profession has specialization in Electronics and Telecom, and is associated with the Company since 1995 in different capacities including that of Head- Enterprise Networks division, General Manager in the Company's JV at Abu Dhabi, President Network Engineering and since last two years he is functioning as the Chief Operating Officer. The current business operations of the Company are spearheaded under the direction and advice of Mr. Naik, who is instrumental in carving out infrastructure business into a separate entity through demerger. Mr. Naik is closely associated in various issues related to business strategy, planning, business development, acquisitions etc.

He does holds Directorship in GTL Infrastructure Limited.

In GTL Limited, he is not a member in any of the committees.

Mr. Naik's shareholding in the Company is 30,950 Equity Shares and Nil Equity Shares are held by his family members / relatives.



## ***THE RACING EQUATION***

Sometimes, we let our numbers do the talking. Our balance sheet speaks volumes about our growth.

## DIRECTORS REPORT

## Directors' Report

To the Members,

Your Directors take pleasure in presenting their Twentieth Annual Report together with the Audited Accounts for the year ended March 31, 2008.

## 1. FINANCIAL RESULTS

Rs. Crores\*

Particulars	Twelve Months 2007-08		Nine Months 2006-07	
	Consolidated	Stand-alone	Consolidated	Stand-alone
Total Income	1772.56	1434.41	927.46	693.52
Profit before Depreciation, Interest and Financial Charges (Net) and Tax (PBDIT)	266.08	230.39	119.26	90.49
Profit before Depreciation and Tax (PBDT)	210.93	157.80	103.89	76.66
<b>Less:</b> Depreciation	49.55	45.88	30.85	29.96
Profit before Tax and extra-ordinary items	161.38	111.92	73.04	46.70
<b>Add:</b> Extra-ordinary income	119.92	21.88	NIL	NIL
<b>Less :</b> Prior Period items	(7.20)	(7.20)	(3.08)	(3.05)
<b>Less:</b> Provision for Taxation	7.24	5.31	5.61	3.67
Profit after Tax	266.86	121.29	64.35	39.98
<b>Add:</b> Excess provision of Equity Dividend and Tax on Dividend written back	1.71	1.71	20.11	20.11
<b>Add:</b> Minority Interest	(0.21)	N.A.	0.15	N.A.
<b>Add:</b> Share Profits in Associates	(11.94)	N.A.	2.15	N.A.
<b>Add:</b> Reserve on Consolidation	(0.15)	N.A.	(0.15)	N.A.
<b>Add:</b> Balance brought forward from the last year	176.74	82.21	125.35	57.34
<b>Profit available for Appropriation</b>	<b>433.01</b>	<b>205.21</b>	<b>211.96</b>	<b>117.42</b>
<b>Appropriations:</b>				
Recommended Equity dividend	28.37	28.37	25.82	25.82
Dividend tax	4.82	4.82	4.39	4.39
Amount transferred to				
- General Reserve	22.00	22.00	5.00	5.00
Balance Carried Forward	377.82	150.02	176.75	82.21
<b>Total of Appropriation and Balance C/F</b>	<b>433.01</b>	<b>205.21</b>	<b>211.96</b>	<b>117.42</b>

\* 1 Crores equals 10 million

In giving effect to the Accounting Standard 21 on Consolidated Financial Statements, brought out by the Institute of Chartered Accountants of India during the FY 2003-04, the Company has prepared its accounts on a consolidated basis.

## 2. RESULTS OF OPERATIONS AND BUSINESS OVERVIEW

## Comment on composition of revenue sources

The revenues for FY 2007-08 from our worldwide operations stood at Rs. 1,771.34 Crores. During the year we sold off our Enterprise Network and Managed Service business to Orange business services. Despite the sell-off the Company grew its revenue by 30% year-on year. The growth reinforces our strategy to concentrate on the core business of Network Services.

## Client / Customers

GTL has a vast domestic and international client base which includes global Telecom OEMs and Operators. During the year, we further strengthened our presence and gained foothold in the Middle East, USA and APAC region through business expansions and through acquisitions. GTL also aligned through various partnerships and alliances to expand its service offerings and its customer base. Prominent amongst those were the strategic alliances with Ericsson UK, Navini Networks, ZTE and Huawei. We intent to leverage these

alliances to expand our service offerings into new territories and cross sell other service offerings. (A snapshot of partnership and business alliances is provided in a separate section as a part of this Annual Report)

## Business Overview

GTL has so far executed projects in 35 countries providing several types of services to 36,000 cell-sites across the world. In the process we have build and managed over 45 Cellular Networks.

We also took several initiatives to enhance the delivery capability like decentralization of project organization and development of local partners. This resulted in enhancing the delivery capability, leading to shorter project time and increase in customer satisfaction. At the same time, we have consolidated our delivery capabilities overseas across South Africa, Mauritius, Thailand, Saudi Arabia and UAE.

We performed well in FY 2007-08. While the details are given in the Management Discussion and Analysis, let us share a few financial highlights on a consolidated basis:



## DIRECTORS REPORT

- Net Sales and Operating Income on a consolidated basis for the year was Rs. 1,771.34 Crores as against Rs.1,156.20 Crores, a growth of 53.20%
- Our order visibility as of March 31, 2008 stands at Rs. 2,124 Crores.
- The Board has recommended a dividend of Rs. 3/- per equity share.

### Mergers & Acquisitions:

GTL identified a road map, which includes inorganic growth for its core business of Network Services. We plan to increase our capabilities and establish our presence in new markets with a sound customer base through these acquisitions. The key objectives behind inorganic growth are as follows:

- Change of business mix: Increase business from high margin recurring revenue segments
- Change the geography mix: Increase business from international markets particularly APAC, Europe, USA and Africa
- Change the positioning: Be the strategic partner of operator instead of being a vendor

During the year under review we acquired ADA Cellworks, a leading player in Network Planning and Designing and Professional Services in APAC region for a consideration of Rs. 100 Crores. The acquisition has opened up markets like China, Indonesia & Taiwan. We also acquired Strategic Communication Services (SCS) in USA. This acquisition has helped us to strengthen our presence and build strong relationship with operators in USA. (A detailed description on the same is provided in a separate section on M&A as a part of this Annual Report).

### Enterprise Network Services and Managed Services business Sell-off

In July 2007, GTL and its subsidiaries through separate and independent transaction sold off Enterprise Network Services and Managed Services business to Orange Business Services, the business communications arm of France Telecom in an all cash deal. In the process 590 plus employees were transferred to Orange Business Services

GTL as part of its IT services business offered, Enterprise Solutions and Managed Services to medium and large Corporates. It had over 450 customers, comprising of blue chip companies, with major presence in the BFSI and ITES segments. The exit from the enterprise business allowed GTL to free up management bandwidth to focus on the high growth business of Network Services.

### Transfer of BPO/KPO Assets

GTL has transferred its IT Application Management, BPO, KPO businesses and all related assets to Global ProServ Ltd, a subsidiary of GTL. These businesses have strong customer base, quality manpower and assets. GTL is considering to divest its stake in Global ProServ at a fair valuation which would help in creating value for shareholders.

## 3. UNLOCKING VALUE FOR THE SHAREHOLDERS

### I. Creeping Acquisition/ Open Offer by the Promoter:

The Promoter of the Company, Mr. Manoj G. Tirotkar has a passionate commitment towards the business prospects of GTL, and in order to demonstrate his conviction, he has recently concluded upon a 4.95% creeping acquisition of the shares in the Company. Depicted in the table below are the details of all the creeping acquisitions and the open offer conducted by him since 2006, which has lead to an investment of Rs.345 Crores by the promoter.

2006-07	Period	No. of Shares	Avg. Prices (In Rs.)	Value (In Rs. Cr.)
Creeping Acquisition	FY 2005-06	4,107,203	128	52
Open Offer/Creeping Acquisition	FY 2006-07	8,738,004	127	128
Creeping Acquisition	FY 2007-08	4,683,099	244	114
Creeping Acquisition	Since April 2008	1,892,032	271	51
<b>Total</b>		<b>19,420,338</b>	<b>169</b>	<b>345</b>

## II. Buy Back & Dividend:

### a) Buyback of Equity Shares:

In terms of the approvals, accorded by the Board on April 25, 2007 and the shareholders through postal ballot result which was announced on July 5, 2007, the Company decided to buy back up to 8,629,333 fully paid-up equity shares of Rs. 10/- each at a price of Rs. 300/- per share through tender route. The Company's offer for Buyback opened on October 29, 2007 and closed on November 19, 2007. The Company received a favorable response to the Buyback offer. The Buyback offer oversubscribed by 3.768 times. Since the total number of shares tendered by the shareholders was more than the Buy Back size, the shares accepted by the Company were on proportionate basis in accordance with Securities & Exchange Board of India (Buyback of Securities) Regulations, 1998.

The Company paid out a consideration amounting to Rs. 258.88 Crores for 8,629,333 Shares and consequently in terms of the provisions of the Companies Act, 1956 and Securities & Exchange Board of India (SEBI) buy back regulations, the Company cancelled and extinguished 8,629,333 Equity Shares accepted in the buyback offer. The Share Capital of the Company post buyback offer and as of March 31, 2008 is as follows:

Description	No of Shares
Paid-up Share Capital of the Company Pre Buyback (November 2007)	102,329,908
Extinguishment of Shares Bought Back	8,629,333
Paid-up Shares Capital of the Company Post Buyback (December 6, 2007)	93,700,575

### b) Dividend:

The Directors recommend a 30% dividend on the equity capital for the year ended March 31, 2008, as against the 25% in the previous year consisting of nine months period. In the last 3 years, we have disbursed cash to the extent of Rs. 473.34 Crore in various forms to our shareholders and considering the proposed dividend for FY 2007-08, the said amount would go up to Rs.501.71 Crore. The details of the same are as given below:

Particulars	Period	Amount (Rs. Crores)
Dividend of Rs. 20/share	FY 2005-06	190.10
Dividend of Rs. 2. 5 per share	FY 2006-07	24.36
BuyBack of Shares @ Rs. 300/share	FY 2007-08	258.88
<b>Total Cash Returned to Shareholders</b>		<b>473.34</b>
Proposed Dividend of Rs. 3.0 per share	FY 2007-08	28.37
<b>Grand Total</b>		<b>501.71</b>

## DIRECTORS REPORT

## 4. SHARE CAPITAL, BUYBACK OF EQUITY SHARES, FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs) AND EMPLOYEE STOCK OPTION PLANS (ESOPs)

## i. Foreign Currency Convertible Bonds (FCCBs):

All the Outstanding FCCBs as on September 30, 2007 were converted into Equity shares in the month of December 2007 and hence there were no outstanding bonds as on March 31, 2008. This is the 2nd issue (1st one being in 1996) which has fully converted into Equity Shares.

## ii. Equity:

The movement of Equity Capital due to allotment of shares consequent upon conversion of FCCBs & ESOPs and reduction of Capital due to buy back is as under :

Particulars	No. of Equity Shares
Equity Capital as on March 31, 2007	97,316,886
Add: Allotment of Equity Shares on account of Conversion of ESOPs	144,320
Add: Allotment of Equity Shares on account of Conversion of FCCBs	5,742,206
Less: Buyback of Equity Shares	(8,629,333)
Equity Capital as on March 31, 2008	94,574,079

## iii. Preference:

During the year under review, the Company has not issued, allotted or redeemed any preference shares.

## iv. Employee Stock Option Plans (ESOPs)

ESOP was introduced and implemented in FY 1998-99 to enable the employees of the Company to participate in the future growth and success of the Company. As on March 31, 2008 a total of 817 employees hold 5,303,293 stock options, allotted under various schemes. As required by Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the particulars of ESOPs are furnished in Annexure 'B' to this Report.

The brief particulars of various ESOPs are under :

No. of outstanding ESOPs as on March 31, 2007	1,892,365
Less: No. of ESOPs Converted during the year	144,320
Less: Forfeited during the year	277,602
Add: Grants issued during the year	3,832,850
<b>Total no. of outstanding ESOPs as on March 31, 2008</b>	<b>5,303,293</b>

Considering the further allotment of warrants to the eligible employees of the Company and its subsidiaries, the fully diluted equity capital of the Company would be as under:

Equity Capital	Rs. In Crore
Equity Capital on March 31, 2008	94.57
Add : Full ESOP Conversion	5.30
Fully Diluted Equity Capital	99.87

## 5. CAPITAL MARKET DEVELOPMENTS:

## Trading Group and Futures and Options (F &amp; O) Segment

The Company's equity shares are listed with Bombay Stock Exchange Limited (BSE) under the category 'Group A', which was shifted to 'Group B' effective March 3, 2008 due to new eligibility criteria adopted by BSE. The Company's equity shares are listed with

National Stock Exchange of India Limited (NSE) under the category 'CNX Midcap 200'. Effective December 29, 2006, the Company's equity shares were introduced in the 'Futures & Options Segment (F&O)'.

## Average daily traded volumes

The average daily traded volume in the Company's shares on BSE and NSE was 290,762 and 737,789 shares respectively, in the year ended March 31, 2008 as against 338,291 and 654,570 shares respectively in the previous financial year (nine months period ended March 31, 2007).

## Limits for Foreign Investments

Category	Holding Permitted		Holding as on March 31, 2008	
	No. of Shares	% of Share Capital	No. of Shares	% of Share Capital
NRI / OCBs	22,697,779	24%	1,255,228	1.33%
FII's	69,984,818	74%	20,929,048	22.13%

## 6. FIXED DEPOSITS

There are no unclaimed deposits lying with the Company and during the year under review, the Company has not accepted any fresh fixed deposits from Public or from its Shareholders.

## 7. SUBSIDIARIES

a. The Company has one domestic and 32 international subsidiaries. In accordance with Section 212 of the Companies Act, 1956, the detailed Accounts and the Directors' Reports of the respective subsidiaries form part of the Annual Report of the Company.

The Company generated international revenue for the year ended March 31, 2008, on a consolidated basis of Rs 1,771.34 Crores equivalent to US\$ 444.17 Mn.

b. The Details of the guarantees given during the year is as mentioned below:

As On	Rs. Crores		US\$ Mn	
	Performance	Financial	Performance	Financial
March 31, 2007	175.96	712.50	44.13	178.71
June 30, 2007	257.70	989.97	64.64	248.30
Sept. 30, 2007	233.72	1,383.23	58.62	346.93
Dec. 31, 2007	281.21	1,819.10	70.53	456.26
March 31, 2008	418.24	995.00	104.90	249.56

Guarantees are given:

1. For Performance of its Subsidiaries, Associates & affiliates.
2. To avail Financial Assistance to its Subsidiaries & Associates

The Increase in Guarantees during the year is in tune with increased revenue & business opportunities to Companies from its Subsidiaries, Associates.

The Financial Guarantees are substantially reduced in the last quarter (January – March 2008) from Rs.1,819.10 crores (US\$ 456.26 Mn) to Rs.995.00 crores (US\$ 249.56 Mn). The Company continues its plan to reduce Guarantees given to its Associates.

## DIRECTORS REPORT

### 8. CORPORATE GOVERNANCE

Apart from complying with clause 49 of the Listing Agreement with the stock exchanges, GTL is also benchmarking itself against well-established Corporate Governance Practices such as Blue Ribbon Committee, Cadbury Committee and Confederation of Indian Industry. A separate Corporate Governance Report on compliance with various recommendations, as reviewed and certified by Deloitte Haskins and Sells, a member firm of Deloitte Touch Tohmatsu, is given elsewhere in this Annual Report. The said section also includes the certificate of the Statutory Auditors for compliance with Clause 49 of the Listing Agreement with the Stock Exchanges.

Given the emerging pivotal role of Independent Directors in bringing about good governance, your Company continues its efforts in optimum utilization of their expertise by providing them regular updates on the industry and business, inviting them to participate in conferences of senior / middle level management and involving them in all critical decision making processes. During the year under review, the Company won the Golden Peacock Global Award for Corporate Governance and appeared among the top 10 in S&P's Environment, Social and Governance (ESG) Index.

### 9. MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

Management Discussion and Analysis Statement is attached to this Report.

### 10. HUMAN RESOURCES

This year we focused on reorganizing the manpower internally to ensure that our focus remains on network services. Talent infusion into the organization and training ensured that we keep the productivity levels high. Based on the training needs identification process, training inputs were provided both in-house and through external training programmes. During the year the Company completed integration of Genesis Consultancy of UK acquired in 2006. It also acquired ADA Cellworks in Malaysia and SCS Communications in USA with an aggregate of over 1,200 plus employees to the company from a host of countries around the world – Europe, China, Taiwan, USA and Malaysia to name a few, thus making cultural diversity an impending priority for the company.

The awards and recognition programmes for significant achievements further strengthen our drive towards fostering an achievement-oriented culture. (A detailed description on the same is provided in the Management Discussion and Analysis Statement which is a part of this Annual Report)

### 11. AWARDS

In the Financial Year 2007-08 the Company received many prestigious awards, a brief of which is stated below:

#### Awards won

- 1 **Among top 10 in S&P ESG India Index** for Environmental, Social & Corporate Governance practices
- 2 **"Amity Corporate Excellence Award"** for being the most admired business organization and for good performance recorded by the company.
- 3 **HR Excellence Award** for CEO
- 4 **4P's Power Brand Award** for its contribution to the industry and the economy while the company excelled in its business vertical throughout the year.
- 5 **Golden Peacock Global Award for Corporate Governance**

for its Good Corporate Governance practices that reflected through its transparent disclosures and compliance and voluntary audit of the quarterly accounts, functioning of the Board and Corporate Social responsibility activities.

- 6 **The Pegasus Awards** in recognition of Corporate Leadership for social responsibility and sustainable development initiatives

### 12. LIQUIDITY

As on March 31, 2008, GTL had liquid assets (including investments) of Rs. 1,163.58 Crores, as against Rs.1,200.31 Crores in the previous year. These represented investments worth Rs. 302.55 Crores; cash and bank balances of Rs. 861.03 Crores maintained by your Company in current, margin fixed deposit accounts. The Board has recommended a dividend of Rs. 3 per share subject to the shareholder's approval. This will result into aggregate distribution of Rs. 28.37 Crores to shareholders on a fully diluted basis and will bring down cash balances accordingly.

The amount stated above excludes our mark to market value of investment in GTL Infrastructure Limited, which is currently at a staggering amount of RS.1,276.40 Crores.

### 13. RISKS

A separate section on risks and their management is provided as part of this Annual Report. It is important for shareholders and investors to be aware of the risks that are inherent in the Company's businesses. The major risks faced by your Company have been outlined in this section to allow shareholders and prospective investors to take an independent view. We strongly urge Shareowners/ Investors to read and analyze these risks before investing in the Company.

### 14. SOCIAL COMMITMENTS

The Company continued, during the year under review, to contribute towards social causes as described in the Information Memorandum under the caption Corporate Social Responsibility. We have taken our commitment towards CSR seriously and have won The Golden Peacock Award, The Pegasus Award and also the Business for Social Responsibility Award.

### 15. DIRECTORS

Directors, Mr. Sadanand D. Patil and Mr. Vinod Sethi, retire by rotation at the forthcoming Annual General Meeting and both the Directors being eligible, offer themselves for re-appointment.

The Board of Directors in its meeting held on October 5, 2007 appointed Mr. Charudatta Naik as an Additional Director and Whole-time Director & Chief Operating Officer w.e.f. October 1, 2007. Mr. Naik holds office upto the date of the ensuing Annual General Meeting. The Company having received notice under Section 257 of the Companies Act, 1956, proposes his appointment as Director, liable to retire by rotation. Also, the Board has placed and appropriate resolution for appointment of Mr. Naik as whole-time Director and Chief Operating Officer for consideration of the members.

The background of the Directors proposed for appointment / reappointment is given under the Corporate Governance section of the Annual Report.

### 16. Promoter Group

The Company is part of Global Group of Companies which is promoted by Mr. Manoj G. Tirodkar. The Promoter Group Holding in the Company currently is 39.61% of the Company's Equity Capital.

## DIRECTORS REPORT

The members may note that the Global Group *inter-alia* comprises of the following persons/ Entities: (1) Mr. Manoj G. Tirodkar & his relatives as defined under the Companies Act, 1956 (2) Global Holding Corporation Private Limited (3) GAH International Pte. Ltd. (4) GHC International Ltd. (5) Finav Securities Private Limited.

### 17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

#### a) Conservation of Energy:

As the Company is engaged in Network Services and has no activity pertaining to manufacturing, furnishing of details on conservation of energy is not applicable. However the Company is working towards incorporating energy management solutions while it carries out the deployment and maintenance of the cell sites. Alternate fuels and equipments that would enable the operator to run the site in a cost effective manner are being developed and tested. This would not only translate into opex savings for operators but also help in environment protection. Currently a team has already been set up to work in this area.

#### b) Technology Absorption:

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, in respect of technology absorption are set out in the Annexure 'A' to this Report.

#### c) Foreign Exchange Earnings & Outgo:

The initiatives taken to increase exports developments of new export markets for the services and the export plans of the Company have been dealt under the heads International Operations & Subsidiaries. The Company earned a dividend of Rs. 3.69 Crores from all its international subsidiaries. The particulars regarding foreign exchange earnings during the year under review of Rs. 52.16 Crores are appearing in the Note No. 13 of the Notes to the Accounts. The particulars regarding foreign exchange expenditure of Rs. 57.45 Crores during the period are appearing in Note No. 14 of the Notes to the Accounts.

### 18. PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, names and other particulars of the employees are required to be set out in an annexure to this Report. However, In terms of the Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary at the Registered Office. None of the employees listed in the said annexure are related to any Director of the Company.

### 19. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of the provisions of Section 217(2AA) of the Companies Act, 1956, we, the Directors of GTL Limited, in respect of the year ended March 31, 2008, state that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the annual accounts on a going concern basis;

### 20. AUDITORS

M/s Godbole Bhawe & Co., Chartered Accountants, Mumbai and M/s Yeolekar & Associates, Chartered Accountants, Mumbai, were appointed as Joint Auditors at the Nineteenth Annual General Meeting to hold office from conclusion of the said meeting till the conclusion of the next Annual General Meeting. The Company has received the necessary certificate from the Joint Auditors respectively pursuant to Section 224 (1B) of the Companies Act, 1956 regarding their eligibility for re-appointment. Accordingly, approval of members to the appointment of M/s. Godbole Bhawe & Co., Chartered Accountants, Mumbai and M/s Yeolekar & Associates, Chartered Accountants, Mumbai, as Joint Auditors of the Company is being sought at the ensuing Annual General Meeting.

### 21. SPECIAL BUSINESS

As regards the items of the Notice of the Annual General Meeting relating to Special Business, the Resolutions incorporated in the Notice and the Explanatory Statement relating thereto, fully indicate the reasons for seeking the approval of members to those proposals. Members' attention is drawn to these items and Explanatory Statement annexed to the Notice.

### 22. GENERAL

Notes forming part of the Accounts are self-explanatory.

### 23. ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation and acknowledge with gratitude the support and co-operation extended by the clients, vendors, bankers, financial institutions, investors, media and both the Central and State Governments and their Agencies and look forward to their continued support. Your Directors also thank the employees at all levels, who through their dedication, co-operation and support, have enabled the Company to achieve sustained growth.

On behalf of the Board of Directors,

Mumbai  
April 11, 2008

**Manoj G. Tirodkar**  
Chairman & Managing Director

## ANNEXURE 'A' TO DIRECTORS' REPORT

### FORM B (See rule 2)

Form for disclosure of particulars with respect to absorption.

1	Specific areas in which R & D carried out by the Company	: Business Layer Operations Layer	Customisation of commercially available software tools & applications to provide infrastructure management services to telecom OEMs and operators. Management services covered both active as well as passive telecom infrastructure. Design and Development of centralized Operations Center for active and passive telecom infrastructure management. Testing and commissioning of the Operations Center is envisaged in the next financial year Working with internationally reputed R&D companies for developing systems, tools & knowledgebase in the areas of Geographic Information Systems, seismic data processing, soil engineering etc. R&D efforts in progress to replace diesel generator sets by using alternate energy sources like LPG, CNG or wind/solar power Company has made appropriate investments in hardware platforms and software applications at the enterprise level to improve communications, secure data/record availability and management and collaboration
2	Benefits derived as a result of the above R&D	: Business Layer Operations Layer	Since most of our R&D efforts are in their initial stages, significant benefits are yet to be derived. Some general, forward-looking benefits are enumerated below: <ul style="list-style-type: none"> <li>Enhance position &amp; brand image in the market as a pioneer and leader of telecom engineering and shared infrastructure services provider</li> <li>Commitment to environmental compliances, present and future</li> <li>Reduce the time to market Company's products and services at compelling price points</li> <li>Improvement in internal productivity. Efficiency due to usage of collaborative &amp; automation tools</li> </ul>
3	Future plan of action	:	<ul style="list-style-type: none"> <li>Aggressively consolidate on: <ul style="list-style-type: none"> <li>Partnerships established with leading OEM's in the previous years</li> <li>Acquisitions made in the last few years and leverage/globalize local experiences and capabilities.</li> </ul> </li> <li>The company wants to industrialize these solutions. The current supply worries are getting the company to think of alternates also like fuel cells. Also the company wants to further progress on cost effective hazard &amp; pollution control.</li> </ul>
4	Expenditure on R&D	:	
	a. Capital	:	98,267,879
	b. Recurring	:	11,124,240
	c. Total	:	109,392,119
	d. Total R&D Expenditure as a percentage of total turnover	:	0.76%
Technology absorption, adaptation and innovation			
1	Efforts in brief made towards technology absorption, adaptation and innovation.	:	<ul style="list-style-type: none"> <li>As mentioned in points 1 and 2 above.</li> <li>Significant initiatives have been undertaken to increase the availability, reliability and security of our key processes and systems. This will enable us to meet the statutory/regulatory compliances required in our LoB. Most of the MIS have been made online on a real-time basis facilitating quick decision making and turnaround times, internally as well as externally.</li> <li>Technology product and service labs (proof-of-concept or PoC centers) have been either updated or consolidated. These PoC's serve to WIN customers quickly, reducing the overall sales cycle time as well as train our sales and engineering staff.</li> <li>These PoC's have also enabled us to undertake (&amp; successfully deliver) few critical engineering projects both in India and overseas.</li> <li>Cross training of existing technical resources to minimize employee attrition risks.</li> <li>As mentioned in points 1 and 2 above.</li> </ul>
2	Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. :	:	
3	In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year) following information may be furnished.	:	Not applicable
	a. Technology imported	:	
	b. Year of import	:	
	c. Has technology been fully absorbed? If not fully absorbed, the areas where this has not taken place, reasons thereof and future plan of action.	:	

On behalf of the Board of Directors,

**Manoj G. Tiroadkar**  
Chairman & Managing Director

Mumbai  
April 11, 2008



## ANNEXURE 'B' TO DIRECTORS' REPORT

**Annexure 'B' to Directors' Report**  
**EMPLOYEE STOCK OPTION PLANS (ESOPs)**

**a) ESOP 2001**

The Company obtained approval of the shareholders at the 13th AGM held on July 30, 2001, for allocation of 1,500,000 equity shares to employees of the Company and 1,000,000 equity shares to employees of its subsidiaries (in the form of warrants under ESOP-2001) at an exercise price, at a discount upto 25% of the closing market price of the Company's shares on the National Stock Exchange of India Ltd. (NSE) on the previous trading day of the date of allotment of warrants.

**b) ESOP 2002**

The Company obtained further approval of the shareholders at the 14th AGM held on July 25, 2002, for allocation of 3,000,000 equity shares to employees of the Company and similarly 1,000,000 equity shares to employees of its subsidiaries (in the form of warrants under ESOP 2002) at an exercise price, at a discount upto 25% of the Average Price of the weekly high and low of the closing prices of the Company's shares on the NSE, for the preceding six months of the month in which the Warrants are allotted.

**c) ESOP 2004**

The Company obtained further approval of the shareholders at the 16th AGM held on September 16, 2004, for allocation of 3,000,000 equity shares to employees of the Company and similarly 500,000 equity shares to employees of its subsidiaries (in the form of warrants under ESOP 2004) at an exercise price, at a discount upto 25% of the Average Price of the weekly high and low of the closing prices of the Company's shares on the NSE, for the preceding six months of the month in which the Warrants are allotted.

As per the Clause J & K (Method of Valuation & Disclosure regarding the Employee Compensation cost) of SEBI ESOS Guidelines 1999, the Company follows the intrinsic value for computing the compensation cost for the options granted and the difference between the compensation cost calculated using the intrinsic value and the compensation cost determined using the Black-Scholes Model and its impact on the profits and Earning Per Share (EPS) is disclosed in our Annual Report since F.Y. 2004-05.

**d) ESOP 2005**

The Company obtained further approval of the shareholders at the 17th AGM held on September 27, 2005, for allocation of 3,500,000 equity shares to employees of the Company and similarly 300,000 equity shares to employees of its subsidiaries (in the form of warrants under ESOP 2005) at an exercise price, at a discount up to 25% of the Average Price of the weekly high and low of the closing prices of the Company's shares on the NSE or BSE, as the case may be where the volume of shares traded is more, in the preceding six months of the month in which the Warrants are allotted.

## Summary of ESOP Disclosure

A	Total Options Granted	11,099,230
B	Pricing Formula	Pricing Formula of each ESOP Scheme given in the respective paragraphs
C	Options Vested	1,008,797
D	Options exercised	3,814,221
E	Total No. of shares arising as a result of exercise of option	3,814,221
F	Options lapsed	2,543,936 options have been cancelled in terms of the Schemes on account of resignations of employees to whom options were granted
G	Variation of terms of options	ESOP 2004 Scheme extension of Exercise Period and Maximum period of vesting modified by taking shareholders approval in the 17th AGM held on September 27, 2005  ESOP 2001 & ESOP 2002 Schemes or repriced by reducing the exercise price by Rs. 10/- per warrant as per the Special Resolution passed at the Extra-ordinary General Meeting held on April 5, 2006
H	Money realised by exercise of options	Rs. 316,019,738.00
I	Total number of options in force	5,303,293
J	Employee-wise details of options granted to:	
	i. Senior Managerial Personnel	Details are furnished herein below
	ii. Any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during that year.	Nil
	iii. Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil
K&L	Disclosure regarding the Compensation Cost	For calculation of Employee Compensation costs, the Company has been using the intrinsic value method of ESOP valuation (as per SEBI Guidelines). Based on fair value of options as per the Black-Scholes Model (w.r.t options granted on or after June 30, 2003), the profits for the year ended March 31, 2008 would have been lower by Rs. 294.19 lacs (Previous year higher by Rs. 99.83 lacs). Consequently, the basic and Diluted EPS would have been lower by Rs. 0.32 (previous year higher by Rs. 0.11) and Rs. 0.31 (previous year higher by Rs. 0.10) respectively.

## CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE AT GTL

We at GTL view Corporate Governance as one of the most important ingredient of life. Our actions are not reactions to any legislation introduced by authorities on Corporate Governance but we believe that following best Corporate Governance practices and dissemination of maximum information to stakeholders is healthy to the Company and its stakeholders. The Company is one of the pioneers in India to follow Corporate Governance practices thereby voluntarily adopting CII Recommendations on Corporate Governance since the financial year 1997-98 and recommendations of Cadbury Committee and Blue Ribbon Committee since the financial year 1999-2000 to the extent applicable. It started furnishing detailed information about corporate practices to its shareholders through the Annual Report exhibiting transparency.

The Company has belief in principles and attributes of Corporate Governance practices for enhancing shareholder wealth. To adhere to these principles, the following initiatives were taken by the Company from time to time:

- Composition of Board of Directors with an appropriate mix / balance of Executive and Non Executive Directors with right element of independence.
- Transparency and accountability.
- Compliance with applicable rules and regulations.
- Constitution of Operating Council headed by the Whole-time Director & Chief Operating Officer, participation by Business Heads, Sub Division Heads and Heads of support functions like Finance, Legal and Risk Management, Human Resources, Internal Audit for timely review of business operations.
- Proper systems of Risk Management and Internal Control.
- Timely flow of information to the Board and its Committees for enabling them to discharge their duties effectively.

For implementing Corporate Governance practices, GTL has framed policies as under:

- Code of Conduct for Directors and Senior Management.
- Policy on Prohibition of Insider Trading.
- Code of Ethics.
- Ethical Practices Policy

The effective implementation of these policies enables the Company to follow Corporate Governance practices of high standard.

## REPORT ON CORPORATE GOVERNANCE COMPLIANCE

In addition to complying with Clause 49 of the Listing Agreement of the Stock Exchanges in India on Corporate Governance, the Company has also

been voluntarily adhering to the recommendations of :

- i. Cadbury Committee
- ii. Blue Ribbon Committee
- iii. Confederation of Indian Industry (CII)

M/s. Deloitte Haskins & Sells, a firm of Chartered Accountants, has carried out a full review of compliance of above Corporate Governance practices adopted by the Company.

With a view to be brief on Corporate Governance reporting, while the compliance report in respect of Clause 49 has been published under this section of the Annual Report, the compliance report in respect of Cadbury Committee, Blue Ribbon Committee and CII requirements are displayed as a part of Annual Report on the Company's website [www.gtllimited.com](http://www.gtllimited.com).

## REPORT OF COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT OF THE STOCK EXCHANGES

As the Company is listed at Bombay Stock Exchange Limited and National Stock Exchange of India Limited, in terms of Clause 49 of the Listing Agreement of the Stock Exchanges (Clause 49), the Compliance Report on Corporate Governance (in the prescribed format) is given as under:

## I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

GTL's Philosophy on the Code of Governance as adopted by its Board of Directors:

- Ensure that quantity, quality and frequency of financial and managerial information which is shared with the Board, fully places the Board members in control of the Company's affairs.
- Ensure that the Board exercises its fiduciary responsibilities towards stakeholders thereby ensuring high accountability.
- Ensure that the extent to which the information is disclosed to present and potential investors is maximized.
- The decision-making is transparent and documented through the minutes of the meetings of the Board/Committees thereof.
- Maximizing long term value of the stakeholders and the Company and to protect interest of minority shareholders.
- Ensure that core values of the Company are protected.
- Ensure that the Company positions itself from time to time to be at par with any other company of world class operating practices.

## II. BOARD OF DIRECTORS:

## ➤ Details of Directors:

Name of Director	PD/ NPD*	ED/ NED/ID/ NID*	Attendance in Board Meetings		Attendance in last AGM	Other Companies			
			Held	Attended		Board Directorship (including Chairmanship) **	Board Chairmanship **	Committee Membership (Including Chairmanship) ***	Committee Chairmanship ***
Mr. Manoj Tirodkar	PD	ED	6	6	Present	1	1	1	1
Mr. Sadanand D. Patil	NPD	NED/ID	6	6	Absent	0	0	0	0
Prof. S.C. Sahasrabudhe	NPD	NED/NID#	6	4	Present	1	0	0	0
Mr. Dipak Poddar	NPD	NED/ID	6	3	Present	9	1	3	1
Mr. T.N.V. Ayyar	NPD	NED/ID	6	5	Present	5	0	4	2
Prof. S. B. Navathe	NPD	NED/ID##	6	2	Absent	0	0	0	0
Mr. Vinod Sethi	NPD	NED/ID	6	5	Absent	9	2	4	1
Mr. Gajanan V. Desai	NPD	NED/ID	6	6	Present	1	0	0	0
Mr. Charudatta Naik	NPD	ED	3 \$	3	N.A.	1	0	0	0

## ANNEXURE 'B' TO DIRECTORS' REPORT

- M Weighted average exercise price and Weighted average fair values Weighted-Average exercise prices of the Options granted during the year - Rs. 179.53  
Weighted-average fair value of options granted during the year - Rs. 122.97
- N The description of the method and significant assumptions used during the year to estimate the fair value of the options, including
- (i) Risk-free interest rate - Normally the yield of Government backed securities with maturity similar to that of the option is taken into consideration.
  - (ii) Expected life - Full life of the option is the period up to which it can be exercised
  - (iii) Expected volatility - Calculated by using the closing market prices of the Company's Shares during the last one year
  - (iv) Expected dividends - yield has been calculated on the basis of dividend yield of the financial year preceding the date of the grant, if any.
  - (v) The price of the underlying share in market at the time of option grant - Closing market price on previous trading day on which the warrants are allotted on the Stock Exchange where the volume of shares traded is more

### Employee wise details of options granted to Senior Managerial Personnel:

Sr. No.	Name	Grants Issued upto March 31, 2008	Outstanding as on March 31, 2008
1	Abhay P. Thite	301500	250000
2	Anurag Maheshchandra Vashistha	69000	51500
3	Arun Gupta	55000	52000
4	Arun Kumar Sinha	20500	7000
5	Ashok Angne	15500	3125
6	Chandrashekhar V Kane	83330	50000
7	Charudatta Kashinath Naik	556500	500000
8	Deven Vilas Buch	69000	50000
9	Eugene Savio Valles	58000	40000
10	Haritsinh Kanaksinhji Gohil	282400	250000
11	Laxmikant Yeshwant Desai	250000	250000
12	Mayur Taday	55500	41500
13	Milind Bengali	25000	25000
14	Milind Vasant Bapat	72000	50000
15	Nitin Janardhan Mandavkar	278500	250000
16	Omprakash Brijnath Singh	50500	40000
17	Pinakin Bhupendra Gandhi	287000	250000
18	Rahul Desai	73000	50000
19	Ravi Prakash Langer	78500	50000
20	Saroj K. Mukhopadhyay	33500	30875

Sr. No.	Name	Grants Issued upto March 31, 2008	Outstanding as on March 31, 2008
21	Sharanjit Dhadwal	59000	56300
22	Shashikant Nilkanth Jadhav	97300	50000
23	Stephen Xavier Braganza	40000	40000
24	Sukanta Kumar Roy	289500	250000
25	Tulsidas Gopal Alai	80050	50000
26	V.P. Khanolkar	44700	25000
27	Vidyadhar Anant Apte	80500	50000
28	Vijay Walanju	20000	20000
29	Vikas Arora	64500	50875
30	Vinay Baporikar	20000	20000
31	Vinay Kale	44500	43000
<b>Subsidiary Companies</b>			
1	Gerard Francis Misquitta	95500	50000
2	Hemant Junnarkar	6000	6000
3	Jeevan Umesh Rai	86200	50000
4	Kunal Yag Kapai	54000	25000
5	Mahendra Ramesh Kodkany	52400	40000
6	Retassh Arvind Bhansali	55500	40000
7	Seshagiri Rao Kanchi	54170	40000

Mumbai  
April 11, 2008

On behalf of the Board of Directors,

**Manoj G. Tirodkar**  
Chairman & Managing Director

## Auditors' Report

To,

**The Share Holders of GTL Limited**

1. We have audited the attached balance sheet of GTL Limited, as at March 31, 2008, and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report are in compliance with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on March 31, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2008.
  - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
  - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date. .

For **Godbole Bhawe & Co.**  
Chartered Accountants

For **Yeolekar & Associates**  
Chartered Accountants

**M.V.BHAVE**  
Partner  
Membership Number 38812

**S.S.YEOLEKAR**  
Partner  
Membership Number 36398

Mumbai  
April 11, 2008

## Annexure To Auditors' Report

Referred to in paragraph 3 of our report of even date on the accounts of GTL Limited for the year ended March 31, 2008.

On the basis of such checks as considered appropriate and in terms of the information and explanations given to us, we state as under:

- (i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

All the assets have not been physically verified by the management during the year under audit but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

In our opinion, during the year under audit, the Company has not disposed off substantial part of the Fixed Assets.

- (ii) The inventory has been physically verified during the year under audit by the Management. In our opinion, the frequency of verification is reasonable.

The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

- (iii) a) The Company has not taken/granted any loans, secured or unsecured, during the year from/to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

- b) (i) In respect of unsecured loan granted in the earlier year to one of the wholly owned subsidiary company, which is repaid in full during the year, the maximum outstanding balance was Rs. 52.50 Lakhs.

- (ii) In our opinion, the rate of interest and other terms & conditions of the above referred loan are not prima facie prejudicial to the interest of the Company.

- (iv) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.

- (v) Based on the audit procedures applied by us, we are of the opinion that the transactions made in pursuance of contracts or arrangements, which were required to be entered in the register maintained u/s 301 of the Companies Act, 1956, have been so entered.

In our opinion, the transactions made, during the year, aggregating in value of Rupees. Five Lakhs or more per party, in pursuance of contracts or arrangements entered into register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except that in case of transaction of provisioning and availment of services, no comparable price instances were available in view of the uniqueness of these transactions.

- (vi) During the year under audit, the Company has not accepted any deposits from public. In respect of unclaimed matured deposits, in our opinion, the Company has complied with the provisions of Sections

58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

- (viii) As explained to us, the Central Government has not prescribed the maintenance of Cost records under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956, in respect of the business activities of the Company.

- (ix) On the basis of our examination of the records of the Company, we are of the opinion that the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employees' State insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom duty, Excise-duty, Cess and other statutory dues. According to the information and explanations given and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection fund, Employees' State insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom duty, Excise-duty and Cess were outstanding, as at March 31, 2008, for a period of more than six months from the date they became payable.

According to the books of accounts and records of the Company as produced and examined by us, except for disputed Sales tax dues and Income Tax dues as detailed below, there are no dues of customs duty, wealth-tax, service tax, excise duty and cess which have not been deposited on account of any dispute.

Name of the Statute	Nature of Dues	Amount (Rs.in lakhs)	Year to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Dues	205.73	1996-1997	ITAT
Central Sales Tax Act & Sales Tax Act of various States	Sales Tax Dues	257.65	1992-93, 1995-96, 1998-99, 2003-2004 & 2004-2005	1 <sup>st</sup> Appellate Authority
		6.53	1997-1998	2 <sup>nd</sup> Appellate Authority

- (x) The Company does not have accumulated losses as at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding accounting year.

- (xi) According to the information and explanation given and on the basis of our examination of the records of the Company, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks.

- (xii) According to the information and explanation given and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.

- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ Mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.

- (xiv) In our opinion, the Company's business activities do not comprise



## Annexure To Auditors' Report

- of dealing in shares, securities, debentures or other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- (xv) The Company has given guarantees for loan taken by others from banks or financial institutions. According to the information and explanation given and on the basis of records made available to us, we are of the opinion that the terms and conditions thereof are prima facie not prejudicial to the interest of the Company.
- (xvi) The term loans have been applied for the purposes for which they were raised.
- (xvii) On an overall examination of the Balance sheet of the Company, we report that funds raised on short-term basis have not been used for long term investment by the company.
- (xviii) The company has not made preferential allotment of shares to parties and/or to the companies covered in the register maintained under section 301 of the Companies Act 1956.
- (xix) During the year covered by audit, the Company has not issued any debenture. Therefore, the provisions of clause 4(xviii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- (xx) In respect of the Company's public issue of Foreign Currency Convertible Bonds, we have to report that the disclosure made by the Company vide note no 3 ( ii ) of the end use of money raised, have been verified by us.
- (xxi) The Company has not raised any money through public issue during the year.
- (xxii) On the basis of our examination of the records of the Company, we report that no material fraud on or by the Company has been noticed or reported during the course of our audit.

For **Godbole Bhawe & Co.**  
Chartered Accountants

For **Yeolekar & Associates**  
Chartered Accountants

Mumbai  
April 11, 2008

**M.V.BHAVE**  
Partner  
M.No. 38812

**S.S.YEOLEKAR**  
Partner  
M.No. 36398

## Balance Sheet as at March 31, 2008

	Schedule	Rupees	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital	A	945,740,790		973,168,860
Reserves and Surplus	B	8,290,519,152		9,381,936,432
			<b>9,236,259,942</b>	10,355,105,292
<b>Loan Funds</b>				
Secured Loans	C	Nil		313,514,480
Unsecured Loans	D	7,018,186,390		7,898,361,003
			<b>7,018,186,390</b>	8,211,875,483
<b>TOTAL :</b>			<b>16,254,446,332</b>	18,566,980,775
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	E	3,734,642,250		3,423,594,504
Less : Depreciation		1,512,153,253		1,258,022,818
Net Block		2,222,488,997		2,165,571,686
Capital Work-in-progress including Capital Advances		196,150,586		616,580,525
			<b>2,418,639,583</b>	2,782,152,211
<b>Investments</b>	F		<b>7,379,289,146</b>	3,633,913,014
<b>Deferred Tax Asset</b>			<b>269,618,596</b>	123,910,806
<b>Current Assets, Loans and Advances</b>				
Inventories	G	1,932,353,905		1,200,012,899
Sundry Debtors	H	2,854,896,997		2,654,669,565
Cash and Bank balances	I	6,139,720,733		10,837,439,403
Loans and Advances	J	4,859,840,167		3,530,661,894
		15,786,811,802		18,222,783,761
<b>Less : Current Liabilities and Provisions</b>				
Liabilities	K	8,914,183,750		5,843,259,486
Provisions	K	685,729,045		352,519,531
		9,599,912,795		6,195,779,017
<b>Net Current Assets</b>			<b>6,186,899,007</b>	12,027,004,744
<b>TOTAL :</b>			<b>16,254,446,332</b>	18,566,980,775
Statement of Significant Accounting Policies and Notes forms integral part of Accounts	R			

As per our report of even date

For and on behalf of the Board

**Manoj G. Tirodkar**  
Chairman & Managing Director

**For Godbole Bhawe & Co.**  
Chartered Accountants

**For Yeolekar & Associates**  
Chartered Accountants

**Gajanan V. Desai**  
Director

**Charudatta Naik**  
Wholetime Director & COO

**M. V. Bhawe**  
Partner  
M. No 38812

**S. S. Yeolekar**  
Partner  
M. No 36398

**Milind V. Bapat**  
Sr. Vice President - Finance

**V. A. Apte**  
Company Secretary

Mumbai  
April 11, 2008

## Profit and Loss Account for the year ended March 31, 2008

	Schedule	April 07- March 08 12 Months Rupees	July 06 - March 07 9 Months Rupees
<b>INCOME</b>			
Sales and Services ( Net of Taxes )			
Exports		192,759,800	402,461,738
Domestic		14,140,511,384	6,513,459,024
		14,333,271,184	6,915,920,762
Other Income	L	10,784,699	19,297,502
<b>TOTAL INCOME</b>		<b>14,344,055,883</b>	<b>6,935,218,264</b>
<b>EXPENDITURE</b>			
Cost of Sales and Services	M	10,078,345,981	4,580,379,844
Cost of Delivery	N	808,247,839	671,033,688
Selling and Marketing Expenses	O	315,570,194	226,700,490
Administration and Other Expenses	P	838,082,046	552,228,259
Finance Cost ( Net )	Q	725,853,520	138,309,253
Depreciation		458,796,833	299,603,413
<b>TOTAL EXPENDITURE</b>		<b>13,224,896,413</b>	<b>6,468,254,947</b>
<b>Profit before Tax and Extraordinary and Prior Period items</b>		<b>1,119,159,470</b>	<b>466,963,317</b>
Less : Provision For Taxation for current year			
Income Tax		187,650,000	39,116,200
Deferred Tax		(156,192,560)	(19,214,424)
Fringe Benefit Tax		21,610,322	16,776,918
		53,067,762	36,678,694
<b>Profit After Tax &amp; Before Extraordinary &amp; Prior Period Items</b>		<b>1,066,091,708</b>	<b>430,284,623</b>
Add : Profit on Sale of Business		218,879,851	NIL
Add / ( Less ) : Prior Period items	R ( note 6 )	(72,042,086)	(30,532,833)
<b>Profit After Tax ( PAT )</b>		<b>1,212,929,473</b>	<b>399,751,790</b>
Add: Excess provision of Equity Dividend and Tax on Dividend written back		17,061,155	201,065,035
Add: Balance brought forward from Last Year		822,131,961	573,395,469
<b>Profit available for Appropriation</b>		<b>2,052,122,589</b>	<b>1,174,212,294</b>
<b>APPROPRIATIONS</b>			
<b>Dividend</b>			
Equity Dividend (Proposed)		283,722,237	258,199,353
		<b>283,722,237</b>	<b>258,199,353</b>
Tax on Proposed Dividend		48,218,594	43,880,980
		<b>48,218,594</b>	<b>43,880,980</b>
Amount transferred to:			
<b>General Reserve</b>		220,000,000	50,000,000
		<b>220,000,000</b>	<b>50,000,000</b>
<b>Surplus carried to Balance Sheet</b>		<b>1,500,181,758</b>	<b>822,131,961</b>
		<b>2,052,122,589</b>	<b>1,174,212,294</b>
Earnings Per Equity Share - Basic		<b>10.77</b>	<b>4.29</b>
Earnings Per Equity Share - Diluted		<b>10.41</b>	<b>4.12</b>
Statement of Significant Accounting Policies and Notes forms integral part of Accounts	R		

As per our report of even date

For and on behalf of the Board

**Manoj G. Tirodkar**  
Chairman & Managing Director

**For Godbole Bhawe & Co.**  
Chartered Accountants

**For Yeolekar & Associates**  
Chartered Accountants

**Gajanan V. Desai**  
Director

**Charudatta Naik**  
Wholtime Director & COO

**M. V. Bhawe**  
Partner  
M. No 38812

**S. S. Yeolekar**  
Partner  
M. No 36398

**Milind V. Bapat**  
Sr. Vice President - Finance

**V. A. Apte**  
Company Secretary

Mumbai  
April 11, 2008

**Schedules to the Balance Sheet as at March 31, 2008**

	Schedule	Rupees	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
<b>SCHEDULE A</b>				
<b>SHARE CAPITAL</b>				
<b>Authorised</b>				
120,000,000 Equity Shares of Rs. 10 each			1,200,000,000	1,200,000,000
2,500,000 Preference Shares of Rs. 100 each			250,000,000	250,000,000
			<b>1,450,000,000</b>	<b>1,450,000,000</b>
<b>Issued, Subscribed and Paid-Up</b>				
94,574,079 (97,316.886) Equity Shares of Rs.10 each	R (note 2a)		945,740,790	973,168,860
<b>TOTAL</b>			<b>945,740,790</b>	<b>973,168,860</b>
<b>SCHEDULE B</b>				
<b>RESERVES AND SURPLUS</b>				
<b>Share Premium</b>				
As per last Balance Sheet		1,394,329,181		418,804,610
Additions during the period :				
On Conversion of Foreign Currency Convertible Bonds		476,602,211		952,905,781
On Issue of Equity shares under ESOP		9,956,115		22,618,790
			1,880,887,507	1,394,329,181
<b>Capital Reserve</b>				
As per last Balance Sheet		6,848		6,063
On Conversion of Foreign Currency Convertible Bonds		877		785
			7,725	6,848
<b>Capital Redemption Reserve</b>				
As per last Balance Sheet		NIL		NIL
Add : Transfer from General Reserve towards buyback of shares	R (note 2b)	86,293,330		NIL
			86,293,330	NIL
<b>General Reserve</b>				
As per last Balance Sheet		7,156,432,617		7,106,432,617
Transferred from Profit and Loss Account		220,000,000		50,000,000
Less : Utilised for Buyback of shares	R (note 2b)	(2,502,506,569)		NIL
Less : Transferred to Capital Redemption Reserve		(86,293,330)		NIL
			4,787,632,718	7,156,432,617
<b>Employee Stock Option Outstanding</b>				
As per last Balance Sheet		12,153,057		17,155,039
Addition / (Deletion) during the period		58,370,918		(5,001,982)
		70,523,975		12,153,057
Less : Deferred Compensation Expense				
As per last Balance Sheet		3,117,232		1,568,553
Addition / (Deletion) during the period		31,890,629		1,548,679
		35,007,861		3,117,232
			35,516,114	9,035,825
<b>Surplus as per Profit and Loss Account</b>				
			1,500,181,758	822,131,961
<b>TOTAL</b>			<b>8,290,519,152</b>	<b>9,381,936,432</b>

## Schedules to the Balance Sheet as at March 31, 2008

Schedule	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
<b>SCHEDULE C</b>		
<b>SECURED LOANS</b>		
R (note 3 I)		
Foreign Currency Term Loan from Banks	NIL	311,763,012
Hire Purchase	NIL	1,751,468
	NIL	<b>313,514,480</b>
<b>TOTAL</b>		
<b>SCHEDULE D</b>		
<b>UNSECURED LOANS</b>		
R (note 3 II)		
Foreign Currency Convertible Bonds	NIL	521,112,084
Unsecured Loan from Banks	500,000,000	498,066,778
External Commercial Borrowing	6,518,186,390	6,879,182,141
<b>TOTAL</b>	<b>7,018,186,390</b>	<b>7,898,361,003</b>

## SCHEDULE E

FIXED ASSETS									(Rupees)	
PARTICULARS	GROSS BLOCK ( AT COST )				DEPRECIATION				NET BLOCK	
	As at April 1, 07	Additions	Sale / Adjustment	As at March 31, 08	As at April 1, 07	For the period Additions	Sale/ Adjustment	As at March 31, 08	As at March 31, 08	As at 31-Mar-07
Land - Freehold	249,105	NIL	NIL	249,105	NIL	NIL	NIL	NIL	249,105	249,105
Buildings (Including Leashold)	316,517,625	10,089,100	NIL	326,606,725	49,173,642	7,267,701	NIL	56,441,343	270,165,382	267,343,983
Plant and Equipments	712,158,738	63,400,794	(180,211,014)	595,348,518	319,784,814	98,883,350	(89,394,300)	329,273,864	266,074,653	392,373,924
Furniture and Fixtures	81,427,079	8,880,838	(12,308,956)	77,998,961	31,694,605	15,826,096	(6,289,817)	41,230,883	36,768,078	49,732,474
Office Equipments	77,448,365	10,830,185	(29,793,161)	58,485,389	39,179,971	14,122,188	(20,567,373)	32,734,786	25,750,603	38,268,394
Computers including Softwares	145,463,575	45,946,250	(23,091,838)	168,317,987	52,293,115	36,264,282	(10,894,624)	77,662,773	90,655,214	93,170,460
Networking Assets	2,008,687,544	545,454,068	(162,470,468)	2,391,671,144	741,053,189	266,358,480	(75,453,584)	931,958,085	1,459,713,059	1,267,634,355
Test and Repair Equipments	59,272,511	34,656,216	(52,965)	93,875,762	16,312,842	15,699,243	(63,526)	31,948,558	61,927,204	42,959,669
Vehicles	22,369,962	2,153,235	(2,434,539)	22,088,658	8,530,640	4,375,494	(2,003,173)	10,902,960	11,185,698	13,839,322
SUB TOTAL	3,423,594,504	721,410,686	(410,362,941)	3,734,642,250	1,258,022,818	458,796,834	(204,666,398)	1,512,153,252	2,222,488,997	2,165,571,686
Capital work in progress including capital advances	616,580,525	55,590,865	(476,020,803)	196,150,586	NIL	NIL	NIL	NIL	196,150,586	616,580,525
TOTAL	4,040,175,029	777,001,551	(886,383,744)	3,930,792,836	1,258,022,818	458,796,834	(204,666,398)	1,512,153,252	2,418,639,583	2,782,152,211
PREVIOUS YEAR	3,426,925,863	1,085,137,667	(471,888,501)	4,040,175,030	951,256,708	299,603,413	7,162,698	1,258,022,818	2,782,152,211	2,475,669,155

## Notes

- Additions to fixed assets is net of Exchange Loss of Rs.Nil (previous year Rs.32,80,856/- (net)) on account of foreign exchange fluctuation.
- Gross block of building includes subscription towards share capital of co-operative societies amounting to Rs.2,750/- (previous year Rs. 2,750/-) and leased buildings amounting to Rs.19,90,77,048/- (previous year Rs.19,90,77,048/-).
- Addition in Networking Assets include Depreciation on Assets used for development of Networking Assets of Rs 8,688,319/-(previous year of Rs.11,128,103/-)
- Vehicles include acquired on hire purchase for Rs.NIL (previous year Rs. 10,021,026)
- Sales/Adjustment includes Assets belonging to ITES Business, hived off during the year

**Schedules to the Balance Sheet as at March 31, 2008**

	Number	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
<b>SCHEDULE F</b>			
<b>INVESTMENTS</b>			
<b>SHORT TERM -</b>			
<b><u>Quoted</u></b>			
<b>Mutual Funds</b>			
LICMF Floating Rate Fund - Short Term Plan	15,342,718	200,000,000	NIL
-Growth (Units purchased- 203,347,640 units sold- 188,004,922)	(NIL)		
		<b>200,000,000</b>	<b>NIL</b>
<b>Equity Shares in listed Companies</b>			
Ador Welding Ltd	NIL	NIL	2,903,850
(Face Value of Rs.10/- each )	(11,000)		
Apar Industries Ltd	8,500	624,120	2,559,856
( Face Value of Rs.10/- each )	(20,000)		
Asian Paints Ltd	NIL	NIL	15,435,609
(Face Value of Rs.10/- each)	(86,032)		
Auto Stamping & Assembly Ltd	46,388	5,016,418	5,097,793
(Face Value of Rs.10/- each)	(47,163)		
Bank of Baroda Ltd	5,793	1,406,390	21,761,390
(Face Value of Rs.10/- each )	(94,293)		
Bank of India Ltd	NIL	NIL	1,219,290
( Face Value of Rs.10/- each )	(8,000)		
BASF India Ltd	NIL	NIL	2,648,443
( Face Value of Rs.10/- each )	(12,000)		
Bayer Crop Science Ltd	NIL	NIL	2,410,300
( Face Value of Rs.10/- each )	(10,000)		
Bharat Petroleum Ltd	NIL	NIL	1,138,875
( Face Value of Rs.10/- each )	(3,000)		
Blue Star Ltd	NIL	NIL	6,473,939
( Face Value of Rs.2/- each )	(95,235)		
Container Corporation of India Ltd	NIL	NIL	14,934,735
( Face Value of Rs.10/- each )	(17,137)		
Geodesic Information Systems Ltd	29,909	2,751,562	1,502,138
( Face Value of Rs.10/- each )	(10,770)		
Gujarat Gas Ltd	NIL	NIL	19,011,132
( Face Value of Rs.2/- each )	(117,895)		
HBL Nife Ltd	NIL	NIL	1,786,774
( Face Value of Rs.10/- each )	(6,985)		
Hindustan Petroleum Ltd	NIL	NIL	1,177,475
( Face Value of Rs.10/- each )	(4,000)		
ICICI Bank Ltd.	103	96,820	NIL
( Face Value of Rs. 10/- each)	(NIL)		
Indraprastha Gas Ltd	NIL	NIL	17,832,441
( Face Value of Rs.10/- each )	(176,500)		
ISMT Ltd	339,473	11,368,895	10,701,395
( Face Value of Rs.10/- each )	(331,973)		
Marico Industries Ltd	NIL	NIL	12,069,552
( Face Value of Rs.10/- each )	(655,000)		
Mirc Electronics Ltd	NIL	NIL	7,682,230
( Face Value of Rs.10/- each )	(350,001)		
Powergrid Corporation Ltd.	3274	170,248	NIL
(Face Value of Rs. 10/- each)	(NIL)		
Precision Wires Ltd	6,953	743,971	4,736,331
( Face Value of Rs.10/- each )	(51,375)		



## Schedules to the Balance Sheet as at March 31, 2008

	Number	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Reliance Power Ltd (Face value of Rs.10/- each)	418 (NIL)	188,100	NIL
Shyam Telecom Ltd ( Face Value of Rs.10/- each )	7350 (7,350)	579,005	579,005
Shyam Telelink Ltd ( Face Value of Rs.10/- each )	166,740 (166,740)	1,667,400	1,667,400
Subex Systems Ltd ( Face Value of Rs.10/- each )	94,827 (93,827)	21,789,016	16,730,662
Sudarshan Chemical Industries Ltd ( Face Value of Rs.10/- each )	NIL (1,850)	NIL	485,810
Union Bank Ltd ( Face Value Rs.10/-each )	NIL (8,550)	NIL	1,356,473
Yuken India Ltd ( Face Value of Rs.10/- each )	101,028 (101,028)	21,370,569	21,370,569
Zee Telefilms Ltd ( Face Value of Rs.10/- each )	NIL (5,000)	NIL	1,593,290
		67,772,514	196,866,756
Less : Dimunition in value of Investment		<b>9,556,173</b>	13,423,077
		<b>58,216,340</b>	183,443,680
<b>Total of Short Term - Quoted Investments</b>		<b>258,216,340</b>	183,443,680
<b>SHORT TERM</b>			
<b>Unquoted</b>			
<b>INVESTMENT IN SUBSIDIARY COMPANIES</b>			
Global Proserv Ltd. ( Face Value of Rs.10/- each )	22,250,000 (7,590,128)	218,727,544	76,081,284
<b>TOTAL OF SHORT TERM INVESTMENTS</b>	<b>(A)</b>	<b>476,943,884</b>	259,524,964
<b>LONG TERM</b>			
<b>Quoted</b>			
GTL Infrastructure Ltd. (Face Value of Rs.10/- each )	274,180,692 (134,305,315)	2,941,247,633	1,376,580,562
<b>TOTAL OF LONG TERM - Quoted</b>		<b>2,941,247,633</b>	1,376,580,562
<b>Unquoted</b>			
Asia Bioenergy Ltd (Face Value of Rs.10/- each )	3,500,000 (3,500,000)	35,000,000	35,000,000
Business India (Face Value of Rs.10/- each )	55,000 (55,000)	550,000	550,000
GTL Management Services Projects Pvt Ltd (Face Value of Rs.10/- each )	4,751,107 (1,286,600)	82,156,140	12,866,000
Brickway Rating India Pvt Ltd. (Face Value of Rs.10/- each )	2,000,000 (NIL)	20,000,000	NIL
<b>TOTAL OF LONG TERM - Unquoted</b>		<b>137,706,140</b>	48,416,000
<b>INVESTMENT IN SUBSIDIARY COMPANIES</b>			
<b>Trade :</b>			
International Global Tele-systems Ltd. (Face Value of US\$ 1/- each )	2,762,615 (2,762,615)	95,879,488	95,879,488
iGTL Solutions Lanka ( Pvt ) Limited (Face Value of LKR 10/- each )	485,000 ( 485,000 )	2,262,001	2,262,001
GTL International Ltd (Face Value of US\$ 1/- each )	50,000,000 (NIL)	1,994,000,000	NIL
<b>TOTAL OF INVESTMENT IN SUBSIDIARY COMPANIES</b>		<b>2,092,141,489</b>	98,141,489
<b>TOTAL OF LONG TERM INVESTMENTS</b>	<b>(B)</b>	<b>5,171,095,262</b>	1,523,138,051

**Schedules to the Balance Sheet as at March 31, 2008**

	Number	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
<b>INVESTMENT IN PREFERENCE SHARES</b>			
0.01% Cumulative Redeemable Preference shares Global Proserve Ltd ( Face Value of Rs.100/- each )	5,000,000 (NIL)	500,000,000	NIL
0.01 % Preference Shares of GTL Management Services & Projects P Ltd ( Face Value of Rs.10/- each )	NIL (65,000,000)	NIL	650,000,000
Brickway Rating India Pvt Ltd. ( Face Value of Rs.10/- each )	3,000,000 (NIL)	30,000,000	NIL
2. 5 % Preference Shares of International Global Tele-systems Ltd. ( Face Value of US\$ 1/- each )	25,000,000 (25,000,000)	1,201,250,000	1,201,250,000
<b>TOTAL OF INVESTMENT IN PREFERENCE SHARES</b>	<b>(C)</b>	<b>1,731,250,000</b>	1,851,250,000
<b>TOTAL OF INVESTMENTS</b>	<b>(A + B + C)</b>	<b>7,379,289,146</b>	3,633,913,014

	Book Value		Market Value	
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
Aggregate of Quoted Investments	3,199,463,973	1,560,024,242	12,772,450,425	4,977,021,168
Aggregate of Unquoted Investments	4,179,825,173	2,073,888,774	N.A.	N.A.
	<b>7,379,289,146</b>	<b>3,633,913,015</b>		

## Schedules to the Balance Sheet as at March 31, 2008

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
<b>SCHEDULE G</b>		
<b>INVENTORIES</b>		
Stores and Spares	483,913	2,022,113
Stock - in trade	1,084,283,838	824,780,386
Work in Progress	847,586,154	373,210,400
<b>TOTAL</b>	<b>1,932,353,905</b>	<b>1,200,012,899</b>
<b>SCHEDULE H</b>		
<b>SUNDRY DEBTORS ( Unsecured )</b>		
<b>Trade :</b>		
Outstanding for over six months		
Considered Good	584,041,064	93,570,027
Considered doubtful	25,286,885	42,788,632
Less : Provision for doubtful debts	(25,286,885)	(42,788,632)
	584,041,064	93,570,027
Other Debts (Considered Good)	2,270,855,933	2,561,099,538
<b>TOTAL</b>	<b>2,854,896,997</b>	<b>2,654,669,565</b>
<b>SCHEDULE I</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	3,002,226	6,483,991
Cash at bank		
With Scheduled Banks		
- In Current Accounts	295,596,369	537,279,359
- In Fixed Deposits	915,591,809	1,175,394,571
With Others		
- In Foreign Currency Convertible	704,260,439	2,582,542,267
- In External Commercial Borrowing	3,964,841,173	6,504,241,891
Cheques in Hand & Funds in Transit ( Since realised )	256,428,717	31,497,324
<b>TOTAL</b>	<b>6,139,720,733</b>	<b>10,837,439,403</b>
<b>SCHEDULE J</b>		
<b>LOANS AND ADVANCES (Unsecured, considered good)</b>		
Advances recoverable in cash or in kind or for value to be received	3,720,358,206	3,004,011,147
Deposits	775,849,875	299,077,694
Tax Paid/Deducted at Source ( Net of Provision )	363,632,086	227,573,053
<b>TOTAL</b>	<b>4,859,840,167</b>	<b>3,530,661,894</b>
<b>TOTAL OF CURRENT ASSETS</b>	<b>15,786,811,802</b>	<b>18,222,783,761</b>

**Schedules to the Balance Sheet as at March 31, 2008**

	<b>As at March 31, 2008 Rupees</b>	<b>As at March 31, 2007 Rupees</b>
<b>SCHEDULE K</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A) Current Liabilities:</b>		
Sundry Creditors and Acceptances	6,949,968,008	4,692,859,778
Investor Education and Protection Fund	17,822,637	18,003,743
Interest accrued but not due on loans	22,236,206	239,085,797
Advance from Customers	1,412,421,024	525,081,767
Other liabilities	511,735,875	368,228,401
<b>TOTAL</b>	<b>8,914,183,750</b>	<b>5,843,259,486</b>
<b>B) Provisions</b>		
Provision for Gratuity	29,242,877	32,185,006
Provision for Leave Encashment	18,145,337	18,254,192
Provision for Derivatives Loss ( MTM )	306,400,000	NIL
Proposed Dividend	283,722,237	258,199,353
Tax on Dividend	48,218,594	43,880,980
<b>TOTAL</b>	<b>685,729,045</b>	<b>352,519,531</b>
<b>TOTAL OF CURRENT LIABILITIES &amp; PROVISIONS</b>	<b>9,599,912,795</b>	<b>6,195,779,017</b>

**Schedules to the Profit & Loss Account  
for the Year ended March 31, 2008**

	<b>April 07- March 08 12 Months Rupees</b>	<b>Jul 06 - Mar 07 9 Months Rupees</b>
<b>SCHEDULE L</b>		
<b>OTHER INCOME</b>		
Miscellaneous Income	15,164,911	5,236,168
Profit / (Loss) on sale of fixed assets ( Net )	(4,380,212)	14,061,334
<b>TOTAL</b>	<b>10,784,699</b>	<b>19,297,502</b>
<b>SCHEDULE M</b>		
<b>COST OF SALES AND SERVICES</b>		
Purchases	10,810,686,987	5,209,376,181
Less: Increase in Inventories	(732,341,006)	(628,996,337)
<b>TOTAL</b>	<b>10,078,345,981</b>	<b>4,580,379,844</b>
<b>SCHEDULE N</b>		
<b>COST OF DELIVERY</b>		
Salaries	265,943,522	355,358,363
Contribution to Provident and Other Funds	27,291,818	25,788,111
Staff Welfare Expenses	21,417,644	37,970,744
Staff Training and Recruitment Expenses	5,185,018	8,222,609
Consultancy Charges	292,667,463	128,246,409
Travelling and Conveyance Expenses	169,545,437	95,934,237
Communication Expenses	26,196,937	19,513,215
	<b>808,247,839</b>	<b>671,033,688</b>
<b>SCHEDULE O</b>		
<b>SELLING AND MARKETING EXPENSES</b>		
Salaries	168,541,445	96,486,766
Contribution to Provident & Other Funds	13,406,622	7,842,188
Staff Welfare Expenses	6,237,898	5,050,049
Staff Training & Recruitment Expenses	1,259,327	1,991,035
Consultancy Charges	26,663,986	4,432,143
Travelling & Conveyance Expenses	24,715,104	25,277,382
Communication Expenses	5,388,031	4,436,316
Advertisement Expenses	350,198	773,994
Business Promotion Expenses	3,392,007	3,096,106
Freight Charges	1,398,575	3,312,485
Marketing Expenses	64,217,001	74,002,026
	<b>315,570,194</b>	<b>226,700,490</b>

**Schedules to the Profit & Loss Account  
for the Year ended March 31, 2008**

	<b>April 07- March 08 12 Months Rupees</b>	<b>Jul 06 - Mar 07 9 Months Rupees</b>
<b>SCHEDULE P</b>		
<b>ADMINISTRATION EXPENSES</b>		
Salaries	251,885,753	138,485,802
Contribution to Provident Fund & Others	18,686,030	10,195,615
Staff Welfare Expenses	35,782,321	27,823,652
Staff Training & Recruitment Expenses	9,180,243	3,447,742
Consultancy Charges	7,308,738	2,080,507
Rent	122,573,873	52,665,139
Electricity Charges	33,478,145	37,956,662
Insurance	9,417,434	28,001,126
Travelling & Conveyance Expenses	34,166,194	20,560,275
Legal and Professional Fees	112,707,831	79,399,277
Director's Sitting Fees	685,000	555,000
Commission to Non-Executive Directors	6,673,800	1,319,625
Auditor's Remuneration	2,556,810	2,160,267
Communication Expenses	52,514,354	16,306,318
Repairs & Maintenance - Buildings	973,246	2,909,730
- Plant & Machinery	1,042,761	8,585,424
- Others	59,433,297	52,853,574
Provision for Doubtful Debts	11,028,347	16,843,362
Balances and Claims written off ( Net )	10,203,914	432,669
Other Expenses	57,783,955	49,646,493
	<b>838,082,046</b>	<b>552,228,259</b>



**Schedules to the Profit & Loss Account  
for the Year ended March 31, 2008**

	<b>April 07- March 08 12 Months Rupees</b>	<b>Jul 06 - Mar 07 9 Months Rupees</b>
<b>SCHEDULE Q</b>		
<b>FINANCE COST (NET)</b>		
<b>Interest Income</b>		
Interest	391,067,859	344,804,218
Bank Deposits (TDS of Rs.144.46 lacs (Rs.126.40 lacs ))		
Others ( TDS of Rs. 413.27 lacs (Rs. 4.60 lacs))	162,259,710	3,018,866
<b>Total of Interest Income</b>	<b>553,327,569</b>	<b>347,823,084</b>
<b>Less :</b>		
<b>Interest Expense</b>		
Interest - Term loan	507,477,078	277,835,836
- Others	19,787,233	57,054,179
<b>Total of Interest Expense</b>	<b>527,264,311</b>	<b>334,890,015</b>
<b>Net Interest Income</b>	<b>26,063,258</b>	<b>12,933,069</b>
<b>Other Financial Income</b>		
<b>Dividend</b>		
-from investments in Subsidiary Companies	36,894,881	34,533,622
-from other investments	3,285,831	24,987,089
Profit / (Loss ) on sale of Investments (Net of diminution in value of Investment)	242,435,727	17,419,417
<b>Total of Other Financial Income</b>	<b>282,616,439</b>	<b>76,940,128</b>
<b>Total of Interest (Net) and Other Financial Income</b>	<b>308,679,697</b>	<b>89,873,197</b>
<b>Less:</b>		
Finance Charges	619,571,590	62,960,780
Exchange Loss	414,961,627	165,221,670
<b>TOTAL</b>	<b>725,853,520</b>	<b>138,309,253</b>

GTL Limited

**SCHEDULE "R"**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008.**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis for preparation of financial statements**

The financial statements have been prepared under the historical cost convention, in accordance with Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the Company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

The preparation of financial statements in conformity with Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Examples of such expenses include estimates of contract completion costs, provision for doubtful debts, useful lives of fixed assets etc., Actual results could differ from those estimates.

**(b) Revenue recognition**

Revenue from Sales/Services are accounted for as net of taxes and the principles of revenue recognition are given below:-

- i. Revenue from services rendered is recognized as the service is performed.
- ii. Income from turnkey projects is recognized as a percentage and in proportion to work completion. However in cases of contracts where consideration is separately defined/identified for supply of goods/materials whose distinct identity remains even after project completion, revenue is recognized based on delivery at site to the customers.
- iii. In case of fixed-price contracts, revenue is recognized based on the milestones achieved as specified in the contracts.
- iv. Income from annual maintenance contracts and annual subscriptions is accounted for in the ratio of the period expired to the total period of contract and amount received from customers towards unexpired portion of annual maintenance contracts and annual subscriptions is shown as advances received from customers which is accounted as income in the following financial year(s).
- v. Income from Registration, Set up and Configuration charges are recognized on activation of customer account.
- vi. Revenue from sales is recognized upon passing of title/shipment/Installation of the products and on transfer of significant risk and rewards of ownership.
- vii. Dividend income is recognized when the right to receive dividend is established.
- viii. Lease rentals are accounted over the initial lease period in equal installments.
- ix. Interest is recognized on time proportion basis.

**(c) Fixed Assets and Depreciation**

**i. Fixed Assets**

Fixed Assets are stated at the cost of acquisition less accumulated depreciation. All identifiable costs incurred upto asset put to use are capitalized. Borrowing costs, net off income on temporary investment out of borrowings that necessarily take a substantial period of time to get ready for its intended use are capitalized to the cost of assets. Any gains or losses on account of exchange difference either on settlement or translation where they relate to the acquisition of specific fixed assets are adjusted to the carrying cost of such assets.

Consequent to the Accounting Standard 28 on "Impairment of Assets" becoming mandatory effective from 1<sup>st</sup> April 2004, the Company assesses at each Balance Sheet date whether there is any indication of impairment of assets. Such asset, either on individual basis or on the basis of cash generating unit to which it belongs, is considered to be impaired when its carrying amount exceeds the amount to be recovered through use or sale and such excess is recognized as expense in the Profit and Loss Account. Subsequently if there is a change in the indication, since the last impairment was recognized, so that recoverable amount of an asset exceeds its carrying amount, an impairment recognized for an asset in prior accounting period is reversed.

**ii. Depreciation**

The depreciation on fixed assets is provided using the straight-line method based on useful lives as estimated by the management. Individual assets costing less than Rs. 5,000 are depreciated in full in the period of purchase. The management's estimate of useful lives of the various fixed assets is given below:-

Asset	Economic Useful Life (Years)
Buildings (including land for which no separate valuation is available)	58
Plant & equipments	3 to 10
Furniture & fixtures	5
Office equipments (including Leased Assets)	5
Computers and related software	5 to 7
Networks	4 to 9
Test & Repair Equipments	5
Vehicles	5

Cost of leasehold land is amortized over the remaining lease period from the year in which construction on leasehold land is completed. Licensed software is amortized over the license period.

The aggregate depreciation provided on the basis of estimated economic useful life is not less than the depreciation, specified in Schedule XIV of the Companies Act, 1956.

**iii. Leases**

Assets taken on lease, under which all the risks and rewards of ownership are effectively retained by the lessor, are classified as operating lease. Operating lease payments are recognised as expenses in the Profit and Loss Account on a straight-line basis over the lease term.

**(d) Investments**

- i) Long term Investments are valued at cost less provision for permanent diminution in value of such investments.
- ii) Current Investments are valued at lower of cost and market value.

**(e) Inventories**

Inventories (including work in progress) are valued at the lower of cost (determined on a first in, first out basis) or net realizable value.

**(f) Foreign currency transactions**

- i. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.
- ii. Monetary foreign currency items at the period end are translated at period end rates.
- iii. Non-monetary foreign currency items are carried at cost.

- iv. Any gains or losses on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Account except in cases where they relate to the acquisition of specific fixed assets in which case they are adjusted to the carrying cost of such assets.
- v. In respect of transaction covered by forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract is amortized as expense/income over the life of the contract. Exchange differences on such a contract are recognized in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period.

**(g) Research and Development**

Revenue expenditure on Research and Development is charged to Profit and Loss Account in the period in which it is incurred.

Capital expenditure on Research and Development is included under the relevant fixed assets and depreciation thereon is provided as given in note no. 1(c) (ii) above.

**(h) Retirement benefits**

**i. Provident Fund & Family Pension**

Contribution to Provident Fund and Family Pension Fund are provided for and payments in respect thereof are made to the relevant authorities on actual basis.

**ii. Gratuity**

In respect of gratuity, the provision is made on actuarial basis at the year-end.

**iii. Leave encashment**

Provision is made for leave encashment liability on actuarial basis at the year-end.

**(i) Income Tax**

**Current Tax :** Provision is made for income tax, under the tax payable method, based on the liability as computed after taking credit for allowances and exemptions. Adjustments in books are made only after the completion of the assessment. In case of matters under appeal, due to disallowances or otherwise, full provision is made when the Company accepts the said liabilities. Provision is made for Fringe Benefit Tax as per the Income Tax Act, 1961.

**Deferred tax :** As per Accounting Standard 22 – "Accounting for Taxes on Income" the differences that result between the profit offered for income tax and the profit as per the financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on Income Tax Act, 1961. Deferred tax assets are recognized where there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

**(j) Provisions, Contingent Liabilities & Contingent Assets**

A provision is recognized when the Company has a present obligation as a result of past events, the settlement of which is expected to result in an outflow of resources and which can be measured only by using a substantial degree of estimation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet Date. These are reviewed

at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are disclosed by way of notes to the financial statements after careful evaluation by the management of the facts and legal aspects of the matters involved.

Contingent Assets are neither recognized, nor disclosed.

**(k) Financial Derivatives Hedging Transactions**

The use of Financial Derivatives Hedging contracts is governed by the Company's policies approved by the management/Board of directors, which provide written principles on the use of such financial derivatives consistent with the company's risk management strategy.

Financial Derivatives hedging contracts are accounted on the date of their settlement and realized gain / loss in respect of settled contracts are recognized in the Profits and Loss Account, along with the underlying transactions.

**B. NOTES TO ACCOUNTS**

**1. NOTE**

- i) Figures are rounded off to nearest rupee in Lacs
- ii) Figures in brackets relate to the previous period and are regrouped and reclassified wherever necessary.
- iii) The figures being for the current period which is of 12 months cannot be compared with that of previous period since they correspond to that of 9 months

**2. SHARE CAPITAL & RESERVES**

**a) Equity Share Capital**

	As at March 31, 2008 (Number of Shares)	As at March 31, 2007 (Number of Shares)
Additions during the period		
a) Shares allotted as fully paid up pursuant to conversion of Employee Stock Options at the rate of Rs. 10 each for cash and premium as under		
<b>Exercise Price</b>	<b>Premium Class</b>	<b>No. of Shares</b>
65	55	810
98	88	300
70	60	39,737
75	65	83,073
79	69	NIL
113	103	20,400
<b>Total of Shares Issued under ESOP</b>	<b>144,320</b>	<b>266,272</b>
b) Shares allotted as fully paid-up pursuant to conversion of foreign currency convertible bonds at the rate of Rs. 10 each for cash and premium of Rs.83 each	5,742,206	11,480,802
<b>Gross Addition</b>	<b>5,886,526</b>	<b>11,747,074</b>
Less : Buy Back of Shares (Refer Note below)	8,629,333	NIL
<b>NET (DECREASE)/INCREASE IN SHARES</b>	<b>(2,742,807)</b>	<b>11,747,074</b>

**NOTE :**

In terms of the approval obtained from the Board of Directors and Shareholders on April 25, 2007 and July 5, 2007 respectively, the Company offered to Buy back 86,29,333 Equity Shares of the face value of Rs.10/- each for total cash consideration of Rs. 300/- per share. After completion of regulatory formalities, the buyback offer opened on October 29, 2007 and closed on November 19, 2007.

The Company paid out buyback consideration amounting to Rs. 25,888.00 lacs and the excess shares were returned to the shareholders who responded to the Company's buyback offer on or before November 30, 2007. The amount paid is apportioned out of General Reserve. In terms of the provisions of Section 77A of the Companies Act, 1956 and SEBI Buyback Regulation, the Company destroyed and extinguished 86,29,333 equity shares bought back on December 5 & 6, 2007. With completion of these formalities and filing final report to SEBI by Managers to the issue on December 4, 2007, the Company completed all formalities in respect of the buyback offer well within stipulated time.

**b) Reserves**

On account of buyback of shares, the Company has created Capital Redemption Reserve of Rs. 862.93 Lacs (Rs. NIL) towards face value of 86,29,333 shares of face value of Rs. 10 each by way of appropriation against General Reserve. The Company has appropriated Rs. 25,025.07 lacs out of General Reserve towards buyback of shares. Hence, the total amount appropriated out of General Reserve is Rs. 25,888.00 lacs.

**3. LOAN FUNDS**
**I. SECURED LOANS**
**Rs in Lacs**

	As at March 31, 2008	As at March 31, 2007
a) Term Loans from Banks	NIL	3,117.63

Repayable within one year Rs. NIL (Rs. 2,562.44 Lacs)

- (i) Secured by way of hypothecation by way of First *pari-passu* Charge on the Company's movable fixed assets, both present and future of whatsoever nature except Stocks and Book Debts including movable plant and machinery, office equipments, computers, Networking, Software Rights/Licenses and lease improvements etc, mortgage of immovable properties of the Company situated at Masjid, Mumbai, Mahape ES - II and ES - IV, through deposit of title deeds with the Banks / Financial Institutions.

**Rs. In Lacs**

	As at March 31, 2008	As at March 31, 2007
b) Hire Purchase for Vehicles	NIL	17.51

Repayable within one year Rs. NIL (Rs. 17.51 Lacs)

Secured by way of hypothecation of vehicles

**II. UNSECURED LOANS**
**Rs. In Lacs**

	As at March 31, 2008	As at March 31, 2007
a) Foreign Currency Convertible bonds	NIL	5,211.12
b) Short Term Loan from banks	5,000.00	4,980.67
c) External Commercial Borrowing	65,181.86	68,791.82
<b>Total</b>	<b>70,181.86</b>	<b>78,983.61</b>

In August 2004, Company issued 8,000 Foreign Currency Convertible Bonds (FCCBs) aggregating Swiss Francs (CHF) 80 million for expansion, acquisition, modernization and normal capital expenditure and for such other permissible end uses. During the year, the Company has utilised US\$ 26.40 million. During the year, all outstanding FCCBs as on 31<sup>st</sup> March, 2007 were converted into Equity Shares and hence FCCB liability as on March 31, 2008 is Rs. NIL. The movement in FCCB liability during the year is as under:-

	No of FCCBs (of CHF 9029.13)	CHF	No of Shares
Outstanding as on April 1, 2007	1,586	14,320,200	5,742,225
Less: Converted during the year ended Mar 31, 2008	1,586	14,320,200	57,42,206
Less: Fraction Coupons*	NIL	NIL	19
Outstanding as on March 31, 2008	NIL	NIL	NIL

\* In terms of the provisions of conversion of bonds into equity shares as contained in the Bond Purchase, Paying and Conversion Agency Agreement, any conversion of bond less than one share per conversion or cash payment resulting in a cash adjustment of less than CHF 50 per conversion was disregarded. Thus the number of shares actually converted were less than the total requirement, never the less the total liability of the company towards FCCBs converted is nullified.

**4. OTHER SECURITIES CREATED**

The Company avails of non-funded facilities like Letters of Credit, Bank Guarantees and Dealer Finance in the course of its operations. The aggregate of such sanctioned facilities as on March 31, 2008 is Rs. 136,527.00 Lacs (Rs. 29,450.00 Lacs). These facilities are secured on a *pari passu* basis against the movable and immovable fixed assets & hypothecation of goods specifically procured under the non-funded facilities by the Company.

5. Consequent to the Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets" becoming mandatory effective from 1<sup>st</sup> April 2004, following are the disclosures as per Accounting Standard - 29

## a. CONTINGENT LIABILITIES NOT PROVIDED FOR

Rs. In Lacs

	As at March 31, 2008	As at March 31, 2007
i) Claims against the Company not acknowledged as debts	50.95	40.70
ii) a) Guarantees given to Banks by the Company	5,492.04	4,601.07
b) Performance Guarantees issued to banks on behalf of Subsidiaries/Associated & Affiliates	38,906.18	17,596.16
c) Financial Guarantees given by Company to Subsidiaries/Associated & Affiliates	99,500.00	71,250.00
d) Performance Guarantees given by Company to Third Party/ies	2,917.99	NIL
iii) Disputed Sales tax liabilities in respect of pending cases	316.04	131.91
iv) Bill Discounted (Net of Margin & Insurance Cover)	9,020.96	12,497.90
v) Securitisation of Receivables	NIL	6,363.02
vi) Disputed Income tax liability in respect of pending case before the Appellate Authorities NIL (Previous period Rs.5,066.53)	205.73	5,823.99
vii) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	125.53	2,009.26
viii) Premium payable on redemption of FCCBs issued	NIL	1,188.58

## b. PROVISION FOR UNASCERTAINED EXPENSES

Rs. In Lacs

	Derivative Losses		Warrantee		Doubtful Debts	
	As at March 31, 2008	As at March 31, 2007	As at March 31, 2008	As at March 31, 2007	As at March 31, 2008	As at March 31, 2007
Opening Balance	NIL	NIL	23.88	16.88	427.89	383.77
Additional Provisions	3,064.00	NIL	99.55	23.88	166.93	168.43
Utilisation	NIL	NIL	NIL	NIL	341.95	95.47
Unutilized provision reversed	NIL	NIL	23.88	16.88	NIL	28.84
<b>Closing Balance</b>	<b>3,064.00</b>	<b>NIL</b>	<b>99.55</b>	<b>23.88</b>	<b>252.87</b>	<b>427.89</b>

## 6. PRIOR PERIOD ITEMS

Rs. In Lacs

	April 07 to Mar 08	July 06 to March 07
PRIOR PERIOD ITEMS		
i) Excess provision for tax - net of interest received/(short) provision for income tax including interest	NIL	3.01
ii) (Excess)/Short Provision of expenses of earlier years (net)	(720.42)	302.32
<b>Total</b>	<b>(720.42)</b>	<b>305.33</b>

## 7. EMPLOYEE STOCK OPTIONS

The Company has 53,03,293 (18,92,365) outstanding warrants issued to the employees as of March 31, 2008 under the ESOP scheme. During the year ended March 31, 2008, 1,44,320 (2,66,272) warrants have been converted into Equity Shares under the ESOP scheme.

In accordance with the guidelines issued by Securities and Exchange Board of India (SEBI) the excess of the market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the options are recognized and amortized over the vesting period. For the year ended March 31, 2008, the Company has written off an amount of Rs. 318.90 lacs (20.50 Lacs). Also the Company has taken a credit of Rs.25.63 lacs (31.62 Lacs) for 277,602 (391,967) warrants forfeited during the year ended March 31, 2008.

Stock option activity under each of the scheme is as follows:

(No. of shares arising out of options)

Particulars	Scheme 2001	Scheme 2002	Scheme 2004	Scheme 2005	Total
Range of exercise price (Rs.)	75-140	80-165	135-209	245-252	
Outstanding as at 01-04-2007	777,991	514,374	600,000	NIL	1,892,365
Add : Issued during the period	100,000	875,000	2,741,350	1,16,500	3,832,850
Less : Forfeited/Cancelled during the year	50,165	120,724	106,713	NIL	277,602
Less: Exercised during the year	52,538	91,782	NIL	NIL	1,44,320
Outstanding as at 31-03-2008	775,288	1,176,868	3,234,637	1,16,500	5,303,293

## 8. DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

The unpaid overdue amounts as of March 31, 2008 due to small scale and Medium Enterprises is Rs. Nil (Previous period Rs. Nil). This information has been compiled in respect of parties to the extent they could be identified as Micro, Small-scale and Medium Enterprises on the basis of information available. This has been relied upon by the auditors.

## 9. AUDITOR'S REMUNERATION\*

	Rs. In Lacs	
	Apr 07 to Mar 08 12 months	Jul 06 to Mar 07 9 months
Statutory Audit Fees	21.55	16.84
Tax Audit Fees	4.49	4.49
Other Matters	0.71	2.02
Out of Pocket Expense	1.05	0.92
<b>Total</b>	<b>27.80</b>	<b>24.27</b>

\*Inclusive of Service Tax

10. Additional information pursuant to the provisions of paragraph 3(ii) (b) (d) of Part II of the Schedule VI to the Companies Act, 1956: -  
In view of the nature of business having heterogeneity of the items involved, the item-wise details of quantities & values are not furnished.

## 11. MANAGERIAL REMUNERATION

The calculation for Managerial remuneration under section 309(5) of the Companies Act 1956, is done at end of the year.

- (a) Managerial remuneration under Section 198 of the Companies Act, 1956, paid or payable during the year is as under :-

	Rs. In Lacs	
	Apr 07 to Mar 08 12 months	Jul 06 to Mar 07 9 months
Salary	97.07	51.10
Contribution to Provident Fund	7.20	4.09
Commission	406.74	163.20
<b>Total</b>	<b>511.01</b>	<b>218.39</b>

Of the total managerial remuneration shown above, remuneration paid to Mr. Charudatta Naik, Whole time director and COO is considered from October 2007.

The above figures do not include provision for leave encashment and contribution to Gratuity Fund, as separate actuarial valuations are not available.

- (b) The calculation of Managerial remuneration in accordance with Sec 309(5) of the Companies Act, 1956:-

	Rs. In Lacs	
	Apr 07 to Mar 08 12 months	Jul 06 to Mar 07 9 months
Profit after Tax but before Extraordinary Items.	10,660.91	4,302.89
Add : Provision for Taxation charged in accounts.	530.68	366.79
Profit before Taxation as per Profit & Loss Account	11,191.59	4,669.68
Add : Managerial remuneration charged in Profit & Loss Accounts	511.01	218.39
Add: Net Loss on sale of fixed assets under Section 349 of the Companies Act, 1956	43.80	(140.61)

	Apr 07 to Mar 08 12 months	Jul 06 to Mar 07 9 months
Net Profit under Section 198 of the Companies Act, 1956	11746.40	4,747.46
Maximum Remuneration allowable under the Companies Act (restricted to 11% of net profit)	1,292.10	522.22
a) Commission Payable to whole time directors:		
i) Chairman and Managing Director	200.00	150.00
ii) Whole time Director and Chief Operating Officer	140.00	NIL
b) Commission payable to Non-Executive Directors	66.74	13.20
Aggregate commission payable	406.74	163.20
Maximum Remuneration allowable under the Companies Act to non-whole time directors	117.46	47.47

## c) Employee Stock Options (ESOP) to directors:

	As on March 31, 2008 (Number of Warrants)	As on March 31, 2007 (Number of Warrants)
Outstanding warrants as on April 1, 2007	292,000	42,000
Add : Warrants issued prior to Directorship*	500,000	NIL
Add : Warrants issued during the year	NIL	250,000
Less : Converted into Equity Shares	15,000	NIL
<b>Outstanding warrants as on March 31, 2008</b>	<b>777,000</b>	<b>292,000</b>

\* Since Mr. Charudatta Naik inducted on the board from October 01, 2007

## 12. VALUE OF IMPORTS OF MATERIAL ON C.I.F BASIS

	Rs. In Lacs	
	Apr 07 to Mar 08 12 months	Jul 06 to Mar 07 9 months
Capital Goods	241.35	441.18
Trading Goods	1,197.13	1,255.76
<b>Total</b>	<b>1,438.48</b>	<b>1,696.94</b>

## 13. EARNINGS IN FOREIGN CURRENCY

	Rs. In Lacs	
	Apr 07 to Mar 08 12 months	Jul 06 to Mar 07 9 months
i) Bank Interest	2919.12	2,692.00
ii) Dividend	368.95	345.34
iii) Sales and service	1928.60	4,024.62
<b>Total</b>	<b>5,216.67</b>	<b>7,061.96</b>



**14. EXPENDITURE IN FOREIGN CURRENCY**

Rs. In Lacs

	Apr 07 to Mar 08 12 months	Jul 06 to Mar 07 9 months
i) Travelling	472.52	180.09
ii) Interest on Foreign Currency Convertible Bonds, ECB & Foreign Currency Term Loan	5,099.40	2,557.61
iii) ECB Expenses	NIL	873.95
iv) Professional Fees	NIL	141.60
v) Cost of Goods sold & Services	168.39	1,970.00
vi) FCCB Issue Expenses	4.62	46.62
<b>Total</b>	<b>5,744.93</b>	<b>5,769.87</b>

**15. REMITTANCE OF DIVIDEND IN FOREIGN CURRENCY - NIL (NIL)****16. RELATED PARTY TRANSACTIONS**

The details of transactions (April 07 to March 08) and balances as at 31<sup>st</sup> March 08 is as under:

Rs. In lacs

Party Name	Sales, Services, Other Income & Reimbursements	Purchases / Expenses	Receivables	Advances / Deposits	Payables
<b>Subsidiaries</b>					
International Global Tele Systems Limited	1,715.82	156.84	680.78	NIL	488.34
iGTL Solutions Lanka (Pvt.) Ltd.	16.28	0.87	11.46	12.70	2.43
Global ProServe Ltd.	3,146.07	NIL	56.12	681.00	NIL
GTL International Ltd. & Subsidiaries of GTL International Ltd.	65.65	NIL	65.65	NIL	NIL
<b>Associates</b>					
GTL Infrastructure Limited	79,453.71	6,448.73	338.04	4,156.97	7,636.73
<b>Companies/Firms in which Director's are Interested</b>					
Global Towers Ltd	127.53	5,950.04	319.84	2,404.59	1067.53
Global Innosource Search Solutions Pvt. Ltd.	20.15	2,614.90	NIL	1.01	16.31
Global Innosource Solutions Pvt. Ltd.	8.85	8.37	13.20	NIL	0.17
GTL Management Services & Projects Pvt Ltd	13.69	13,669.09	13.69	6,910.00	74.45
Finav Securities Pvt. Ltd.	NIL	148.41	NIL	NIL	NIL
Makan Investment & Trading Company Ltd	NIL	1.83	NIL	21.40	NIL
Gajanan R. Tirodkar & Sons	NIL	50.49	NIL	NIL	NIL
<b>TOTAL</b>	<b>90,172.34</b>	<b>29,035.75</b>	<b>1,498.78</b>	<b>14,187.67</b>	<b>9,285.96</b>

Particulars of remuneration and other benefits paid to key management personnel during the year ended March 31, 2008, are set out below:

Rs in Lacs

	Salary	Contributions to provident and other funds	Loans Outstanding	ESOP Outstanding (Nos)
Apr 07 to Mar 08 (12 months)	1181.11	34.91	NIL	2,946,175
Jul 06 to Mar 07 (9 months)	759.17	32.92	266.37	1,264,100

Remuneration and other benefits paid to directors included in the above schedule are separately disclosed in note no 11.

**17. DUES FROM SUBSIDIARIES**

Sundry Debtors as on March 31, 2008 include Rs 814.01 lacs (Rs. 342.96 lacs) due from subsidiaries. Loans and advance - include Rs. 693.94 lacs (Rs. 351.78 lacs) due from subsidiaries.

**18. DISCONTINUED OPERATIONS**

In accordance with the resolution passed by the Board of Directors and Shareholder's approval obtained through postal ballot on July 05, 2007 to hive off the IT Services Business. Accordingly, Company sold off its Enterprise Network and Managed Services Business to Orange Business Services, part of France Telecom. The said process of hive off was concluded by August, 2007. Also the Company hived off its IT Application Management, BPO, KPO, and certain software related business to Global Proserv Ltd., its 100% owned subsidiary on October 31, 2007.

The disclosure required of discontinued business Operations as per Accounting Standard 24 of Institute Chartered Accountant of India are given below:

Rs in Lacs

Particulars	April 07 to October 07 (7 Months)	July 06 to March 07 (9 months)
Income from discontinuing operations	10,228.40	9,728.29
Expenses from discontinuing operations	9,625.50	9,146.46
Pre-tax Profit/(loss) from Ordinary activities attributable to discontinuing operations	602.9	581.83
Income Tax Expense (MAT)	68.31	65.92
Profit from Discontinuing Operations After Tax	534.59	515.91
Net Cash Flows attributable to Operating activities of Discontinuing Operation.	512.76	4,797.33
Net Fixed Assets plus Net Working Capital	6,066.32	5,409.70

**19. EARNINGS PER SHARE**
**Rs in Lacs**

	<b>Apr 07 to Mar 08 (12 Months)</b>	<b>Jul 06 to Mar 07 (9 Months)</b>
<b>BASIC EARNINGS PER SHARE</b>		
Numerator for basic earnings per share		
Profit before Tax & extraordinary & prior period items	11,191.59	4,669.63
Provision for Income Tax, Deferred Tax & FBT	(530.67)	(366.79)
Adjustment to net earnings:		
Prior Period Adjustment	(720.42)	(305.33)
Net Profit after Tax & Prior period but before Extraordinary item (a)	9,940.50	3,997.52
Extraordinary items	2,188.80	NIL
Net Profit after Tax & Prior period & Extraordinary item (b)	12,129.30	3,997.52
Denominator for basic earnings per share - Weighted average number of shares (c)	92,324,736	93,106,359
Basic earnings per share without Extraordinary items [(a)/(c)]	10.77	4.29
Basic earnings per share with Extraordinary items [(b)/(c)]	13.14	4.29
<b>DILUTED EARNINGS PER SHARE</b>		
Numerator for diluted earnings per share		
Profit before Tax & extraordinary & prior period items	11,191.59	4,669.63
Provision for Income Tax, Deferred Tax & FBT	(530.67)	(366.79)
Adjustment to net earnings:		
Prior Period Adjustment	(720.42)	(305.33)
FCCB Interest	24.63	148.86
Profit After Tax & Prior Period Items but before Extraordinary items (d)	9,965.13	4,146.37
Extraordinary items	2,188.80	NIL
Profit after Tax & extraordinary & prior period items (e)	12,153.93	4,146.37
Denominator for diluted earnings per share		
Effect of dilutive securities- Weighted average number of shares	92,324,736	93,106,359
Possible Dilution :		
Conversion of Foreign Currency Convertible Bonds (number of shares)	NIL	5,742,225
Conversion of Stock Options (number of shares)	3,418,650	1,692,019
Adjusted weighted average number of shares (f)	95,743,396	100,540,603
Diluted earnings per share without Extraordinary items [(d)/(f)]	10.41	4.12
Diluted earnings per share with Extraordinary items [(e)/(f)]	12.69	4.12

**20. DEFERRED TAX ASSET/LIABILITY**

The deferred Tax credit for the year ended March 31, 2008 is recognised in Profit & Loss Account for tax effect of timing difference amount to Rs. 1,561.92 lacs (Rs. 192.14 Lacs). The deferred Tax assets as on March 31, 2008 stands at Rs. 2,696.18 (after considering transfer of deferred tax on sale of business of Rs. 104.85 lacs) Previous year Rs. 1,239.11. The details of deferred tax asset for the year ended March 31, 2008 is as follows.

**Rs in Lacs**

	<b>As at Mar 31, 2008</b>	<b>As at March 31, 2007</b>
Depreciation	(1,536.42)	(1,233.70)
Others	(1,159.76)	(5.41)
<b>Total</b>	<b>(2,696.18)</b>	<b>(1,239.11)</b>

**21. FINANCIAL AND OTHER DERIVATIVE INSTRUMENTS :**

- a. Amount of derivative contract entered and outstanding as at March 31, 2008.

Sr No.	Particulars	As on March 31, 2008	As on March 31, 2008	As on March 31, 2007	As on March 31, 2007
		USD in Million	Rs in lacs	USD in Million	Rs in lacs
1	Interest Swap	10.00	4,012.50	Nil	Nil
2	Currency Swap	10.00	4,012.50	40.00	17,388.00
3	Options	71.68	28,761.60	16.19	7,037.79
4	Forward Cover	21.25	8,526.56	46.82	20,353.40

- b. All derivatives and financial instruments by the Company are for hedging purpose only.
- c. Foreign Currency exposure that are not hedged by the derivative instruments as on 31.03.08

Sr No.	Particulars	As on March 31, 2008	As on March 31, 2008	As on March 31, 2007	As on March 31, 2007
		USD in Million	Rs in lacs	USD in Million	Rs in lacs
1	Foreign Currency Letter of Credits	1.24	500.71	10.90	4,788.57
2	Export Debtors	1.10	432.96	1.15	498.64
3	Import Creditors	0.74	298.81	0.69	301.67

As per the accounting policy of the Company, Financial Derivatives hedging contracts are accounted on the date of their settlement and realized gain/ loss in respect of settled contracts are recognized in the profits and loss account, alongwith the underlying transactions. However, in accordance with the recommendation made by the Institute of Chartered Accountants of India, the outstanding Derivatives of the Company are marked to market on the Balance Sheet date. Accordingly the Mark to market losses of RS. 3,064.00 Lacs as at March 31, 2008 are provided in books of Accounts keeping in view the principle of prudence as enunciated in AS 1, disclosure of Accounting Policies.

22. The Company has entered into operating lease agreements for office premises, guesthouse, warehouses and vehicles which are renewable on a periodic basis and is cancelable. Rental expenses for operating leases to the extent not reimbursed are amounting to Rs.

689.47 lacs (Rs. 477.74 lacs) have been recognized in the Profit and Loss Account. The minimum Lease Rental due within one year Rs. 417.20 Lacs (Previous year Rs. 452.78 Lacs).

23. The Foreign Bank Balance is held with Credit Suisse Bank and Julius Baer (Singapore) Ltd. The maximum balance in Credit Suisse Bank and Julius Baer (Singapore) Ltd during the year ended March 31, 2008, was Rs. 36,520.35 Lacs (Previous period Rs.26,822.13 Lacs) and Rs. 59,772.41 Lacs ( Previous period Rs. 68,996.25) respectively.

## 24. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financials statements forming part of the accounts with the Auditors report thereon are attached herewith.

## 25. SEGMENT REPORTING

Segment Reporting as per Accounting Standard 17 based on consolidated Financial Statements is forming part of Consolidated Financial Statement.

As per our report of even date

For and on behalf of the Board

**Manoj G. Tirodkar**  
Chairman & Managing Director

**For Godbole Bhawe & Co.**  
Chartered Accountants

**For Yeolekar & Associates**  
Chartered Accountants

**Gajanan V. Desai**  
Director

**Charudatta Naik**  
Wholetime Director & COO

**M. V. Bhawe**  
Partner  
M. No 38812

**S. S. Yeolekar**  
Partner  
M. No 36398

**Milind V. Bapat**  
Sr. Vice President - Finance

**V. A. Apte**  
Company Secretary

Mumbai  
April 11, 2008

## Balance Sheet Abstract and Company's General Business Profile

### I REGISTRATION DETAILS

Registration No.	L99999MH1987PLC045657	State Code	11
Balance Sheet Date	March 31, 2008		

### II CAPITAL RAISED DURING THE PERIOD (AMOUNT IN RS. THOUSANDS)

Public Issue	57,422	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	1,443

### III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities	25,854,359	Total Assets	25,854,359
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#### SOURCE OF FUNDS

Paid-up Capital	945,741	Reserves & Surplus	8,290,519
Secured Loans	NIL	Unsecured Loans	7,018,186

#### APPLICATION OF FUNDS

Net Fixed Assets	2,418,640	Investments	7,379,289
Net Current Asset	6,186,899	Miscellaneous Expenditure	NIL
Accumulated Losses	NIL	Deferred Tax Asset	269,619

### IV PERFORMANCE OF THE COMPANY (AMOUNT IN RS. THOUSANDS)

Total Income	14,344,056	Total Expenditure	13,224,896
Profit Before Tax	1,119,159	Profit After Tax	1,212,929
Earnings per share (Basic)	10.77	Dividend Rate %	30%
Earnings per share (Diluted)	10.41		

### V GENERAL NAMES OF THREE PRINCIPLE PRODUCT/SERVICES OF COMPANY (AS PRE MONETARY TERMS)

Product/Service Description	Item Code No.
Network Engineering Service	852510
Call Centre Service	847100

## Cash Flow for the Year Ended March 31, 2008

	April 07 to March 08 12 months Rupees	July 06 to March 07 9 months Rupees
<b>CASH FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before tax and extraordinary items:</b>	1,119,159,470	466,963,317
Adjustments for:		
Depreciation	458,796,833	299,603,413
Interest , dividend etc. received	(593,508,281)	(407,343,795)
Provision for doubtful debts	11,028,347	16,843,362
Debit/Credit balances and claims written off	10,203,914	432,669
(Profit)/Loss on sale of fixed assets	4,380,212	(14,061,334)
(Profit)/Loss on sale of Investments	(242,435,727)	(17,419,417)
(Gain)/Loss on exchange fluctuation	108,561,627	165,221,670
Employee Compensation Expenses under ESOP	26,480,289	1,480,010
Provision for Derivatives Loss ( MTM )	306,400,000	NIL
<b>Operating profit before working capital changes</b>	<b>1,209,066,684</b>	<b>511,719,895</b>
<b>Adjustments for:</b>		
Inventories	(732,341,006)	(628,996,337)
Receivables	(221,459,693)	(1,058,561,451)
Loans and advances	(1,093,119,240)	(1,434,278,514)
Trade payables	2,257,108,230	3,493,216,425
Other current liabilities and provisions	8,10,765,051	626,019,883
Working Capital under Business Transfer	(349,138,537)	NIL
<b>Cash generated from operations</b>	<b>1,880,881,492</b>	<b>1,509,119,901</b>
Interest paid	527,264,312	334,890,015
Financial Charges	619,571,590	62,960,780
Direct taxes received / ( paid )	(386,727,600)	(441,936,817)
<b>Cash flow from Operating Activities</b>	<b>2,640,989,794</b>	<b>1,465,033,879</b>
<b>Extraordinary items:</b>		
Prior year adjustments	(72,042,090)	(30,532,833)
<b>Net cash from operating activities: (A)</b>	<b>2,568,947,705</b>	<b>1,434,501,046</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets ( Net of Adj. and business transfer)	(312,641,262)	(891,655,011)
Sale of fixed assets	73,58,879	299,629,877
Additions to investments	(4,528,033,916)	(52,343,003)
Sale of investments	1,025,093,513	397,703,536
Interest, dividend etc. received	593,508,281	407,343,795
<b>Consideration from Sale of ITES Business (net of expenses)</b> (includes realisation towards working capital)	684,121,121	NIL
<b>Net cash generated from/(used in) investing activities (B)</b>	<b>(2,530,593,384)</b>	<b>160,679,194</b>

## Cash Flow for the Year Ended March 31, 2008

	April 07 to March 08 12 months Rupees	July 06 to March 07 9 months Rupees
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	58,865,260	109,440,857
Share Premium	486,559,203	975,524,571
Buyback of Shares	(2,588,799,899)	NIL
Loans ( Net ) - FCCB	(521,112,084)	(1,036,822,776)
Loans ( Net ) - Others	(672,577,008)	6,565,236,809
Interest paid	(527,264,312)	(334,890,015)
Financial Charges	(619,571,590)	(62,960,780)
Dividend paid	(243,610,935)	(1,900,944,004)
Gain / (Loss) on exchange fluctuation	(108,561,627)	(165,221,670)
<b>Net cash received from/(used in) financing activities (C)</b>	<b>(4,736,072,992)</b>	<b>4,149,362,992</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(4,697,718,671)</b>	<b>5,744,543,231</b>
<b>Cash and cash equivalents (opening)</b>	<b>10,837,439,404</b>	<b>5,092,896,172</b>
<b>Cash and cash equivalents (closing)</b>	<b>6,139,720,732</b>	<b>10,837,439,403</b>

**For and on behalf of the Board**

Mumbai  
April 11, 2008

**Manoj G.Tirodkar**  
*Chairman & Managing Director*

### Auditors' Certificate

We have verified the above cash Flow Statement of GTL Limited from the audited financial statement for the period ended March 31,2008 and March 31, 2007 and found the same to be drawn in accordance therewith and also with the requirements of clause 32 of the listing agreements with stock exchanges.

For Godbole Bhav & Co.  
*Chartered Accountants*

For Yeolekar & Associates  
*Chartered Accountants*

**M. V. Bhav**  
Partner  
M. No 38812

**S S Yeolekar**  
Partner  
M. No 36398

Mumbai  
April 11, 2008



## AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF GTL LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GTL LIMITED AND ITS SUBSIDIARIES

We have audited the attached Consolidated Balance Sheet of GTL Limited and its subsidiaries (together referred to as 'the Group') as at March 31, 2008 and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended annexed to thereto.

These Financial Statements are the responsibilities of the Group's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the Financial Statements of subsidiaries included in the attached Consolidated Financial Statements, whose Financial Statements reflect total assets of Rs. 6,860,251,084/- as at March 31, 2008 and total revenues of Rs. 3,513,934,182/- for the year then ended. These Financial Statements have been audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts

included in respect of the subsidiaries, is based solely on the report of the other auditors.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited Financial Statements of GTL Limited and its subsidiaries included in the Consolidated Financial Statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited Financial Statements of GTL Limited and its aforesaid subsidiaries, we are of the opinion that, in conformity with the accounting principles generally accepted in India:

1. the Consolidated Balance Sheet gives a true and fair view of the Consolidated state of affairs of the Group as at March 31, 2008;
2. the Consolidated Profit and Loss Account gives a true and fair view of the Consolidated results of operations of the Group for the year ended ; and
3. the Consolidated Cash Flow Statement gives a true and fair view of the Consolidated Cash Flows of the Group for the year then ended.

For **Godbole Bhawe & Co.**

*Chartered Accountants*

For **Yeolekar & Associates**

*Chartered Accountants*

**M.V.BHAVE**

*Partner*

Membership Number 38812

**S.S.YEOLEKAR**

*Partner*

Membership Number 36398

Mumbai

April 11, 2008

### Consolidated Balance Sheet as at March 31, 2008

	Schedule	Rupees	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital	A	945,740,790		973,168,860
Reserves and Surplus	B	10,238,319,591		10,128,666,805
			<b>11,184,060,381</b>	11,101,835,665
			<b>4,668,850</b>	2,774,178
<b>Minority Interest</b>				
<b>Loan Funds</b>				
Secured Loans	C	NIL		594,047,812
Unsecured Loans	D	7,018,186,390		7,898,361,003
			<b>7,018,186,390</b>	8,492,408,815
			<b>18,206,915,621</b>	19,597,018,658
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	E	4,674,081,220		3,757,531,637
Less : Depreciation		1,643,317,669		1,329,609,193
Net Block		3,030,763,551		2,427,922,444
Capital Work-in-progress including capital advances		196,150,586		616,580,524
			<b>3,226,914,137</b>	3,044,502,968
			<b>4,386,433,203</b>	2,237,726,415
			<b>272,704,822</b>	122,551,251
<b>Investments</b>				
<b>Deferred Tax Asset</b>				
<b>Current Assets, Loans and Advances</b>				
Inventories	G	2,225,136,442		1,695,833,971
Sundry Debtors	H	3,647,703,597		3,958,413,477
Cash and Bank balances	I	8,610,344,057		11,244,223,052
Loans and Advances	J	6,860,774,777		4,387,960,668
		21,343,958,873		21,286,431,168
<b>Less : Current Liabilities and Provisions</b>				
Liabilities	K	10,330,406,485		6,741,616,614
Provisions	K	692,688,929		352,576,530
		11,023,095,414		7,094,193,144
			<b>10,320,863,459</b>	14,192,238,024
			<b>18,206,915,621</b>	19,597,018,658
<b>Net Current Assets</b>				
<b>TOTAL :</b>				
Statement of Significant Accounting Policies and Notes forms integral part of Accounts	R			

As per our report of even date

For and on behalf of the Board

**Manoj G. Tirodkar**  
Chairman & Managing Director

**For Godbole Bhawe & Co.**  
Chartered Accountants

**For Yeolekar & Associates**  
Chartered Accountants

**Gajanan V. Desai**  
Director

**Charudatta Naik**  
Wholetime Director & COO

**M. V. Bhawe**  
Partner  
M. No 38812  
Mumbai  
April 11, 2008

**S. S. Yeolekar**  
Partner  
M. No 36398

**Milind V. Bapat**  
Sr. Vice President - Finance

**V. A. Apte**  
Company Secretary

## Consolidated Profit and Loss Account for the Year ended March 31, 2008

	Schedule	April 07- March 08 12 months Rupees	July 06 - March 07 9 months Rupees
<b>INCOME</b>			
Sales and Services ( Net of Taxes )			
International		3,572,879,761	2,740,821,329
Domestic		14,140,511,384	6,513,459,024
		17,713,391,145	9,254,280,353
Other Income	L	12,224,915	20,276,649
<b>TOTAL INCOME</b>		<b>17,725,616,060</b>	<b>9,274,557,002</b>
<b>EXPENDITURE</b>			
Cost of Sales and Services	M	11,716,231,469	5,964,965,409
Cost of Delivery	N	1,648,454,267	1,057,059,869
Selling and Marketing Expenses	O	542,308,495	336,424,069
Administration and Other Expenses	P	1,157,840,075	723,501,737
Finance Cost ( Net )	Q	551,492,087	153,703,831
Depreciation		495,466,915	308,535,785
<b>TOTAL EXPENDITURE</b>		<b>16,111,793,308</b>	<b>8,544,190,700</b>
<b>Profit before Tax and Extraordinary and prior period items</b>		<b>1,613,822,752</b>	<b>730,366,302</b>
Less : Provision For Taxation for current year			
Income Tax		210,312,661	57,173,166
Deferred Tax		(159,480,606)	(17,886,550)
Fringe Benefit Tax		21,610,322	16,776,918
		72,442,377	56,063,534
<b>Profit After Tax &amp; Before Extraordinary &amp; Prior Period Items</b>		<b>1,541,380,375</b>	<b>674,302,768</b>
Add : Profit on Sale of Business		1,199,219,854	NIL
Add / ( Less ) : Prior Period items		(72,042,086)	(30,775,887)
<b>Profit After Tax (PAT)</b>		<b>2,668,558,143</b>	<b>643,526,881</b>
Minority Interest		(2,093,625)	1,571,726
Share of Profit / ( Loss ) in associates		(119,406,465)	21,467,834
Reserve on consolidation		(1,461,293)	(1,539,516)
Excess provision of Equity Dividend and Tax on Dividend written back		17,061,155	201,065,035
Add : Balance brought forward from last Year		1,767,470,351	1,253,458,724
<b>Profit available for Appropriation</b>		<b>4,330,128,266</b>	<b>2,119,550,684</b>
<b>APPROPRIATIONS</b>			
<b>Dividend</b>			
Equity Dividend (Proposed)		283,722,237	258,199,353
		<b>283,722,237</b>	<b>258,199,353</b>
Tax on Proposed Dividend		48,218,594	43,880,980
		<b>48,218,594</b>	<b>43,880,980</b>
<b>Amount transferred to</b>			
General Reserve		220,000,000	50,000,000
		220,000,000	50,000,000
<b>Surplus carried to Balance Sheet</b>		<b>3,778,187,435</b>	<b>1,767,470,351</b>
		<b>4,330,128,266</b>	<b>2,119,550,684</b>
Earnings Per Equity Share - Basic		15.91	6.91
Earnings Per Equity Share - Diluted		15.37	6.55
Statement of Significant Accounting Policies and Notes forms integral part of Accounts	R		
As per our report of even date			

For and on behalf of the Board

**Manoj G. Tirodkar**  
Chairman & Managing Director

**Gajanan V. Desai**  
Director

**Charudatta Naik**  
Wholetime Director & COO

**Milind V. Bapat**  
Sr. Vice President - Finance

**V. A. Apte**  
Company Secretary

**For Godbole Bhawe & Co.**  
Chartered Accountants

**For Yeolekar & Associates**  
Chartered Accountants

**M. V. Bhawe**  
Partner  
M. No 38812  
Mumbai  
April 11, 2008

**S. S. Yeolekar**  
Partner  
M. No 36398

**Schedules to the Consolidated Balance Sheet as at March 31, 2008**

		<b>As at March 31, 2008 Rupees</b>	<b>As at March 31, 2007 Rupees</b>
<b>SCHEDULE A</b>			
<b>SHARE CAPITAL</b>			
<b>Authorised</b>			
120,000,000 Equity Shares of Rs. 10 each		1,200,000,000	1,200,000,000
2,500,000 Preference Shares of Rs. 100 each		250,000,000	250,000,000
		<b>1,450,000,000</b>	<b>1,450,000,000</b>
<b>Issued, Subscribed and Paid Up</b>			
94,574,079 (97,316,886 ) Equity Shares of Rs.10 each fully paid-up		945,740,790	973,168,860
<b>TOTAL</b>		<b>945,740,790</b>	<b>973,168,860</b>
<b>SCHEDULE B</b>			
<b>RESERVES AND SURPLUS</b>			
<b>Share Premium</b>			
As per last Balance Sheet	1,394,329,181		418,804,610
Additions during the year :			
On Conversion of Foreign Currency Convertible Bonds	476,602,211		952,905,781
On Issue of Equity shares under ESOP	9,956,115		22,618,790
		<b>1,880,887,507</b>	<b>1,394,329,181</b>
<b>Capital Reserve</b>			
As per last Balance Sheet	6,848		6,063
On Conversion of Foreign Currency Convertible Bonds	877		785
		<b>7,725</b>	<b>6,848</b>
<b>Capital Redemption Reserve</b>			
As per last Balance Sheet	NIL		NIL
Add : Transfer from General Reserve towards buyback of Shares	86,293,330		NIL
		<b>86,293,330</b>	<b>NIL</b>
<b>General Reserve</b>			
As per last Balance Sheet	7,156,432,617		7,106,432,617
Add: Transferred from Profit and Loss Account	220,000,000		50,000,000
Less : Transferred to Capital Redemption Reserve	(86,293,330)		NIL
Less : Utilised for Buyback of shares	(2,502,506,569)		NIL
		<b>4,787,632,718</b>	<b>7,156,432,617</b>
<b>Translation Adjustment</b>			
<b>Reserve on Consolidation</b>			
Employee Stock Option Outstanding		(204,391,427)	(119,674,921)
As per last Balance Sheet	12,153,057		17,155,039
Addition during the period	58,370,918		(5,001,982)
	<b>70,523,975</b>		<b>12,153,057</b>
Less : Deferred Compensation Expense			
As per last Balance Sheet	3,117,232		1,568,553
Addition during the period	31,890,629		1,548,679
	<b>35,007,861</b>		<b>3,117,232</b>
		<b>35,516,114</b>	<b>9,035,825</b>
Surplus as per Profit and Loss Account		<b>3,778,187,435</b>	<b>1,767,470,351</b>
<b>TOTAL</b>		<b>10,238,319,591</b>	<b>10,128,666,805</b>

## Schedules to the Consolidated Balance Sheet as at March 31, 2008

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
<b>SCHEDULE C</b>		
<b>SECURED LOANS</b>		
Foreign Currency Term Loan from Banks	NIL	592,296,344
Hire Purchase	NIL	1,751,468
<b>TOTAL</b>	<b>NIL</b>	<b>594,047,812</b>
<b>SCHEDULE D</b>		
<b>UNSECURED LOANS</b>		
Foreign Currency Convertible Bonds	NIL	521,112,084
Unsecured Loan from Banks	500,000,000	498,066,778
External Commercial Borrowing	6,518,186,390	6,879,182,141
<b>TOTAL</b>	<b>7,018,186,390</b>	<b>7,898,361,003</b>

**SCHEDULE E (Consolidated)****FIXED ASSETS**

Rupees

PARTICULARS	GROSS BLOCK ( AT COST )				DEPRECIATION				NET BLOCK	
	As at April 01, 07	Additions	Sale / Adjustment	As at March 31, 08	As at April 01, 07	For the period Additions	Sale/ Adjustment	As at March 31, 08	As at March 31, 08	As at March 31, 07
Goodwill	226,304,739	1,930,313,600	(1,417,357,935)	739,260,405	NIL	19,795,000	140,000	19,935,000	719,325,405	226,304,739
Land - Freehold	249,105	NIL	NIL	249,105	NIL	NIL	NIL	NIL	249,105	249,105
Leasehold	7,438,000	NIL	NIL	7,438,000	NIL	NIL	NIL	NIL	7,438,000	7,438,000
Buildings (including Leasehold)	323,471,368	10,089,100	NIL	333,560,468	50,667,683	7,267,701	NIL	57,935,384	275,625,084	272,803,685
Plant and Equipments	688,852,319	63,400,794	(180,211,014)	572,042,099	363,925,957	103,091,904	(53,091,813)	413,926,048	158,116,050	324,926,362
Furniture and Fixtures	95,688,323	90,310,602	(18,439,249)	167,559,676	40,576,031	19,105,302	(8,904,900)	50,776,434	116,783,242	55,112,292
Office Equipments	98,595,950	10,830,185	(31,982,587)	77,443,548	51,830,021	15,187,705	(21,359,338)	45,658,388	31,785,160	46,765,929
Computers (including Software)	228,058,418	50,574,295	(33,283,654)	245,349,059	101,732,102	44,120,951	(20,831,585)	125,021,468	120,327,591	126,326,316
Networking Assets	2,004,391,419	555,467,732	(166,214,051)	2,393,645,100	694,531,176	266,358,480	(75,453,584)	885,436,072	1,508,209,028	1,309,860,243
Test and Repair Equipments	59,562,740	62,197,272	(8,605,510)	113,154,501	16,548,994	15,945,540	361,912	32,856,446	80,298,056	43,013,746
Vehicles	24,919,256	2,153,235	(2,693,232)	24,379,260	9,797,229	4,970,448	(2,995,248)	11,772,430	12,606,830	15,122,027
<b>SUB TOTAL</b>	<b>3,757,531,637</b>	<b>2,775,336,815</b>	<b>(1,858,787,232)</b>	<b>4,674,081,220</b>	<b>1,329,609,193</b>	<b>495,843,031</b>	<b>(182,134,556)</b>	<b>1,643,317,699</b>	<b>3,030,763,551</b>	<b>2,427,922,444</b>
Capital work in progress including capital advances	616,580,525	55,590,864	(476,020,803)	196,150,586	NIL	NIL	NIL	NIL	196,150,586	616,580,524
<b>TOTAL</b>	<b>4,374,112,162</b>	<b>2,830,927,679</b>	<b>(2,334,808,035)</b>	<b>4,870,231,807</b>	<b>1,329,609,193</b>	<b>495,843,031</b>	<b>(182,134,556)</b>	<b>1,643,317,670</b>	<b>3,226,914,137</b>	<b>3,044,502,968</b>
PREVIOUS YEAR	3,524,844,829	1,320,368,986	(471,101,654)	4,374,112,163	1,014,578,788	308,535,785	6,494,620	1,329,609,193	3,044,502,970	2,510,266,040

**Notes :**

- Additions to fixed assets is net of Exchange Loss of Rs.Nil (previous year Rs.32,80,856/- (net))on account of foreign exchange fluctuation .
- Gross block of building includes subscription towards share capital of co-operative societies amounting to Rs.2750/- (previous year Rs.2,750/-) and leased buildings amounting to Rs.19,90,77,048/- (previous year Rs.19,90,77,048/-).
- Addition in Networking Assets include Depreciation on Assets used for development of Networking Assets of Rs. 8,688,319/- (previous year Rs. 11,128,103)
- Vehicles include, acquired on hire purchase Rs. Nil (previous year Rs. 10,021,026)
- Sales/Adjustment includes Assets Belonging to ITES Business, hived off during the year.

**Schedules to the Consolidated Balance Sheet as at March 31, 2008**

	Number	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
<b>SCHEDULE F</b>			
<b>INVESTMENTS</b>			
<b>SHORT TERM</b>			
<b>(Quoted)</b>			
<b>Mutual Funds</b>			
LICMF Floating Rate Fund - Short Term Plan -growth (Units purchased- 203,347,640 units sold - 188,004,922)	15,342,718 (NIL)	200,000,000 <b>200,000,000</b>	NIL NIL
<b>Equity Shares in listed Companies</b>			
Ador Welding Ltd ( Face Value of Rs.10/- each )	NIL (11,000)	NIL	2,903,850
Apar Industries Ltd ( Face Value of Rs.10/- each )	8,500 (20,000)	624,120	2,559,856
Asian Paints Ltd ( Face Value of Rs.10/- each )	NIL (86,032)	NIL	15,435,609
Auto Stamping & Assembly Ltd ( Face Value of Rs.10/- each )	46,388 (47,163)	5,016,418	5,097,793
Bank of Baroda Ltd ( Face Value of Rs.10/- each )	5,793 (94,293)	1,406,390	21,761,390
Bank of India Ltd ( Face Value of Rs.10/- each )	NIL (8,000)	NIL	1,219,290
BASF India Ltd ( Face Value of Rs.10/- each )	NIL (12,000)	NIL	2,648,443
Bayer Crop Science Ltd ( Face Value of Rs.10/- each )	NIL (10,000)	NIL	2,410,300
Bharat Petroleum Ltd ( Face Value of Rs.10/- each )	NIL (3,000)	NIL	1,138,875
Blue Star Ltd ( Face Value of Rs.2/- each )	NIL (95,235)	NIL	6,473,939
Container Corporation of India Ltd ( Face Value of Rs.10/- each )	NIL (17,137)	NIL	14,934,735
Geodesic Information Systems Ltd ( Face Value of Rs.10/- each )	29,909 (10,770)	2,751,562	1,502,138
Gujarat Gas Ltd ( Face Value of Rs.2/- each )	NIL (117,895)	NIL	19,011,132
HBL Nife Ltd ( Face Value of Rs.10/- each )	NIL (6,985)	NIL	1,786,774
Hindustan Petroleum Ltd ( Face Value of Rs.10/- each )	NIL (4,000)	NIL	1,177,475
ICICI Bank Ltd. ( Face Value of Rs. 10/- each)	103 (NIL)	96,820	NIL
Indraprastha Gas Ltd ( Face Value of Rs.10/- each )	NIL (176,500)	NIL	17,832,441
ISMT Ltd ( Face Value of Rs.10/- each )	339,473 (331,973)	11,368,895	10,701,395
Marico Industries Ltd ( Face Value of Rs.10/- each )	NIL (655,000)	NIL	12,069,552
Mirc Electronics Ltd ( Face Value of Rs.10/- each )	NIL (350,001)	NIL	7,682,230
Powergrid Corporation Ltd. (Face Value of Rs. 10/- each)	3274 (NIL)	170,248	NIL
Precision Wires Ltd ( Face Value of Rs.10/- each )	6,953 (51,375)	743,971	4,736,331



## Schedules to the Consolidated Balance Sheet as at March 31, 2008

	Number	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
Reliance Power Ltd (Face value of Rs.10/- each)	418 (NIL)	188,100	NIL
Shyam Telecom Ltd ( Face Value of Rs.10/- each )	7350 (7,350)	579,005	579,005
Shyam Telelink Ltd ( Face Value of Rs.10/- each )	166,740 (166,740)	1,667,400	1,667,400
Subex Systems Ltd ( Face Value of Rs.10/- each )	94,827 (93,827)	21,789,016	16,730,662
Sudarshan Chemical Industries Ltd ( Face Value of Rs.10/- each )	NIL (1,850)	NIL	485,810
Union Bank Ltd ( Face Value Rs.10/-each )	NIL (8,550)	NIL	1,356,473
Yuken India Ltd ( Face Value of Rs.10/- each )	101,028 (101,028)	21,370,569	21,370,569
Zee Telefilms Ltd ( Face Value of Rs.10/- each )	NIL (5,000)	NIL	1,593,290
		67,772,513	196,866,757
Less : Dimunition in value of Investment		9,556,173	13,423,077
		<b>58,216,341</b>	183,443,680
<b>Total of Short Term - Quoted Investments</b>		<b>258,216,341</b>	183,443,680
<b>SHORT TERM</b>			
<b>Unquoted</b>			
<b>Investment in Subsidiary Company</b>			
Global Proserv Ltd. ( Face Value of Rs.10/- each )	22,250,000 (7,590,128)	218,727,544	NIL
<b>Other</b>			
Principal Guaranteed Bank Notes		474,453,000	NIL
<b>Total of Short Term-Unquoted Investments</b>		<b>693,180,544</b>	NIL
<b>TOTAL OF SHORT TERM INVESTMENTS</b>	<b>(A)</b>	<b>951,396,885</b>	183,443,680

**Schedules to the Consolidated Balance Sheet as at March 31, 2008**

	Number	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
<b>LONG TERM</b>			
<b>Quoted</b>			
GTL Infrastructure Ltd. (Face Value of Rs.10/- each )	274,180,692 (133,000,000)	2,941,247,633	1,376,580,568
		<b>2,941,247,633</b>	1,376,580,568
<b>LONG TERM</b>			
<b>Unquoted</b>			
Asia Bioenergy Ltd (Face Value of Rs.10/- each )	3,500,000 (3,500,000)	35,000,000	35,000,000
Business India (Face Value of Rs.10/- each )	55,000 (55,000)	550,000	550,000
GTL Management Services Projects Pvt Ltd (Face Value of Rs.10/- each )	4,751,107 (1,286,600)	82,156,140	12,866,000
Brickway Rating India Pvt Ltd. (Face Value of Rs.10/- each )	2,000,000 (NIL)	20,000,000	NIL
		<b>137,706,140</b>	48,416,000
<b>LONG TERM</b>			
<b>Trade :</b>			
<b>INVESTMENT IN ASSOCIATED COMPANY</b>			
Investment in IGTL Thailand		3,710,358	3,710,358
Less : Diminution in value of investment		(3,710,358)	NIL
		<b>NIL</b>	3,710,358
<b>TOTAL OF LONG TERM INVESTMENTS</b>	<b>(B)</b>	<b>3,078,953,773</b>	1,428,706,926
<b>INVESTMENT IN PREFERENCE SHARES</b>			
0.01% Cumulative Redeemable Preference shares of Global Proserve Ltd (Face Value of Rs.100/- each )	5,000,000 (NIL)	500,000,000	NIL
Brickway Rating India Pvt Ltd. (Face Value of Rs.10/- each )	3,000,000 (NIL)	30,000,000	NIL
0.01 % Preference Shares of GTL Management Services & Projects P Ltd (Face Value of Rs.10/- each )	NIL (65,000,000)	NIL	650,000,000
<b>TOTAL OF INVESTMENT IN PREFERENCE SHARES</b>	<b>(C)</b>	<b>530,000,000</b>	650,000,000
<b>TOTAL OF INVESTMENTS</b>	<b>(A+B+C)</b>	<b>4,560,350,657</b>	2,262,150,599
Less: Share of Loss of Investment in Associates (GTL Infrastructure Ltd and IGTL Thailand )		(173,917,454)	(24,424,184)
<b>NET INVESTMENTS</b>		<b>4,386,433,203</b>	2,237,726,415

## Schedules to the Consolidated Balance Sheet as at March 31, 2008

	As at March 31, 2008 Rupees	As at March 31, 07 Rupees
<b>SCHEDULE G</b>		
<b>INVENTORIES</b>		
Stores & Spares	4,219,592	3,794,450
Stock - in trade	1,321,548,836	1,197,832,432
Work in Progress	899,368,014	494,207,089
<b>TOTAL</b>	<b>2,225,136,442</b>	<b>1,695,833,971</b>
<b>SCHEDULE H</b>		
<b>SUNDRY DEBTORS ( Unsecured )</b>		
Trade		
Outstanding for over six months		
Considered Good	586,909,755	116,567,572
Considered doubtful	31,269,937	44,695,971
Less : Provision for doubtful debts	(31,269,937)	(44,695,971)
	586,909,755	116,567,572
Other Debts (Considered Good)	3,060,793,842	3,841,845,905
<b>TOTAL</b>	<b>3,647,703,597</b>	<b>3,958,413,477</b>
<b>SCHEDULE I</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	4,634,092	10,531,124
Cash at bank		
With Scheduled Banks		
- In Current Accounts	295,596,369	540,691,385
- In Fixed Deposits	915,591,809	1,175,394,571
With Others		
- In International Banks of Subsidiaries	2,468,991,458	399,324,490
- In Foreign Currency Convertible Bond Account	704,260,439	2,582,542,267
- In External Commercial Borrowing	3,964,841,173	6,504,241,891
Cheques in Hand & in Transit	256,428,717	31,497,324
<b>TOTAL</b>	<b>8,610,344,057</b>	<b>11,244,223,052</b>
<b>SCHEDULE J</b>		
<b>LOANS AND ADVANCES (Unsecured, considered good)</b>		
Advances recoverable in cash or in kind or for value to be received	5,654,924,730	3,854,715,342
Deposits	840,916,132	304,497,600
Tax paid/Deducted at Source (Net of Provision)	364,933,915	228,747,726
<b>TOTAL</b>	<b>6,860,774,777</b>	<b>4,387,960,668</b>
<b>TOTAL OF CURRENT ASSETS</b>	<b>21,343,958,873</b>	<b>21,286,431,168</b>

**Schedules to the Consolidated Balance Sheet as at March 31, 2008**

	<b>As at March 31, 2008 Rupees</b>	<b>As at March 31, 07 Rupees</b>
<b>SCHEDULE K</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A) Current Liabilities:</b>		
Sundry Creditors and Acceptances	8,066,530,107	5,390,230,321
Investor Education and Protection Fund	17,822,637	18,003,743
Interest accrued but not due on loans	22,236,206	239,085,797
Advance from Customers	1,448,314,292	525,752,985
Other liabilities	775,503,243	568,543,768
<b>TOTAL</b>	<b>10,330,406,485</b>	<b>6,741,616,614</b>
<b>B) Provisions</b>		
Provision for Gratuity	34,715,497	32,212,005
Provision for Leave Encashment	19,632,601	18,284,192
Provision for Derivatives Loss ( MTM )	306,400,000	NIL
Proposed Dividend	283,722,237	258,199,353
Tax on Dividend	48,218,594	43,880,980
<b>TOTAL</b>	<b>692,688,929</b>	<b>352,576,530</b>
<b>TOTAL OF CURRENT LIABILITIES &amp; PROVISIONS</b>	<b>11,023,095,414</b>	<b>7,094,193,144</b>

## Schedules to Consolidated Profit and Loss Account for the year ended March 31, 2008

	April 07- March 08 12 months Rupees	July 06 - March 07 9 months Rupees
<b>SCHEDULE L</b>		
<b>OTHER INCOME</b>		
Miscellaneous Income	16,605,127	6,215,315
Profit/(Loss) on sale of Fixed Assets (Net)	(4,380,212)	14,061,334
<b>TOTAL</b>	<b>12,224,915</b>	<b>20,276,649</b>
<b>SCHEDULE M</b>		
<b>COST OF SALES AND SERVICES</b>		
Purchases	12,245,533,939	6,888,878,709
Less: Increase in inventories	(529,302,470)	(923,913,300)
<b>TOTAL</b>	<b>11,716,231,469</b>	<b>5,964,965,409</b>
<b>SCHEDULE N</b>		
<b>COST OF DELIVERY</b>		
Cost of Delivery - Salaries	641,465,019	684,421,457
Contribution to Provident and Other Funds	28,033,305	25,788,111
Staff Welfare Expenses	73,997,477	53,850,954
Staff Training and Recruitment Expenses	10,778,581	8,457,396
Consultancy Charges	567,649,709	133,370,265
Travelling and Conveyance Expenses	287,949,972	128,738,943
Communication Expenses	38,580,204	22,432,743
	<b>1,648,454,267</b>	<b>1,057,059,869</b>
<b>SCHEDULE O</b>		
<b>SELLING &amp; MARKETING EXPENSES</b>		
Selling and Distribution - Salaries	235,293,411	165,098,399
Contribution to Provident and Other Funds	13,494,679	7,842,188
Staff Welfare Expenses	7,376,743	6,817,808
Staff Training and Recruitment Expenses	1,357,784	3,889,678
Consultancy Charges	32,687,863	8,730,891
Travelling and Conveyance Expenses	32,879,544	37,415,430
Communication Expenses	8,657,547	7,072,593
Advertisement Expenses	7,442,373	1,512,304
Business Promotion Expenses	129,454,035	18,176,087
Freight Charges	3,930,013	3,310,803
Marketing Expenses	69,734,503	76,557,888
	<b>542,308,495</b>	<b>336,424,069</b>

**Schedules to Consolidated Profit and Loss Account for the year ended March 31, 2008**

	<b>April 07- March 08 12 months Rupees</b>	<b>July 06 - March 07 9 months Rupees</b>
<b>SCHEDULE P</b>		
<b>ADMINISTRATION EXPENSES</b>		
Administration Expenses - Salaries	369,360,953	193,814,261
Contribution to Provident Fund & Others	19,179,294	10,203,923
Staff Welfare Expenses	45,325,813	34,383,190
Staff Training & Recruitment Expenses	7,693,208	7,083,764
Consultancy Charges	10,092,313	2,080,507
Rent	149,819,494	70,788,656
Electricity Charges	35,976,490	39,071,218
Insurance	19,585,662	33,701,499
Travelling & Conveyance Expenses	52,976,566	37,537,798
Legal and Professional Fees	191,851,812	119,124,469
Director's Sitting Fees	685,000	577,680
Commission to Non-Executive Directors	6,673,800	1,319,625
Auditor's Remuneration	10,161,104	6,713,916
Communication Expenses	66,562,098	25,094,924
Repairs & Maintenance - Buildings	1,420,695	5,686,267
- Plant & Machinery	1,042,761	8,585,424
- Others	74,335,259	53,556,474
Provision for Doubtful Debts	11,724,102	16,843,362
Balances and Claims written off ( Net )	11,722,046	777,399
Other Expenses	71,651,605	56,557,381
	<b>1,157,840,075</b>	<b>723,501,737</b>
<b>SCHEDULE Q</b>		
<b>FINANCE COST (NET)</b>		
<b>Interest Income</b>		
Interest - Bank Deposits	477,223,404	372,246,371
- Others	162,259,710	3,018,866
<b>Total of Interest Income</b>	<b>639,483,114</b>	<b>375,265,237</b>
<b>Interest Expense</b>		
Interest - Term loan	526,086,779	297,454,909
- Others	32,291,023	60,740,112
<b>Total of Interest Expense</b>	<b>558,377,802</b>	<b>358,195,021</b>
<b>Net Interest Income / (Expense)</b>	<b>81,105,312</b>	<b>17,070,216</b>
<b>Other Financial Income</b>		
Dividend received from investments	3,285,831	24,987,089
Profit on sale of Investments (Net of diminution in value of Investment)	242,435,727	17,419,417
<b>Total of Other Financial Income</b>	<b>245,721,558</b>	<b>42,406,506</b>
<b>Total of Interest (Net) &amp; Financial Income</b>	<b>326,826,870</b>	<b>59,476,722</b>
<b>Less:</b>		
Finance Charges	645,430,501	74,306,908
Exchange Loss (Net)	232,888,456	138,873,645
<b>TOTAL</b>	<b>551,492,087</b>	<b>153,703,831</b>



## SCHEDULE "R"

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED March 31, 2008.

## Principles of Consolidation

The accompanying consolidated financial statements include the accounts of GTL Limited and its following Subsidiaries:

Sr No.	Name of the subsidiary company	Country of Incorporation	Proportion of ownership interest and relationship	Financial year ended on
<b>1</b>	<b>International Global Tele-Systems Limited</b>	<b>Mauritius</b>	<b>100% subsidiary of GTL Limited</b>	<b>31st December</b>
1.a	IGTL Solutions (Mauritius) Limited	Mauritius	100% subsidiary of International Global Tele-Systems Limited	31st December
1.b	IGTL Solutions (USA) Inc.	USA	100% subsidiary of International Global Tele-Systems Limited	31st December
1.c	IGTL Solutions (Australia) Pty Ltd.	Australia	100% subsidiary of International Global Tele-Systems Limited	Closed during the year
1.d	IGTL Solutions (Germany) GmbH	Germany	100% subsidiary of International Global Tele-Systems Limited	Closed during the year
1.e	IGTL Solutions South Africa (Proprietary) Limited	South Africa	100% subsidiary of International Global Tele-Systems Limited	Closed during the year
1.f	Genesis Telecomms Pte Ltd.	Singapore	100% subsidiary of Genesis Consultancy Limited	Closed during the year
1.g	Genesis Consultancy GmbH	Switzerland	100% subsidiary of Genesis Consultancy Limited	Closed during the year
1.h	Re-Source Global Ltd.	UK	100% subsidiary of Genesis Consultancy Limited	Closed during the year
<b>2</b>	<b>GTL International Ltd.</b>	<b>Bermuda</b>	<b>100% subsidiary of GTL Limited</b>	<b>31st March</b>
2.a	IGTL Solutions (S) Pte Ltd	Singapore	100% subsidiary of GTL International Ltd	31st March
2.b	IGTL Solutions (UK) Limited	UK	100% subsidiary of GTL International Ltd	31st March
2.c	IGTL Solutions (Saudi Arabia) Limited	Saudi Arabia	90% subsidiary of GTL International Ltd	31st December
2.d	IGTL Solutions (Middle East) FZ LLC	UAE	100% subsidiary of GTL International Ltd	31st March
2.e	IGTL Solutions (Nigeria) Limited	Nigeria	100% subsidiary of GTL International Ltd	31st December
2.f	Pt. IGTL Solutions (Indonesia)	Indonesia	100% subsidiary of IGTL Solutions (S) Pte Ltd	31st December
2.g	GTL Europe Limited (formerly Genesis Consultancy Limited)	UK	100% subsidiary of IGTL Solutions (UK) Limited	31st March
2.h	Genesis Consultancy Australia Pty Ltd	Australia	100% subsidiary of GTL Europe Limited (formerly Genesis Consultancy Limited)	31st March
2.i	Genesis Consultancy USA Inc.	USA	100% subsidiary of GTL Europe Limited (formerly Genesis Consultancy Limited)	31st December
2.j	Pt. Genesis Consultancy	Indonesia	100% subsidiary of GTL Europe Limited (formerly Genesis Consultancy Limited)	31st March
2.k	Genesis Telecommunications Ireland Ltd	Ireland	100% subsidiary of GTL Europe Limited (formerly Genesis Consultancy Limited)	31st March
2.l	Genesis Consultancy (2004) Limited	New Zealand	100% subsidiary of GTL Europe Limited (formerly Genesis Consultancy Limited)	31st March
2.m	Ada Cellworks Sdn. Bhd.	Malaysia	100% subsidiary of GTL International Ltd	31st December
2.n	Ada Cellworks LLC	USA	100% subsidiary of Ada Cellworks Sdn. Bhd.	31st December
2.o	Ada Cellworks Thailand Co Ltd	Thailand	100% subsidiary of Ada Cellworks Sdn. Bhd.	31st December
2.p	Ada Cellworks, Inc.	Philippines	100% subsidiary of Ada Cellworks Sdn. Bhd.	31st December
2.q	Ada Cellworks Co. Ltd	China	100% subsidiary of Ada Cellworks Sdn. Bhd.	31st December
2.r	Ada Cellworks Pte Ltd	Singapore	100% subsidiary of Ada Cellworks Sdn. Bhd.	31st December
2.s	Ada Cellworks Limited	New Zealand	100% subsidiary of Ada Cellworks Sdn. Bhd.	31st December
2.t	Ada Cellworks Wireless Engineering Pvt. Ltd.	India	100% subsidiary of Ada Cellworks Sdn. Bhd.	31st December
2.u	Pt. Ada Cellworks Indonesia	Indonesia	100% subsidiary of Ada Cellworks Sdn. Bhd.	31st December
2.v	Ada Cellworks (Taiwan) Co. Ltd	Taiwan	100% subsidiary of Ada Cellworks Sdn. Bhd.	31st December
2.w	Ada Cellworks Pty Ltd	Australia	100% subsidiary of Ada Cellworks Sdn. Bhd.	31st December
2.x	Ada Cellworks Private Limited	Sri Lanka	100% subsidiary of Ada Cellworks Sdn. Bhd.	31st December
2.y	GTL USA Inc.	USA	100% subsidiary of GTL International Ltd	31st March
2.z	Strategic Communication Services	USA	100% subsidiary of GTL USA Inc.	31st March
2.aa	GTL Managed Services (UK) Limited	UK	100% subsidiary of GTL International Ltd	31st March
<b>3</b>	<b>Global Proserv Ltd (Refer Note No. 2 below)</b>	<b>India</b>	<b>89% subsidiary of GTL Limited (as at 31st March 2008)</b>	<b>31st March</b>
<b>4</b>	<b>IGTL Solutions Lanka (Pvt.) Ltd.</b>	<b>Sri Lanka</b>	<b>100% subsidiary of GTL Limited</b>	<b>31st March</b>

- All inter company balances and transactions between the Company and its subsidiaries have been eliminated in the consolidation.
- As the ITES business is likely to be hived off/ sold, investment in Global Proserv Ltd. being temporary in nature hence not consolidated.
- The usual financial year end of GTL, GTL International and IGTL Sri Lanka, whereas the financial year end of IGTL Mauritius and its subsidiaries is December 31st. Profits/Losses of consolidated IGTL from April 2007 to December 2007 are adjusted against the Reserves.

## A. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis for preparation of financial statements

The financial statements have been prepared under the historical cost convention, in accordance with Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the Company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

The preparation of financial statements in conformity with Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Examples of such expenses include, estimates of contract completed costs, provision for doubtful debts, useful lives of fixed assets etc., Actual results could differ from those estimates.

### (b) Revenue recognition

Revenue from Sales/Services are accounted for as net of taxes and the principles of revenue recognition are given below:-

- i. Revenue from services rendered is recognized as the service is performed.
- ii. Income from turnkey projects is recognized as a percentage and in proportion to work completion. However in cases of contracts where consideration is separately defined/identified for supply of goods/materials whose distinct identity remains even after project completion, revenue is recognized based on delivery at site to the customers.
- iii. In case of fixed-price contracts, revenue is recognized based on the milestones achieved as specified in the contracts.
- iv. Income from annual maintenance contracts and annual subscriptions is accounted for in the ratio of the period expired to the total period of contract and amount received from customers towards un-expired portion of annual maintenance contracts and annual subscriptions is shown as advances received from customers which is accounted as income in the following financial year(s).
- v. Income from Registration, Set up and Configuration charges are recognized on activation of customer account.
- vi. Revenue from sales is recognized upon passing of title/shipment/Installation of the products and on transfer of significant risk and rewards of ownership.
- vii. Dividend income is recognized when the right to receive dividend is established.
- viii. Lease rentals are accounted over the initial lease period in equal installments.
- ix. Interest is recognized on time proportion basis.

### (c) Fixed Assets and Depreciation

#### i. Fixed Assets

Fixed Assets are stated at the cost of acquisition less accumulated depreciation. All identifiable costs incurred upto asset put to use are capitalised. Borrowing costs, net off income on temporary investment out of borrowings that necessarily take a substantial period of time to get ready for its intended use are capitalized to the cost of assets. Any gains or losses on account of exchange difference either on settlement or translation where they relate to the acquisition of specific fixed assets are adjusted to the carrying cost of such assets.

Consequent to the Accounting Standard 28 on "Impairment of Assets" becoming mandatory effective from 1st April 2004, the Company assesses at each Balance Sheet date whether there is any indication of impairment of assets. Such asset, either on individual basis or on the basis of cash generating unit to which it belongs, is considered to be impaired when its carrying amount exceeds the amount to be recovered through use or sale and such excess is recognized as expense in the Profit and Loss Account. Subsequently if there is a change in the indication, since the last impairment was recognized, so that recoverable amount of an asset exceeds its carrying amount, an impairment recognized for an asset in prior accounting period is reversed.

#### ii. Depreciation

The depreciation on fixed assets is provided based on useful lives as estimated by the management.

Cost of leasehold land is amortized over the remaining lease period from the year in which construction on leasehold land is completed. Licensed software is amortized over the license period.

#### iii. Leases

Assets taken on lease, under which all the risks and rewards of ownership are effectively retained by the lessor, are classified as operating lease. Operating lease payments are recognised as expenses in the Profit and Loss Account on a straight-line basis over the lease term.

### (d) Investments

- i. Long term Investments are valued at cost less provision for permanent diminution in value of such investments.
- ii. Current Investments are valued at lower of cost and market value.

### (e) Inventories

Inventories (including work in progress) are valued at the lower of cost (determined on a first in, first out basis) or net realizable value.

### (f) Foreign currency transactions

- i. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.
- ii. Monetary foreign currency items at the period end are translated at period end rates.
- iii. Non-monetary foreign currency items are carried at cost.
- iv. Any gains or losses on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Account except in cases where they relate to the acquisition of specific fixed assets in which case they are adjusted to the carrying cost of such assets.
- v. In respect of transaction covered by forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract is amortized as expense/income over the life of the contract. Exchange differences on such a contract are recognized in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period.

### (g) Foreign Currency Translation

In respect of non-integral foreign operations the translation to Indian Rupee for the purpose of consolidation is performed for Balance

Sheet Accounts using the average exchange rates in effect at the Balance Sheet date and for revenues and expense accounts weighted average exchange rates for the respective periods. The gains or losses resulting from such translations are reported as a separate component of Reserves and Surplus under the head "Translation Adjustment".

**(h) Research and Development**

- i. Revenue expenditure on Research and Development is charged to Profit and Loss Account in the period in which it is incurred.
- ii. Capital expenditure on Research and Development is included under the relevant fixed assets and depreciation thereon is provided as given in note no. 1(c) (ii) above.

**(i) Retirement benefits**

**i. Provident Fund & Family Pension**

Contribution to Provident Fund and Family Pension Fund are provided for and payments in respect thereof are made to the relevant authorities on actual basis.

**ii. Gratuity**

In respect of gratuity, the provision is made on actuarial basis at the year end except in case of International Global Tele-Systems Ltd and IGTL Solutions Lanka (Pvt) Ltd where it is done on actual basis.

**iii. Leave encashment**

Provision is made for leave encashment liability on actuarial basis at the year end except in case of International Global Tele-Systems Ltd and IGTL Solutions Lanka (Pvt) Ltd where it is done on actual basis.

**(j) Income Tax**

**Current Tax :** Provision is made for income tax, under the tax payable method, based on the liability as computed after taking credit for allowances and exemptions. Adjustments in books are made only after the completion of the assessment. In case of matters under appeal, due to disallowances or otherwise, full provision is made when the Company accepts the said liabilities.

**Deferred Tax :** As per Accounting Standard 22 – "Accounting for Taxes on Income" the differences that result between the profit offered for income tax and the profit as per the financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted regulations. Deferred tax assets are recognized where there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

**(k) Provisions, Contingent Liabilities & Contingent Assets**

A provision is recognized when the Company has a present obligation as a result of past events, the settlement of which is expected to result in an outflow of resources and which can be measured only by using a substantial degree of estimation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are disclosed by way of notes to the financial

statements after careful evaluation by the management of the facts and legal aspects of the matters involved.

Contingent Assets are neither recognized, nor disclosed

**(l) Financial Derivatives Hedging Transactions**

The use of Financial Derivatives Hedging contracts is governed by the Company's policies approved by the management/Board of directors which provide written principles on the use of such financial derivatives consistent with the company's risk management strategy.

Financial Derivatives hedging contracts are accounted on the date of their settlement and realized gain / loss in respect of settled contracts are recognized in the profits and loss account, along with the underlying transactions.

**B. NOTES TO ACCOUNTS**

**1. NOTE**

- i) Figures are rounded off to nearest rupee in Lacs
- ii) Figures in brackets relate to the previous period and are regrouped and reclassified wherever necessary.
- iii) The figures being for the current period which is of 12 months cannot be compared with that of previous period since they correspond to that of 9 months

**2. RELATED PARTY TRANSACTIONS**

As per the Accounting Standard 18-'Related Party Transactions' the transactions with subsidiaries are exempted from being disclosed. The group entered into transactions with key management personnel during the year.

Particulars of remuneration and other benefits paid to key management personnel during the year ended March 31, 2008 are set out below:

Rs in Lacs

	Salary	Contributions to provident and other funds	Loans Outstanding	ESOP Outstanding (Nos)
12 months period ended March 31, 2007	1,643.46	51.78	0.54	3,197,175
9 months period ended March 31, 2007	829.00	35.00	266.37	1,269,100

**3. SEGMENTATION**

In terms of Accounting Standard 17 which speaks of Segment Reporting, the company has a single reporting segment i.e. Network Services.

Geographical revenues are segregated based on the location of the respective clients. USA includes specific billing in United States of America, Asia/Europe comprises all Asian countries including India and Europe includes continental Europe (both east and the west) and the United Kingdom; Middle East and others include all other places except those mentioned above.

**Geographical Segment**
**Rs In Lacs**

Particulars	USA	Asia/ Europe	Middle East	Others	Total
Sales & Services (FY 07-08, 12 months)	4,961	1,54,400	8,180	9,593	1,77,134
Sales & Services (FY 06-07, 9 months)	2,825	75,727	3,709	10,282	92,543

4. Consequent to the Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets" becoming mandatory effective from 1st April 2004, following are the disclosures as per Accounting Standard - 29

**a. CONTINGENT LIABILITIES NOT PROVIDED FOR**
**Rs in Lacs**

	As at March 31, 2008	As at March 31, 2007
i) Claims against the Company not acknowledged as debts	50.95	40.70
ii) Guarantees given by Banks on behalf of Affiliates	20,009.60	4,601.07
a) Guarantees given to banks by the Company		
b) Performance Guarantees issued to banks on behalf of Associates & Affiliates	25,000.00	17596.16
c) Financial Guarantees given by Company to Third Party/ies	99,500.00	71,250.00
d) Performance Guarantees given by Company to Third Party/ies	2,917.99	NIL
iii) Disputed Sales tax liabilities in respect of pending cases	316.04	131.91
iv) Bill Discounted (Net of Margin & insurance cover)	9,020.96	14,874.01
v) Securitisation of Receivables	NIL	6,363.02
vi) Disputed Income tax liability in respect of pending case before the Appellate Authorities (Previous period Rs.5,066.53)	205.73	5,823.99
vii) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	125.53	2,009.26
viii) Premium payable on redemption of FCCB's issued	NIL	1,188.58

As per our report of even date

**For Godbole Bhawe & Co.**  
Chartered Accountants

**For Yeolekar & Associates**  
Chartered Accountants

**M. V. Bhawe**  
Partner  
M. No 38812  
Mumbai  
April 11, 2008

**S. S. Yeolekar**  
Partner  
M. No 36398

**b. PROVISION FOR UNASCERTAINED EXPENSES**
**Rs. In Lacs**

	Provision for Derivative Losses		Warrantee		Doubtful Debts	
	As at March 31, 2008	As at March 31, 2007	As at March 31, 2008	As at March 31, 2007	As at March 31, 2008	As at March 31, 2007
Opening Balance	NIL	NIL	23.88	16.88	427.89	383.77
Additional Provisions	3064.00	NIL	99.55	23.88	117.24	168.43
Utilisation	NIL	NIL	NIL	NIL	232.44	95.47
Unutilized provision reversed	NIL	NIL	23.88	16.88	NIL	28.84
<b>Closing Balance</b>	<b>3064.00</b>	<b>NIL</b>	<b>99.55</b>	<b>23.88</b>	<b>312.70</b>	<b>427.89</b>

**5. DEFERRED TAX ASSET/LIABILITY**

The deferred tax credit for the year ended March 31, 2008, is recognized in the Profit and Loss Account comprising of tax effect of timing differences amounting to Rs. 1,594.80 Lacs (Rs.178.87 Lacs). The deferred tax asset as of March 31, 2008 stands at Rs. 2,727.05 Lacs (after considering transfer of deferred tax on sale of business Rs. 93.26 Lacs) (Rs.1,225.51 Lacs).

No deferred Tax Liability has been estimated for IGTL Solutions Lanka (Pvt) Ltd.

**6. INVESTMENTS IN ASSOCIATES IN CONSOLIDATED FINANCIAL STATEMENT (CFS)**

Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statement' has come into effect in respect of accounting period commencing from April 1, 2002. The investments of 37.34% in GTL Infrastructure Ltd and 49% in IGTL Solutions (Thailand) Ltd fall under the criteria set under the said standard.

Investment in the GTL Infrastructure Ltd and IGTL Solutions (Thailand) Ltd are accounted for using equity method and shown as long-term investment in Consolidated Financial Statement. The Company's share of profit/Loss in said company is disclosed separately in Consolidated Financial Statements. As regards GTL Infrastructure. The company has computed minority interest of it's investment based on last audited Balance Sheet as December 31, 2007.

**For and on behalf of the Board**
**Manoj G. Tiroadkar**  
Chairman & Managing Director

**Gajanan V. Desai**  
Director

**Charudatta Naik**  
Wholetime Director & COO

**Milind V. Bapat**  
Sr. Vice President - Finance

**V. A. Apte**  
Company Secretary

## Consolidated Cash Flow for the Year Ended March 31, 2008

	April 07- March 08 12 months Rupees	July 06 - March 07 9 months Rupees
<b>CASH FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before tax and extraordinary items:</b>	1,613,822,753	730,366,302
<b>Adjustments for:</b>		
Depreciation	495,466,915	308,535,785
Interest , dividend etc. received	(639,483,114)	(400,252,326)
Provision for doubtful debts	11,724,102	16,843,362
Debit/Credit balances and claims written off	11,722,046	777,399
(Profit)/Loss on sale of fixed assets	4,380,212	(14,061,336)
(Profit)/Loss on sale of Investments	(242,435,727)	(17,419,417)
(Gain)/Loss on exchange fluctuation	(73,511,544)	138,873,645
Employee Compensation Expenses under ESOP	26,480,290	1,480,010
Provision for Derivatives Loss (MTM)	306,400,000	NIL
<b>Operating profit before working capital changes</b>	<b>1,514,565,932</b>	<b>765,143,424</b>
<b>Adjustments for:</b>		
Inventories	(529,302,471)	(923,913,301)
Receivables	287,263,732	(1,051,101,555)
Loans and advances	(2,236,627,920)	(1,556,856,409)
Trade payables	2,676,299,786	3,872,550,756
Other current liabilities and provisions	916,341,985	395,836,416
Working Capital under Business Transfer	(422,910,799)	NIL
<b>Cash generated from operations</b>	<b>2,205,630,245</b>	<b>1,501,659,331</b>
Interest paid	558,377,802	358,195,021
Financial Charges	645,430,501	74,306,908
Direct taxes received / ( paid )	(409,517,415)	(463,581,579)
<b>Cash flow from Operating Activities</b>	<b>2,999,921,133</b>	<b>1,470,579,682</b>
<b>Extraordinary items:</b>		
Translation adjustments & Reserve on Consolidation	(253,821,662)	(180,200,350)
Prior year adjustments	(72,042,090)	(30,775,887)
<b>Net cash flow after Extra Ordinary items (A)</b>	<b>2,674,057,382</b>	<b>1,259,603,445</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets ( Net of Adjustments and Transfer of Business)	(895,235,144)	(1,128,341,256)
Sale of fixed assets	7,358,879	299,629,877
Additions to investments	(2,931,364,573)	(31,449,176)
Sale of investments	1,025,093,513	397,703,536
Interest, dividend etc. received	639,483,114	400,252,327
Consideration from Sale of ITES Business (net of expenses) (includes realisation towards working capital)	1,738,233,387	NIL
<b>Net cash generated from/(used in) investing activities (B)</b>	<b>(4,16,430,824)</b>	<b>(62,204,692)</b>

### Consolidated Cash Flow for the Year Ended March 31, 2008

	<b>April 07- March 08 12 months Rupees</b>	<b>July 06 - March 07 9 months Rupees</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares (net of repayment)	58,865,260	110,920,862
Share Premium	486,559,203	975,524,571
Buyback of Share	(2,588,799,899)	NIL
Loans ( Net ) - FCCB	(521,112,084)	(1,036,822,776)
Loans ( Net ) - Others	(359,062,529)	6,485,632,189
Loan - Secured	(594,047,812)	NIL
Interest paid	(558,377,802)	(358,195,021)
Financial Charges	(645,430,501)	(74,306,908)
Dividend paid	(243,610,935)	(1,900,944,004)
Gain on exchange fluctuation	73,511,544	(138,873,645)
<b>Net cash received from/(used in) financing activities (C)</b>	<b>(4,891,505,555)</b>	<b>4,062,935,268</b>
<b>Net increase in cash and cash equivalents (A + B + C)</b>	<b>(2,633,878,996)</b>	<b>5,260,334,021</b>
<b>Cash and cash equivalents (opening)</b>	<b>11,244,223,052</b>	<b>5,983,889,031</b>
<b>Cash and cash equivalents (closing)</b>	<b>8,610,344,056</b>	<b>11,244,223,052</b>

For and on behalf of the Board

Mumbai  
April 11, 2008

**Manoj G. Tirodkar**  
*Chairman & Managing Director*

### AUDITORS' CERTIFICATE

We have verified the above cash Flow Statement of GTL Limited from the audited financial statement for the year ended 31st March,2008 and 31st March,2007 and found the same to be drawn in accordance therewith and also with the requirements of clause 32 of the listing agreements with stock exchanges.

**For Godbole Bhawe & Co.**  
*Chartered Accountants*

**For Yeolekar & Associates**  
*Chartered Accountants*

**M. V. Bhawe**  
Partner  
M. No. 38812

**S. S. Yeolekar**  
Partner  
M. No. 36398

Mumbai  
April 11, 2008



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

No	Name of the subsidiary company	Financial year of the subsidiary company ended on	Holding company	Extent of Holding Company's interest (%)	Face value of equity shares(per share)	Number of equity shares held by the holding company and/or its subsidiaries	Net aggregate amounts of the profits/(losses) of the subsidiary so far as it concerns the members of the holding company and is not dealt within accounts of holding company			Net aggregate amounts of the profits/(losses) of the subsidiary so far as it concerns the members of the holding company and is not dealt within accounts of holding company			Material changes between the end of the subsidiary's financial year and 31st March, 2004				
							For the financial year of the subsidiary	For the previous financial year of the subsidiary since it became its subsidiary	For the previous financial years of the subsidiary since it became its subsidiary	For the financial year of the subsidiary	For the previous financial year of the subsidiary since it became its subsidiary	For the previous financial years of the subsidiary since it became its subsidiary	the subsidiary's fixed assets	its investments	Money lent by the subsidiary company	Money borrowed by the subsidiary company other than for meeting current liabilities	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)			
1	International Global Tele-Systems Limited	31st December 2007	GTL Limited	100	USD 1	2,762,615	USD	6,736,210	USD	6,432,163	USD	450,863	USD	Nil	Nil	Nil	Nil
2	IGTL Solutions (S) Pte. Ltd.	31st March 2008	GTL International	100	SGD 1	500,000	USD	24,831,995	USD	759,407	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3	IGTL Solutions (UK) Limited	31st March 2008	GTL International	100	GBP 1	250,000	GBP	(125,865)	GBP	160,947	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4	IGTL Solution (Saudi Arabia Limited)	31st December 2007	GTL International	90	Saudi Riyal 1	1,800,000	Saudi Riyal	394,017	Saudi Riyal	1,046,925	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5	IGTL Solutions Middle East FZ LLC	31st March 2008	GTL International	100	AED 1	500,000	AED	13,377,212	AED	22,968,422	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6	IGTL Solutions (Nigeria) Limited	31st December 2007	GTL International	100	USD 0.78125	10,000,000	USD	(115,364)	USD	96,008	Nil	Nil	Nil	Nil	Nil	Nil	Nil
7	Pt. IGTL Solutions (Indonesia) Limited	31st December 2007	IGTL Solutions (S) Pte Ltd	100	IDR 8995	125,000	IDR	(1,717,148,915)	IDR	(1,104,812,074)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
8	GTL Europe Limited (formerly Genesis Consultancy Limited)	31st March 2008	IGTL Solutions (UK) Limited	100	GBP 1	2	GBP	(603,275)	GBP	27,566	Nil	Nil	Nil	Nil	Nil	Nil	Nil
9	Genesis Consultancy Australia Pty Ltd*	31st March 2008	Genesis Consultancy Limited	100	AUD 1	100	AUD	(2,963)	AUD	23,003	Nil	Nil	Nil	Nil	Nil	Nil	Nil
10	Genesis Consultancy (2004) Limited**	31st March 2008	Genesis Consultancy Limited	100	NZD 1	-	NZD	(115,395)	NZD	15,061	Nil	Nil	Nil	Nil	Nil	Nil	Nil
11	Genesis Consultancy USA Inc. *	31st December 2007	Genesis Consultancy Limited	100	USD 1	100,000	USD	198,745	USD	52,935	Nil	Nil	Nil	Nil	Nil	Nil	Nil
12	Pt. Genesis Consultancy*	31st March 2008	Genesis Consultancy Limited	100	USD 1	5,000	IDR	(49,640,162)	IDR	70,045,270	Nil	Nil	Nil	Nil	Nil	Nil	Nil
13	Genesis Telecommunications Ireland Ltd*	31st March 2008	Genesis Consultancy Limited	100	Euro 1	1	Euro	292,429	Euro	27,190	Nil	Nil	Nil	Nil	Nil	Nil	Nil
14	Ada Cellworks Sdn. Bhd. #	31st March 2008	GTL International	100	RM 1	822,581	RM	8,184,758	RM	-	Nil	Nil	Nil	Nil	Nil	Nil	Nil
15	Ada Cellworks LL co**	31st March 2008	Ada Cellworks Sdn. Bhd.	100	USD 1	100,000	USD	(58,350)	USD	-	Nil	Nil	Nil	Nil	Nil	Nil	Nil
16	Ada Cellworks Thailand Co Ltd#	31st March 2008	Ada Cellworks Sdn. Bhd.	100	THB 100	4,900	THB	(1,874,853)	THB	-	Nil	Nil	Nil	Nil	Nil	Nil	Nil
17	Ada Cellworks, Inc. #	31st March 2008	Ada Cellworks Sdn. Bhd.	100	Peso 100	5,043	Peso	789,400	Peso	-	Nil	Nil	Nil	Nil	Nil	Nil	Nil
18	Ada Cellworks Co. Ltd@#	31st March 2008	Ada Cellworks Sdn. Bhd.	100	RMB 1	1,241,505	RMB	1,717,432	RMB	-	Nil	Nil	Nil	Nil	Nil	Nil	Nil
19	Ada Cellworks Pte Ltd#	31st March 2008	Ada Cellworks Sdn. Bhd.	100	SGD 1	100,000	SGD	115,197	SGD	-	Nil	Nil	Nil	Nil	Nil	Nil	Nil
20	Ada Cellworks Limited#	31st March 2008	Ada Cellworks Sdn. Bhd.	100	NZD 1	100	NZD	(2,603)	NZD	-	Nil	Nil	Nil	Nil	Nil	Nil	Nil
21	Ada Cellworks Wireless Engineering Pvt. Ltd. #	31st March 2008	Ada Cellworks Sdn. Bhd.	100	INR 10	50,000	INR	17,223,516	INR	-	Nil	Nil	Nil	Nil	Nil	Nil	Nil
22	Pt. Ada Cellworks Indonesia#	31st March 2008	Ada Cellworks Sdn. Bhd.	100	IDR 9030	50,000	IDR	(6,580,495,892)	IDR	-	Nil	Nil	Nil	Nil	Nil	Nil	Nil
23	Ada Cellworks (Taiwan) Co. Ltd@#	31st March 2008	Ada Cellworks Sdn. Bhd.	100	New Taiwan Dollar 1	5,000,000	New Taiwan Dollar	193,504	New Taiwan Dollar	-	Nil	Nil	Nil	Nil	Nil	Nil	Nil
24	Ada Cellworks Pty Ltd #	31st March 2008	Ada Cellworks Sdn. Bhd.	100	AUD 1	100	AUD	35,539	AUD	-	Nil	Nil	Nil	Nil	Nil	Nil	Nil
25	GTL USA Inc	31st March 2008	GTL International	100	Not specified	-	USD	-	USD	-	Nil	Nil	Nil	Nil	Nil	Nil	Nil
26	Strategic Communication Services LLC#	31st March 2008	GTL USA Inc	100	USD 1	393,000	USD	242,446	USD	-	Nil	Nil	Nil	Nil	Nil	Nil	Nil
27	Global ProServ Limited	31st March 2008	GTL Limited	89	Rs. 10	22,250,000	Rs.	(18,420,708)	Rs.	(106,666,418)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
28	IGTL Solutions Lanka (Pvt.) Ltd	31st March 2008	GTL Limited	100	LKR 10	485,000	LKR	20,259,211	LKR	42,488,255	Nil	Nil	Nil	Nil	Nil	Nil	Nil

\* : The Companies marked with \* have been taken over from 18th October 2006. The profit figure shown in column 8 indicates the profit from the date of acquisition @: For these companies the total equity share capital is not split into number of shares and not denominated.

\* : The Companies marked with # have been taken over in December 2007. The profit figure shown in column 7 indicates the profit from the date of acquisition

**Rates Considered for conversion of Financials of Subsidiaries to INR**

Sr No.	Name of the subsidiary company	Country of Incorporation	Financial year ended on	Local Currency	P&L Items & Balance Sheet Items Conversion Rate			
					Mar'08	Dec'07	Mar'07	Dec'06
<b>1</b>	<b>International Global Tele-Systems Limited</b>	<b>Mauritius offshore</b>	<b>31st December</b>	<b>USD</b>	<b>39.870</b>	<b>39.395</b>	<b>43.655</b>	<b>44.225</b>
1.a	IGTL Solutions (Mauritius) Limited	Mauritius onshore	31st December	MUR	1.316	1.300	1.441	1.459
1.b	IGTL Solutions (USA) Inc.	USA	31st December	USD	39.870	39.395	43.655	44.225
<b>2</b>	<b>GTL International Ltd.</b>	<b>Bermuda</b>	<b>31st March</b>	<b>USD</b>	<b>39.870</b>	<b>39.395</b>	<b>43.655</b>	<b>44.225</b>
2.a	IGTL Solutions (S) Pte Ltd	Singapore	31st March	USD	39.870	39.395	43.655	44.225
2.b	IGTL Solutions (UK) Limited	UK	31st March	GBP	79.545	78.705	85.785	86.800
2.c	IGTL Solutions (Saudi Arabia) Limited	Saudi Arabia	31st December	SAR	10.630	10.510	11.645	11.790
2.d	IGTL Solutions (Middle East) FZ LLC	UAE	31st March	AED	10.860	10.510	11.890	12.040
2.e	IGTL Solutions (Nigeria) Limited	Nigeria	31st December	USD	39.870	39.395	43.655	44.225
2.f	Pt. IGTL Solutions (Indonesia)	Indonesia	31st December	IDR	0.004	0.004	0.005	0.005
2.g	GTL Europe Limited (formerly Genesis Consultancy Limited)	UK	31st March	GBP	79.545	78.705	85.785	86.800
2.h	Genesis Consultancy Australia PVT Ltd	Australia	31st March	AUD	36.580	34.715	35.260	34.995
2.i	Genesis Consultancy USA Inc.	USA	31st March	USD	39.870	39.395	43.655	44.225
2.j	Pt. Genesis Consultancy	Indonesia	31st March	IDR	0.004	0.004	0.005	0.005
2.k	Genesis Telecommunications Ireland Ltd	Ireland	31st March	EURO	63.035	58.100	58.260	58.180
2.l	Genesis Consultancy (2004) Limited	New Zealand	31st March	NZD	31.630	30.535	31.175	31.009
2.m	Ada Cellworks Sdn. Bhd.	Malaysia	31st December	RM	12.410	11.498	12.514	12.100
2.n	Ada Cellworks LLC	USA	31st December	USD	39.870	39.395	43.655	44.225
2.o	Ada Cellworks Thailand Co Ltd	Thailand	31st December	Baht	1.290	1.228	1.296	1.174
2.p	Ada Cellworks, Inc.	Philippines	31st December	Pesos	0.974	0.860	0.899	0.865
2.q	Ada Cellworks Co. Ltd	China	31st December	Yuan	5.614	5.194	5.634	5.557
2.r	Ada Cellworks Pte Ltd	Singapore	31st December	SGD	28.905	27.350	28.780	28.845
2.s	Ada Cellworks Limited	New Zealand	31st December	NZD	31.630	30.535	31.175	31.009
2.t	Ada Cellworks Wireless Engineering Pvt. Ltd.	India	31st December	RS	1.000	1.000	1.000	1.000
2.u	Pt. Ada Cellworks Indonesia	Indonesia	31st December	IDR	0.004	0.004	0.005	0.005
2.v	Ada Cellworks (Taiwan) Co. Ltd	Taiwan	31st December		1.284	1.200	1.322	1.360
2.w	Ada Cellworks Pty Ltd	Australia	31st December	AUD	36.580	34.715	35.260	34.995
2.x	Strategic Communication Services	USA	31st March	USD	39.870	39.395	43.655	44.225
2.y	GTL Managed Services (UK) Limited	UK	31st March	GBP	79.545	78.705	85.785	86.800
<b>3</b>	<b>IGTL Solutions Lanka (Pvt.) Ltd.</b>	<b>Srilanka</b>	<b>31st March</b>	<b>LKR</b>	<b>0.370</b>		<b>0.400</b>	

## DIRECTORS' REPORT

### PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries are to provide network engineering and IT services. In this connection, the Group's emphasis is on network engineering, software, IT enabled engineering services and CRM services. Within these overall parameters, the Group focuses on network engineering, call centres, bill presentation and processes centre, data centre and software development centre services.

### DIRECTORS

All directors served office throughout the year.

- Dev Joory
- Couldip Basanta Lala
- Manoj G. Tirodkar
- Gerard Francis Misquatta

## AUDITORS' REPORT

### TO THE MEMBERS OF INTERNATIONAL GLOBAL TELE-SYSTEMS LIMITED

We have audited the consolidated financial statements of **INTERNATIONAL GLOBAL TELE-SYSTEMS LIMITED** which have been prepared on the basis of the accounting policies set out.

This report is made solely to the Group's and the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Group's and the Company's members those matters we are required to state to them in the auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Company and the Group's and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and for ensuring that the financial statements comply with the Companies Act 2001. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

### BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing.

An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or any interests in the company or its subsidiaries other than in our capacity as auditors in the ordinary course of business.

### WORK OF OTHER AUDITORS

Without qualifying our opinion, we draw attention to the fact that the financial statements of the subsidiaries, PT IGTL Solutions Indonesia, IGTL Solutions (S) Pte Ltd and IGTL

### DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and the cash flow of the Group and the Company. The directors are also responsible for keeping accounting records which:

- correctly record and explain the transactions of the Company;
- disclose with reasonable accuracy at any time the financial position of the Group and the Company; and
- would enable them to ensure that the financial statements comply with the Companies Act 2001.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

### AUDITORS

The auditors, Horwath **Mauritius**, have indicated their willingness to continue in office.

January 21, 2008

Solutions (Saudi Arabia) Limited, included in the consolidated financial statements of the Group were audited by other independent auditors in accordance with Auditing Standards established by the Indonesian Institute of Accountants, Singapore Standard on Auditing, Auditing Standards generally accepted in the Kingdom of Saudi Arabia, respectively. The financial statements of both IGTL Solutions (UK) Limited and GTL Europe Limited, also included in the consolidated financial statements were audited by other independent auditors in accordance with International Standards on Auditing (UK and Ireland). The report of those auditors dated January 10, 2008, January 15 2008, 21 January 2008, January 15, 2008 and January 15, 2008 respectively, expressed an unqualified opinion on the subsidiaries' financial statements.

### OTHER MATTERS

We also draw attention to the fact that the financial statements of the subsidiaries, PT IGTL Solutions Indonesia, IGTL Solutions (S) Pte Ltd, IGTL Solutions (Saudi Arabia) Limited and IGTL Solutions Nigeria Limited which have been included in the consolidated financial statements of the Group, have been prepared in accordance with the Generally Accepted Accounting Principle in Indonesia, Singapore Financial Reporting Standards, Accounting Standards generally accepted in the Kingdom of Saudi Arabia and Generally Accepted Accounting Standards issued by the Nigerian Accounting Standards Board. The financial statements of both IGTL Solutions (UK) Limited and GTL Europe Limited, also included in the consolidated financial statements have been prepared in accordance with the United Kingdom Generally Accepted Accounting Practice. In the opinion of the directors, these are not significantly different from the International Financial Reporting Standards (IFRS).

### OPINION

We have obtained all the information and explanations we considered necessary for the purposes of our audit.

In our opinion:

- (a) proper accounting records have been kept by the Group and the Company as far as it appears from our examination;
- (b) the financial statements give a true and fair view of the state of affairs of the Group and the Company as at December 31, 2007 and of the results, changes in equity and cash flows for the year then ended, comply with the Companies Act 2001 and have been properly prepared in accordance with International Financial Reporting Standards

**Horwath Mauritius**  
Public Accountants

**O. Sewraz, FCCA**  
Signing Partner

January 21, 2008

**Consolidated Balance Sheet  
as at December 31, 2007**

THE GROUP					THE COMPANY			
Notes	2007 USD	2006 USD	2007 INR	2006 INR	2007 USD	2006 USD	2007 INR	2006 INR
<b>ASSETS</b>								
Non-current assets								
Intangible assets	3	4,671,117	5,171,117	184,018,654	228,692,649	NIL	NIL	NIL
Property, plant and equipment	4	837,480	844,022	32,992,525	37,326,873	NIL	NIL	NIL
Investment in subsidiaries	5	NIL	NIL	NIL	NIL	1,698,473	1,698,473	66,911,344
Other investments	6	84,983	84,983	3,347,905	3,758,373	NIL	NIL	NIL
Deferred tax	11	89,057	NIL	3,508,401	NIL	NIL	NIL	NIL
		<b>5,682,637</b>	<b>6,100,122</b>	<b>223,867,485</b>	<b>269,777,895</b>	<b>1,698,473</b>	<b>1,698,473</b>	<b>66,911,344</b>
<b>Current assets</b>								
Inventories	7	5,088,021	8,875,115	200,442,587	392,501,961	1,672,200	5,351,000	65,876,319
Trade and other receivables	8	45,169,199	53,861,365	1,779,440,595	2,382,018,867	27,043,407	35,129,066	1,065,375,019
Due from related companies	9	8,410,187	285,613	331,319,317	12,631,235	6,386,489	13,933,126	251,595,734
Cash and cash equivalents		46,630,140	18,193,967	1,836,994,365	804,628,191	45,477,363	15,284,483	1,791,580,715
		<b>105,297,547</b>	<b>81,216,060</b>	<b>4,148,196,864</b>	<b>3,591,780,254</b>	<b>80,579,459</b>	<b>69,697,675</b>	<b>3,174,427,787</b>
<b>Total Assets</b>		<b>110,980,184</b>	<b>87,316,182</b>	<b>4,372,064,349</b>	<b>3,861,558,149</b>	<b>82,277,932</b>	<b>71,396,148</b>	<b>3,241,339,131</b>
<b>EQUITY AND LIABILITIES</b>								
Equity attributable to equity holders of the parent								
Issued capital	10	27,762,615	27,762,615	1,093,708,218	1,227,801,648	27,762,615	27,762,615	1,093,708,218
Retained earnings		50,657,127	21,867,681	1,995,637,518	967,098,192	20,820,650	17,812,608	820,229,507
Translation reserve		1,422,481	(642,863)	56,038,639	(28,430,616)	NIL	(886)	NIL
		<b>79,842,223</b>	<b>48,987,433</b>	<b>3,145,384,375</b>	<b>2,166,469,224</b>	<b>48,583,265</b>	<b>45,574,337</b>	<b>1,913,937,725</b>
<b>Minority interest</b>		<b>98,182</b>	<b>82,482</b>	<b>3,867,880</b>	<b>3,647,766</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Total equity</b>		<b>79,940,405</b>	<b>49,069,915</b>	<b>3,149,252,255</b>	<b>2,170,116,991</b>	<b>48,583,265</b>	<b>45,574,337</b>	<b>1,913,937,725</b>
<b>Non-current liability</b>								
Deferred tax	11	NIL	32,375	NIL	1,431,784	NIL	NIL	NIL
<b>Current liabilities</b>								
Trade and other payables	12	21,618,970	17,641,614	851,679,323	780,200,379	8,149,625	5,095,128	321,054,477
Bank loan	13	6,902,884	8,158,446	271,939,115	360,807,274	950,000	3,300,000	37,425,250
Bank overdraft	14	1,494,620	1,470,101	58,880,555	65,015,217	1,474,096	1,470,101	58,072,012
Due to related companies	9	NIL	9,972,666	NIL	441,041,154	22,097,641	15,145,970	870,536,567
Proposed dividend	15	901,262	588,762	35,505,216	26,037,999	901,262	588,762	35,505,216
Taxation	16	122,043	382,303	4,807,884	16,907,350	122,043	221,850	4,807,884
		<b>31,039,779</b>	<b>38,213,892</b>	<b>1,222,812,094</b>	<b>1,690,009,374</b>	<b>33,694,667</b>	<b>25,821,811</b>	<b>1,327,401,406</b>
<b>Total current liabilities</b>		<b>31,039,779</b>	<b>38,213,892</b>	<b>1,222,812,094</b>	<b>1,690,009,374</b>	<b>33,694,667</b>	<b>25,821,811</b>	<b>1,327,401,406</b>
<b>Total Equity And Liabilities</b>		<b>110,980,184</b>	<b>87,316,182</b>	<b>4,372,064,349</b>	<b>3,861,558,149</b>	<b>82,277,932</b>	<b>71,396,148</b>	<b>3,241,339,131</b>

The notes form an integral part of these consolidated financial statements

Signed on behalf of the Board of Directors

Dev Joory  
Director

Cooldip Basanta Lala  
Director

January 21, 2008

## Consolidated Income Statement for the year ended December 31, 2007

Notes	THE GROUP				THE COMPANY			
	2007 USD	2006 USD	2007 INR	2006 INR	2007 USD	2006 USD	2007 INR	2006 INR
<b>Income</b>	68,794,295	82,416,268	2,710,151,252	3,644,859,452	28,400,000	37,650,400	1,118,818,000	1,665,088,940
<b>Cost of sales</b>	(56,065,909)	(61,513,769)	(2,208,716,485)	(2,720,446,434)	(24,551,500)	(29,905,723)	(967,206,343)	(1,322,580,600)
<b>Gross profit</b>	<b>12,728,386</b>	<b>20,902,499</b>	<b>501,434,766</b>	<b>924,413,018</b>	<b>3,848,500</b>	<b>7,744,677</b>	<b>151,611,658</b>	<b>342,508,340</b>
<b>Expenses</b>								
Administrative & general expenses	9,541,834	11,037,735	375,900,550	488,143,830	1,440,882	1,166,866	56,763,546	51,604,649
Depreciation & amortisation	841,419	221,146	33,147,702	9,780,182	NIL	NIL	NIL	NIL
	10,383,253	11,258,881	409,048,252	497,924,012	1,440,882	1,166,866	56,763,546	51,604,649
<b>Profit from operations</b>	<b>2,345,133</b>	<b>9,643,618</b>	<b>92,386,515</b>	<b>426,489,006</b>	<b>2,407,618</b>	<b>6,577,811</b>	<b>94,848,111</b>	<b>290,903,691</b>
Interest income	946,342	598,314	37,281,143	26,460,437	838,632	587,374	33,037,908	25,976,615
Other income	1,298,323	994,787	51,147,435	43,994,455	948,897	692,789	37,381,797	30,638,594
Finance costs	(792,768)	NIL	(31,231,095)	NIL	(170,825)	NIL	(6,729,651)	NIL
<b>Loss on disposal of fixed assets</b>	<b>NIL</b>	<b>(19)</b>	<b>NIL</b>	<b>(840)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Profit before taxation</b>	<b>3,797,030</b>	<b>11,236,700</b>	<b>149,583,997</b>	<b>496,943,058</b>	<b>4,024,322</b>	<b>7,857,974</b>	<b>158,538,165</b>	<b>347,518,900</b>
Income tax expense	(111,534)	(350,333)	(4,393,882)	(15,493,477)	(115,018)	(221,388)	(4,531,134)	(9,790,884)
<b>Profit after taxation</b>	<b>3,685,496</b>	<b>10,886,367</b>	<b>145,190,115</b>	<b>481,449,581</b>	<b>3,909,304</b>	<b>7,636,586</b>	<b>154,007,031</b>	<b>337,728,016</b>
Profit on discontinued operations	26,020,912	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Profit for the year</b>	<b>29,706,408</b>	<b>10,886,367</b>	<b>145,190,115</b>	<b>481,449,581</b>	<b>3,909,304</b>	<b>7,636,586</b>	<b>154,007,031</b>	<b>337,728,016</b>
<b>Attributable to:</b>								
Equity holders of the Company	29,690,708	10,883,644	144,571,613	481,329,156	3,909,304	7,636,586	154,007,031	337,728,016
Minority interest	15,700	2,723	618,502	120,425	NIL	NIL	NIL	NIL
	<b>29,706,408</b>	<b>10,886,367</b>	<b>145,190,115</b>	<b>481,449,581</b>	<b>3,909,304</b>	<b>7,636,586</b>	<b>154,007,031</b>	<b>337,728,016</b>

## Consolidated Cash Flow Statement for the year ended December 31, 2007

	THE GROUP				THE COMPANY			
	2007 USD	2006 USD	2007 INR	2006 INR	2007 USD	2006 USD	2007 INR	2006 INR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Profit before tax	3,797,030	11,236,700	149,583,997	496,943,058	4,024,322	7,857,974	158,538,165	347,518,900
<i>Adjustments for:</i>								
Depreciation & amortisation	841,419	221,146	33,147,702	9,780,182	NIL	NIL	NIL	NIL
Profit on discontinued operations	26,020,912	NIL	1,025,093,828	NIL	NIL	NIL	NIL	NIL
Prior year adjustments	NIL	(87,900)	NIL	(3,887,378)	NIL	496,064	NIL	21,938,430
Loss on disposal of fixed assets	NIL	19	NIL	840	NIL	NIL	NIL	NIL
Interest income	(946,342)	(598,314)	(37,281,143)	(26,460,437)	(838,632)	(587,374)	(33,037,908)	(25,976,615)
<b>Operating profit before working capital changes</b>	<b>29,713,019</b>	<b>10,771,651</b>	<b>1,170,544,384</b>	<b>476,376,265</b>	<b>3,185,690</b>	<b>7,766,664</b>	<b>125,500,258</b>	<b>343,480,715</b>
Increase in inventories	3,787,094	5,775,646	149,192,568	255,427,944	3,678,800	8,149,000	144,926,326	360,389,525
Decrease/(increase) in trade and other receivables	8,692,166	(11,679,859)	342,427,880	(516,541,764)	8,085,659	(10,766,252)	318,534,536	(476,137,495)
Increase/(decrease) in trade and other payables	3,977,356	(1,404,231)	156,687,940	(62,102,116)	3,054,497	189,009	120,331,909	8,358,923
<b>Cash generated from operations</b>	<b>46,169,635</b>	<b>3,463,207</b>	<b>1,818,852,771</b>	<b>153,160,330</b>	<b>18,004,646</b>	<b>5,338,421</b>	<b>709,293,029</b>	<b>236,091,669</b>
Income tax paid	(493,226)	(297,221)	(19,430,638)	(13,144,599)	(214,825)	(161,550)	(8,463,031)	(7,144,549)
<b>Net cash from operating activities</b>	<b>45,676,409</b>	<b>3,165,986</b>	<b>1,799,422,133</b>	<b>140,015,731</b>	<b>17,789,821</b>	<b>5,176,871</b>	<b>700,829,998</b>	<b>228,947,120</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Purchase of fixed assets	(334,877)	(5,646,718)	(13,192,479)	(249,726,104)	NIL	NIL	NIL	NIL
Purchase of investments	NIL	(84,983)	NIL	(3,758,373)	NIL	(78,125)	NIL	(3,455,078)
Interest received	946,342	598,314	37,281,143	26,460,437	838,632	587,374	33,037,908	25,976,615
<b>Net cash from/(used in) investing activities</b>	<b>611,465</b>	<b>(5,133,387)</b>	<b>24,088,664</b>	<b>(227,024,040)</b>	<b>838,632</b>	<b>509,249</b>	<b>33,037,908</b>	<b>22,521,537</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Net receipts/(repayments) of bank facilities	(2,725,663)	4,902,471	(107,377,494)	216,811,780	(2,350,000)	3,533,208	(92,578,250)	156,256,124
Loan from subsidiary companies	NIL	NIL	NIL	NIL	6,951,671	4,587,536	273,861,079	202,883,780
Loan refund by/(to) subsidiary companies	NIL	NIL	NIL	NIL	7,546,637	(11,819,662)	297,299,765	(522,724,552)
Loan from holding company	NIL	1,752,571	NIL	77,507,452	NIL	NIL	NIL	NIL
Loan to holding company	(8,124,574)	NIL	(320,067,593)	NIL	NIL	NIL	NIL	NIL
Repayment of loan to holding company	(8,502,565)	541,793	(334,958,548)	23,960,795	NIL	NIL	NIL	NIL
Dividend paid	(588,762)	(901,262)	(23,194,279)	(39,858,312)	(588,762)	(901,262)	(23,194,279)	(39,858,312)
<b>Net cash (used in)/from financing activities</b>	<b>(19,941,564)</b>	<b>6,295,573</b>	<b>(785,597,914)</b>	<b>278,421,716</b>	<b>11,559,546</b>	<b>(4,600,180)</b>	<b>455,388,315</b>	<b>(203,442,961)</b>
<b>Net increase in cash and cash equivalents</b>	<b>26,346,310</b>	<b>4,328,172</b>	<b>1,037,912,882</b>	<b>191,413,407</b>	<b>30,187,999</b>	<b>1,085,940</b>	<b>1,189,256,221</b>	<b>48,025,697</b>
Effect of exchange rate difference	2,089,863	(642,863)	82,330,153	(28,430,616)	4,881	(886)	192,287	(39,183)
Cash and cash equivalents at beginning of year	18,193,967	14,508,658	716,751,330	641,645,400	15,284,483	14,199,429	602,132,208	627,969,748
<b>Cash and cash equivalents at end of year</b>	<b>46,630,140</b>	<b>18,193,967</b>	<b>1,836,994,365</b>	<b>804,628,191</b>	<b>45,477,363</b>	<b>15,284,483</b>	<b>1,791,580,715</b>	<b>675,956,261</b>

The notes from an integral part of these consolidated financial statements

### Consolidated Statement of Changes in Equity for the year ended December 31, 2007

**THE GROUP**

	Issued capital USD	Retained earnings USD	Translation reserve USD	Total USD	Minority interest USD	Total equity USD	Issued capital IN R	Retained earnings IN R	Translation reserve IN R	Total IN R	Minority interest IN R	Total equity IN R
At 1 January 2006	27,762,615	11,973,209	NIL	39,735,824	79,749	39,815,573	1,227,801,648	529,515,168	NIL	1,757,316,816	3,142,111	1,760,458,927
Profit for the year	NIL	10,883,634	NIL	10,883,634	2,733	10,886,367	NIL	481,328,714	NIL	481,328,714	120,867	481,449,581
Dividends	NIL	(901,262)	NIL	(901,262)	NIL	(901,262)	NIL	(39,858,312)	NIL	(39,858,312)	NIL	(39,858,312)
Prior year adjustments	NIL	(87,900)	NIL	(87,900)	NIL	(87,900)	NIL	(3,887,378)	NIL	(3,887,378)	NIL	(3,887,378)
Translation difference	NIL	NIL	(642,863)	(642,863)	NIL	(642,863)	NIL	NIL	(28,430,616)	(28,430,616)	NIL	(28,430,616)
At 31 December 2006	27,762,615	21,867,681	(642,863)	48,987,433	82,482	49,069,915	1,227,801,648	967,098,192	(28,430,616)	2,166,469,224	3,647,766	2,170,116,991
Profit for the year	NIL	29,690,708	NIL	29,690,708	15,700	29,706,408	NIL	1,169,665,442	NIL	1,169,665,442	618,502	1,170,283,943
Dividends	NIL	(901,262)	NIL	(901,262)	NIL	(901,262)	NIL	(35,505,216)	NIL	(35,505,216)	NIL	(35,505,216)
Translation difference	NIL	NIL	2,065,344	2,065,344	NIL	2,065,344	NIL	NIL	81,364,227	81,364,227	NIL	81,364,227
At 31 December 2007	27,762,615	50,657,127	1,422,481	79,842,223	98,182	79,940,405	1,093,708,218	1,995,637,518	56,038,639	3,145,384,375	3,867,880	3,149,252,255

**THE COMPANY**

	Stated capital USD	Retained earnings USD	Translation reserve USD	Total USD	Stated capital INR	Retained earnings INR	Translation reserve INR	Total INR
At 1 January 2006	27,762,615	10,581,220	NIL	38,343,835	1,227,801,648	467,954,455	NIL	1,695,756,103
Profit for the year	NIL	7,636,586	NIL	7,636,586	NIL	337,728,016	NIL	337,728,016
Dividends	NIL	(901,262)	NIL	(901,262)	NIL	(39,858,312)	NIL	(39,858,312)
Prior year adjustments	NIL	496,064	NIL	496,064	NIL	21,938,430	NIL	21,938,430
Translation difference	NIL	NIL	(886)	(886)	NIL	NIL	(39,183)	(39,183)
At 31 December 2006	27,762,615	17,812,608	(886)	45,574,337	1,227,801,648	787,762,589	(39,183)	2,015,525,054
Profit for the year	NIL	3,909,304	NIL	3,909,304	NIL	154,007,031	NIL	154,007,031
Dividends	NIL	(901,262)	NIL	(901,262)	NIL	(35,505,216)	NIL	(35,505,216)
Translation difference	NIL	NIL	886	886	NIL	NIL	34,904	34,904
At 31 December 2007	27,762,615	20,820,650	NIL	48,583,265	1,093,708,218	820,229,507	NIL	1,913,937,725

### Notes to the Consolidated Financial Statements for the year ended December 31, 2007

**1. GENERAL INFORMATION**

The Company was incorporated in Mauritius on July 10, 1995 as a private company with limited liability and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company's registered office is at IFS Court, TwentyEight, Cybercity, Ebene, Mauritius.

The principal activities of the Company and its subsidiaries are to provide network engineering and IT services.

The financial statements of the Company are expressed in United States dollars ("USD"). The Company's business or other activity is carried out in a currency other than the Mauritian rupee, which is a requirement of the Financial Services Development Act 2001. The Company's functional currency is the USD, the currency of the primary economic environment in which the Company operates.

**2. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable International Financial Reporting Standards (IFRS).

In 2005, the Company adopted all new and revised IFRS issued up to and including December 31, 2007. The 2006 financial statements have been amended as required, in accordance with the requirements of the following relevant standards:

IAS 1 (revised 2003)	Presentation of Financial Statements
IAS 18 (revised 2003)	Accounting Policies, Changes in Accounting Estimates and errors
IAS 10 (revised 2003)	Events after Balance Sheet Date
IAS 21 (revised 2003)	The Effects of Changes in Foreign Exchange Rates
IAS 24 (revised 2003)	Related Party Disclosures

IAS 32 (revised 2003) Financial Instruments: Disclosure and Presentation

IAS 39 (revised 2003) Financial Instruments: Recognition and Measurement

The adoption of IAS 1, 8, 10, 21, 24, 32, 39 (revised 2004) resulted in some changes to the Company's accounting policies. In summary:

IAS 1 (revised 2003) had no material effect on the Company's policies;

IAS 8 and IAS 10 (both revised 2003) had no material effect on the Company's policies;

IAS 21 (revised 2003) had no material effect on the Company's policy. The functional currency of the Fund has been re-evaluated based on the guidance to the revised standard and is still considered appropriate;

IAS 24 (revised 2003) has affected the identification of related parties and some other related party disclosures;

IAS 32 (revised 2003) had no material effect on the Company's policy; and

IAS 39 (revised 2003) had no material effect on the Company's policy.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All standards adopted by the Company were applied retrospectively.

**(a) Basis of presentation**

The consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS"), including International Accounting Standards ("IAS") and Interpretations issued by the IAS Board. The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results may differ from these estimates.



The Company's financial statements have been prepared on the historical cost basis, except for the measurement at fair value of certain financial instruments carried at Balance Sheet.

**(b) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

On acquisition, the identifiable assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the identifiable assets and liabilities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

**(c) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. All items of plant and equipment are initially recorded at cost.

Depreciation is computed over the estimated useful life of the asset as follows:

	Straight line	Reducing balance
Office renovation	8%-33.33%	-
Furniture and fittings	6%-10%	25%
Office equipment	10%-25%	25%
Computer equipment	20%-33.33%	-
Motor vehicles	50%	-

**(d) Intangible asset**

Goodwill represents the excess of the cost of the acquisition over the fair value of the identifiable net assets of subsidiary at the date of acquisition. It is recognised as from the date of acquisition of new subsidiary and is regularly revalued for any impairment.

**(e) Financial instruments**

Financial instruments and financial liabilities are recognised on the Group's Balance Sheet when the Group has become a party to the contractual provisions of the instrument.

**(f) Investments in subsidiaries**

Subsidiary undertakings are those entities in which the Company has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations.

Investment in subsidiary is shown at cost. Where an indication of impairment exists the recoverable amount of the investment is assessed. Where the carrying amount is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the income statement. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

**(g) Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost includes freight and handling charges and is computed on a first in first out basis. Provision is made, where necessary, for obsolete, slow moving and defective stock. Net realisable value is the estimated selling price in the ordinary course of the business, less estimated costs of completion and the estimated cost necessary to make the sale.

**(h) Trade and other receivables**

Trade and other receivables are stated at the principal amount outstanding, net of any allowance for uncollectable amount.

**(i) Related parties**

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly to control the other party or exercise significant influence over the other party in making financial or operating decisions.

**(j) Cash and cash equivalents**

Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**(k) Deferred tax**

Deferred tax is provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which are expected with reasonable probability to crystallize in the foreseeable future.

**(l) Trade and other payables**

Trade and other payables are stated at nominal value.

**(m) Transactions in foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date. Differences on exchange are accounted for in the Income Statement.

Differences on exchange resulting from translation of the financial statements of foreign branches and subsidiaries have been classified as translation reserve.

**(n) Revenue recognition**

The Group's revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the Income Statement as follows:

Revenue are recognised when goods are delivered at the customers premises which is taken to be the point in time when the customer has accepted the goods and the related risks and reward of ownership. Revenue excludes goods and services or other sales taxes and is after deduction of any trade discounts and sales tax.

Revenue are recognised as services are rendered.

Consultancy revenue is recognised upon the delivery of the service to the customer.

Interest income is accounted for on an accrual basis.

**3. INTANGIBLE ASSET**

Intangible asset which comprise goodwill has been stated at cost and is revalued on a regular basis for any effect of impairment.

	2007 USD	2006 USD	2007 INR	2006 INR
At 1 January	5,171,117	NIL	203,716,154	NIL
Acquisition	NIL	5,171,117	NIL	228,692,649
Impairment charge	(500,000)	NIL	(19,697,500)	NIL
At 31 December	4,671,117	5,171,117	184,018,654	228,692,649

**4. PROPERTY, PLANT AND EQUIPMENT  
THE GROUP**

	Property, plant and equipment USD	Office renovation USD	Furniture and fittings USD	Office equipment USD	Computer equipment USD	Motor vehicles USD	Total USD	Property, plant and equipment INR	Office renovation INR	Furniture and fittings INR	Office equipment INR	Computer equipment INR	Motor vehicles INR	Total INR
<b>COST</b>														
At 1 January 2007	444,248	92,468	111,790	377,927	1,272,056	55,717	2,354,206	17,501,150	3,642,777	4,403,967	14,888,434	50,112,646	2,194,971	92,743,945
Additions	114,017	258	65,085	17,470	49,340		246,170	4,491,700	10,164	2,564,024	688,231	1,943,749	NIL	9,697,867
Written off	NIL	NIL	NIL	(1,213)	NIL	NIL	(1,213)	NIL	NIL	NIL	(47,786)	NIL	NIL	(47,786)
<b>Translation differences</b>	<b>N IL</b>	<b>N IL</b>	<b>N IL</b>	<b>N IL</b>	<b>N IL</b>	<b>N IL</b>	<b>N IL</b>	<b>N IL</b>	<b>N IL</b>	<b>N IL</b>	<b>N IL</b>	<b>N IL</b>	<b>N IL</b>	<b>N IL</b>
At 31 December 2007	558,265	92,726	176,875	394,184	1,321,396	55,717	2,599,163	21,992,850	3,652,941	6,967,991	15,528,879	52,056,395	2,194,971	102,394,026
<b>DEPRECIATION</b>														
At 1 January 2007	330,739	77,088	77,996	191,214	813,462	19,685	1,510,184	13,029,463	3,036,882	3,072,652	7,532,876	32,046,335	775,491	59,493,699
Charge for the year	80,532	6,645	64,310	28,612	123,894	12,723	316,716	3,172,558	261,780	2,533,492	1,127,170	4,880,804	501,223	12,477,027
Written off	NIL	NIL	NIL	(1,045)	NIL	NIL	(1,045)	NIL	NIL	NIL	(41,168)	NIL	NIL	(41,168)
<b>Translation differences</b>	<b>(11,704)</b>	<b>(2,691)</b>	<b>(3,529)</b>	<b>(6,450)</b>	<b>(38,945)</b>	<b>(853)</b>	<b>(64,172)</b>	<b>(461,079)</b>	<b>(106,012)</b>	<b>(139,025)</b>	<b>(254,098)</b>	<b>(1,534,238)</b>	<b>(33,604)</b>	<b>(2,528,056)</b>
At 31 December 2007	399,567	81,042	138,777	212,331	898,411	31,555	1,761,683	15,740,942	3,192,650	5,467,120	8,364,780	35,392,901	1,243,109	69,401,502
<b>NET BOOK VALUE</b>														
At 31 December 2007	158,698	11,684	38,098	181,853	422,985	24,162	837,480	6,251,908	460,291	1,500,871	7,164,099	16,663,494	951,862	32,992,525
At 1 January 2007	113,509	15,380	33,794	186,713	458,594	36,032	844,022	5,019,936	680,181	1,494,540	8,257,382	20,281,320	1,593,515	37,326,873

**THE COMPANY**

COST	Office equipment USD	Total USD	Office equipment INR	Total INR
At 1 January and 31 December 2007	15,592	15,592	614,247	614,247
<b>DEPRECIATION</b>				
At 1 January 2007	15,592	15,592	614,247	614,247
At December 31, 2007	15,592	15,592	614,247	614,247
<b>NET BOOK VALUES</b>				
At December 31, 2007	NIL	NIL	NIL	NIL
At 31 December 2006	NIL	NIL	NIL	NIL

**5. INVESTMENTS IN SUBSIDIARIES**

The Company has invested in the following subsidiaries:

Name of subsidiaries	Country of incorporation	% holdings	2007 USD	2006 USD	2007 INR	2006 INR
IGTL Solutions (S) Pte Ltd	Singapore	100	82,637	82,637	3,255,485	3,654,621
IGTL Solutions (USA), Inc.	USA	100	500,000	500,000	19,697,500	22,112,500
IGTL Solutions (UK) Ltd	UK	100	367,812	367,812	14,489,954	16,266,486
IGTL Solutions (Australia) Pty. Ltd.	Australia	100	27,500	27,500	1,083,363	1,216,188
IGTL Solutions (Germany) GmbH	Germany	100	21,842	21,842	860,466	965,962
IGTL Solutions Saudi Arabia Limited	Saudi Arabia	90	480,000	480,000	18,909,600	21,228,000
IGTL Solutions Middle East FZ-L.L.C	U.A.E	100	136,986	136,986	5,396,563	6,058,206
IGTL Solutions (Mauritius) Limited	Mauritius	100	3,571	3,571	140,680	157,927
IGTL Solutions Nigeria Limited	Nigeria	100	78,111	78,111	3,077,183	3,454,459
IGTL Solutions South Africa (P) Ltd	South Africa	100	14	14	552	619
			<b>1,698,473</b>	<b>1,698,473</b>	<b>66,911,344</b>	<b>75,114,968</b>

Step Subsidiaries	Country of incorporation	% holdings	Holding subsidiary
GTL Europe Ltd	UK	100	GTL Solutions (UK) Ltd
PT IGTL Solutions (Indonesia) Ltd	Indonesia	100	IGTL Solutions (S) Pte Ltd
Re-Source Global Ltd	UK	100	GTL Europe Ltd
Genesis Consultancy Australia PTY Ltd	Australia	100	GTL Europe Ltd
Genesi Consultancy (2004) Ltd	New Zealand	100	GTL Europe Ltd
Genesis Telecoms PTE Ltd	Singapore	100	GTL Europe Ltd
Genesis Consultancy USA Inc.	USA	100	GTL Europe Ltd
PT Genesis Consultancy Indonesia	Indonesia	100	GTL Europe Ltd
Genesis Consultancy GmbH	Switzerland	100	GTL Europe Ltd
Genesis Telecommunications Ireland Ltd	Ireland	100	GTL Europe Ltd

**6. OTHER INVESTMENTS**

The subsidiary, IGTL Solutions (S) Pte Ltd has invested in the following associated company:

Associated company	% Holding	2007 USD	2006 USD	2007 INR	2006 INR
IGTL Solutions (Thailand) Limited	49%	84,983	84,983	3,347,905	3,758,373

The principal activity of the associate is the provision of information technology and telecommunications and the company increased its interest in the associate by subscribing 37,077 additional shares amounting USD 78,950 for working capital purpose.

**7. INVENTORIES - GROUP AND COMPANY**

Inventories comprise of telecommunication products which have been stated at cost.

8. **TRADE AND OTHER RECEIVABLES**

	The Group				The Company			
	2007 USD	2006 USD	2007 INR	2006 INR	2007 USD	2006 USD	2007 INR	2006 INR
Trade debtors	36,142,384	33,084,375	1,423,829,218	1,463,156,484	20,465,000	23,895,729	806,218,675	1,056,788,615
Advance from third party	NIL	20,036,185	NIL	886,100,282	NIL	11,233,212	NIL	496,788,801
Advance to suppliers	9,026,815	NIL	355,611,377	NIL	6,106,152	NIL	240,551,858	NIL
Deposits	NIL	243,304	NIL	10,760,119	NIL	NIL	NIL	NIL
Sundry debtors & prepayments	NIL	497,501	NIL	22,001,982	472,255	125	18,604,486	5,528
	<b>45,169,199</b>	<b>53,861,365</b>	<b>1,779,440,595</b>	<b>2,382,018,867</b>	<b>27,043,407</b>	<b>35,129,066</b>	<b>1,065,375,019</b>	<b>1,553,582,944</b>

9. **RELATED PARTY TRANSACTIONS - COMPANY ONLY**

During the year ended December 31, 2007, the Company has traded with related entities. The nature, volume of transactions and the balances with the entities are as follows:

	2007				2006			
	Receivable USD	Payable USD	Receivable INR	Payable INR	Receivable USD	Payable USD	Receivable IN R	Payable IN R
<b>(a) Subsidiary companies</b>								
IGTL Solutions (S) Pte Ltd	NIL	25,551,875	NIL	1,006,616,116	NIL	895,104	NIL	39,585,974
IGTL Solutions (USA) Inc.	1,650,810	NIL	65,033,660	NIL	2,631,759	NIL	116,389,542	NIL
IGTL Solutions (UK) Ltd	9,417,749	NIL	371,012,222	NIL	8,677,417	NIL	383,758,767	NIL
IGTL Solutions (Australia) Pty Ltd	NIL	NIL	NIL	NIL	731,742	NIL	32,361,290	NIL
IGTL Solutions (Germany) GMBH	359,032	NIL	14,144,066	NIL	351,472	NIL	15,543,849	NIL
IGTL Solutions Middle East FZ-LLC	NIL	7,478,278	NIL	294,606,762	NIL	4,728,934	NIL	209,137,106
IGTL - New Zealand Branch	626,238	NIL	24,670,646	NIL	570,635	NIL	25,236,313	NIL
IGTL Solutions (Saudi Arabia) Ltd	1,470,048	NIL	57,912,541	NIL	147,392	NIL	6,518,417	NIL
IGTL Solutions (Mauritius) Ltd	332,485	NIL	13,098,247	NIL	487,224	NIL	21,547,502	NIL
IGTL Solutions (Thailand) Ltd	NIL	NIL	NIL	NIL	21,264	NIL	940,411	NIL
PT IGTL Solutions Indonesia	3,832	NIL	150,962	NIL	10,000	NIL	442,250	NIL
IGTL Solutions Nigeria Ltd	116,479	NIL	4,588,690	NIL	78,221	NIL	3,459,324	NIL
IGTL Solutions South Africa Ltd	24,000	NIL	945,480	NIL	6,000	NIL	265,350	NIL
	<b>14,000,673</b>	<b>33,030,153</b>	<b>551,556,513</b>	<b>1,301,222,877</b>	<b>13,713,126</b>	<b>5,624,038</b>	<b>606,463,014</b>	<b>248,723,081</b>
<b>(b) Holding company</b>								
GTL Limited	225,953	2,421,000	8,901,418	95,375,295	220,000	9,521,932	9,729,500	421,107,443
	<b>14,226,626</b>	<b>35,451,153</b>	<b>560,457,931</b>	<b>1,396,598,172</b>	<b>13,933,126</b>	<b>15,145,970</b>	<b>616,192,514</b>	<b>669,830,523</b>

The amounts due from and to related companies are unsecured, interest free and repayable within one year.

10. **ISSUED CAPITAL**

	2007 USD	2006 USD	2007 INR	2006 INR
<b>Authorised</b>				
6,000,000 Ordinary shares of USD 1 each	6,000,000	6,000,000	236,370,000	265,350,000
25,000,000 Cumulative redeemable preference shares of USD 1 each	25,000,000	25,000,000	984,875,000	1,105,625,000
69,000,000 Other shares of USD 1 each	69,000,000	69,000,000	2,718,255,000	3,051,525,000
	<b>100,000,000</b>	<b>100,000,000</b>	<b>3,939,500,000</b>	<b>4,422,500,000</b>
<b>Issued and fully paid</b>				
2,762,615 Ordinary shares of USD 1 each	2,762,615	2,762,615	108,833,218	122,176,648
25,000,000 Cumulative redeemable preference shares of USD 1 each	25,000,000	25,000,000	984,875,000	1,105,625,000
	<b>27,762,615</b>	<b>27,762,615</b>	<b>1,093,708,218</b>	<b>1,227,801,648</b>

**11. DEFERRED TAX - GROUP ONLY**

	The Group			
	2007 USD	2006 USD	2007 INR	2006 INR
At 1 January	32,375	50,000	1,275,413	2,211,250
Movement during the year	(121,432)	(17,625)	(4,783,814)	(779,466)
At 31 December	<b>(89,057)</b>	<b>32,375</b>	<b>(3,508,401)</b>	<b>1,431,784</b>

**12. TRADE AND OTHER PAYABLES**

	The Group				The Company			
	2007 USD	2006 USD	2007 INR	2006 INR	2007 USD	2006 USD	2007 INR	2006 INR
Trade payables	21,350,584	9,841,517	841,106,257	435,241,089	8,100,000	4,502,290	319,099,500	199,113,775
Advance from customers	NIL	4,079,411	NIL	180,411,951	NIL	NIL	NIL	NIL
Advance due to related companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sundry creditors & accruals	268,386	3,720,686	10,573,066	164,547,338	49,625	592,838	1,954,977	26,218,261
	<b>21,618,970</b>	<b>17,641,614</b>	<b>851,679,323</b>	<b>780,200,379</b>	<b>8,149,625</b>	<b>5,095,128</b>	<b>321,054,477</b>	<b>225,332,036</b>

**13. BANK LOANS - COMPANY ONLY**

	2007 USD	2006 USD	2007 INR	2006 INR
<b>The Company</b>				
Borrowings from The HongKong and Shanghai Banking Corporation Limited - Singapore				
Balance as at December 31, 2007 – (i)	NIL	2,500,000	NIL	110,562,500
(ii)	950,000	800,000	37,425,250	35,380,000
	<b>950,000</b>	<b>3,300,000</b>	<b>37,425,250</b>	<b>145,942,500</b>

- (i) The short term revolving loan of USD 2,500,000 is secured by SBLC from ICICI Bank, India, bear interest at the rate of SIBOR + 75 BPS and was settled in January 2007.
- (ii) This loan is secured by Stand by Letter of Credit ("SBLC") from ICICI Bank, India. It bears interest at the rate of LIBOR + 100 BPS and is repayable by August 7, 2009.

**14. BANK OVERDRAFT - COMPANY ONLY**

The bank overdraft with a limit of USD 1,500,000 is secured by SBLC from Union Bank of India, bears interest at the rate of LIBOR + 100 BPS and the facility matures on 8 December 2008.

**15. DIVIDEND - GROUP AND COMPANY**

Dividend to preference shareholders representing 0.625% per quarter and dividend of 10% on ordinary shares are proposed during the year ended December 31, 2007.

**16. TAXATION - COMPANY ONLY**

The Company is a tax incentive company in Mauritius and under the current laws and regulations, is liable to pay income tax on its net income at a rate of 15%. The Company is however entitled to a tax credit equivalent to the higher of actual income tax suffered of 80% of Mauritius tax payable in respect of its foreign source income thus reducing its effective tax rate to 3%.

The Company has received a certificate from the Mauritius Revenue Authority Renewable annually confirming that it is resident in Mauritius. No Mauritian

capital gain tax is payable on profits arising from sale of securities, and any dividends and redemption proceeds paid by the Company to its shareholder will be exempt in Mauritius from any withholding tax. The tax provision for the year under review is USD 122,043 (2006 – USD 221,850).

**17. CONTINGENT LIABILITIES**

Against a financial guarantee for USD 1 million issued by Development Credit Bank, Mumbai and confirmed by Bank of India, Mumbai, a financial guarantee of the same amount was issued by HSBC (Mauritius) Limited to Saudi British Bank, Kingdom of Saudi Arabia to secure facilities granted to IGTL Solutions (Saudi Arabia) Ltd

The above facility matures on 16 December 2008.

The company has also issued guaranteed worth USD 19 million in favour of its suppliers and the facilities have been provided by Bank of Baroda, Mauritius and secured by Corporate Guarantee from GTL Ltd.

**18. DISCONTINUED OPERATIONS**

On July 9, 2007, the Company's subsidiary, IGTL Solutions (S) Pte Ltd, entered into a sales and purchases agreement (SPA) to sell its businesses of Enterprise Solutions Business and Managed Services Business to a company incorporated in Singapore with effect from 10 August 2007. The sale of the businesses includes all necessary infrastructure and equipment, which were defined as the net working capital in the SPA at a consideration of USD 27,242,221. The sale was completed on August 10, 2007.

**19. FINANCIAL INSTRUMENTS - COMPANY ONLY****Financial risk management objectives and policies**

Fair value

The Company's investments in subsidiaries are valued as described in Note 5.

The Company's other financial assets and liabilities include trades and other receivables, due from related companies, cash and cash equivalents, trade and other payables and due to related companies. The carrying amounts of these assets and liabilities approximate their fair values.

The Group's activities expose it to a variety of financial risks, including:

- Credit risk;
- Interest rate risk;
- Liquidity risk; and
- Currency risk

A description of the significant risk factors is given together with the risk management policies applicable:

**(i) Credit risk**

The group's credit risk is primarily attributable to its receivables. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has policies in place to ensure that services are made to customers with an appropriate credit history.

**(ii) Interest rate risk**

The Group borrows at fixed and variables rates. In respect of the latter, it is exposed to risk associated with the effect of fluctuations in the prevailing level of market interest rates on its financial position and cash flows.

**(iii) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping reliable credit lines available.

**(iv) Currency risk**

The Company invests in companies denominated in currencies other than its functional currency. Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to these currencies may change in a manner which has a material effect on the reported values of the Company's assets which are denominated in these currencies.

**20. ULTIMATE HOLDING COMPANY**

The Company is a wholly owned subsidiary of GTL Limited (formerly known as Global Tele-Systems Limited), a company incorporated in India. The directors regard GTL Limited as the ultimate holding company.

Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Companies

No	Name of the subsidiary company	Financial year of the subsidiary company ended on	Holding company	Extent of Holding Company's interest (%)	Face value of equity shares (per share)	Number of equity shares held by the holding company and/or its subsidiaries	Net aggregate amounts of the profits/(losses) of the subsidiary so far as it concerns the members of the holding company and is not dealt within accounts of holding company		Net aggregate amounts of the profits/(losses) of the subsidiary so far as it concerns the members of the holding company and is dealt within accounts of holding company		Material changes between the end of the subsidiary's financial year and 31st March, 2004			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IGTL Solutions (S) Pte. Ltd.	31st March 2008	GTL International	100	SGD 1	500,000	USD	24,831,965	USD	759,407	NIL	NIL	NIL	NIL
2	IGTL Solutions (UK) Limited	31st March 2008	GTL International	100	GBP 1	250,000	GBP	(125,865)	GBP	160,947	NIL	NIL	NIL	NIL
3	IGTL Solution (Saudi Arabia Limited)	31st December 2007	GTL International	90	Saudi Riyal 1	1,800,000	Saudi Riyal	394,017	Saudi Riyal	1,046,925	NIL	NIL	NIL	NIL
4	IGTL Solutions Middle East FZ LLC	31st March 2008	GTL International	100	AED 1	500,000	AED	13,377,212	AED	22,968,422	NIL	NIL	NIL	NIL
5	IGTL Solutions (Nigeria) Limited	31st December 2007	GTL International	100	USD 0.78125	10,000,000	USD	(115,364)	USD	96,008	NIL	NIL	NIL	NIL
6	Pt. IGTL Solutions (Indonesia) Limited	31st December 2007	IGTL Solutions (S) Pte. Ltd	100	IDR 8995	125,000	IDR	(1,717,148,915)	IDR	(1,104,812,074)	NIL	NIL	NIL	NIL
7	GTL Europe Limited (formerly Genesis Consultancy Limited)	31st March 2008	IGTL Solutions (UK) Limited	100	GBP 1	2	GBP	(603,275)	GBP	27,566	NIL	NIL	NIL	NIL
8	Genesis Consultancy Australia Pty Ltd*	31st March 2008	Genesis Consultancy Limited	100	AUD 1	100	AUD	(2,963)	AUD	23,003	NIL	NIL	NIL	NIL
9	Genesis Consultancy (2004) Limited*	31st March 2008	Genesis Consultancy Limited	100	NZD 1	-	NZD	(115,395)	NZD	15,061	NIL	NIL	NIL	NIL
10	Genesis Consultancy USA Inc. *	31st December 2007	Genesis Consultancy Limited	100	USD 1	100,000	USD	198,745	USD	52,935	NIL	NIL	NIL	NIL
11	Pt. Genesis Consultancy*	31st March 2008	Genesis Consultancy Limited	100	USD 1	5,000	IDR	(49,640,162)	IDR	70,045,270	NIL	NIL	NIL	NIL
12	Genesis Telecommunications Ireland Ltd*	31st March 2008	Genesis Consultancy Limited	100	Euro 1	1	Euro	292,429	Euro	27,190	NIL	NIL	NIL	NIL
13	Ada Cellworks Sdn. Bhd. #	31st March 2008	GTL International	100	RM 1	822,581	RM	8,184,758	RM	NIL	NIL	NIL	NIL	NIL
14	Ada Cellworks LLC@#	31st March 2008	Ada Cellworks Sdn. Bhd.	100	USD 1	100,000	USD	(58,350)	USD	NIL	NIL	NIL	NIL	NIL
15	Ada Cellworks Thailand Co Ltd#	31st March 2008	Ada Cellworks Sdn. Bhd.	100	THB 100	4,900	THB	(1,874,853)	THB	NIL	NIL	NIL	NIL	NIL
16	Ada Cellworks, Inc. #	31st March 2008	Ada Cellworks Sdn. Bhd.	100	Peso 100	5,043	Peso	789,400	Peso	NIL	NIL	NIL	NIL	NIL
17	Ada Cellworks Co. Ltd@#	31st March 2008	Ada Cellworks Sdn. Bhd.	100	RMB 1	1,241,505	RMB	1,717,432	RMB	NIL	NIL	NIL	NIL	NIL
18	Ada Cellworks Pre Ltd#	31st March 2008	Ada Cellworks Sdn. Bhd.	100	SGD 1	100,000	SGD	115,197	SGD	NIL	NIL	NIL	NIL	NIL
19	Ada Cellworks Limited#	31st March 2008	Ada Cellworks Sdn. Bhd.	100	NZD 1	100	NZD	(2,603)	NZD	NIL	NIL	NIL	NIL	NIL
20	Ada Cellworks Wireless Engineering Pvt. Ltd. #	31st March 2008	Ada Cellworks Sdn. Bhd.	100	INR 10	50,000	INR	17,223,516	INR	NIL	NIL	NIL	NIL	NIL
21	Pt. Ada Cellworks Indonesia#	31st March 2008	Ada Cellworks Sdn. Bhd.	100	IDR 9030	50,000	IDR	(6,580,495,892)	IDR	NIL	NIL	NIL	NIL	NIL
22	Ada Cellworks (Taiwan) Co. Ltd@#	31st March 2008	Ada Cellworks Sdn. Bhd.	100	New Taiwan Dollar 1	5,000,000	New Taiwan Dollar	193,504	New Taiwan Dollar	NIL	NIL	NIL	NIL	NIL
23	Ada Cellworks Pty Ltd#	31st March 2008	Ada Cellworks Sdn. Bhd.	100	AUD 1	100	AUD	35,539	AUD	NIL	NIL	NIL	NIL	NIL
24	GTL USA Inc	31st March 2008	GTL International	100			USD			NIL	NIL	NIL	NIL	NIL
25	Strategic Communication Services LLC #	31st March 2008	GTL USA Inc	100	USD 1	393,000	USD	242,446	USD	NIL	NIL	NIL	NIL	NIL

\* : The Companies marked with \* have been taken over from 18th October 2006. The profit figure shown in column 8 indicates the profit from the date of acquisition @: For these companies the total equity share capital is not split into number of shares and not denominated.

\* : The Companies marked with # have been taken over in December 2007. The profit figure shown in column 7 indicates the profit from the date of acquisition



**IGTL SOLUTIONS (MAURITIUS) LIMITED****DIRECTOR'S REPORT**

The Directors have the pleasure in submitting the Annual Report of the Company together with the audited financial statements for the year ended December 31, 2007.

**1. INCORPORATION**

The Company was incorporated in Mauritius on October 21, 2004 as a private company limited by shares.

**2. ACTIVITIES**

The principal activity of the Company is to provide telecommunication and telecommunication related services.

**3. RESULTS**

The Company's net profit for the year ended December 31, 2007 was MUR 2,377,336 (INR 3,090,537) (2006: Loss- MUR 5,359,981) (2006: INR 7,820,212) and is set out on page 9.

**4. DIRECTORS**

The names of directors holding office during the year ended December 31, 2007 are as follows:

- Couldip Basanta Lala
- Gerard Francis Misquitta

**5. DIRECTORS INTERESTS IN THE COMPANY**

The directors did not have any interests in the ordinary share capital of the Company as at December 31, 2007.

**6. DIRECTORS SERVICE CONTRACTS**

The directors do not have any service contract with the Company.

**7. DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the Directors to prepare financial statements for each financial year, that reflect fairly the financial position, financial performance and the cash flow of the Company. The directors are also responsible for keeping accounting records which:

- correctly record and explain the transactions of the Company;
- disclose with reasonable accuracy at any time the financial position of the Company, and
- would enable them to ensure that the financial statements comply with the Companies Act 2001.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

**8. EVENTS OCCURRING AFTER BALANCE SHEET DATE**

The directors are not aware of any matter or circumstances arising since the end of the financial year, not dealt with in this report or the financial statements that would affect significantly the operations of the Company or the results of those operations.

**9. DONATIONS**

The Company did not make any donations during the year.

**10. AUDITORS**

The audit fee payable to the auditors, Horwath Mauritius, amounted to MUR 50,000 (INR 65,000) (2006-MUR 50,000) (2006: INR 72950)

The auditors did not receive any fees for other services. They have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors

**Couldip Basanta Lala**    **Gerard Francis Misquitta**  
*Director*                      *Director*

April 28, 2008

**Certificate of the Secretary**

We certify, to the best of our knowledge and belief, that the Company has filed with the Registrar of Companies all such returns as are required of **IGTL SOLUTIONS (MAURITIUS) LIMITED** under Section 166(d) of the Companies Act 2001, during the year ended December 31, 2007.

**for International Financial Services Limited**  
*Secretary*

Registered office:  
IFS Court  
Twentyeight, Cyberville  
Ebene  
Mauritius

April 28, 2008

**AUDITOR'S REPORT**

We have audited the financial statements of **IGTL Solutions (Mauritius) Limited** on pages 8 to 16 which have been prepared on the basis of the accounting policies set out on pages 12 to 14.

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in the auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is our responsibility to form an independent opinion, based on our audit on the financial statements and to report our opinion to you.

**BASIS OF OPINION**

We conducted our audit in accordance with International Standards on Auditing.

An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with, or any interests in the company, other than in our capacity as auditors in the ordinary course of business.

**INHERENT UNCERTAINTY REGARDING GOING CONCERN**

Without qualification to the opinion, attention is drawn to the following matter. Under the heading of "Basis of preparation of financial statements" in note 2 the directors state the going concern basis is appropriate in the preparation of the financial statements on the basis that the Company has the continued financial support of its shareholder until such time as it is able to function on a financially independent basis.

**OPINION**

We have obtained all the information and explanations we considered necessary for the purposes of our audit.

In our opinion,

- (a) proper accounting records have been kept by the Company as far as it appears from our examination;
- (b) the financial statements give a true and fair view of the state of affairs of the Company as at December 31, 2007 and of its profit, changes in equity and cash flows for the year then ended, comply with Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards.

**Horwath Mauritius**  
*Public Accountants*

**K.S. Sewraz, FCCA**  
*Signing Partner*

April 28, 2008

### Balance Sheet as at December 31, 2007

	Notes	2007 MUR	2006 MUR	2007 INR	2006 INR
<b>ASSETS EMPLOYED</b>					
<b>Non-Current Asset</b>					
Property, plant and equipment	5	5,600	8,400	7,280	12,256
<b>Current Assets</b>					
Work-in-progress	6	NIL	1,404,010	NIL	2,048,451
Trade and other receivables	7	7,638,902	7,329,356	9,930,573	10,693,530
Cash and cash equivalents		1,649,786	340,917	2,144,722	497,398
		9,288,688	9,074,283	12,075,294	13,239,379
<b>TOTAL ASSETS</b>		<b>9,294,288</b>	<b>9,082,683</b>	<b>12,082,574</b>	<b>13,251,634</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Stated capital	8	100,000	1	130,000	1
Accumulated losses		(11,199,083)	(13,576,419)	(14,558,808)	(19,807,995)
		(11,099,083)	(13,576,418)	(14,428,808)	(19,807,994)
<b>Non-Current Liabilities</b>					
Amount owed to shareholder	9(a)	12,667,873	15,099,609	16,468,235	22,030,330
Amount owed to related company	9(b)	15,365	541,459	19,975	789,989
		12,683,238	15,641,068	16,488,209	22,820,318
<b>Current Liabilities</b>					
Bank overdraft	10	NIL	116,315	NIL	169,704
Trade and other payables	11	7,710,133	6,901,718	10,023,173	10,069,607
		7,710,133	7,018,033	10,023,173	10,239,310
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,294,288</b>	<b>9,082,683</b>	<b>12,082,574</b>	<b>13,251,634</b>

The notes on form an integral part of the financial statements.

Signed on behalf of the Board of Directors

Couldip Basanta Lala  
Director

G. F. Misquitta  
Director

April 28, 2008

### Income Statement as at December 31, 2007

	Notes	2007 MUR	2006 MUR	2007 INR	2006 INR
<b>REVENUE</b>		<b>8,245,231</b>	9,538,423	<b>10,718,800</b>	13,916,559
Cost of sales		(6,429,863)	(9,329,348)	(8,358,822)	(13,611,519)
<b>Gross Profit</b>		<b>1,815,368</b>	209,075	<b>2,359,978</b>	305,040
Other income		1,391,503	182,211	1,808,954	265,846
Administrative expenses		(729,341)	(1,177,442)	(948,143)	(1,717,888)
Distributions costs		(13,737)	(774,470)	(17,858)	(1,129,952)
Other operating expenses		(2,800)	(2,800)	(3,640)	(4,085)
<b>Profit/(Loss) From Operations</b>		<b>2,460,993</b>	(1,563,426)	<b>3,199,291</b>	(2,281,039)
Finance costs		(83,657)	(3,796,555)	(108,754)	(5,593,174)
<b>Profit/(Loss) Before Taxation</b>		<b>2,377,336</b>	(5,359,981)	<b>3,090,537</b>	(7,820,212)
Income tax expense	12	NIL	NIL	NIL	NIL
<b>Net Profit/(Loss) For The Year</b>		<b>2,377,336</b>	(5,359,981)	<b>3,090,537</b>	(7,820,212)

The notes on form an integral part of the financial statements.

**Statement of Changes in Equity  
for the Year ended December 31, 2007**

	Stated capital MUR	Accumulated losses MUR	Total MUR	Stated capital INR	Accumulated losses INR	Total INR
Issue of share	1	NIL	1	1	NIL	1
Net loss for the period	NIL	(8,216,438)	(8,216,438)	NIL	(11,987,783)	(11,987,783)
<b>At 1 January 2006</b>	<b>1</b>	<b>(8,216,438)</b>	<b>(8,216,437)</b>	<b>1</b>	<b>(11,987,783)</b>	<b>(11,987,782)</b>
Net loss for the year	NIL	(5,359,981)	(5,359,981)	NIL	(7,820,212)	(7,820,212)
<b>At 31 December 2006</b>	<b>1</b>	<b>(13,576,419)</b>	<b>(13,576,418)</b>	<b>1</b>	<b>(19,807,995)</b>	<b>(19,807,994)</b>
Issue of share capital	99,999	NIL	99,999	129,999	NIL	129,999
Net profit for the year	NIL	2,377,336	2,377,336	NIL	3,090,537	3,090,537
<b>At December 31, 2007</b>	<b>100,000</b>	<b>(11,199,083)</b>	<b>(11,099,083)</b>	<b>130,000</b>	<b>(14,558,808)</b>	<b>(14,428,808)</b>

The notes form an integral part of the financial statements.

**Cash Flow Statement  
as at December 31, 2007**

	2007 MUR	2006 MUR	2007 INR	2006 INR
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit/(loss) before taxation	2,377,336	(5,359,981)	3,090,537	(7,820,212)
<i>Adjustments for:</i>				
Depreciation	2,800	2,800	3,640	4,085
<b>Operating profit/(loss) before working capital changes</b>	<b>2,380,136</b>	<b>(5,357,181)</b>	<b>3,094,177</b>	<b>(7,816,127)</b>
Decrease in work-in-progress	1,404,010	329,540	1,825,213	480,799
Increase in trade receivables	(309,546)	(203,921)	(402,410)	(297,521)
Increase in trade payables	808,415	3,132,621	1,050,940	4,570,494
<b>Net cash flow from/(used in) operating activities</b>	<b>4,283,015</b>	<b>(2,098,941)</b>	<b>5,567,920</b>	<b>(3,062,355)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of share	99,999	NIL	129,999	NIL
Loan from related company	NIL	105,597	NIL	154,066
Loan from shareholder	NIL	1,865,741	NIL	2,722,116
Repayment of loan from shareholder	(2,431,736)	NIL	(3,161,257)	NIL
Repayment of loan from related company	(526,094)	NIL	(683,922)	NIL
<b>Net cash (used in)/from financing activities</b>	<b>(2,857,831)</b>	<b>1,971,338</b>	<b>(3,715,180)</b>	<b>2,876,182</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,425,184</b>	<b>(127,603)</b>	<b>1,852,739</b>	<b>(186,173)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>224,602</b>	<b>352,205</b>	<b>291,983</b>	<b>513,867</b>
<b>Cash and Cash Equivalents At 31 December</b>	<b>1,649,786</b>	<b>224,602</b>	<b>2,144,722</b>	<b>327,694</b>

The notes form an integral part of the financial statements.

## Notes to the Financial Statements for the Year ended December 31, 2007

### 1. **GENERAL INFORMATION**

IGTL Solutions (Mauritius) Limited is a 100% wholly owned subsidiary of International Global Tele-Systems (Mauritius) Limited. (IGTL), which is in turn a wholly owned subsidiary of GTL Limited, formerly known as Global Tele Systems Ltd. (GTL), an India-based IT services company focused on providing information technology enabled services and network engineering services.

The Company was incorporated in Mauritius under the Companies Act 2001 on October 21, 2004 as a private company limited by shares and has its registered office at IFS court, TwentyEight Cybercity, Ebene, Mauritius.

### 2. **BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued financial support of the holding company. The directors are of the opinion that this support will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

### 3. **ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). A summary of the accounting policies, which have been applied consistently, is set out below.

#### (a) **Basis of accounting**

The financial statements are prepared on the historical cost convention except for the measurement at fair value of financial instruments carried on the Balance Sheet.

#### (b) **Property, plant and equipment**

Equipments are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is charge at 20% per annum on cost of the equipments so as to write off the cost of tangible fixed assets in equal instalments over their estimated useful lives.

The carrying amounts of the company's assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such condition exists, the assets recoverable amount is estimated. Any excess of the carrying amount over the recoverable amount is recognised in the Income Statement in the period in which impairment is identified.

#### (c) **Financial instruments**

Financial instruments carried on the Balance Sheet include receivables, cash and cash equivalents, related party balances and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

##### (i) **Trade and other receivables**

Trade and other receivables are stated at their nominal value as reduced by the appropriate allowances for estimated irrecoverable amount.

##### (ii) **Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and balance with banks.

##### (iii) **Related parties**

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly to control the other party or exercise significant influence over the other party in making financial or operating decisions.

##### (iv) **Trade and other payables**

Trade and other payables are stated at nominal value.

#### (D) **Work in progress**

Work in progress represents cost of work done not yet claimed to the customer

#### (E) **Taxation**

The charge for taxation is based on the taxable profit for the year and takes into account deferred taxation. Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

#### (F) **Revenue recognition**

Income is recognised on the basis of value of work certified.

#### (G) **Telecommunication contracts – Turnkey projects**

Where the outcome of a telecommunication contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion activity at balance sheet date.

Where the income of a telecommunication contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

Variation in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where it is probable that the contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

#### (H) **Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at Balance sheet date and gain and losses on translation are included in the Income Statement.

#### (I) **Provisions**

Provisions are recognised when the Company has a present or constructive obligation as a result of past events which will probably result in an outflow of economic benefits that can reasonably be estimated.

#### (J) **Retirement benefit obligations**

The company did not provide for retirement benefit as the directors are of the opinion that it is not material.

### 4. **FINANCIAL RISKS FACTORS**

The Company's activities expose it to a variety of financial risks, including:

- Credit risk
- Liquidity risk
- Foreign exchange risk

A description of the significant risks factors is given below together with the risk management policies applicable:

#### **Credit Risk**

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current economic environment.

#### **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through the adequate amount of committed credit facilities.

#### **Foreign exchange risk**

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposure.

**5. PROPERTY, PLANT AND EQUIPMENT**

	2007 MUR	2006 MUR	2007 INR	2006 INR
<b>COST</b>				
At 31 December	14,000	14,000	18,200.00	20,426
<b>DEPRECIATION</b>				
At 1 January	5,600	2,800	7,280.00	4,085
Charge for the year	2,800	2,800	3,640.00	4,085
At 31 December	8,400	5,600	10,920	8,170
<b>NET BOOK VALUE</b>				
At 31 December	5,600	8,400	7,280	12,256

**6. WORK-IN-PROGRESS**

Work in progress represents amounts expensed for which invoices has not yet been raised. At December 31, 2007, there was no outstanding amount to be invoiced.

**7. TRADE AND OTHER RECEIVABLES**

	2007 MUR	2006 MUR	2007 INR	2006 INR
Trade debtors	1,051,908	822,584	1,367,480	1,200,150
Advance payment to suppliers	6,075,945	6,117,437	7,898,729	8,925,341
Deposits	83,275	155,275	108,258	226,546
Other receivables	427,774	234,060	556,106	341,494
	<b>7,638,902</b>	<b>7,329,356</b>	<b>9,930,573</b>	<b>10,693,530</b>

The directors consider the carrying amounts of trade and other receivables to approximate their fair values.

**8. STATED CAPITAL**

	2007 MUR	2006 MUR	2007 INR	2006 INR
100,000 (2006:1) Ordinary share	<b>100,000</b>	<b>1</b>	<b>130,000</b>	<b>1</b>

During the year under review, 99,999 Ordinary shares at MUR 1 each were issued to the Company's existing shareholder.

**9. RELATED PARTY'S TRANSACTIONS**

	2007 MUR	2006 MUR	2007 INR	2006 INR
(a) Amount owed to shareholder – International Global Telesystems Limited				
At January 1,	15,099,609	13,233,868	19,629,492	19,308,213
Movements during the year/period	(2,431,736)	1,865,741	(3,161,257)	2,722,116
<b>AT 31 DECEMBER</b>	<b>12,667,873</b>	<b>15,099,609</b>	<b>16,468,235</b>	<b>22,030,330</b>
(b) Amount owed to related company –GTL Limited				
At January 1,	541,459	435,862	703,897	635,923
Movements during the year/period	(526,094)	52,361	(683,922)	76,395
<b>At 31 December</b>	<b>15,365</b>	<b>541,459</b>	<b>19,975</b>	<b>789,989</b>

Amounts owed to shareholders and related company are unsecured, interest free and are repayable after more than one year.

**10. BANK OVERDRAFT**

The bank overdraft is unsecured as it is on a temporary basis.

**11. TRADE AND OTHER PAYABLES**

	2007 MUR	2006 MUR	2007 INR	2006 INR
Trade creditors	7,324,810	6,267,918	9,522,253	9,144,892
Other payables	385,323	633,800	500,920	924,714
	<b>7,710,133</b>	<b>6,901,718</b>	<b>10,023,173</b>	<b>10,069,607</b>

The directors consider that the carrying amount of trade and other payables to approximate their fair values.

**12. TAXATION**

The Company is liable to pay income tax on its chargeable income at a rate of 15%.

At Balance Sheet date, no provision for tax has been made in the financial statements in view of the availability of accumulated tax losses amounting to MUR 11,024,552 (INR 143,31,918).

**13. DETAILED COST STATEMENT**

	2007 MUR	2006 MUR	2007 INR	2006 INR
<b>COST OF SALES</b>				
Opening work in progress	1,404,010	1,733,550	1,825,213	2,529,249
Cost of sales	5,025,853	8,999,808	6,533,609	13,130,720
Less closing work in progress	NIL	(1,404,010)	NIL	(2,048,451)
	<b>6,429,863</b>	<b>9,329,348</b>	<b>8,358,822</b>	<b>13,611,519</b>
<b>ADMINISTRATIVE EXPENSES</b>				
Professional fees	NIL	186,000	NIL	271,374
Insurance	4,801	105,992	6,241	154,642
Staff costs	147,096	317,881	191,225	463,788
Rent	127,360	358,363	165,568	522,852
Travelling and conveyance	46,705	23,709	60,717	34,591
Communication expenses	10,925	3,245	14,203	4,735
Printing and stationery	3,363	28,018	4,372	40,878
Miscellaneous expenses	104,799	111,938	136,239	163,318
Penalties	183,631	NIL	238,720	NIL
Staff welfare	86,940	22,005	113,022	32,105
Electricity, power and fuel	8,471	13,791	11,012	20,121
Repairs and maintenance	5,250	6,500	6,825	9,484
	<b>729,341</b>	<b>1,177,442</b>	<b>948,143</b>	<b>1,717,889</b>
<b>DISTRIBUTION COSTS</b>				
Business promotion expenses	13,737	750	17,858	1,094
Staff cost	NIL	670,544	NIL	978,324
Travelling & conveyance	NIL	103,176	NIL	150,534
	<b>13,737</b>	<b>774,470</b>	<b>17,858</b>	<b>1,129,952</b>
<b>OTHER OPERATING EXPENSES</b>				
Depreciation of equipment	2,800	2,800	3,640	4,085
	<b>2,800</b>	<b>2,800</b>	<b>3,640</b>	<b>4,085</b>
<b>FINANCE COSTS</b>				
Bank charges	17,565	4,525	22,835	6,602
Finance charges	NIL	305,664	NIL	445,963
Foreign exchange loss	66,092	3,486,366	85,920	5,086,609
	<b>83,657</b>	<b>3,796,555</b>	<b>108,754</b>	<b>5,539,174</b>

## AUDITOR'S REPORT

### **TO THE MEMBERS OF iGTL SOLUTIONS (USA), INC.**

We have audited the special purpose financial statements of **iGTL SOLUTIONS (USA), Inc.** which have been prepared on the basis of the accounting policies set out.

Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in our auditors' report and for no other purpose. We do not accept or assume any responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

### **BASIS OF OPINION**

We conducted our audit in accordance with International Standards on Auditing.

An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **INHERENT UNCERTAINTY REGARDING GOING CONCERN**

Without qualification to the opinion, attention is drawn to the following matter. Under the heading of "Basis of preparation" in note 2, the directors state the going concern basis is appropriate in the preparation of the financial statements on the basis that the company has the continued financial support of its shareholder until such time as it is able to function on a financially independent basis.

### **OPINION**

We have obtained all the information and explanations we considered necessary for the purposes of our audit.

In our opinion:

- (a) proper accounting records have been kept by the Company as far as it appears from our examination;
- (b) the financial statements give a true and fair view of the state of affairs of the Company as at December 31, 2007 and of its loss, changes in equity and cash flows for the year then ended and have been properly prepared in accordance with International Financial Reporting Standards.

**Horwath Mauritius**  
*Public Accountants*

**K.S. Sewraz, FCCA**  
*Signing Partner*

January 21, 2008



**Balance Sheet**  
**as at December 31, 2007**

	Notes	2007 USD	2006 USD	2007 INR	2006 INR
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property and equipment	4	NIL	9,459	NIL	418,324
Software licences	5	NIL	2,263	NIL	100,081
		<b>NIL</b>	<b>11,722</b>	<b>NIL</b>	<b>518,405</b>
<b>Current Assets</b>					
Stocks	6	59,615	237,119	2,348,533	10,486,588
Trade receivables and accrued income	7	(103,313)	384,081	(4,070,016)	16,985,982
Sundry receivables and prepayments		647,089	1,977,332	25,492,071	87,447,508
Amount due from related company	9	220,586	1,568,839	8,689,985	69,381,905
Security deposits		30,037	30,037	1,183,308	1,328,386
Cash in hand and at bank		5,796	433,414	228,333	19,167,734
		<b>859,810</b>	<b>4,630,822</b>	<b>33,872,215</b>	<b>204,798,103</b>
<b>Total Assets</b>		<b>859,810</b>	<b>4,642,544</b>	<b>33,872,215</b>	<b>205,316,508</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	8	500,000	500,000	19,697,500	22,112,500
Retained earnings		(1,897,093)	(1,136,063)	(74,735,979)	(50,242,386)
		<b>(1,397,093)</b>	<b>(636,063)</b>	<b>(55,038,479)</b>	<b>(28,129,886)</b>
<b>Current Liabilities</b>					
Amounts payable to holding company	9	1,650,760	3,559,245	65,031,690	157,407,610
Amounts payable to related companies	9	199,918	1,103,315	7,875,770	48,794,106
Accounts payable and accrued expenses		406,225	616,047	16,003,234	27,244,679
		<b>2,256,903</b>	<b>5,278,607</b>	<b>88,910,694</b>	<b>233,446,395</b>
<b>Total Equity And Liabilities</b>		<b>859,810</b>	<b>4,642,544</b>	<b>33,872,215</b>	<b>205,316,508</b>

The notes form an integral part of these financial statements.

Signed on behalf of the Board of Directors

Kunal Kapai  
Director

G.F. Misquitta  
Director

January 21, 2008

**Statement of Changes in Equity**  
**for the year ended December 31, 2007**

	Share capital USD	Accumulated Loss USD	Total USD	Share capital INR	Accumulated Loss INR	Total INR
<b>At 1 January 2006</b>	<b>500,000</b>	<b>(1,061,077)</b>	<b>(561,077)</b>	<b>22,112,500</b>	<b>(46,926,130)</b>	<b>(24,813,630)</b>
Net loss for the year	NIL	(74,986)	(74,986)	NIL	(3,316,256)	(3,316,256)
<b>At 31 December 2006</b>	<b>500,000</b>	<b>(1,136,063)</b>	<b>(636,063)</b>	<b>22,112,500</b>	<b>(50,242,386)</b>	<b>(28,129,886)</b>
Net loss for the year	NIL	(761,030)	(761,030)	NIL	(29,980,777)	(29,980,777)
<b>At 31 December 2007</b>	<b>500,000</b>	<b>(1,897,093)</b>	<b>(1,397,093)</b>	<b>19,697,500</b>	<b>(94,735,979)</b>	<b>(55,038,479)</b>

The notes form an integral part of these financial statements.

**Income Statement**  
**for the year ended December 31, 2007**

	<b>2007 USD</b>	<b>2006 USD</b>	<b>2007 INR</b>	<b>2006 INR</b>
<b>REVENUE</b>				
Project sales	NIL	16,410	NIL	725,732
Professional fees	NIL	3,018,217	NIL	133,480,647
Rental income	NIL	161,470	NIL	7,141,011
Customer management services	NIL	6,424,225	NIL	284,111,351
Network security services	NIL	3,420	NIL	151,250
Service charges	1,447,861	NIL	57,038,484	NIL
	1,447,861	9,623,742	57,038,484	425,609,990
Other income	70,526	30,420	2,778,372	1,345,325
	<b>1,518,387</b>	<b>9,654,162</b>	<b>59,816,856</b>	<b>426,955,314</b>
<b>EXPENSES</b>				
Cost for customer management services	889,379	4,507,768	35,037,086	199,356,040
Cost for professional services	272,030	1,963,857	10,716,622	86,851,576
Salaries	705,322	2,046,794	27,786,160	90,519,465
Resource hire, immigration and naturalization fees	428	428	16,861	18,928
Travel and entertainment	54,172	137,803	2,134,106	6,094,338
Depreciation and amortisation	11,722	11,806	461,788	522,120
Legal and professional fees	55,388	67,209	2,182,010	2,972,318
Rent expense	103,682	193,975	4,084,552	8,578,544
Telephone and telex	28,932	50,812	1,139,776	2,247,161
Other operational taxes	6,980	5,105	274,977	225,769
Insurance	24,265	50,744	955,920	2,244,153
Other operating expenses	127,117	692,847	5,007,774	30,641,159
	2,279,417	9,729,148	89,797,633	430,271,570
<b>NET LOSS FOR THE YEAR</b>	<b>(761,030)</b>	<b>(74,986)</b>	<b>(29,980,777)</b>	<b>(3,316,256)</b>

The notes form an integral part of these financial statements.

**Cash Flow Statement**  
**for the year ended December 31, 2007**

	<b>2007 USD</b>	<b>2006 USD</b>	<b>2007 INR</b>	<b>2006 INR</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net loss before taxation	(761,030)	(74,986)	(29,980,777)	(3,316,256)
Adjustments for:				
Depreciation and amortisation	11,722	11,806	461,788	522,120
Loss before working capital changes	(749,308)	(63,180)	(29,518,989)	(2,794,136)
Decrease in stocks	177,504	53,409	6,992,770	2,362,013
Decrease in trade receivables and accrued income	487,394	2,160,385	19,200,887	95,543,027
Decrease/(Increase) in sundry receivables and prepayments	1,330,243	(1,644,517)	52,404,923	(72,728,764)
Decrease/(Increase) in security deposits	NIL	73,168	NIL	3,235,855
Decrease in accounts payable and accrued expenses	(209,822)	(463,744)	(8,265,938)	(20,509,078)
Net cash from operating activities	1,036,011	115,521	40,813,653	5,108,916
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net loan from holding and related companies	(1,463,629)	200,372	(57,659,664)	8,861,452
Net cash from financing activities	(1,463,629)	200,372	(57,659,664)	8,861,452
<b>Net increase/(decrease)/increase in cash and cash equivalents</b>	<b>(427,618)</b>	<b>315,893</b>	<b>(16,846,011)</b>	<b>13,970,368</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>433,414</b>	<b>117,521</b>	<b>17,074,345</b>	<b>5,197,366</b>
<b>Cash and cash equivalents at end of year</b>	<b>5,796</b>	<b>433,414</b>	<b>228,333</b>	<b>19,167,734</b>

The notes form an integral part of these financial statements.

## Notes to the Financial Statements for the Year ended December 31, 2007

### 1. ORGANISATION.

IGTL Solutions (USA), Inc. (the "Company") is a 100% wholly owned subsidiary of International Global Tele-Systems (Mauritius) Limited. (IGTL), which is in turn a wholly owned subsidiary of GTL Limited, formerly known as Global Tele Systems Ltd. (GTL), an India-based IT services company focused on providing information technology enabled services and network engineering services in the Americas region. The Company was formed in the United States with the purpose of furthering the marketing efforts of the global group in performing services consistent with its affiliates and providing growth through mergers and acquisitions. The Company was incorporated on December 17, 1999 in the state of Delaware with corporate offices located in Virginia.

### 2. BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued financial support of the holding company. The directors are of the opinion that this support will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

### 3. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (IASC) that remain in effect.

A summary of the more important accounting policies, which have been applied consistently, is set out below. The preparation of financial statements in accordance with International Financial Reporting Standards require the directors to make estimates and assumptions that could affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost basis, except for the measurement at fair value of financial instruments carried on the Balance Sheet.

#### (b) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated so as to write off the cost of tangible fixed

assets in equal instalments over their estimated useful lives at the following rates:-

Furniture and fixtures	-	20%
Other equipment	-	33.33%

### (c) Stocks

Stocks are valued at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### (d) Financial instruments

Financial instruments carried on the Balance Sheet include receivables, related party balances, cash and cash equivalents and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

#### (i) Receivables

Receivables are stated at the principal amount outstanding, net of any allowance for uncollectible amount.

#### (ii) Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly to control the other party or exercise significant influence over the other party in making financial or operating decisions.

#### (iii) Cash and cash equivalents

Cash and cash equivalents consist of balances with bank.

#### (iv) Payables

Payables are stated at nominal value.

### (e) Income taxes

The Company accounts for income taxes using the liability method. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and income tax bases of assets and liabilities and are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse.

### (f) Revenue Recognition

The Company derives revenue from services rendered to various Fortune 500 customers. Revenues are recognized as services are rendered.

### 4. PROPERTY AND EQUIPMENT

	Furniture USD	Other equipment USD	Total USD	Furniture INR	Other equipment INR	Total INR
<b>COST</b>						
At 1 January 2007	16,302	663,940	680,242	642,217	26,155,916	26,798,134
Additions during the year	NIL	NIL	NIL	NIL	NIL	NIL
<b>At 31 December 2007</b>	<b>16,302</b>	<b>663,940</b>	<b>680,242</b>	<b>642,217</b>	<b>26,155,916</b>	<b>26,798,134</b>
<b>Accumulated depreciation</b>						
At 1 January 2007	10,613	660,170	670,783	418,099	26,007,397	26,425,496
Charge for the year	5,689	3,770	9,459	224,118	148,519	372,637
At 31 December 2007	16,302	663,940	680,242	642,217	26,155,916	26,798,134
<b>Net book values</b>						
<b>At 31 December 2007</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>N IL</b>	<b>N IL</b>	<b>N IL</b>
<b>At 31 December 2006</b>	<b>5,689</b>	<b>3,769</b>	<b>9,459</b>	<b>224,118</b>	<b>148,519</b>	<b>418,324</b>

**5. SOFTWARE LICENCE**

	USD	INR
<b>COST</b>		
At 1 January 2007	34,691	1,366,652
Addition during the year	NIL	NIL
<b>At 31 December 2007</b>	<b>34,691</b>	<b>1,366,652</b>
<b>Amortisation</b>		
At 1 January 2007	32,428	1,277,501
Charge for the year	2,263	89,151
<b>At 31 December 2007</b>	<b>34,691</b>	<b>1,366,652</b>
<b>Net book values</b>		
At 31 December 2007	NIL	NIL
<b>At 31 December 2006</b>	<b>2,263</b>	<b>100,081</b>

**6. STOCKS**

They represent spares for the company's AMC services contracts for its customers in the Enterprise Solutions division and are made up as follows:

Trade receivables and accrued income

	2007 USD	2006 USD	2007 INR	2006 INR
Network Engineering Project	59,615	237,119	2,348,533	10,486,588
	<b>59,615</b>	<b>237,119</b>	<b>2,348,533</b>	<b>10,486,588</b>

**7. TRADE RECEIVABLES AND ACCRUED INCOME**

	2007 USD	2006 USD	2007 INR	2006 INR
Trade receivables	NIL	534,145	NIL	23,622,563
Provision for doubtful debts	(150,064)	(150,064)	(5,911,771)	(6,636,580)
	(150,064)	384,081	(5,911,771)	16,985,982
Accrued income	46,751	NIL	1,841,756	NIL
	<b>(103,313)</b>	<b>384,081</b>	<b>(4,070,016)</b>	<b>16,985,982</b>

**8. SHARE CAPITAL**

Authorised, issued and fully paid:

	2007 USD	2006 USD	2007 INR	2006 INR
500,000 Capital stock of USD 1 par value	500,000	500,000	19,697,500	22,112,500

**9. RELATED PARTY TRANSACTIONS**

During the year, the following transactions were carried out in the normal course of business with the related parties:

Name of transacting related party	Relation-ship	Nature of trans-actions	Volume of transac-tions USD	Amount outstand-ing USD	Volume of transac-tions INR	Amount outstand-ing INR	Payable (P) or Receiv-able (R)
GTL Limited	Ultimate holding Company	Loan	Nil	169,014	Nil	6,658,307	(P)
IGTL Mauritius	Holding Company	Loan	Nil	1,650,760	Nil	65,031,690	(P)
IGTL Singapore	Subsidiary	Loan	Nil	183,740	Nil	6,658,307	(R)
Global eSecure Canada	Related to ultimate holding Company	Loan	Nil	30,904	Nil	1,217,463	(P)

The above amounts are unsecured, interest-free and repayable within one year.

**10. INCOME TAXES**

The Company has made no provision for tax in view of the availability of tax losses carried forward.

**11. COMMITMENTS**

As at December 31, 2007, the company's minimum rental commitments under all non-cancellable operating leases are as follows:

	USD	INR
Years		
2007	71,381	2,812,054
	<b>71,381</b>	<b>2,812,054</b>

**12. HOLDING AND ULTIMATE HOLDING COMPANY**

The directors regard International Global Tele-Systems Limited, incorporated in Mauritius, as the holding Company and GTL Limited, incorporated in India as the ultimate holding Company.

## DIRECTORS' REPORT

### INCORPORATION

GTL International Limited 'the Company' was incorporated in Bermuda on May 16, 2007 as an exempted company as defined by the Companies Act 1981 of Bermuda.

### PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries are to provide Network engineering and IT services. In this connection, the Group's emphasis is on Network engineering, software, IT enabled engineering services and CRM services. Within these overall parameters, the Group focuses on Network Engineering, Call Centres, Bill presentation and processes centre, Data Centre and Software Development Centre Services.

### DIRECTORS

All Directors served office throughout the period except for Lee Sek Hong Michael who resigned on March 3, 2008.

### BUSINESS REVIEW

For the period under review, the Company and its subsidiaries made a profit of USD 3,571,571.

### DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible to prepare financial statements for each financial year, which present fairly the financial position, financial performance and the cash flow of the Company. The Directors are also responsible for keeping accounting records which:

- correctly record and explain the transactions of the Company;
- disclose with reasonable accuracy at any time the financial position of the Company; and

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

### EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There were no major events, which occurred since the end of the period that materially affect the financial position of the Company.

### SHAREHOLDER

Detail of the present shareholding of the Company at the Balance Sheet date is as follows:

Name	Country of Incorporation	No. of shares	% holding
GTL Limited	India	50,000,000	100

### AUDITORS

The auditors, **Horwath (Mauritius)**, have expressed their willingness to continue in office.

Approved on behalf of the board on April 28, 2008 and signed by

**Gerard Francis Misquitta**  
Director

## AUDITORS' REPORT

### Review report of the auditors to the members of GTL International limited

We have reviewed the accompanying Balance Sheet of GTL INTERNATIONAL LIMITED at March 31, 2008 and the related statement of income and cash flows for the Company only in respect of the period then ended. These financial statements are the responsibility of the company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

As mentioned in note 2 (b), the Consolidated Financial Statements have been presented solely for management purposes and we have not carried out a review in respect therewith.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements of the Company do not give a true and fair view in accordance with International Financial Reporting Standards.

**Horwath (Mauritius)**  
Public Accountants

**O. Sewraz, FCCA**  
Signing Partner

April 28, 2008

**Consolidated Balance Sheet  
as at March 31, 2008**

	Notes	THE GROUP 2008 USD	THE COMPANY 2008 USD	THE GROUP 2008 INR	THE COMPANY 2008 INR
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3	2,528,872	NIL	100,826,127	NIL
Goodwill	4	53,243,347	NIL	2,122,812,245	NIL
Investment in subsidiaries	5	NIL	63,642,528	NIL	2,537,427,591
Deferred Tax		77,407	NIL	3,086,217	NIL
		<u>55,849,626</u>	<u>63,642,528</u>	<u>2,226,724,589</u>	<u>2,537,427,591</u>
<b>Current assets</b>					
Inventories	6	1,211,488	NIL	48,302,027	NIL
Trade and other receivables	7	51,791,196	7,000,500	2,064,914,985	279,109,935
Due from related companies	8	16,424,889	15,566,497	654,860,324	620,636,235
Cash and cash equivalents		9,925,166	5,275,166	395,716,368	210,320,868
		<u>79,352,739</u>	<u>27,842,163</u>	<u>3,163,793,704</u>	<u>1,110,067,039</u>
<b>Total Assets</b>		<b><u>135,202,365</u></b>	<b><u>91,484,691</u></b>	<b><u>5,390,518,293</u></b>	<b><u>3,647,494,630</u></b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	9	50,000,000	50,000,000	1,993,500,000	1,993,500,000
Retained earnings		34,933,315	1,697,721	1,392,791,269	67,688,136
		<u>84,933,315</u>	<u>51,697,721</u>	<u>3,386,291,269</u>	<u>2,061,188,136</u>
<b>Non-Controlling Interests</b>		117,102	NIL	4,668,857	NIL
<b>Total equity</b>		<u>85,050,417</u>	<u>51,697,721</u>	<u>3,390,960,126</u>	<u>2,061,188,136</u>
<b>Non-current liability</b>					
Employee benefits		174,564	NIL	6,959,867	NIL
<b>CURRENT LIABILITIES</b>					
Trade and other payables	10	31,978,170	8,644,016	1,274,969,638	344,636,918
Short-term borrowings	11	1,576,294	NIL	62,846,842	NIL
Due to related companies	8	16,422,920	31,142,954	654,781,820	1,241,669,576
<b>Total Current Liabilities</b>		<u>49,977,384</u>	<u>39,786,970</u>	<u>1,992,598,300</u>	<u>1,586,306,494</u>
<b>Total liabilities</b>		<u>50,151,948</u>	<u>39,786,970</u>	<u>1,999,558,167</u>	<u>1,586,306,494</u>
<b>Total Equity And Liabilities</b>		<b><u>135,202,365</u></b>	<b><u>91,484,691</u></b>	<b><u>5,390,518,293</u></b>	<b><u>3,647,494,630</u></b>

Approved by the Board of Directors

**Gerard Francis Misquitta**  
Director

April 28, 2008

The notes form an integral part of these consolidated financial statements

**Consolidated Income Statement  
for the period from May 16, 2007  
(Date of Incorporation) to March 31, 2008**

	Note	THE GROUP 2008 USD	THE COMPANY 2008 USD	THE GROUP 2008 INR	THE COMPANY 2008 INR
<b>Income</b>		30,699,405	5,300,000	1,223,985,277	211,311,000
<b>Cost of sales</b>		(22,845,812)	(3,400,000)	(910,862,524)	(135,558,000)
<b>Gross profit</b>		<u>7,853,593</u>	<u>1,900,000</u>	<u>313,122,753</u>	<u>75,753,000</u>
<b>Expenses</b>					
Administrative & general expenses		3,392,056	632,503	135,241,273	25,217,895
Selling and marketing expenses		771,686	NIL	30,767,121	NIL
Depreciation & amortisation		167,717	NIL	6,686,877	NIL
		<u>4,331,459</u>	<u>632,503</u>	<u>172,695,270</u>	<u>25,217,895</u>
<b>Profit from operations</b>		<u>3,522,134</u>	<u>1,267,497</u>	<u>140,427,483</u>	<u>50,535,105</u>
Interest income		411,276	474,194	16,397,574	18,906,115
Other income		244,123	NIL	9,733,184	NIL
Finance costs		(245,262)	(43,970)	(9,778,596)	(1,753,084)
<b>Profit before taxation</b>		<u>3,932,271</u>	<u>1,697,721</u>	<u>156,779,645</u>	<u>67,688,136</u>
Income Tax Expense	12	(360,700)	NIL	(14,381,109)	NIL
<b>Profit for the period</b>		<u><u>3,571,571</u></u>	<u><u>1,697,721</u></u>	<u><u>142,398,536</u></u>	<u><u>67,688,136</u></u>
<b>Profit attributable to:</b>					
Owners of the parent		3,552,117	1,697,721	141,622,905	67,688,136
Non-controlling interests		19,454	NIL	775,631	NIL
		<u><u>3,571,571</u></u>	<u><u>1,697,721</u></u>	<u><u>142,398,536</u></u>	<u><u>67,688,136</u></u>

The notes form an integral part of these consolidated financial statements



**Consolidated Statement of Changes in Equity**  
for the period from May 16, 2007 (Date of Incorporation) to March 31, 2008

**THE GROUP**

	Share capital	Retained earnings	Total	Non-controlling interests	Total equity	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
	USD	USD	USD	USD	USD	INR	INR	INR	INR	INR
Issue of shares	50,000,000	NIL	50,000,000	NIL	50,000,000	1,993,500,000	NIL	1,993,500,000	NIL	1,993,500,000
Reserves of new subsidiaries	NIL	31,381,198	31,381,198	97,648	31,478,846	NIL	1,251,168,364	1,251,168,364	3,893,226	1,255,061,590
Profit for the period	NIL	3,552,117	3,552,117	19,454	3,571,571	NIL	141,622,905	141,622,905	775,631	142,398,536
<b>At 31 March 2008</b>	<b>50,000,000</b>	<b>34,933,315</b>	<b>84,933,315</b>	<b>117,102</b>	<b>85,050,417</b>	<b>1,993,500,000</b>	<b>1,392,791,269</b>	<b>3,386,291,269</b>	<b>4,668,857</b>	<b>3,390,960,126</b>

**THE COMPANY**

	Share capital	Retained earnings	Total	Share capital	Retained earnings	Total
	USD	USD	USD	INR	INR	INR
Issue of shares	50,000,000	NIL	50,000,000	1,993,500,000	NIL	1,993,500,000
Profit for the period	NIL	1,697,721	1,697,721	NIL	67,688,136	67,688,136
<b>At 31 March 2008</b>	<b>50,000,000</b>	<b>1,697,721</b>	<b>51,697,721</b>	<b>1,993,500,000</b>	<b>67,688,136</b>	<b>2,061,188,136</b>

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

**Consolidated Cash Flow Statement**  
for the period from May 16, 2007 (Date of Incorporation) to March 31, 2008

	THE GROUP 2008 USD	THE COMPANY 2008 USD	THE GROUP 2008 INR	THE COMPANY 2008 INR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	3,571,571	1,697,721	142,398,536	67,688,136
Adjustments for:				
Depreciation & amortisation	167,717	NIL	6,686,877	NIL
Effect of first time consolidation	(23,958,497)	NIL	(955,225,275)	NIL
Interest income	(411,276)	(474,194)	(16,397,574)	(18,906,115)
<b>Operating (loss)/profit before working capital changes</b>	<b>(20,630,485)</b>	<b>1,223,527</b>	<b>(822,537,437)</b>	<b>48,782,021</b>
Increase in inventories	(1,211,488)	NIL	(48,302,027)	NIL
Increase in trade and other receivables	(51,791,196)	(7,000,500)	(2,064,914,985)	(279,109,935)
Increase in provision for employee benefits	174,564	NIL	6,959,867	NIL
<b>Increase in trade and other payables</b>	<b>31,398,170</b>	<b>8,476,874</b>	<b>1,251,845,038</b>	<b>337,972,966</b>
<b>Net cash (used in)/from operating activities</b>	<b>(42,060,435)</b>	<b>2,699,901</b>	<b>(1,676,949,543)</b>	<b>107,645,053</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	NIL	(63,642,528)	NIL	(2,537,427,591)
Interest received	411,276	474,194	16,397,574	18,906,115
<b>Net cash from/(used in) investing activities</b>	<b>411,276</b>	<b>(63,168,334)</b>	<b>16,397,574</b>	<b>(2,518,521,477)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of shares	50,000,000	50,000,000	1,993,500,000	1,993,500,000
Advance from related companies	16,422,920	31,310,096	654,781,820	1,248,333,528
Short-term borrowings	1,576,294	NIL	62,846,842	NIL
<b>Advance to related companies</b>	<b>(16,424,889)</b>	<b>(15,566,497)</b>	<b>(654,860,324)</b>	<b>(620,636,235)</b>
<b>Net cash from financing activities</b>	<b>51,574,325</b>	<b>65,743,599</b>	<b>2,056,268,338</b>	<b>2,621,197,292</b>
<b>Net increase in cash and cash equivalents</b>	<b>9,925,166</b>	<b>5,275,166</b>	<b>395,716,368</b>	<b>210,320,868</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Cash and Cash Equivalents at End of The Period</b>	<b>9,925,166</b>	<b>5,275,166</b>	<b>395,716,368</b>	<b>210,320,868</b>

The notes form an integral part of these consolidated financial statements

**Notes to the Consolidated Financial Statements  
for the Period from May 16, 2007 (Date of Incorporation)  
to March 31, 2008**

**1. GENERAL INFORMATION**

The Company was incorporated in Bermuda on May 16, 2007 as an exempted company as defined by the Companies Act 1981 of Bermuda. The Company's registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The principal activities of the Company and its subsidiaries are to provide Network Engineering and IT services.

The Consolidated Financial Statements of the Group are expressed in United States Dollars ("USD").

**2. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable International Financial Reporting Standards (IFRS).

**(a) Basis of presentation**

The Consolidated Financial Statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS"), including International Accounting Standards ("IAS") and Interpretations issued by the IAS Board. The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results may differ from these estimates.

The Company's financial statements have been prepared on the historical cost basis, except for the measurement at fair value of certain financial instruments carried at Balance Sheet.

The financial statements of the Company's subsidiaries, ADA Cellworks SDN. BHD., and Strategic Communications Services, LLC, have been prepared in accordance with the Financial Reporting Standards issued by the Malaysian Accounting Standards Board and Generally Accepted Accounting Principles, respectively.

**(b) Basis of consolidation**

The Consolidated Financial Statements incorporate the financial statements of the Company and enterprises controlled by the Company, ADA Cellworks SDN. BHD., and Strategic Communications Services, LLC. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

Consolidated Financial Statements have been presented only for management purposes and they include the financial statements of all enterprise controlled by the company.

On acquisition, the identifiable assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the identifiable assets and liabilities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

**(c) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. All items of plant and equipment are initially recorded at cost.

Depreciation is computed on the straight line basis over the estimated useful life of the asset as follows:

Office renovation	20%
Furniture and fittings	10%
Office equipment	10%
Computer equipment	10% - 20%
Motor vehicles	25%

**(d) Intangible asset**

Goodwill represents the excess of the cost of the acquisition over the fair value of the identifiable net assets of subsidiary at the date of acquisition. It is recognised as from the date of acquisition of new subsidiary and is regularly revalued for any impairment.

**(e) Financial instruments**

Financial instruments and financial liabilities are recognised on the Group's Balance Sheet when the Group has become a party to the contractual provisions of the instrument.

**(f) Investments in subsidiaries**

Investments in subsidiaries have been stated at cost. Any valuation of the investments may not necessarily represent the amount that may eventually be realised from sale or other disposal.

**(g) Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost includes freight and handling charges and is computed on a first in first out basis. Provision is made, where necessary, for obsolete, slow moving and defective stock. Net realisable value is the estimated selling price in the ordinary course of the business, less estimated costs of completion and the estimated cost necessary to make the sale.

**(h) Trade and other receivables**

Trade and other receivables are stated at the principal amount outstanding, net of any allowance for uncollectable amount.

**(i) Related parties**

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly to control the other party or exercise significant influence over the other party in making financial or operating decisions.

**(j) Cash and cash equivalents**

Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**(k) Deferred tax**

Deferred tax is provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which are expected with reasonable probability to crystallize in the foreseeable future. No provision for deferred tax has made as at balance sheet date as in the opinion of the directors, this amount is immaterial.

**(l) Trade and other payables**

Trade and other payables are stated at nominal value.

**(m) Transactions in foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date. Differences on exchange are accounted for in the Income Statement.

Differences on exchange resulting from translation of the financial statements of foreign branches and subsidiaries have been classified as translation reserve.

**(n) Revenue recognition**

The Group's revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the Income Statement as follows:

Revenue are recognised when goods are delivered at the customers premises which is taken to be the point in time when the customer has accepted the goods and the related risks and reward of ownership. Revenue excludes goods and services or other sales taxes and is after deduction of any trade discounts and sales tax.

Revenue is recognised as services are rendered. Consultancy revenue is recognised upon the delivery of the service to the customer. Interest income is accounted for on an accrual basis.

3. **PROPERTY, PLANT AND EQUIPMENT – GROUP ONLY**

	Property, Plant & Equipment	Furniture and fittings	Office equipment	Computer equipment	Motor vehicles	Total	Property, Plant & Equipment	Furniture and fittings	Office equipment	Computer equipment	Motor vehicles	Total
COST	USD	USD	USD	USD	USD	USD	INR	INR	INR	INR	INR	INR
Effect of acquisition of subsidiaries	2,496,177	197,472	592,935	1,195,439	53,625	4,535,648	99,522,577	7,873,209	23,640,318	47,662,153	2,138,029	180,836,286
Additions												
At March 31, 2008	2,496,177	197,472	592,935	1,195,439	53,625	4,535,648	99,522,577	7,873,209	23,640,318	47,662,153	2,138,029	180,836,286
<b>DEPRECIATION</b>												
Effect of acquisition of subsidiaries	1,219,632	86,566	250,923	259,690	22,247	1,839,058	48,626,728	3,451,386	10,004,300	10,353,840	886,988	73,323,242
Charge for the year	38,991	17,035	1,608	104,731	5,352	167,717	1,554,571	679,185	64,111	4,175,625	213,384	6,686,877
At March 31, 2008	1,258,623	103,601	252,531	364,421	27,599	2,006,775	50,181,299	4,130,572	10,068,411	14,529,465	1,100,372	80,010,119
<b>NET BOOK VALUE</b>												
At March 31, 2008	1,237,554	93,871	340,404	831,018	26,026	2,528,872	49,341,278	3,742,637	13,571,907	33,132,688	1,037,657	100,826,127

4. **INTANGIBLE ASSET – GROUP ONLY**

Intangible asset which comprise goodwill has been stated at cost and is revalued on a regular basis for any effect of impairment.

	2008 USD	2008 INR
At beginning of the period	NIL	NIL
Acquisition	53,243,347	2,122,812,245
Impairment charge	NIL	NIL
At 31 March	53,243,347	2,122,812,245

5. **INVESTMENTS IN SUBSIDIARIES – COMPANY ONLY**

The Company has invested in the following subsidiaries:

Name of subsidiaries	Country of incorporation	% holdings	2008 USD	2008 INR
ADA Cellworks SDN. BHD.	Malaysia	100	24,900,000	992,763,000
Strategic Communications Services, LLC	USA	100	2,000,000	79,740,000
IGTL Solutions (S) Pte Ltd	Singapore	100	26,544,034	1,058,310,636
IGTL Solutions (UK) Ltd	UK	100	17,938	715,188
IGTL Solutions Saudi Arabia Limited	Saudi Arabia	90	968,400	38,610,108
IGTL Solutions Middle East FZ-L.L.C	UAE	100	9,147,896	364,726,614
IGTL Solutions Nigeria Limited	Nigeria	100	64,260	2,562,046
			63,642,528	2,537,427,591

Step subsidiaries	Country of incorporation	% holdings	Holding subsidiary
GTL Europe Ltd	UK	100	IGTL Solutions (UK) Ltd
PT IGTL Solutions (Indonesia) Ltd	Indonesia	100	IGTL Solutions (S) Pte Ltd
Re-Source Global Ltd	UK	100	GTL Europe Ltd
Genesis Consultancy Australia PTY Ltd	Australia	100	GTL Europe Ltd
Genesi Consultancy (2004) Ltd	New Zealand	100	GTL Europe Ltd
Genesis Telecoms PTE Ltd	Singapore	100	GTL Europe Ltd
Genesis Consultancy USA Inc.	USA	100	GTL Europe Ltd
PT Genesis Consultancy Indonesia	Indonesia	100	GTL Europe Ltd
Genesis Consultancy GmbH	Switzerland	100	GTL Europe Ltd
Genesis Telecommunications Ireland Ltd	Ireland	100	GTL Europe Ltd
ADA Cellworks LLC	USA	100	ADA Cellworks SDN. BHD.
ADA Cellworks Co. Ltd	China	100	ADA Cellworks SDN. BHD.
ADA Cellworks Pte. Ltd	Singapore	100	ADA Cellworks SDN. BHD.
ADA Cellworks Thailand Co. Ltd.	Thailand	100	ADA Cellworks SDN. BHD.
ADA Cellworks, Inc.	Philippines	100	ADA Cellworks SDN. BHD.
ADA Cellworks Wireless Eng. Pvt Ltd	India	100	ADA Cellworks SDN. BHD.
PT ADA Cellworks	Indonesia	100	ADA Cellworks SDN. BHD.
ADA Cellworks (Taiwan) Co. Ltd	Taiwan	100	ADA Cellworks SDN. BHD.
ADA Cell works Limited	New Zealand	100	ADA Cellworks SDN. BHD.
ADA Cellworks Pty Ltd	Australia	100	ADA Cellworks SDN. BHD.

\* Audited by member firms of Horwath International

° Audited by other firms of auditor

**6. INVENTORIES – GROUP ONLY**

Inventories comprise of telecommunication products which have been stated at cost.

**7. TRADE AND OTHER RECEIVABLES**

	The Group 2008 USD	The Company 2008 USD	The Group 2008 INR	The Company 2008 INR
Trade debtors	18,675,724	NIL	744,601,116	NIL
Advance to suppliers	8,765,808	7,000,000	349,492,745	279,090,000
Deposits	1,562,509	NIL	62,297,234	NIL
Prepayments	22,787,155	500	908,523,889	19,935
	<b>51,791,196</b>	<b>7,000,500</b>	<b>2,064,914,985</b>	<b>279,109,935</b>

**8. RELATED PARTY TRANSACTIONS – COMPANY ONLY**

During the period ended March 31, 2008, the Company has traded with related entities. The nature, volume of transactions and the balances with the entities are as follows:

	2008 Receivable USD	Payable USD	2008 Receivable INR	Payable INR
International Global Tele-Systems Limited	697,582	NIL	27,812,594	NIL
IGTL Solutions Saudi Arabia Limited	1,288,351	NIL	51,366,554	NIL
PT IGTL Solutions (Indonesia) Ltd	3,833	NIL	152,822	NIL
IGTL Solutions (UK) Ltd	9,469,247	NIL	377,538,878	NIL
IGTL Solutions Nigeria Limited	117,982	NIL	4,703,942	NIL
IGTL Solutions Sri Lanka Ltd	500,000	NIL	19,935,000	NIL
GTL Europe Ltd	256,786	NIL	10,238,058	NIL
Genesis Consultancy USA Inc.	40,000	NIL	1,594,800	NIL
Strategic Communications Services LLC	3,192,716	NIL	127,293,587	NIL
IGTL Solutions Middle East FZ-LLC	NIL	5,355,198	NIL	213,511,744
IGTL Solutions (S) Pte Ltd	NIL	25,101,089	NIL	1,000,780,418
Genesis Consultancy Australia Pty Ltd	NIL	305,777	NIL	12,191,329
Genesis Telecommunications Ireland Ltd	NIL	380,890	NIL	15,186,084
	<b>15,566,497</b>	<b>31,142,954</b>	<b>620,636,235</b>	<b>1,241,669,576</b>

The amounts due from and to related companies are unsecured, interest free and repayable within one year.

**9.. SHARE CAPITAL – GROUP AND COMPANY**

	2008 USD	2008 INR
<b>AUTHORISED</b>		
100,000,000 Ordinary shares of USD 1 each	100,000,000	3,987,000,000
<b>ISSUED AND FULLY PAID</b>		
50,000,000 Ordinary shares of USD 1 each	50,000,000	1,993,500,000

**10. TRADE AND OTHER PAYABLES**

	The Group 2008 USD	The Company 2008 USD	The Group 2008 INR	The Company 2008 INR
Trade payables	14,740,444	167,142	587,701,496	6,663,952
Advance from customers	1,588,793	NIL	63,345,169	NIL
Sundry creditors & accruals	15,648,933	8,476,874	623,922,973	337,972,966
	<b>31,978,170</b>	<b>8,644,016</b>	<b>1,274,969,638</b>	<b>344,636,918</b>

**11. SHORT-TERM BORROWINGS – GROUP ONLY**

	2008 USD	2008 INR
CIMB, Malaysia (Ada Cellworks Sdn. Bhd)	1,576,294	62,846,842
	<b>1,576,294</b>	<b>62,846,842</b>

**12. TAXATION – COMPANY ONLY**

As per the existing tax regulations in Bermuda no tax is payable on the income of the company and accordingly no tax provision has been made as at the Balance Sheet Date.

**13. FINANCIAL INSTRUMENTS – COMPANY ONLY**
**Financial risk management objectives and policies**

Fair value

The Company's investments in subsidiaries are valued as described in Note 5.

The Company's other financial assets and liabilities include trades and other receivables, due from related companies, cash and cash equivalents, trade and other payables and due to related companies. The carrying amounts of these assets and liabilities approximate their fair values.

The Group's activities expose it to a variety of financial risks, including:

- Credit risk;
- Interest rate risk;
- Liquidity risk; and
- Currency risk

A description of the significant risk factors is given together with the risk management policies applicable:

**(i) Credit risk**

The group's credit risk is primarily attributable to its receivables. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has policies in place to ensure that services are made to customers with an appropriate credit history.

**(ii) Interest rate risk**

The Group borrows at fixed and variables rates. In respect of the latter, it is exposed to risk associated with the effect of fluctuations in the prevailing level of market interest rates on its financial position and cash flows.

**(iii) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping reliable credit lines available.

**(iv) Currency risk**

The Company invests in companies denominated in currencies other than its functional currency. Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to these currencies may change in a manner which has a material effect on the reported values of the Company's assets which are denominated in these currencies.

**14. ULTIMATE HOLDING COMPANY**

The Company is a wholly owned subsidiary of GTL Limited (formerly known as Global Tele-Systems Limited), a company incorporated in India. The directors regard GTL Limited as the ultimate holding company.

## DIRECTOR'S REPORT

The Directors present their report together with the audited financial statements of the Company for the financial period from January 1, 2007 to March 31, 2008.

### 1 DIRECTORS OF THE COMPANY

The Directors in office at the date of this report are:

Gerard Francis Misquitta  
Retassh Arvind Bhansali  
Lakshminarayan Prasad Karthikeyan  
Sukanta Kumar Roy (Appointed as at December 27 2007)  
Laxmikant Yeshwant Desai (Appointed as at December 27, 2007)

### 2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits through the acquisition of shares in or debentures of the Company or any other body corporate.

### 3 DIRECTORS' INTEREST IN SHARES OR DEBENTURES

The Directors holding office at the end of the financial period and their interests in the shares of the Company and related corporation as recorded in the register kept by the Company for the purposes of Section 164 of the Companies Act, Cap. 50 were as follows:

Name of Directors	Shareholdings in which Directors are deemed to have an interest		Shareholdings registered in the name of the Directors	
	Jan 01, 07	Mar 31, 08	Jan 01, 07	Mar 31, 08
Ordinary shares of INR10 each				
Ultimate holding corporation				
- GTL Limited				
Lakshminarayan Prasad Karthikeyan	30	30	NIL	NIL
Retassh Arvind Bhansali	100	100	NIL	NIL
Sukanta Kumar Roy *				
Laxmikant Yeshwant Desai *	2,899	2,899	2,066	12,066

\* Appointed on December 27, 2007

### 4 DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial period, no director of the Company has received or become entitled to receive a benefit (other than as disclosed in the consolidated financial statements and its report) 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.

### 5 SHARE OPTIONS

There were no options granted during the financial period to subscribe for unissued shares of the Company.

No shares have been issued during the financial period by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial period.

### 6 AUDITORS

The auditors, Messrs. Rohan · Mah & Partners, Certified Public Accountants, have expressed their willingness to accept re-appointment.

#### On Behalf of the Board

Retassh Arvind Bhansali  
Director

Gerard Francis Misquitta  
Director

April 07, 2008

## STATEMENT BY DIRECTORS

In the opinion of the directors, accompanying financial statements are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2008 and of the results of the business, changes in equity and cash flows of the Company for the period ended on that date, and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors have, on the date of the statement, authorised these financial statements for issue.

Retassh Arvind Bhansali  
Director

Gerard Francis Misquitta  
Director

April 07, 2008

## AUDITORS' REPORT

We have audited the accompanying financial statements of IGTL Solutions (S) Pte Ltd (the "Company"), which comprise the balance sheet as at March 31, 2008, and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- devising and maintaining a system of internal accounting controls sufficient to provide a 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 income statement and balance sheet and to maintain accountability of assets;
- selecting and applying appropriate accounting policies; and
- making accounting estimates that are reasonable in the circumstances.

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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion,

- the financial statements 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, 2008 and the results, changes in equity and cash flows of the Company for the year ended on that date; and
- 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.

ROHAN · MAH & PARTNERS  
Certified Public Accountants

April 07, 2008

**Balance Sheet  
as at March 31, 2008**

	Note	2008 USD	2006 USD	2008 INR	2006 INR
<b>ASSETS LESS LIABILITIES</b>					
<b>Non-Current Assets</b>					
Plant and equipment	3	250,230	314,936	9,976,670	13,928,045
Investment in subsidiary	4	125,000	125,000	4,983,750	5,528,125
Investment in associate	5	NIL	84,984	NIL	3,758,417
		<b>375,230</b>	<b>524,920</b>	<b>14,960,420</b>	<b>23,214,587</b>
<b>Current Assets</b>					
Inventories	6	NIL	685,613	NIL	30,321,235
Trade and other receivables	7	26,297,444	4,652,567	1,048,479,092	205,759,776
Cash and cash equivalents	9	123,405	142,479	4,920,157	6,301,134
		<b>26,420,849</b>	<b>5,480,659</b>	<b>1,053,399,250</b>	<b>242,382,144</b>
<b>Current Liabilities</b>					
Bank overdraft	9	NIL	16,989	NIL	751,339
Trade and other payables	10	903,793	4,837,800	36,034,227	213,951,705
Short term interest bearing bank loan	11	NIL	NIL	NIL	NIL
Provision for taxation	1		28,500	40	1,260,413
		<b>903,794</b>	<b>4,883,289</b>	<b>36,034,267</b>	<b>215,963,456</b>
<b>NET CURRENT ASSETS</b>		<b>25,517,055</b>	<b>597,370</b>	<b>1,017,364,983</b>	<b>26,418,688</b>
<b>Non-Current Liabilities</b>					
Deferred taxation	12	NIL	62,000	NIL	2,741,950
<b>NET ASSETS</b>		<b>25,892,285</b>	<b>1,060,290</b>	<b>1,032,325,403</b>	<b>46,891,325</b>
<b>Equity</b>					
Share capital	13	300,883	300,883	11,996,205	13,306,551
Retained profits		25,591,402	759,407	1,020,329,198	33,584,775
Retained profits - b/f		463,595	463,595	18,483,533	20,502,489
Translation diff					NIL
Retained profits - CY		(1,673,613)	161,281	(66,726,950)	7,132,652
<b>TOTAL EQUITY</b>		<b>25,892,285</b>	<b>1,060,290</b>	<b>1,032,325,403</b>	<b>46,891,325</b>

Signed on behalf of the Board of Directors

Retassh Arvind Bhansali  
Director

Gerard Francis Misquitta  
Director

April 07, 2008



### Income Statement for the period ended March 31, 2008

	Note	January 01, 2007 to March 31, 2008			January 01, 2006 to December 31, 2006			January 01, 2007 to March 31, 2008			January 01, 2006 to December 31, 2006		
		Continuing operations USD	Discontinued operations USD	Total USD	Continuing operations USD	Discontinued operations USD	Total USD	Continuing operations INR	Discontinued operations INR	Total INR	Continuing operations INR	Discontinued operations INR	Total INR
<b>REVENUE</b>	14	1,613,149	7,398,844	9,011,993	291,716	17,474,398	17,766,114	64,316,251	294,991,910	359,308,161	12,901,140	772,805,252	785,706,392
Other incomes	15	53,821	478	54,299	7,630	NIL	7,630	2,145,843	19,058	2,164,901	337,437	NIL	337,437
		<u>1,666,970</u>	<u>7,399,322</u>	<u>9,066,292</u>	<u>299,346</u>	<u>17,474,398</u>	<u>17,773,744</u>	<u>66,462,094</u>	<u>295,010,968</u>	<u>361,473,062</u>	<u>13,238,577</u>	<u>772,805,252</u>	<u>786,043,828</u>
<b>COSTS AND EXPENSES</b>													
Cost of inventories purchased		(1,521,446)	(6,769,502)	(8,290,948)	(261,106)	(15,300,485)	(15,561,591)	(60,660,041)	(269,900,045)	(330,560,086)	(11,547,413)	(676,663,949)	(688,211,362)
Change in inventories		NIL	685,613	685,613	NIL	65,582	65,582	NIL	27,335,390	27,335,390	NIL	2,900,364	2,900,364
Staff costs	16	(1,161,996)	(220,189)	(1,382,185)	(678,822)	(429,112)	(1,107,934)	(46,328,771)	(8,778,935)	(55,107,706)	(30,020,903)	(18,977,478)	(48,998,381)
Depreciation	3	(51,603)	(23,025)	(74,628)	(20,335)	(45,717)	(66,052)	(2,057,392)	(918,007)	(2,975,399)	(899,315)	(2,021,834)	(2,921,150)
Other operating expenses	17	(586,320)	(484,897)	(1,071,217)	(394,763)	(380,402)	(775,165)	(23,376,589)	(19,332,843)	(42,709,433)	(17,458,394)	(16,823,278)	(34,281,672)
Finance costs	18	(19,218)	(81,603)	(100,821)	(25,322)	(106,605)	(131,927)	(766,222)	(3,253,512)	(4,019,733)	(1,119,865)	(4,714,606)	(5,834,472)
		<u>(3,340,582)</u>	<u>(6,893,603)</u>	<u>(10,234,185)</u>	<u>(1,380,348)</u>	<u>(16,196,739)</u>	<u>(17,577,087)</u>	<u>(133,189,015)</u>	<u>(274,847,952)</u>	<u>(408,036,966)</u>	<u>(61,045,890)</u>	<u>(716,300,782)</u>	<u>(777,346,673)</u>
Profit from sales of discontinued operations		NIL	26,020,912	26,020,912	NIL	NIL	NIL	NIL	1,037,453,761	1,037,453,761	NIL	NIL	NIL
(Loss) / Profit before taxation		(1,673,612)	26,526,631	24,853,019	(1,081,002)	1,277,659	196,657	(66,726,921)	1,057,616,778	990,889,857	(47,807,313)	56,504,469	8,697,156
Taxation	19	NIL	(21,023)	(21,023)	NIL	(35,376)	(35,376)	NIL	(838,187)	(838,187)	NIL	(1,564,504)	(1,564,504)
<b>(LOSS) / PROFIT FOR THE YEAR</b>		<u>(1,673,612)</u>	<u>26,505,608</u>	<u>24,831,996</u>	<u>(1,081,002)</u>	<u>1,242,283</u>	<u>161,281</u>	<u>(66,726,921)</u>	<u>1,056,778,591</u>	<u>990,051,670</u>	<u>(47,807,313)</u>	<u>54,939,966</u>	<u>7,132,652</u>

### Statement of Changes in Equity for the period ended March 31, 2008

	Share Capital USD	Retained Profits USD	Total USD	Share Capital INR	Retained Profits INR	Total INR
<b>As at January 1, 2006</b>	300,883	598,126	899,009	13,306,551	26,452,122	39,758,673
Net profit and total recognised income for the year	NIL	161,281	161,281	NIL	7,132,652	7,132,652
<b>As at 31 December 2006</b>	<u>300,883</u>	<u>759,407</u>	<u>1,060,290</u>	<u>13,306,551</u>	<u>33,584,775</u>	<u>46,891,325</u>
Net profit and total recognised income for the period	NIL	24,831,995	24,831,995	NIL	990,051,641	990,051,641
<b>As at MARCH 31, 2008</b>	<u>300,883</u>	<u>25,591,402</u>	<u>25,892,285</u>	<u>11,996,205</u>	<u>1,020,329,198</u>	<u>1,032,325,403</u>

**Cash Flow Statement  
for the period ended March 31, 2008**

	<b>2008 USD</b>	2006 USD	<b>2008 INR</b>	2006 INR
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Profit before taxation	24,853,019	196,657	990,889,828	8,697,156
Adjustments for:				
Depreciation of plant and equipment	74,628	66,052	2,975,418	2,921,150
Plant and equipment written off	637		25,397	NIL
Provision for diminution in value of associate	84,984		3,388,312	NIL
Profit from sales of discontinued operations	(26,020,912)		(1,037,453,761)	NIL
Interest income	(54,264)	(7,425)	(2,163,506)	(328,371)
Interest expenses	(19,218)	131,927	(766,222)	5,834,472
<b>OPERATING (LOSS) / PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(1,081,127)</b>	<b>387,211</b>	<b>(43,104,533)</b>	<b>17,124,406</b>
Working capital changes, excluding changes related to cash				
Inventories	46,218	65,582	1,842,712	2,900,364
Trade and other receivables	4,997,365	5,055,134	199,244,943	223,563,301
Trade and other payables	(3,914,299)	(4,294,454)	(156,063,101)	(189,922,228)
Cash generated from operations	48,157	1,213,473	1,920,020	53,665,843
Interest income	54,264	7,425	2,163,506	328,371
Taxation paid	(111,523)	(12,726)	(4,446,422)	(562,807)
Interest paid	19,218	(131,927)	766,222	(5,834,472)
<b>Net cash generated from operating activities</b>	<b>10,116</b>	<b>1,076,245</b>	<b>403,325</b>	<b>47,596,935</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of plant and equipment	(18,094)	(92,248)	(721,408)	(4,079,668)
Proceed from disposal of plant and equipment	5,893	NIL	234,954	NIL
Proceed from the discontinued operations	27,242,221	NIL	1,086,147,351	NIL
Investment in subsidiary	NIL	(125,000)	NIL	(5,528,125)
Investment in associate	NIL	(78,950)	NIL	(3,491,564)
Net cash generated from / (used in) investing activities	27,230,020	(296,198)	1,085,660,897	(13,099,357)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Issue of ordinary shares for cash				
<b>Cash Flows From Financing Activities</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Advance to holding company</b>	<b>(27,242,221)</b>	<b>NIL</b>	<b>(1,086,147,351)</b>	<b>NIL</b>
Repayment of short-term bank loan	NIL	(700,643)	NIL	(30,985,937)
Net cash used in financing activities	(27,242,221)	(700,643)	(1,086,147,351)	(30,985,937)
Net (decrease) / increase in cash and cash equivalents	(2,085)	79,404	(83,129)	3,511,642
Cash and cash equivalents at beginning of the period	125,490	46,086	5,003,286	2,038,153
<b>Cash and Cash Equivalents at End of the Period (Note 9)</b>	<b>123,405</b>	<b>125,490</b>	<b>4,920,157</b>	<b>5,549,795</b>

**Detailed Income Statement  
for the period ended March 31, 2008**

	January 01, 2007 To March 03, 2008 USD	January 01, 2007 To March 03, 2008 INR		January 01, 2007 To March 03, 2008 USD	January 01, 2007 To March 03, 2008 INR
Sales	9,011,993	359,308,161	Interest expense	NIL	NIL
Less: Cost of sales	(7,605,335)	(303,224,706)	Internet charges	16,502	657,935
Gross profit	1,406,658	56,083,454	Lease Rental Charges	NIL	NIL
Add: Other Income			L/C Interest	83,224	3,318,141
Exchange gain	NIL	NIL	Medical expenses	133	5,303
Interest income	54,264	2,163,506	Office expenses	NIL	NIL
Sundry income	35	1,395	Other expenses	NIL	NIL
Gain on disposal of a discontinued operation	26,020,912	1,037,453,761	Postage	6,242	248,869
	27,481,869	1,095,702,117	Printing and stationery	7,332	292,327
Less : Operating expenses			Professional fees	129,311	5,155,630
Advertising and marketing expenses			Relocation charges	NIL	NIL
Audit fee	14,806	590,315	Provision for unutilised leave	NIL	NIL
Advertising	NIL	NIL	Provision for unutilised leave	11,669	465,243
Bad debts written off	69,363	2,765,503	Relocation charges	6,186	246,636
Bank charges	25,871	1,031,477	Rental of building	96,470	3,846,259
Bank interest	17,597	701,592	Rental of equipment	NIL	NIL
Bonus	NIL	NIL	Rental of warehouse	24,913	993,281
Casual labour	149	5,941	Repairs and maintenance	8,304	331,080
Conveyance charges	12,870	513,127	Recruitment expenses	NIL	NIL
Courier charges	NIL	NIL	Salaries and related costs	944,808	37,669,495
CPF	33,863	1,350,118	Secretarial fees	NIL	NIL
Directors' remuneration	386,957	15,427,976	Service charges	NIL	NIL
Directors' CPF	16,557	660,128	Staff commission	NIL	NIL
Depreciation	74,628	2,975,418	Staff expense	NIL	NIL
Entertainment	113,989	4,544,741	Staff welfare	61,583	2,455,314
Exchange loss	29,436	1,173,613	Stamp Duty	NIL	NIL
Exchange loss	NIL	NIL	Subscription fees	4,313	171,959
Freight, handling and port charges	64,038	2,553,195	Telephone and telex	60,426	2,409,185
Fixed assets written off	637	25,397	Tender fees	NIL	NIL
General expenses	3,270	130,375	Training	5,624	224,229
Gifts	2,494	99,436	Travelling	182,100	7,260,327
Impairment losses for investments	84,984	3,388,312	Utilities	3,918	156,211
Insurance	23,907	953,172	Vehicle hire charge	378	15,071
				(2,628,474)	(104,797,258)
			<b>PROFIT BEFORE TAXATION</b>	<b>24,853,395</b>	<b>990,904,859</b>

## Notes to the Financial Statements for the ended March 31, 2008

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1 **CORPORATE INFORMATION**

IGTL Solutions (S) Pte Ltd (the "Company") is a limited liability company incorporated in Singapore with its registered office at 78 Shenton Way #26-02A Lippo Centre, Singapore 079120 and its principle place of business at 5 Shenton Way, UIC Building #18-08, Singapore 068808.

The principal activities of the Company are to carry on the business of information technology and telecommunications and to act as importers, exporters, advisers and consultants of information technology and telecommunication hardware and software, information technology and telecommunications requisites and supplies of all kinds and to identify sources for equipment and services for specific information technology and telecommunication projects. The company disposed of the Managed Services Business and Enterprises Solutions Business during the current financial period.

The Company is a wholly-owned subsidiary of International Global Tele-Systems Ltd, incorporated in Mauritius. The ultimate holding corporation is GTL Limited, a company incorporated in India. Related corporations in these financial statements refer to members of ultimate holding corporation's group of companies.

The financial statements of the Company for the period ended as at March 31, 2008 were authorised for issue in accordance with a resolution of the Directors on April 07, 2008.

### 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### 2.1 **Basis of Preparation**

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The financial statements expressed in United States of American dollar ("USD" or "US\$") are prepared on the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity are disclosed in note 24.

#### **Interpretations and amendments to published standards effective in 2007**

On January 1, 2007, the Company adopted the new or revised FRS and Interpretations to FRS (INT FRS) that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The following are the FRS and INT FRS that are relevant to the Company:

FRS 1	Presentation of Financial Statements - Capital
(Amendment)	Disclosures
FRS 107	Financial Instruments: Disclosures
INT FRS 110	Interim Financial Reporting and Impairment
(Amendment)	

The adoption of the above FRS or INT FRS did not result in any substantial changes to the Company's accounting policies.

The Company has not applied any new standard or interpretation that has been issued but is not yet effective. The new standards that have been issued and not yet effective do not have any impact on the result of current or prior years.

#### 2.2 **Basis of Consolidation**

Consolidated financial statements have not been prepared as the Company is itself a wholly-owned subsidiary of International Global Tele-Systems Ltd

incorporated in Mauritius. The ultimate holding company, GTL Limited, a company incorporated in India produces consolidated financial statements that are available for public use and its registered office is at GTL Limited, Global Vision, Electronic Sadan II, MIDC, TTC Industrial Area, Mahape, Navi Mumbai - 400710, India.

### 2.3 **Subsidiary**

A subsidiary is a company in which the Company, directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

Investment in subsidiary is accounted for at cost less any impairment losses.

### 2.4 **Associate**

An associate is an entity, not being a subsidiary, in which the Company has a long-term interest of not less than 20% nor more than 50% of the equity and in whose financial and operating policy decisions the Company exercises significant influence.

Investments in associate is accounted for at cost less any impairment losses. Nevertheless, the financial effects on the Company's financial statements if equity accounting is adopted are shown by way of disclosure under Note 5. The most recent available audited financial statements of the associates are used by the Company in applying the equity method. Where the dates of the audited financial statements used are not co-terminus with those of the Company, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period.

### 2.5 **Plant and Equipment**

#### 2.5.1 **Measurement**

All items of plant and equipment are initially recorded at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

#### 2.5.2 **Components of costs**

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of plant and equipment.

#### 2.5.3 **Depreciation**

Depreciation is provided on the reducing balance method so as to write off the cost of plant and equipment over their estimated useful lives as follows:

	Years
Office renovation	3
Furniture and fittings	10
Office equipment	5
Computers	5

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

#### 2.5.4 **Subsequent expenditure**

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as an expense in the income statement during the financial year in which it is incurred.

#### 2.5.5 **Disposal**

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

**2.6 Revenue Recognition**

Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statements follows:

**2.6.1 Sale of Goods**

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes goods and services or other sales taxes and is after deduction of any trade discounts.

**2.6.2 Services**

Revenue is recognised as and when services rendered.

**2.6.3 Interest Income**

Interest income from bank deposits is accrued on a time-apportioned basis on the principal outstanding and at the rate applicable.

**2.7 Inventories**

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

**2.8 Foreign Currency****2.8.1 Functional and Presentation Currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in United States Dollar, which is the Company's functional and presentation currency.

**2.8.2 Foreign Currencies Transactions**

Foreign currency transactions during the year are translated into recording currencies at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into US\$ at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the income statement.

**2.9 Income Taxes**

Current income tax liabilities (and assets) for the current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognised for all deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax assets/liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at:

- (i) the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date; and
  - (ii) the tax consequence that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.
- Current and deferred income taxes are recognised as income or expenses in the income statement for the period.

**2.10 Operating Leases**

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

**2.11 Impairment****2.11.1 Impairment of Non-Financial Assets**

- Plant and equipment
- Investment in subsidiary
- Investment in associate

Plant and equipment, investment in subsidiary and investment in associate are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these asset, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating-units (CGU) to which the asset belongs to.

- Plant and equipment
- Investment in subsidiary
- Investment in associate

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the income statement unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

**2.11.2 Impairment of Financial Assets**

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases

and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

## 2.12 Employee Benefits

### 2.12.1 Defined Contribution Pension Costs

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The Company's contributions are recognised as employee compensation expense when they are due.

### 2.12.2 Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to balance sheet date.

## 2.13 Financial Instruments

### 2.13.1 Financial Assets

The Company's principal financial assets are trade and other receivables and bank balances. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance 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 amount of the allowance is recognised in the income statement.

Other receivable are stated at fair value and subsequently measured at amortised cost, using effective interest method.

### 2.13.2 Financial Liabilities

Trade and other payables are stated at fair value, and subsequently measured at amortised cost, using effective interest method. Interest-bearing liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing

liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowing on an effective interest basis.

## 2.14 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

## 2.15 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

## 2.16 Provision

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

## 2.17 Non-current Assets (or disposal groups) held for sale and Discontinued Operations

Non-current assets (or disposal groups) are classified as assets held for sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised in the income statement. Any subsequent increase in fair value less costs to sell up (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in the income statement.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and

- (a) represents a separate major line of business or geographical area of operations; or
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (c) is a subsidiary acquired exclusively with a view to resale.

## 3 PLANT AND EQUIPMENT

March 2008	Office renovation	Furniture and fittings	Office equipment	Computers	Total	Office renovation	Furniture and fittings	Office equipment	Computers	Total
Cost	USD	USD	USD	USD	USD	INR	INR	INR	INR	INR
At January 01, 2007	31,441	18,377	14,602	412,508	476,928	1,253,553	732,691	582,182	16,446,694	19,015,119
Additions	NIL	NIL	NIL	18,094	18,094	NIL	NIL	NIL	721,408	721,408
Disposal	NIL	NIL	NIL	(12,612)	(12,612)	NIL	NIL	NIL	(502,840)	(502,840)
At 31.03.08	<b>31,441</b>	<b>18,377</b>	<b>14,602</b>	<b>417,990</b>	<b>482,410</b>	<b>1,253,553</b>	<b>732,691</b>	<b>582,182</b>	<b>16,665,261</b>	<b>19,233,687</b>
Accumulated Depreciation										
At March 01, 2007	28,564	9,324	10,199	113,905	161,992	1,138,847	371,748	406,634	4,541,392	6,458,621
Depreciation for the year	1,037	1,086	1,015	71,490	74,628	41,345	43,299	40,468	2,850,306	2,975,418
Disposal	NIL	NIL	NIL	(4,440)	(4,440)	NIL	NIL	NIL	(177,023)	(177,023)
At March 31, 2008	<b>29,601</b>	<b>10,410</b>	<b>11,214</b>	<b>180,955</b>	<b>232,180</b>	<b>1,180,192</b>	<b>415,047</b>	<b>447,102</b>	<b>7,214,676</b>	<b>9,257,017</b>
Carrying Amount										
At March 31, 2008	<b>1,840</b>	<b>7,967</b>	<b>3,388</b>	<b>237,035</b>	<b>250,230</b>	<b>73,361</b>	<b>317,644</b>	<b>135,080</b>	<b>9,450,585</b>	<b>9,976,670</b>



December 2006	Office renovation	Furniture and fittings	Office equipment	Computers	Total	Office renovation	Furniture and fittings	Office equipment	Computers	Total
Cost	USD	USD	USD	USD	USD	INR	INR	INR	INR	INR
At March 01, 2006	31,441	17,595	14,602	321,042	384,680	1,253,553	701,513	582,182	12,799,945	15,337,192
Additions	NIL	782	NIL	91,466	92,248	NIL	31,178	NIL	3,646,749	3,677,928
At December 31, 2006	31,441	18,377	14,602	412,508	476,928	1,253,553	732,691	582,182	16,446,694	19,015,119
Accumulated Depreciation										
At January 01, 2006	27,322	8,422	9,201	50,995	95,940	1,089,328	335,785	366,844	2,033,171	3,825,128
Depreciation for the year	1,242	902	998	62,910	66,052	49,519	35,963	39,790	2,508,222	2,633,493
At December 31, 2006	28,564	9,324	10,199	113,905	161,992	1,138,847	371,748	406,634	4,541,392	6,458,621
Carrying Amount										
At December 31, 2006	2,877	9,053	4,403	298,603	314,936	114,706	360,943	175,548	11,905,302	12,556,498

#### 4. INVESTMENT IN SUBSIDIARY

	2008 USD	2006 USD	2008 INR	2006 INR
Unquoted equity, at cost	125,000	125,000	4,983,750	5,528,125

Details of the subsidiary are as follows:

Name of company	Country of incorporation	Effective equity held by the Group		Cost of investment		Cost of investment	
		2008	2006	2008	2006	2008	2006
		%	%	USD	USD	INR	INR
PT IGTL Solutions Indonesia #	Indonesia	100	100	125,000	25,000	49,83,750	11,05,625

The principal activity of its subsidiary is provision of management consultant services in telecommunication and system.

# Audited by Bayudi Watu & Rekan

We draw attention to the auditors' report of the above subsidiary, PT. IGTL Solutions Indonesia which states that the going concern basis of preparing the financial statements is the opinion of the management only. Despite this, the management still holds the view that the amount due from the subsidiary of US\$178,173 is recoverable and there is no requirement to impair the cost of investment in the subsidiary as the management has no intention to recall the amount due and the subsidiary is a viable concern.

#### 5. INVESTMENT IN ASSOCIATE

	2008 USD	2006 USD	2008 INR	2006 INR
Unquoted equity, at cost	84,984	84,984	3,388,312	3,758,417
Less: Provision for diminution in value				
Balance at beginning of year	NIL	NIL	NIL	NIL
Provision during the year	(84,984)	NIL	(3,388,312)	NIL
Balance at end of year	NIL	NIL	NIL	NIL
	NIL	84,984	NIL	3,758,417

Name of company	Country of incorporation	Percentage of equity held by the Company	
		2008	2006
IGTL Solutions (Thailand) Limited *	Thailand	49	49

\* Audited by ACT Accounting Office Co Ltd

The principal activity of the associate is the provision of information technology and telecommunication services.

#### a) The summarised financial information of associate is as follows:

	2008 USD	2006 USD
Balance sheet		
Assets	393,150	537,957
Liabilities	614,829	424,700
Income Statement		
Revenue	632,613	841,144
Net loss	(276,871)	(97,554)

**b) Results**

The financial effects on the statement of affairs and the results of the Company if the equity method accounting is adopted are as follows:

	Jan. 01, 2007 to Mar. 31, 2008 USD	Jan. 01, 2006 to Dec. 31, 2006 USD
Revenue	1,666,970	299,346
Costs and expenses	(3,340,582)	(1,380,348)
Profit from discontinued operations	26,526,631	1,277,659
Share of result of associate	(135,667)	(48,195)
	24,717,351	148,462
Taxation - Company	(21,023)	(35,376)
Taxation - Associate	NIL	NIL
Profit for the year	24,696,328	113,086

We draw attention to the auditors' report of the associate, IGTL Solutions (Thailand) Limited which stated without qualifications that it is uncertain as to whether the going concern basis of preparing the financial statements is appropriate. Despite this, the management still holds the view that the amount due from the associate of US\$489,632 is recoverable and there is no requirement to impair the cost of investment in the associate, as the management has no intention to recall the amount due and the associate is a viable concern

**6. INVENTORIES**

	2008 USD	2006 USD	2008 INR	2006 INR
Inventories, at cost	NIL	685,613	NIL	30,321,235

Inventories comprised of telecommunication products.

**7. TRADE AND OTHER RECEIVABLES**

	2008 USD	2006 USD	2008 INR	2006 INR
Trade debtors	156,052	2,932,042	6,221,793	129,669,557
Deposits and other debtors (note 8)	120,864	187,722	4,818,848	8,302,005
Amount due from ultimate holding corporation - trade	38,343	376,484	1,528,735	16,650,005
Amount due from ultimate holding corporation - non-trade	414	NIL	16,506	NIL
Amount due from immediate holding corporation - non-trade	25,173,476	895,105	1,003,666,488	39,586,019
Amount due from related corporations - trade	15,180	10,932	605,227	483,468
Amount due from related corporations - non-trade	303,483	59,131	12,099,867	2,615,068
Amount due from associated company - non trade	489,632	186,525	19,521,628	8,249,068
Amount due from associated company - trade	NIL	4,626	NIL	204,585
	<b>26,297,444</b>	<b>4,652,567</b>	<b>1,048,479,092</b>	<b>205,759,775</b>

The non-trade amount due from ultimate holding corporation, immediate holding corporation and related parties are unsecured, non-interest bearing and are repayable on demand.

The amounts due from subsidiary and associate are unsecured, interest bearing at 8% and 7% respectively, and are repayable on demand.

The carrying amounts of current trade and other receivables approximate their fair values.

Trade and other receivables are denominated in the following currencies

	2008 USD	2006 USD	2008 INR	2006 INR
United States Dollar	26,190,366	4,307,803	1,044,209,892	190,512,588
Singapore Dollar	51,255	279,595	2,043,537	12,365,089
Others	55,823	65,169	2,225,663	2,882,099
	<b>26,297,444</b>	<b>4,652,567</b>	<b>1,048,479,092</b>	<b>205,759,776</b>

**8. DEPOSITS AND OTHER DEBTORS**

	2008 USD	2006 USD	2008 INR	2006 INR
Staff loans	20,870	21,596	832,087	955,083
Deposits	25,506	25,953	1,016,924	1,147,771
L/C margin deposits	55,823	83,113	2,225,663	3,675,672
Advance to suppliers	18,665	24,584	744,174	1,087,227
Other debtors	NIL	32,476	NIL	1,436,251
	<b>120,864</b>	<b>187,722</b>	<b>4,818,848</b>	<b>8,302,005</b>

Margin deposits were placed with the bank for the issuance of bank guarantee.

**9. CASH AND CASH EQUIVALENTS**

	2008 USD	2006 USD	2008 INR	2006 INR
Cash and bank balances	123,405	142,479	4,920,157	6,301,134
Bank overdraft	NIL	(16,989)	NIL	(751,339)
	<b>123,405</b>	<b>125,490</b>	<b>4,920,157</b>	<b>5,549,795</b>

Bank overdraft arisen as a result of unrepresented cheques.

The carrying amounts of cash and cash equivalents approximate their fair value.

Cash and cash equivalents are denominated in the following currencies

	2008 USD	2006 USD	2008 INR	2006 INR
United States Dollar	60,762	129,017	2,422,581	5,705,777
Singapore Dollar	62,643	(3,527)	2,497,576	(155,982)
	<b>123,405</b>	<b>125,490</b>	<b>4,920,157</b>	<b>5,549,795</b>

**10. TRADE AND OTHER PAYABLES**

	2008 USD	2006 USD	2008 INR	2006 INR
Trade creditors	185,249	577,663	7,385,878	25,547,146
Trust receipts and bills payable (note 11)	NIL	3,881,721	NIL	171,669,111
Amount due to ultimate holding corporation - trade	8,907	NIL	355,122	NIL
Amount due to related corporations - non-trade	405,375	NIL	16,162,301	NIL
Advances received	NIL	70,761	NIL	3,129,405
Accrual	67,914	307,655	2,707,731	13,606,042
Other creditors	236,348	NIL	9,423,195	NIL
	<b>903,793</b>	<b>4,837,800</b>	<b>36,034,227</b>	<b>213,951,705</b>

The amounts due to related corporations and related corporations are unsecured, non-interest bearing and are repayable on demand.

The carrying amounts of current trade and other payables approximate their fair values.

Trade and other payables are denominated in the following currencies:

#### 10. TRADE AND OTHER PAYABLES

	2008 USD	2006 USD	2008 INR	2006 INR
United States Dollar	835,879	4,773,098	33,326,496	211,090,259
Singapore Dollar	67,914	64,702	2,707,731	2,861,446
	<b>903,793</b>	<b>4,837,800</b>	<b>36,034,227</b>	<b>213,951,705</b>

#### 11. BANKING FACILITIES

The company avails of funded and non-funded facilities in the course of its operations on the basis of sanctioned facilities are detailed as below:

- USD 3,300,000 from Hong Kong Shanghai Bank, Singapore (secured by SBLC from HSBC Mauritius for USD 2,000,000 and Corporate Guarantee for USD 1,300,000 from ultimate holding company, GTL Limited).
- USD 500,000 from Deutsche Bank A.G. Singapore (secured by Corporate Guarantee for USD 500,000 from ultimate holding company, GTL Limited).

#### 13. SHARE CAPITAL

	2008		2006		2008		2006	
	No. of shares	US\$	No. of shares	US\$	No. of shares	INR	No. of shares	INR
Ordinary shares issued and fully paid:								
At beginning and end of the year	<b>500,000</b>	<b>300,883</b>	500,000	300,883	<b>500,000</b>	<b>11,996,205</b>	500,000	13,306,551

#### 14. REVENUE

Revenue represents sales and services less goods and services tax and sales discounts. Significant categories of revenue are as follows:

	Jan. 01, 2007 to Mar. 31, 2008 USD	Jan. 01, 2006 to Dec. 31, 2006 USD	Jan. 01, 2007 to Mar. 31, 2008 INR	Jan. 01, 2006 to Dec. 31, 2006 INR
Business communication services	8,137,815	14,969,172	324,454,684	662,011,632
Software services	18,000	162,101	717,660	7,168,917
Enterprise network services	225,967	380,933	9,009,304	16,846,762
Network engineering	630,211	213,908	25,126,513	9,460,081
Enterprise Solution	NIL	2,040,000	NIL	90,219,000
	<b>9,011,993</b>	<b>17,766,114</b>	<b>359,308,161</b>	<b>785,706,392</b>

#### 15. OTHER INCOMES

	Jan. 01, 2007 to Mar. 31, 2008 USD	Jan. 01, 2006 to Dec. 31, 2006 USD	Jan. 01, 2007 to Mar. 31, 2008 INR	Jan. 01, 2006 to Dec. 31, 2006 INR
Interest income	54,264	7,425	2,163,506	328,371
Others	35	205	1,395	9,066
	<b>54,299</b>	<b>7,630</b>	<b>2,164,901</b>	<b>337,437</b>

#### 12. DEFERRED TAXATION

Deferred taxation as at 31 December related to the following:

	2008 USD	2006 USD	2008 INR	2006 INR
At beginning of the year	62,000	50,000	2,471,940	2,211,250
(Reversal) / Provision made during the year	(62,000)	12,000	(2,471,940)	530,700
At end of the year	<b>NIL</b>	<b>62,000</b>	<b>NIL</b>	<b>2,741,950</b>
The balance comprises tax on:	NIL	NIL	NIL	NIL
Excess of net book value over tax written down value of	NIL	NIL	NIL	NIL
Plant and equipment	NIL	62,000	NIL	2,741,950
At end of the year	<b>NIL</b>	<b>62,000</b>	<b>NIL</b>	<b>2,741,950</b>

#### 16. STAFF COSTS

	Jan. 01, 2007 to Mar. 31, 2008 USD	Jan. 01, 2006 to Dec. 31, 2006 USD	Jan. 01, 2007 to Mar. 31, 2008 INR	Jan. 01, 2006 to Dec. 31, 2006 INR
Staff costs (including executive directors)				
Wages, salaries and related costs	1,331,765	1,079,096	53,097,471	47,723,021
Defined contribution pension costs	50,420	28,838	2,010,245	1,275,361
	<b>1,382,185</b>	<b>1,107,934</b>	<b>55,107,716</b>	<b>48,998,381</b>

#### 17. OTHER OPERATING EXPENSES

Other operating expenses include

	Jan. 01, 2007 to Mar. 31, 2008 USD	Jan. 01, 2006 to Dec. 31, 2006 USD	Jan. 01, 2007 to Mar. 31, 2008 INR	Jan. 01, 2006 to Dec. 31, 2006 INR
Bad debt written off	69,363	54,874	2,765,503	2,426,803
Exchange loss	29,436	25,814	1,173,613	1,141,624
Entertainment	113,989	4,966	4,544,741	219,621
Freight, handling and port charges	64,038	48,340	2,553,195	2,137,837
Professional fees	129,311	150,014	5,155,630	6,634,369
Rental	96,470	65,755	3,846,259	2,908,015
Travelling	182,100	143,172	7,260,327	6,331,782
<b>TOTAL</b>	<b>1,071,217</b>	<b>775,165</b>	<b>42,709,433</b>	<b>34,281,672</b>

**18. FINANCE COSTS**

Other operating expenses include

	Jan. 01, 2007 to Mar. 31, 2008 USD	Jan. 01, 2006 to Dec. 31, 2006 USD	Jan. 01, 2007 to Mar. 31, 2008 INR	Jan. 01, 2006 to Dec. 31, 2006 INR
Bank interest				
- term loan interest	17,597	44,256	701,592	1,957,222
- L/C interest	83,224	83,966	3,318,141	3,713,396
- Others	NIL	3,705	NIL	163,854
Total borrowing costs	<b>100,821</b>	<b>131,927</b>	<b>4,019,733</b>	<b>5,834,472</b>

**19. TAXATION**

Major components of income tax expense for the period 31 March were:

	Jan. 01, 2007 to Mar. 31, 2008 USD	Jan. 01, 2006 to Dec. 31, 2006 USD	Jan. 01, 2007 to Mar. 31, 2008 INR	Jan. 01, 2006 to Dec. 31, 2006 INR
From continuing operations				
- Current income tax	NIL	NIL	NIL	NIL
Tax expense for the continuing operation	NIL	NIL	NIL	NIL
From discontinued operation				
- Current income tax:	NIL	NIL	NIL	NIL
Singapore	NIL	28,500	NIL	1,260,413
Foreign	75,362	NIL	3,004,683	NIL
- Under/(Over) provision in respect of prior year	7,661	(5,124)	305,444	(226,609)
- Deferred tax	(62,000)	12,000	(2,471,940)	530,700
Tax expense for the discontinued operation	<b>21,023</b>	<b>35,376</b>	<b>838,187</b>	<b>1,564,504</b>

A reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate for the year ended 31 December was as follows

	Jan. 01, 2007 to Mar. 31, 2008 USD	Jan. 01, 2006 to Dec. 31, 2006 USD	Jan. 01, 2007 to Mar. 31, 2008 INR	Jan. 01, 2006 to Dec. 31, 2006 INR
(Loss) before tax from continuing operation	(1,673,613)	(1,081,002)	(48,370,366)	(47,807,313)
Profit before tax from discontinued operation	26,526,631	1,277,659	766,666,402	56,504,469
	<b>24,853,018</b>	<b>196,657</b>	<b>718,296,036</b>	<b>8,697,156</b>
Tax expense on profit before tax at 18% (2006:20%)	4,473,543	39,331	129,293,280	1,739,413
Adjustments:				
Non-deductible expenses	32,764	1,035	946,937	45,773
Non-taxable income	(4,693,532)	NIL	(135,651,349)	NIL
Temporary differences	NIL	6,781	NIL	299,890
Under/(Over) provision in respect of prior year	7,661	(5,124)	221,416	(226,609)
Foreign tax	75,362	NIL	2,178,095	NIL
Unutilised tax losses	190,482	NIL	5,505,266	NIL
Unutilisation of capital allowance	(3,257)	NIL	(94,133)	NIL
Deferred tax	(62,000)	NIL	(1,791,909)	NIL
Tax exemption	NIL	(6,634)	NIL	(293,389)
Others	NIL	(13)	NIL	(575)
Tax expense	<b>21,023</b>	<b>35,376</b>	<b>607,602</b>	<b>1,564,504</b>

**20. DISCONTINUED OPERATIONS**

On July 9, 2007, the Company entered into a sales and purchase agreement ("SPA") to sell its businesses of Enterprises Solutions Business and Managed Services Business to a company, incorporated in Singapore with effect from August 10, 2007. The sale of the businesses includes all necessary infrastructure and equipment, which were defined as the net working capital in the SPA at a consideration USD 27,242,221. The sale was completed on August 10, 2007.

The impact of the discontinued operations on the cash flows of the Company is as follows:

	2008 USD	2006 USD	2008 INR	2006 INR
Operating cash flows	459,492	528,090	13,280,129	23,354,780
Investing cash flows	27,242,221	NIL	787,348,215	NIL
Financing cash flows	<b>(27,242,221)</b>	<b>NIL</b>	<b>(787,348,215)</b>	<b>NIL</b>

**21. SIGNIFICANT RELATED PARTIES TRANSACTIONS**

Significant related party transactions on terms agreed between the Company and its related parties are as follows:

**(a) Sales and purchases of goods and services**

	Jan. 01, 2007 to Mar. 31, 2008 USD	Jan. 01, 2006 to Dec. 31, 2006 USD
Ultimate Holding Corporation		
Sale of goods and services to	127,394	29,838
Purchase of goods and services from	423,087	1,349,322
Others	24,439	548,835
Immediate Holding Corporation		
Sale of goods and services to	NIL	425,000
Others	117,897	
Related Corporations		
Interest charged	53,606	NIL
Expenses paid on behalf and reimbursed from related parties	267,307	NIL
Expenses paid on behalf and reimbursed by related parties	26,909	NIL
Others	NIL	77,252

**(b) Transactions with key management personnel**

Directors' and Executives' Remuneration  
Directors' remuneration amount to US\$403,514 (INR 16,088,103). (2006: US\$225,490) (2006:INR 9,972,295)

**22. OPERATING LEASE COMMITMENTS**

The Company leases an office and warehouse premises under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The lease expenditure charged to the income statement during year was US\$121,383 (INR 4,839,540), (2006: US\$59,583) (INR 2,635,058).

The future aggregate minimum lease payable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are analysed as follows:

	2008 USD	2006 USD	2008 INR	2006 INR
Payable				
Within 1 year	19,600	289,050	781,452	12,783,236
After 1 year but within 5 year	NIL	302,976	NIL	13,399,114
	<b>19,600</b>	<b>592,026</b>	<b>781,452</b>	<b>26,182,350</b>

**23. FINANCIAL INSTRUMENTS****Financial Risk Management Objectives and Policies**

The main risks arising from the Company's financial instruments are credit, foreign exchange, liquidity and interest rate risks. The policies of managing each of these risks are summarised below:

**Credit Risk**

Credit risk refers to the risk that counter parties may default on their contractual obligations resulting in a financial loss to the Company. The Company's customer portfolio is diversified and there is no reliance on any customer. These exposures are monitored and provision for potential credit losses is adjusted when necessary.

**Foreign Currency Risk**

Foreign currency risk arises from change in foreign exchange rates that may have an adverse effect on the Company in the current reporting period and in the future years. The Company relies on natural hedges of matching foreign currency denominated assets and liabilities. Consistent effort has also been employed by the Company to keep track of exchange rate fluctuations such that funds are converted at favourable exchange rates.

**Liquidity Risk**

Liquidity risk refers to the risk that the Company is unable to meet its obligations when all fall due. The Company monitors its cash flow and collections on a regular basis as a means of managing liquidity risk.

**Interest Rate Risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

**Fair value of Financial Instruments**

There are no material differences between the book value and the fair value of the Company's financial assets and liabilities. The Company does not engage in transactions involving financial derivatives.

**24. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT**

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses, and disclosures made. Estimates and judgements are continually evaluated and are based on historical experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

**(i) Key Sources of Estimation Uncertainty**

There were no key assumptions concerning the future and other key sources of estimation uncertainty made by management at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

**(ii) Critical Judgement Made In Applying Accounting Policies**

Judgements made by management in the application of FRS that have a significant effect on the financial statements and in arriving at estimates with a significant risk of material adjustment in the next financial year is set out below:

**Impairment of investments and receivables**

The Company follows the guidance of FRS 39 on determining when an investment or receivable is impaired. This determination requires significant judgement. The Company evaluates, among other factors, the duration and extent to which the fair value of an investment or receivable is less than its cost; and the financial health of and near-term business outlook for the investment or receivable, including factors such as business results and operational and financing cash flow.

**25. COMPARATIVE FIGURES**

The financial statements for year 2008 cover the financial period from January 1, 2007 to MARCH 31, 2008. The financial statements for year 2006 cover the twelve months ended 31 December 2006.

## DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the financial statements of the company for the period from January 1, 2007 to March 31, 2008.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was providing complete network services to its UK customers. The company ceased trading during the period.

### RESULTS AND DIVIDENDS

The loss for the period amounted to £125,865 (INR 10,011,931). The Directors have not recommended a dividend.

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Directors make use of the immediate parent company's risk management team to monitor and where possible mitigate the risks faced by the business. This includes credit risk, foreign exchange risk and interest rate risks.

### DIRECTORS

The Directors who served the company during the period were as follows:

Mr G F Misquitta

Mr R A Bhansali

The company is a wholly owned subsidiary and the interests of the group Directors are disclosed in the financial statements of the parent company.

### DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### In so far as the Directors are aware:

there is no relevant audit information of which the company's auditor is unaware; and

- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### AUDITOR

Horwath Clark Whitehill LLP resigned as auditors on anuary 9, 2008 and Kajaine Limited were appointed in their place. A resolution to re-appoint Kajaine Limited as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

### Registered office:

St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

April 07, 2008.

Signed by order of the Directors

**V VISHWANATH**  
Company Secretary

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF IGTL Solutions (UK)Limited.

We have audited the financial statements of IGTL Solutions (UK) Limited for the period from January 1, 2007 to March 31, 2008 on pages Error! Bookmark not defined. to 17, which have been prepared on the basis of the accounting policies set out .

This report is made solely to the company's shareholder, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### OPINION

#### In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at March 31, 2008 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

### KAJAIN LIMITED

Chartered Accountants  
& Registered Auditors

1st Floor  
Alpine House Unit 2  
Honeypot Lane  
London

NW9 9RX



**Balance Sheet**  
**as on March 31, 2008**

	Notes	March 31, 08 GBP	December 31, 06 GBP	March 31, 08 INR	December 31, 06 INR
<b>FIXED ASSETS</b>					
Tangible assets	7	NIL	43,894	NIL	3,809,999
Investments	8	NIL	4,681,685	NIL	406,370,258
		NIL	4,725,579	NIL	410,180,257
<b>CURRENT ASSETS</b>					
Stocks	9	NIL	11,305	NIL	981,274
Debtors	10	196,921	509,723	15,664,081	44,243,956
Investments	11	4,682,185	NIL	372,444,406	NIL
Cash at bank and in hand		8,828	77,604	702,223	6,736,027
		4,887,934	598,632	388,810,710	51,961,258
<b>CURRENT LIABILITIES</b>					
Creditors: Amounts falling due within one year	12	4,588,305	4,913,264	364,976,721	426,471,315
Net Current Assets/(Liabilities)		299,629	(4,314,632)	23,833,989	(374,510,058)
Total Assets Less Current Liabilities		299,629	410,947	23,833,989	35,670,200
Provisions For Liabilities					
Other provisions	13	14,547	NIL	1,157,141	NIL
<b>Net Asset</b>		<b>285,082</b>	<b>410,947</b>	<b>22,676,848</b>	<b>35,670,200</b>
<b>Capital and Reserves</b>					
Called-up equity share capital	17	250,000	250,000	19,886,250	21,700,000
Profit and loss account		35,082	160,947	2,790,598	13,970,200
<b>Equity Shareholder's Funds</b>	18	<b>285,082</b>	<b>410,947</b>	<b>22,676,848</b>	<b>35,670,200</b>

Signed on behalf of the Board of Directors

R A Bhansali  
Director

April 07, 2008

**Profit & Loss Account**  
**for the year ended 2006 - 2008**

	Notes	March 31, 08 GBP	December 31, 06 GBP	March 31, 08 INR	December 31, 06 INR
<b>Turnover - Discontinued</b>	2	584,118	1,614,790	46,463,666	140,163,772
Cost of sales		292,382	1,138,590	23,257,526	98,829,612
<b>Gross Profit</b>		<b>291,736</b>	<b>476,200</b>	<b>23,206,140</b>	<b>41,334,160</b>
Administrative expenses		419,638	536,459	33,380,105	46,564,641
<b>Operating Loss</b>	3	<b>(127,902)</b>	<b>(60,259)</b>	<b>(10,173,965)</b>	<b>(5,230,481)</b>
Income from shares in group undertakings	5	NIL	400,000	NIL	34,720,000
Interest receivable and similar income		2,037	280	162,033	24,304
<b>(Loss)/Profit On Ordinary Activities Before Taxation</b>		<b>(125,865)</b>	<b>340,021</b>	<b>(10,011,931)</b>	<b>29,513,823</b>
Tax on (loss)/profit on ordinary activities	6	NIL	NIL	NIL	NIL
<b>(Loss)/Profit For The Financial Period</b>		<b>(125,865)</b>	<b>340,021</b>	<b>(10,011,931)</b>	<b>29,513,823</b>

All of the activities of the company are classed as discontinued.

The company has no recognised gains or losses other than the results for the Year as set out above.

## Notes to the Financial Statements for the year ended December 31, 2008

### 1. ACCOUNTING POLICIES

#### Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### Fundamental Accounting Concept

The company is dependent on continuing finance being made available by its immediate parent undertaking to enable it to continue operating and to meet its debts as they fall due. The parent company has agreed to provide sufficient funds for these purposes for at least 12 months from the date that these accounts are approved by the directors. The Directors believe it is therefore appropriate to prepare the financial statements on a going concern basis.

#### Cash flow statement

The Directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

#### Consolidation

The Company and its subsidiary undertakings comprise a medium sized group and in accordance with Section 248 of the Companies Act 1985, is not required to produce, and has not published consolidated accounts. The financial statements therefore present information about the company as an individual undertaking and not about its group.

#### Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

#### Fixed assets

All fixed assets are initially recorded at cost. The carrying value of fixed assets is periodically reviewed for impairment.

#### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and machinery	- 20% straight line
Fixtures and fittings	- 20% straight line
Furniture and equipment	- 20% straight line

#### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

#### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

#### Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, and it is possible that the company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the Balance Sheet date.

### 2. TURNOVER - DISCONTINUED

The turnover (discontinued) and the loss/profit before tax are attributable to the one principal activity of the company.

An analysis of turnover (discontinued) is given below:

	Mar 31, 08 GBP	Dec 31, 06 GBP	Mar 31, 08 INR	Dec 31, 06 INR
United Kingdom	385,036	904,983	30,627,689	78,552,524
Overseas	199,082	709,807	15,835,978	61,611,248
	<b>584,118</b>	<b>1,614,790</b>	<b>46,463,666</b>	<b>140,163,772</b>

### 3. OPERATING LOSS

Operating loss is stated after charging:

	Mar 31, 08 GBP	Dec 31, 06 GBP	Mar 31, 08 INR	Dec 31, 06 INR
<b>DIRECTORS' EMOLUMENTS</b>				
Depreciation of owned fixed assets	27,747	24,012	2207135	2084242
Loss on disposal of fixed assets	5,474	10	435429	868
<b>AUDITOR'S REMUNERATION</b>				
- as auditor	17,550	11,000	1396015	954800
Net loss on foreign currency translation	<b>2,275</b>	<b>1,633</b>	<b>180965</b>	<b>141744</b>

### 4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial period amounted to:

	Mar 31, 08	Dec 31, 06
Number of production staff	4	4
Marketing staff	1	4
	<b>5</b>	<b>8</b>

The aggregate payroll costs of the above were:

	Mar 31, 08 GBP	Dec 31, 06 GBP	Mar 31, 08 INR	Dec 31, 06 INR
Wages and salaries	211,866	370,807	16,852,881	32,186,048
Social security costs	26,721	29,337	2,125,522	2,546,452
	<b>238,587</b>	<b>400,144</b>	<b>18,978,403</b>	<b>34,732,499</b>

5. **INCOME FROM SHARES IN GROUP UNDERTAKINGS**

	Mar 31, 08 GBP	Dec 31, 06 GBP	Mar 31, 08 INR	Dec 31, 06 INR
Income from group undertakings	NIL	400,000	NIL	34720000

6. **TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

## (a) Factors affecting current tax charge

	Mar 31, 08 GBP	Dec 31, 06 GBP	Mar 31, 08 INR	Dec 31, 06 INR
(Loss)/profit on ordinary activities before taxation	(125,865)	340,021	(10,011,931)	29,513,823
(Loss)/profit on ordinary activities by rate of tax	(34,818)	102,006	(2,769,598)	8,854,121
Permanent differences	2,487	(117,573)	197,828	(10,205,336)
Utilisation of Losses brought forward	31,795	11,485	2,529,133	996,898
Other timing difference	535	4,082	42,557	354,318
<b>TOTAL CURRENT TAX</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

## (b) Factors that may affect future tax charges

There is a deferred tax asset of £90,862 (INR 7,22,7,618) (2006: £56,125) (2006: INR 4,871,650) not recognised in these accounts resulting from unutilised losses carried forward to future years, as there is insufficient evidence to support its recoverability.

7. **TANGIBLE FIXED ASSETS**

	Plant & Machinery GBP	Fixtures & Fittings GBP	Equipment GBP	Total GBP	Plant & Machinery INR	Fixtures & Fittings INR	Equipment INR	Total INR
<b>COST</b>								
At 1 January 2007	157,664	33,184	31,110	221,958	12,541,383	2,639,621	2,474,645	17,655,649
Disposals	(157,664)	(33,184)	(31,110)	(221,958)	(12,541,383)	(2,639,621)	(2,474,645)	(17,655,649)
<b>At 31 March 2008</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>DEPRECIATION</b>								
At 1 January 2007	136,455	19,653	21,956	178,064	10,854,313	1,563,298	1,746,490	14,164,101
Charge for the period	21,209	3,004	3,534	27,747	1,687,070	238,953	281,112	2,207,135
Disposals	(157,664)	(22,657)	(25,490)	(205,811)	(12,541,383)	(1,802,251)	(2,027,602)	(16,371,236)
<b>At 31 March 2008</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>NET BOOK VALUE</b>								
At 31 March 2008	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>At 31 December 2006</b>	<b>21,209</b>	<b>13,531</b>	<b>9,154</b>	<b>43,894</b>	<b>1,840,941</b>	<b>1,174,491</b>	<b>794,567</b>	<b>3,809,999</b>

8. **INVESTMENTS**

## Unquoted investment

	January 1, 2007 GBP	January 1, 2007 INR
Opening Cost	4,681,685	372,404,633
Additions	500	39,773
Reclassified as current asset held for resale (note 11)	4,682,185	372,444,406
<b>At 31 December 2006</b>	<b>NIL</b>	<b>NIL</b>

The company holds the entire share capital of GTL Europe Ltd (formerly Genesis Consultancy Limited), a company incorporated in England. By virtue of this acquisition, the company owns 100% of the issued Ordinary share capital of the following companies:

Aggregate Capital and Reserves	Country of incorporation	Dec 31, 07 GBP	Dec 31, 06 GBP	Dec 31, 07 INR	Dec 31, 06 INR
GTL Europe Ltd	UK (Formerly Genesis Consultancy Ltd)	NIL	1,218,587	NIL	105,773,352
Re-Source Global Ltd	UK	NIL	(54,204)	NIL	(4,704,907)
Genesis Consultancy Australia PTY Ltd	Australia	NIL	164,484	NIL	14,277,211
Genesis Consultancy (2004)Ltd	New Zealand	NIL	54,794	NIL	4,756,119
Genesis Telecoms PTE Ltd		NIL	22,397	NIL	1,944,060
Genesis Consultancy USA Inc.	USA	NIL	7,274	NIL	631,383
PT Genesis Consultancy	Indonesia	NIL	35,215	NIL	3,056,662
Genesis Consultancy Gmbh	Germany	NIL	17,479	NIL	1,517,177
Genesis Telecommunications Ireland Ltd	Ireland	NIL	91,946	NIL	7,980,913
	Profit and (Loss) for the year				
GTL Europe Ltd England	UK (Formerly Genesis Consultancy Ltd)	NIL	567,161	NIL	49,229,575
Re-Source Global Ltd England	UK	NIL	(25,041)	NIL	(2,173,559)
Genesis Consultancy Australia PTY Ltd	Australia	NIL	69,533	NIL	6,035,464
Genesis Consultancy (2004)Ltd	New Zealand	NIL	67,784	NIL	5,883,651
Genesis Telecoms PTE Ltd	Singapore	NIL	(3,274)	NIL	(284,183)
Genesis Consultancy USA Inc.	USA	NIL	30,761	NIL	2,670,055
PT Genesis Consultancy Indonesia	Indonesia	NIL	8,692	NIL	754,466
Genesis Consultancy Gmbh	Switzerland	NIL	(2,036)	NIL	(176,725)
Genesis Telecommunications Ireland Ltd	Ireland	NIL	91,945	NIL	7,980,826

**9. STOCKS**

	Mar 31, 08 GBP	Dec 31, 06 GBP	Mar 31, 08 INR	Dec 31, 06 INR
Stock	NIL	11,305	NIL	981,274

**10. DEBTORS**

	Mar 31, 08 GBP	Dec 31, 06 GBP	Mar 31, 08 INR	Dec 31, 06 INR
Trade debtors	NIL	118,219	NIL	10,261,409
Amount due to ultimate parent undertaking	35,744	NIL	2,843,256	NIL
Amounts owed by group undertakings	151,933	228,402	12,085,510	19,825,294
Corporation tax repayable	NIL	24,418	NIL	2,119,482
Other debtors	9,244	62,327	735,314	5,409,984
Prepayments and accrued income	NIL	76,357	NIL	6,627,788
	<b>196,921</b>	<b>509,723</b>	<b>15,664,081</b>	<b>44,243,956</b>

**11. INVESTMENTS**

	Mar 31, 08 GBP	Dec 31, 06 GBP	Mar 31, 08 INR	Dec 31, 06 INR
Investment held for resale (note 8)	4,682,185	NIL	372,444,406	NIL

12. **CREDITORS: Amounts falling due within one year**

	Mar 31, 08 GBP	Dec 31, 06 GBP	Mar 31, 08 INR	Dec 31, 06 INR
Overdrafts	6,489	NIL	516,168	NIL
Trade creditors	41,765	141,836	3,322,197	12,311,365
Other creditors including taxation and social security:				
PAYE and social security	NIL	10,709	NIL	929,541
VAT	25,002	57,197	1,988,784	4,964,700
Amount due to immediate parent undertaking	4,512,049	4,421,163	358,910,938	383,756,948
Amount due to ultimate parent undertaking	NIL	181,277	NIL	15,734,844
	4,537,051	4,670,346	360,899,722	405,386,033
Accruals and deferred income	3,000	101,082	238,635	8,773,918
	<b>4,588,305</b>	<b>4,913,264</b>	<b>364,976,721</b>	<b>426,471,315</b>

13. **OTHER PROVISIONS**

	Mar 31, 08 Dilapidation GBP	Mar 31, 08 Dilapidation INR
At 31 March 2008:		
Arising in the period	14,547	1,157,141

This amount represents an estimated dilapidation cost on surrender of the company's property lease.

14. **COMMITMENTS UNDER OPERATING LEASES**

At March 31, 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	Mar 31, 08 GBP	Dec 31, 06 GBP	Mar 31, 08 INR	Dec 31, 06 INR
<b>Land &amp; Buildings</b>				
Operating leases which expire:				
Within 2 to 5 years	NIL	17,250	NIL	1,497,300

Lease for the business premises was surrendered on December 24, 2007.

15. **RELATED PARTY TRANSACTIONS**

In normal course of business the company trades with other group companies. These transactions are not disclosed in these accounts as they are eliminated on consolidation in the group financial statements of the immediate parent undertaking. Copies of these accounts are available from the Registrar of Companies in Mauritius.

16. **SHARE CAPITAL**

	Mar 31, 08 GBP	Dec 31, 06 GBP	Mar 31, 08 INR	Dec 31, 06 INR
<b>Authorised share capital:</b>				
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000	79,545,000	86,800,000

17. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	Mar 31, 08 GBP	Dec 31, 06 GBP	Mar 31, 08 INR	Dec 31, 06 INR
(Loss)/Profit for the financial period	(125,865)	340,021	(10,011,931)	29,513,823
Opening shareholder's funds	410,947	70,926	32,688,779	6,156,377
Closing shareholder's funds	<b>285,082</b>	<b>410,947</b>	<b>22,676,848</b>	<b>35,670,200</b>

18. **ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The smallest group of which the company is a member where consolidated accounts are prepared, is the group headed by the company's immediate parent undertaking, International Global Tele-Systems Limited, a company incorporated in Mauritius.

The largest group of which the company is a member where consolidated accounts are prepared, is the group headed by the ultimate parent undertaking and controlling party, GTL Limited, a company incorporated in India.

The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report on page Error! Bookmark not defined.

	Mar 31, 08 GBP	Dec 31, 08 GBP	Mar 31, 08 INR	Dec 31, 06 INR
Turnover - Discontinued	584,118	1,614,790	46,463,666	140,163,772

**Notes to the Detailed Profit and Loss Account for the year ended March 31, 2008**

	Mar 31, 08		Dec 31, 06		Mar 31, 08		Dec 31, 06	
	GBP	GBP	GBP	GBP	INR	INR	INR	INR
<b>COST OF SALES</b>								
Opening stock - resale	11,305		11,305		899,256		98,1274	
Direct costs	182,377		998,735		14,507,178		86,690,198	
Direct wages	95,510		133,080		7,597,343		11,551,344	
National insurance contributions on direct labour	3,190		6,775		253,749		588,070	
	292,382		1,149,895		23,257,526		99,810,886	
Closing stock - resale	NIL		(11,305)		NIL		(981,274)	
		292,382		1,138,590		23,257,526		98,829,612
<b>Gross Profit</b>		<b>291,736</b>		<b>476,200</b>		<b>23,206,140</b>		<b>41,334,160</b>
<b>OVERHEADS</b>								
Administrative expenses		419,638		536,459		33,380,105		46,564,641
<b>Operating Loss</b>		<b>(127,902)</b>		<b>(60,259)</b>		<b>(10,173,965)</b>		<b>(5,230,481)</b>
Income from shares in group companies		NIL		400,000		NIL		34,720,000
Interest receivable and similar income		2,037		280		162,033		24,304
<b>(Loss)/Profit On Ordinary Activities</b>		<b>(125,865)</b>		<b>34,0021</b>		<b>(10,011,931)</b>		<b>29,513,823</b>

**Notes to the Detailed Profit and Loss Account for the year ended March 31, 2008**

	Mar 31, 08		Dec 31, 06		Mar 31, 08		Dec 31, 06	
	GBP	GBP	GBP	GBP	INR	INR	INR	INR
<b>ADMINISTRATIVE EXPENSES</b>								
Personnel costs								
Wages and salaries	116,356		237,727		9,255,538		20,634,704	
Employers national insurance contributions	23,531		22,562		1,871,773		1,958,382	
		<b>139,887</b>		260,289		<b>11,127,311</b>		22,593,085
Establishment expenses								
Rent, rates and water	34,388		36,165		2,735,393		3,139,122	
Light and heat	2,266		2,230		180,249		193,564	
Insurance	1,545		1,537		122,897		133,412	
Repairs and maintenance	16,388		1,114		1,303,583		96,695	
		<b>54,587</b>		41,046		<b>4,342,123</b>		3,562,793
<b>GENERAL EXPENSES</b>								
Motor expenses	NIL		151		NIL		13,107	
Travel and subsistence	42,586		43,046		3,387,503		3,736,393	
Relocation Expenses	1110		1,287		88,295		111,712	
Telephone	18,880		16,739		1,501,810		1,452,945	
Printing, stationery and postage	1,723		1,282		137,056		111,278	
Computer Expenses	NIL		3,195		NIL		277,326	
Courier and delivery	NIL		1,323		NIL		114,836	
Staff welfare expenses	928		667		73,818		57,896	
Sundry expenses	30		2,255		2,386		195,734	
Advertising and exhibition costs	3,659		17,417		291,055		1,511,796	
Subscriptions	1,555		3,302		123,692		286,614	
Entertaining	2,817		8,089		224,078		702,125	
Legal and professional fees	73,549		59,703		5,850,455		5,182,220	
Accountancy fees	24,375		39,000		1,938,909		3,385,200	
Auditors remuneration	17,550		11,000		1,396,015		954,800	
Depreciation of plant and machinery	21,209		14,225		1,687,070		1,234,730	
Depreciation of fixtures and fittings	3,004		5,662		238,953		491,462	
Depreciation of office equipment	3,534		4,125		281,112		358,050	
Loss on disposal of fixed assets	5,474		10		435,429		868	
		<b>221,983</b>		232,478		<b>17,657,638</b>		20,179,090
<b>FINANCIAL COSTS</b>								
Bad debts written off	43		NIL		3,420		NIL	
Bank charges	863		1,013		68,647		87,928	
Foreign currency gains/losses	2,275		1,633		180,965		141,744	
		<b>3,181</b>		2,646		<b>253,033</b>		229,673
		<b>419,638</b>		<b>536,459</b>		<b>33,380,105</b>		<b>46,564,641</b>
<b>INTEREST RECEIVABLE AND SIMILAR INCOME</b>								
Bank interest receivable		336		280		26,727		24,304
Other similar income		1,701		NIL		135,306		NIL
		<b>2,037</b>		<b>280</b>		<b>162,033</b>		<b>24,304</b>



**AUDITORS' REPORT**

We have audited the accompanying balance sheet of IGTL Solutions (Saudi Arabia) Limited as at December 31, 2007 and the related statements of income, cash flows and changes in partners' equity for the year then ended. These financial statements are the responsibility of the company's management and have been prepared by them in accordance with the provisions of Article 175 of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the financial statements.

**Unqualified opinion:**

In our opinion, the financial statements taken as a whole:

- i) present fairly, in all material respects, the financial position of the company as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.
- ii) comply with the requirements of the Regulations for Companies and the company's articles of association in so far as they affect the preparation and presentation of the financial statements.

for Ernst & Young

**Fahad M. Al Toaimi**

Certified Public Accountant

Registration No. 354

Riyadh : 12 Muharram 1429

January 21, 2008

**Balance Sheet**  
**as at December 31, 2007**

	Note	2007 SR	2006 SR	2007 INR	2006 INR
<b>ASSETS EMPLOYED</b>					
Furniture and Equipment	3	561,449	593,258	5,900,829	6,994,512
<b>CURRENT ASSETS</b>					
Inventories	4	772,645	467,996	8,120,499	5,517,673
Accounts receivable and prepayments	5	32,495,743	16,870,562	341,530,259	198,903,926
Bank balances and cash		1,013,876	385,826	10,655,837	4,548,889
		<b>34,282,264</b>	<b>17,724,384</b>	<b>360,306,595</b>	<b>208,970,487</b>
<b>CURRENT LIABILITIES</b>					
Accounts payable and accruals	6	21,372,074	6,998,281	224,620,498	82,509,733
Bank overdraft	8	1,712,791	1,526,573	18,001,433	17,998,296
Short term loan	8	7,623,752	6,279,658	80,125,634	74,037,168
		<b>30,708,617</b>	<b>14,804,512</b>	<b>322,747,565</b>	<b>174,545,196</b>
<b>Net Current Assets</b>		<b>3,573,647</b>	<b>2,919,872</b>	<b>37,559,030</b>	<b>34,425,291</b>
		<b>4,135,096</b>	<b>3,513,130</b>	<b>43,459,859</b>	<b>41,419,803</b>
<b>FUNDS EMPLOYED</b>					
<b>PARTNERS' EQUITY</b>					
Capital	10	2,000,000	2,000,000	21,020,000	23,580,000
Statutory reserve	11	237,687	178,814	2,498,090	2,108,217
Retained earnings		1,363,360	984,436	14,328,914	11,606,500
		<b>3,601,047</b>	<b>3,163,250</b>	<b>37,847,004</b>	<b>37,294,718</b>
<b>NON CURRENT LIABILITY</b>					
Employees' terminal benefits		534,049	349,880	5,612,855	4,125,085
		<b>4,135,096</b>	<b>3,513,130</b>	<b>43,459,859</b>	<b>41,419,803</b>

**Statement of Income**  
**for the year ended December 31, 2007**

	Note	2007 SR	2006 SR	2007 INR	2006 INR
Contract revenue		37,045,221	18,841,550	389,345,273	222,141,875
Cost of revenue		(32,604,977)	(14,952,437)	(342,678,308)	(176,289,232)
<b>Gross Profit</b>		<b>4,440,244</b>	<b>3,889,113</b>	<b>46,666,964</b>	<b>45,852,642</b>
<b>EXPENSES</b>					
Selling and distribution	12	830,413	657,060	8,727,641	7,746,737
General and administration	13	2,159,828	2,252,737	22,699,792	26,559,769
<b>Income from Main Operations</b>		<b>1,450,003</b>	<b>979,316</b>	<b>15,239,532</b>	<b>11,546,136</b>
Other income		102,384	89,131	1,076,056	1,050,854
Financial charges	14	(963,653)	(852,214)	(10,127,993.03)	(10,047,603)
<b>Net income for the year</b>		<b>588,734</b>	<b>216,233</b>	<b>6,187,594</b>	<b>2,549,387</b>

The attached notes part of these financial statements.

**Statement of Cash Flows**  
**year ended December 31, 2007**

	2007 SR	2006 SR	2007 INR	2006 INR
<b>OPERATING ACTIVITIES</b>				
Net income	588,734	216,233	6,187,594	2,549,387
Adjustments for:				
Depreciation	219,766	326,183	2,309,741	3,845,698
Employees' terminal benefits, net	184,169	106,494	1,935,616	1,255,564
Financial charges	963,653	852,214	10,127,993	10,047,603
	<b>1,956,322</b>	<b>1,501,124</b>	<b>20,560,944</b>	<b>17,698,252</b>
Changes in operating assets and liabilities:				
Accounts receivable and prepayments	(15,625,181)	3,414,316	(164220652.31)	40,254,786
Inventories	(304,649)	(364,481)	(3201860.99)	(4,297,231)
Accounts payable and accruals	14,319,884	(1,831,878)	150,501,981	(21,597,842)
<b>CASH FROM OPERATIONS</b>	<b>346,376</b>	<b>2,719,081</b>	<b>3,640,412</b>	<b>32,057,965</b>
Financial charges paid	(963,653)	(852,214)	(10127993.03)	(10,047,603)
Zakat and income tax paid	(97,028)	(205,545)	(1019764.28)	(2,423,376)
<b>Net cash (used in) from operating activities</b>	<b>(714,305)</b>	<b>1,661,322</b>	<b>(7507345.55)</b>	<b>19,586,986</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of furniture and equipment	(187,957)	(362,434)	(1975428.07)	(4,273,097)
<b>Net cash used in investing activities</b>	<b>(187,957)</b>	<b>(362,434)</b>	<b>(1975428.07)</b>	<b>(4,273,097)</b>
<b>FINANCING ACTIVITIES</b>				
Bank overdraft	186,218	(561,700)	1,957,151	(6,622,443)
Proceeds from (repayment of) short term loan (net)	1,344,094	(928,177)	14,126,428	(10,943,207)
<b>Net cash from (used in) financing activities</b>	<b>1,530,312</b>	<b>(1,489,877)</b>	<b>16,083,579</b>	<b>(17,565,650)</b>
<b>Increase (decrease) in bank balances and cash</b>	<b>628,050</b>	<b>(190,989)</b>	<b>6,600,806</b>	<b>(2,251,760)</b>
Bank balances and cash at the beginning of the year	385,826	576,815	4,055,031	6,800,649
<b>Bank balances and cash at the end of the year</b>	<b>1,013,876</b>	<b>385,826</b>	<b>10,655,837</b>	<b>4,548,889</b>

**Statement of Changes in Partners' Equity**  
**for the year ended December 31, 2007**

	Capital SR	Statutory reserve SR	Retained earnings SR	Total SR	Capital INR	Statutory reserve INR	Retained earnings INR	Total INR
<b>Balance at 31 December 2005</b>	2,000,000	157,191	833,386	2,990,577	23,580,000	1,853,282	9,825,621	35,258,903
Net income for the year	NIL	NIL	216,233	216,233	NIL	NIL	2,549,387	2,549,387
Provision for zakat and income tax (note 9)	NIL	NIL	(43,560)	(43,560)	NIL	NIL	(513,572)	(513,572)
Transfer to statutory reserve (note 11)	NIL	21,623	(21,623)	NIL	NIL	254,935	(254,935)	NIL
<b>Balance at December 31, 2006</b>	<b>2,000,000</b>	<b>178,814</b>	<b>984,436</b>	<b>3,163,250</b>	<b>23,580,000</b>	<b>2,108,217</b>	<b>11,606,500</b>	<b>37,294,718</b>
Net income for the year	NIL	NIL	588,734	588,734	NIL	NIL	6,187,594	6,187,594
Provision for zakat and income tax (note 9)	NIL	NIL	(150,937)	(150,937)	NIL	NIL	(1,586,348)	(1,586,348)
Transfer to statutory reserve (note 11)	NIL	58,873	(58,873)	NIL	NIL	0	(618,755)	NIL
<b>Balance at December 31, 2007</b>	<b>2,000,000</b>	<b>237,687</b>	<b>1,363,360</b>	<b>3,601,047</b>	<b>21,020,000</b>	<b>2,498,090</b>	<b>14,328,914</b>	<b>37,847,004</b>

**Notes to the Financial Statements**  
**at December 31, 2007**

**1 ACTIVITIES**

The company is a Limited Liability Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010182970 dated 19 Shawal 1423H corresponding to 23 December 2002. The company is engaged in the execution of contracts for construction, installation and maintenance of telecommunication networks and computer system network as well as all the technical services pertaining thereto. The company is owned 10% by a Saudi partner and 90% by a foreign partner.

**2 SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Depreciation**

The cost less estimated residual value of furniture and equipment is depreciated on a straight line basis over the estimated useful lives of the assets.

**Inventories**

Inventories are stated at the lower of cost and market value. Cost is determined as follows:

Raw materials	- Purchase cost on a weighted average basis
Work in progress	- cost of direct materials

**Unbilled revenue**

Unbilled revenue represents the value of work executed but not yet billed under the terms of the contract. It is stated at cost plus attributable profit or less attributable loss.

**Zakat and Income tax**

Zakat and income tax are provided for in accordance with Saudi Arabian fiscal regulations. The liability is charged to retained earnings.

**Accounts receivable**

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

**Accounts payable and accruals**

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

**Provisions**

Provisions are recognised when the company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

**Expenses**

Selling and distribution expenses are those that specifically relate to sales staff. All other expenses are classified as general and administration expenses.

**Employees' terminal benefits**

Provision is made for amounts payable under the Saudi Arabian labour law applicable to employees' accumulated periods of service at the balance sheet date.

**Revenue**

Revenue comprises the invoiced and accrued value of work executed during the year.

**Foreign currency transactions**

Transactions in foreign currencies are recorded in Saudi Riyals at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of income.

**3 FURNITURE AND EQUIPMENT**

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Furniture and fixtures	5 to 10 years
Equipment	2 to 7 years

	Furniture and fixtures SR	Equipment SR	Total 2007 SR	Total 2006 SR	Furniture and fixtures INR	Equipment INR	Total 2007 INR	Total 2006 INR
<b>COST</b>								
At the beginning of the year	172,123	1,247,101	1,419,224	1,056,790	1,809,013	13,107,032	14,916,044	12,459,554
Additions	NIL	187,957	187,957	362,434	NIL	1,975,428	1,975,428	4,273,097
At the end of the year	172,123	1,435,058	1,607,181	1,419,224	1,809,013	15,082,460	16,891,472	16,732,651
<b>DEPRECIATION</b>								
At the beginning of the year	76,423	749,543	825,966	499,783	803,206	7,877,697	8,680,903	5,892,442
Charge for the year	17,212	202,554	219,766	326,183	180,898	2,128,843	2,309,741	3,845,698
At the end of the year	93,635	952,097	1,045,732	825,966	984,104	10,006,539	10,990,643	9,738,139
<b>NET BOOK AMOUNTS:</b>								
At December 31, 2007	78,488	482,961	561,449	Nil	824,909	5,075,920	5,900,829	Nil
<b>At December 31, 2006</b>	<b>95,700</b>	<b>497,558</b>	<b>Nil</b>	<b>593,258</b>	<b>1,005,807</b>	<b>5,229,335</b>	<b>Nil</b>	<b>6,994,512</b>

**4 INVENTORIES**

	2007 SR	2006 SR	2007 INR	2006 INR
Raw materials	111,145	282,496	1,168,134	3,330,628
Work in progress	661,500	185,500	6,952,365	2,187,045
	<b>772,645</b>	<b>467,996</b>	<b>8,120,499</b>	<b>5,517,673</b>

**5 ACCOUNTS RECEIVABLE AND PREPAYMENTS**

	2007 SR	2006 SR	2007 INR	2006 INR
Trade receivable	8,152,766	3,060,220	85,685,571	36,079,994
Unbilled revenue	15,339,769	8,432,673	161,220,972	99,421,215
Retention receivable	3,896,780	2,766,420	40,955,158	32,616,092
Amount due from affiliates (note 7)	140,328	109,430	1,474,847	1,290,180
Margin deposits	483,753	555,465	5,084,244	6,548,932
Advances to suppliers	4,007,341	1,469,640	42,117,154	17,327,056
Other receivables	255,670	189,664	2,687,092	2,236,139
Prepaid expenses	103,904	201,346	1,092,031	2,373,869
Staff receivables	115,432	85,704	1,213,190	1,010,450
	<b>32,495,743</b>	<b>16,870,562</b>	<b>341,530,259</b>	<b>198,903,926</b>

**6 ACCOUNTS PAYABLE AND ACCRUALS**

	2007 SR	2006 SR	2007 INR	2006 INR
Trade accounts payable	1,684,721	570,254	17,706,418	6,723,295
Retentions payable	837,514	287,064	8,802,272	3,384,485
Amount due to partners (note 7)	5,452,212	1,314,602	57,302,748	15,499,158
Amount due to affiliates (note 7)	2,991,117	1,774,701	31,436,640	20,923,725
Other payable	376,306	128,472	3,954,976	1,514,685
Advance from customers	2,153,962	164,453	22,638,141	1,938,901
Zakat and income tax payable (note 9)	150,937	97,028	1,586,348	1,143,960
Accrued expenses	7,725,305	2,661,707	81,192,956	31,381,526
	<b>21,372,074</b>	<b>6,998,281</b>	<b>224,620,498</b>	<b>82,509,733</b>

**7 RELATED PARTY TRANSACTIONS**

The following are the details of major related party transactions during the year.

Related party	Nature of transaction	Amount of transaction 2007 SR	Amount of transaction 2006 SR	Amount of transaction 2007 INR	Amount of transaction 2006 INR
Partners	Contract and maintenance revenue	NIL	580,618	NIL	6845486
	Loans	5,925,277	759,256	62274661	8951628
	Loans settled	NIL	(750,500)	NIL	(8848395)
	Services provided by partner	2,498,890	1,360,159	26263334	16036275
	Expenses incurred on behalf of company	773,757	1,179,159	8132186	13902285
Affiliates	Expenses incurred on behalf of company	272,273	696,602	2861589	8212938
	Expenses incurred on behalf of affiliates	63,316	57,904	665451	682688
	Services provided by affiliates	3,087,991	2,558,750	32454785	30167663

Amounts due from affiliates is disclosed in note 5. Amounts due to partners and affiliates is disclosed in note 6.

**8 BANK OVERDRAFT AND SHORT TERM LOAN**

The bank overdraft and short term loan are secured by a financial guarantee issued by one of the partners of the company and corporate guarantee issued by one of the affiliated company.

**9 ZAKAT AND INCOME TAX**

	2007 SR	2006 SR	2007 INR	2006 INR
<b>a) ZAKAT</b>				
<b>Charge for the year</b>				
The zakat charge consists of:				
Current year provision	9,346	7,245	98,226	85,419
Excess provision for previous year	NIL	(742)	NIL	(8,748)
Charge for the year	9,346	6,503	98,226	76,670
The current year's provision is based on the following:				
Equity	3,163,250	2,990,577	33,245,758	35,258,903
Opening provisions and other adjustments	349,880	243,386	3,677,239	2,869,521
Book value of long term assets	(561,449)	(834,972)	(5,900,829)	(9,844,320)
	2,951,681	2,398,991	31,022,167	28,284,104
Zakatable income for the year	786,616	498,796	8,267,334	5,880,805
Zakat base	3,738,297	2,897,787	39,289,501	34,164,909
Saudi partner's share of zakat at 10%	373,830	289,778	3,928,953	3,416,483
The differences between the financial and the zakatable results are mainly due to provisions which are not allowed in the calculation of zakatable income.				
<b>Movements in provision during the year</b>				
The movement in the zakat provision for the year was as follows:				
At the beginning of the year	7,245	8,082	76,145	95,287
Provided during the year	9,346	6,503	98,226	76,670
Payments during the year	(7,245)	(7,340)	(76,145)	(86,539)
At the end of the year (note 6)	9,346	7,245	98,226	85,419
<b>b) INCOME TAX</b>				
<b>Charge for the year</b>				
Income tax charge consists of:				
	141,591	89,783	1,488,121	1,058,542
Excess provision for previous year	NIL	(52,726)	NIL	(621,640)
Charge for the year	141,591	37,057	1,488,121	436,902
<b>Movements in provision during the year</b>				
At the beginning of the year	89,783	250,931	943,619	2,958,476
Provided during the year	141,591	37,057	1,488,121	436,902
Payments during the year	(89,783)	(198,205)	(943,619)	(2,336,837)
At the end of year (note 6)	141,591	89,783	1,488,121	1,058,542
<b>Status of assessments</b>				
Zakat assessments have been agreed with the Department of Zakat and Income tax (the DZIT) upto 2006.				

**10 CAPITAL**

Capital is divided into 2,000 shares of SR 1,000 each (2006-2,000 shares).

**11 STATUTORY RESERVE**

As required by Saudi Arabian Regulations for Companies, 10% of the income

for the year, has been transferred to the statutory reserve. The company may resolve to discontinue such transfers when the reserve totals 50% of the capital. The reserve is not available for distribution.

## 12 SELLING AND DISTRIBUTION EXPENSES

	2007 SR	2006 SR	2007 INR	2006 INR
Employee costs	689,356	588,582	7,245,132	6,939,382
Travel	55,892	NIL	587,425	NIL
Other	85,165	68,478	895,084	807,356
	<b>830,413</b>	<b>657,060</b>	<b>8,727,641</b>	<b>7,746,737</b>

## 13 GENERAL AND ADMINISTRATION EXPENSES

	2007 SR	2006 SR	2007 INR	2006 INR
Employee costs	963,249	919,002	10,123,747	10,835,034
Legal and professional	386,097	341,745	4,057,879	4,029,174
Depreciation	219,766	326,183	2,309,741	3,845,698
Insurance	167,326	170,503	1,758,596	2,010,230
Postage, telephone and telegram	117,583	114,206	1,235,797	1,346,489
Rent	80,573	205,373	846,822	2,421,348
Printing and stationery	88,375	30,976	928,821	365,207
Travel and entertainment	44,151	67,424	464,027	794,929
Others	92,708	77,325	974,361	911,662
	<b>2,159,828</b>	<b>2,252,737</b>	<b>22,699,792</b>	<b>26,559,769</b>

## 14 FINANCIAL CHARGES

This represents commission and bank interest charges on bank overdraft and short term loan.

## 15 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. Financial instruments comprise of financial assets and financial liabilities.

The company's financial assets consist of inventories, accounts receivable and prepayments and bank balances and cash, its financial liabilities consist of accounts payable and accruals, bank overdraft and short term loan.

The fair values of financial instruments are not materially different from their carrying values.

## 16 RISK MANAGEMENT

### Interest rate risk

The company is exposed to interest rate risk on its interest bearing assets and liabilities.

### Credit risk

The company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. At the balance sheet date, no significant concentrations of credit risk were identified by management.

### Liquidity risk

The company limits its liquidity risk by ensuring bank facilities are available. The company's terms of sales require amounts to be paid within 90 days of the date of sale. Trade payables are normally settled within 45 days of the date of purchase.

### Currency risk

The company is subject to fluctuations in foreign exchange rates in the normal course of its business. The company did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars during the year.

## 17 CONTINGENT LIABILITY

The company's bankers have issued, on its behalf in the normal course of business, guarantees amounting to SR 3,232,729 (2006 - SR 5,199,274), in respect of contract performance.

## DIRECTORS' REPORT

The Directors have the pleasure in presenting their report and the audited financial statements for the fifteen months ended March 31, 2008.

### PRINCIPAL ACTIVITIES

The Company is engaged in the business of Solutions Provider, Software Development, Network Engineering and IT Services.

### BUSINESS REVIEW

For the period under review, the Company has made a revenue of AED 41,998,321 (Year ended December 31, 2006 – AED 31, 392, 427).

### DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible to prepare financial statements for each financial year, which present fairly the financial position, financial performance and the cash flow of the Company. The directors are also responsible for keeping accounting records which:

- correctly record and explain the transactions of the Company;
- disclose with reasonable accuracy at any time the financial position of the Company; and

The directors confirm that they have complied with the above requirements in preparing the financial statements.

### EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There were no major events, which occurred since the end of the period that materially affect the financial position of the Company.

### SHAREHOLDER

The shareholding in the Company was changed during the period under review from International Global Tele-Systems Limited to GTL International Limited. Detail of the present shareholding of the Company at the balance sheet date is as follows:

Name	Country of incorporation	No. of shares	% holding
GTL International Limited	Bermuda	500	100

### AUDITORS

The auditors, **Horwath Mauritius**, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors

Jeevan Rai  
Director

April 10, 2008

## AUDITORS' REPORT

### TO THE MEMBERS OF IGTL SOLUTIONS MIDDLE EAST FZ-LLC

We have audited the financial statements of IGTL Solutions Middle East FZ-LLC on pages 6 to 14 which have been prepared on the basis of the accounting policies on pages 10 and 11.

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in the auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is our responsibility to form an independent opinion, based on our audit on the financial statements and to report our opinion to you.

### BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing.

An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the interim financial statements are free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with, or any interests in the Company, other than in our capacity as auditors in the ordinary course of business.

### OPINION

We have obtained all the information and explanations we considered necessary for the purposes of our audit.

In our opinion:

- proper accounting records have been kept by the Company as far as it appears from our examination;
- the financial statements give a true and fair view of the state of affairs of the Company as at March 31, 2008 and of its profit, changes in equity and cash flows for the period then ended and have been properly prepared in accordance with International Financial Reporting Standards.

Horwath Mauritius  
Public Accountants

O. Sewraz, FCCA  
Signing Partner

April 10, 2008



**Balance Sheet**  
**as at March 31, 2008**

	Notes	March 31, 2008 AED	Dec. 31, 2006 AED	March 31, 2008 INR	Dec. 31, 2006 INR
<b>ASSETS</b>					
<b>Non-Current Asset</b>					
Property, plant and equipment	3	556,488	661,892	6,043,460	7,969,180
<b>CURRENT ASSETS</b>					
Inventories	4	3,938,251	23,379,911	42,769,406	281,494,128
Trade and other receivables	5	12,532,072	1,705,705	136,098,302	20,536,688
Amount owed by related parties	6	24,972,280	19,256,561	271,198,961	231,848,994
Cash and cash equivalents		3,219,369	1,738,961	34,962,347	20,937,090
		44,661,972	46,081,138	485,029,016	554,816,902
<b>Total Assets</b>		<b>45,218,460</b>	<b>46,743,030</b>	<b>491,072,476</b>	<b>562,786,081</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	7	500,000	500,000	5,430,000	6,020,000
Retained earnings		36,345,634	22,968,422	394,713,585	276,539,801
		<b>36,845,634</b>	<b>23,468,422</b>	<b>400,143,585</b>	<b>282,559,801</b>
<b>NON-CURRENT LIABILITIES</b>					
Interest-bearing borrowings	8	114,683	10,212,785	1,245,457	122,961,931
Provisions for gratuity	9	288,255	212,377	3,130,449	2,557,019
		<b>402,938</b>	<b>10,425,162</b>	<b>4,375,907</b>	<b>125,518,950</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	10	7,760,559	12,112,620	84,279,671	145,835,945
Interest-bearing borrowings	8	42,270	42,270	459,052	508,931
Bank overdraft		NIL	523,251	NIL	6,299,942
Amount due to related parties	6	167,059	171,305	1,814,261	2,062,512
		<b>7,969,888</b>	<b>12,849,446</b>	<b>86,552,984</b>	<b>154,707,330</b>
<b>Total Equity and Liabilities</b>		<b>45,218,460</b>	<b>46,743,030</b>	<b>491,072,476</b>	<b>562,786,081</b>

The notes an integral part of these financial statements.

Signed on behalf of the Board of Directors

Jeevan Rai

Director

Gerard F. Misquitta

Director

**Income Statement**  
**for the Fifteen Months ended March 31, 2008**

	15 Months to March 31, 2008 AED	12 Months to Dec. 31, 2006 AED	15 Months to March 31, 2008 INR	12 Months to Dec. 31, 2006 INR
<b>INCOME</b>	41,998,321	31,392,427	456,101,766	377,964,821
Cost of Services	(23,666,075)	(17,397,604)	(257,013,575)	(209,467,152)
<b>GROSS PROFIT</b>	18,332,246	13,994,823	199,088,192	168,497,669
Salaries and allowances	(3,268,993)	(1,368,228)	(35,501,264)	(16,473,465)
Other income	963,714	NIL	10,465,934	NIL
Administrative expenses	(2,874,659)	(1,176,955)	(31,218,797)	(14,170,538)
Finance costs	224,904	(849,128)	2,442,457	(10,223,501)
<b>NET PROFIT FOR THE PERIOD/YEAR</b>	<b>13,377,212</b>	<b>10,600,512</b>	<b>145,276,522</b>	<b>127,630,164</b>

**Statement of Changes in Equity**  
**for the Fifteen Months ended March 31, 2008**

	Share capital AED	Retained earnings AED	Total AED	Share capital INR	Retained earnings INR	Total INR
<b>At 1 January 2006</b>	500,000	12,367,910	12,867,910	6,020,000	148,909,636	154,929,636
Net profit for the year	NIL	10,600,512	10,600,512	NIL	127,630,164	127,630,164
<b>At December 31, 2006</b>	500,000	22,968,422	23,468,422	6,020,000	276,539,801	282,559,801
Net profit for the period	NIL	13,377,212	13,377,212	NIL	161,061,632	161,061,632
<b>At March 31, 2008</b>	<b>500,000</b>	<b>36,345,634</b>	<b>36,845,634</b>	<b>5,430,000</b>	<b>394,713,585</b>	<b>400,143,585</b>

**Cash Flow Statement**  
**for the Fifteen Months ended March 31, 2008**

	15 Months to March 31, 2008 AED	12 Months to Dec. 31, 2006 AED	15 Months to March 31, 2008 INR	12 Months to Dec. 31, 2006 INR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net profit for the period/year	13,377,212	10,600,512	145,276,522	127,630,164
Adjustments for:				
Depreciation	305,074	113,768	3,313,104	1,369,767
Provision for employees gratuity	75,878	35,448	824,035	426,794
Profit from disposal of fixed assets	(14,000)	NIL	(152,040)	NIL
Exchange differences	(1,107,164)	41,231	(12,023,801)	496,421
<b>Operating profit before working capital changes</b>	<b>12,637,000</b>	<b>10,790,959</b>	<b>137,237,820</b>	<b>129,923,146</b>
Decrease/(increase) in inventories	19,441,660	(23,379,911)	211,136,428	(281,494,128)
Increase in trade and other receivables	(10,826,367)	(601,519)	(117,574,346)	(7,242,289)
(Increase)/decrease in amount owed from related companies	(5,715,719)	2,922,642	(62,072,708)	35,188,610
(Decrease)/increase in trade and other payables	(4,352,061)	11,666,439	(47,263,382)	140,463,926
(Decrease)/increase in amount owed to related companies	(4,246)	132,739	(46,112)	1,598,178
<b>Net cash from operating activities</b>	<b>11,180,267</b>	<b>1,531,349</b>	<b>121,417,700</b>	<b>18,437,442</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(202,927)	(695,578)	(2,203,787)	(8,374,759)
Proceeds from disposal of fixed assets	17,257	NIL	187,411	NIL
<b>Net cash used in investing activities</b>	<b>(185,670)</b>	<b>(695,578)</b>	<b>(2,016,376)</b>	<b>(8,374,759)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from interest-bearing borrowing	NIL	126,828	NIL	1,527,009
Repayment of interest-bearing borrowings	(10,098,102)	(52,091)	(109,665,388)	(627,176)
<b>Net cash (used in)/from financing activities</b>	<b>(10,098,102)</b>	<b>74,737</b>	<b>(109,665,388)</b>	<b>899,833</b>
<b>Net increase in cash and cash equivalents</b>	<b>896,495</b>	<b>910,508</b>	<b>9,735,936</b>	<b>10,962,516</b>
<b>Effect of foreign exchange rate changes</b>	<b>1,107,164</b>	<b>(41,231)</b>	<b>12,023,801</b>	<b>(496,421)</b>
<b>Cash and cash equivalents at beginning of the period/year</b>	<b>1,215,710</b>	<b>346,433</b>	<b>13,202,611</b>	<b>4,171,053</b>
<b>Cash and cash equivalents at end of the period/year</b>	<b>3,219,369</b>	<b>1,215,710</b>	<b>34,962,347</b>	<b>14,637,148</b>
<b>Analyse as follows:</b>				
Cash at bank and in hand	3,219,369	1,738,961	34,962,347	20,937,090
Bank overdraft	NIL	(523,251)	NIL	(6,299,942)
	<b>3,219,369</b>	<b>1,215,710</b>	<b>34,962,347</b>	<b>14,637,148</b>

The notes an integral part of these financial statements.

## Notes to the Financial Statements for the Fifteen Months ended March 31, 2008

### 1. GENERAL INFORMATION

IGTL Solutions Middle East FZ-LLC (the Company) was a wholly-owned subsidiary of International Global Tele-Systems Limited till 31 December 2007. As from 1 January 2008, its shareholder is GTL International Limited incorporated in Bermuda. The Company was incorporated as a Free Zone Company with limited liability on 6 May 2003 in United Arab Emirates.

The Company is mainly engaged in the business of Solutions Provider, Software Development, Network Engineering and IT services.

During the period under review, the company changed its financial year end from 31 December to 31 March which is in line to that of its ultimate holding company, GTL Limited.

### 2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The preparation of financial statements in accordance with IFRS requires the directors to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. A summary of the accounting policies, which have been applied consistently, is set out below.

#### (a) Basis of accounting

The financial statements are prepared on the historical cost convention except for the measurement at fair value of the financial instruments carried on the Balance Sheet.

#### (b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. All items of plant and equipment are initially recorded at cost.

Depreciation is calculated so as to write off the cost of tangible fixed assets in equal instalments over their estimated useful lives at the following rates:

Office equipment	-	33.33%
Furniture, fixtures & fittings	-	25% - 33.33%
Motor vehicles	-	33.33%

#### (c) Inventories

Inventories are valued at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. As at Balance Sheet date, all inventories have been stated at cost.

#### (d) Financial instruments

Financial instruments carried on the Balance Sheet include trade and

other receivables (excluding prepayments), amounts owed from/to related companies, cash and cash equivalents, interest-bearing borrowing, provision for gratuity and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

#### (i) Trade and other receivables

Trade receivables are recognised and carried at original invoiced amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

#### (ii) Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly to control the other party or exercise significant influence over the other party in making financial or operating decisions.

#### (iii) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks. They also include deposits with banks.

#### (iv) Interest-bearing borrowing

Interest-bearing bank borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

#### (v) Provision for gratuity

They are accounted for as required by the Dubai Technology and Media Free Zone Private Companies Regulations 2003 for accumulated period of services at Balance Sheet date.

#### (vi) Trade and other payables

Trade and other payables are stated at their nominal value.

### (e) Foreign currency translation

Foreign currency transactions are translated into AED (Arab Emirates Dirhams) at the exchange rate ruling on the transaction dates. Monetary assets and liabilities at the Balance Sheet date, which are denominated in foreign currencies, are translated into AED at the rate of exchange ruling at the Balance Sheet date. Realised and unrealised gains and losses on exchange are dealt with in the Income Statement.

### (f) Revenue recognition

Revenue from services rendered is recognised in the Income Statement in proportion to the stage of completion of the transactions at the Balance Sheet date. The stage of completion is assessed by reference to surveys of work performed.

### 3. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures & fittings AED	Office equipment AED	Motor Vehicle AED	Total AED	Furniture, fixtures & fittings INR	Office equipment INR	Motor Vehicle INR	Total INR
<b>COST</b>								
At January 1, 2007	290,794	569,165	196,843	1,056,802	3,501,160	6,852,747	2,369,990	12,723,896
Additions	25,263	177,664	NIL	202,927	274,356	1,929,431	NIL	2,203,787
Disposal	NIL	(8,245)	(57,000)	(65,245)	NIL	(89,541)	(619,020)	(708,561)
<b>At March 31, 2008</b>	<b>316,057</b>	<b>738,584</b>	<b>139,843</b>	<b>1,194,484</b>	<b>3,432,379</b>	<b>8,021,022</b>	<b>1,518,695</b>	<b>12,972,096</b>
<b>DEPRECIATION</b>								
At January 1, 2007	134,813	190,986	69,111	394,910	1,623,149	2,299,471	832,096	4,754,716
Charge for the period	87,816	159,208	58,050	305,074	953,682	1,728,999	630,423	3,313,104
Disposal	NIL	(4,988)	(57,000)	(61,988)	NIL	(54,170)	(619,020)	(673,190)
<b>At March 31, 2008</b>	<b>222,629</b>	<b>345,206</b>	<b>70,161</b>	<b>637,996</b>	<b>2,417,751</b>	<b>3,748,937</b>	<b>761,948</b>	<b>6,928,637</b>
<b>NET BOOK VALUES</b>								
<b>At March 31, 2008</b>	<b>93,428</b>	<b>393,378</b>	<b>69,682</b>	<b>556,488</b>	<b>1,014,628</b>	<b>4,272,085</b>	<b>756,747</b>	<b>6,043,460</b>
<b>At December 31, 2006</b>	<b>155,981</b>	<b>378,179</b>	<b>127,732</b>	<b>661,892</b>	<b>1,878,011</b>	<b>4,553,275</b>	<b>1,537,893</b>	<b>7,969,180</b>

#### 4. INVENTORIES

	March 31, 2008 AED	Dec. 31, 2006 AED	March 31, 2008 INR	Dec. 31, 2006 INR
Work in progress	348,397	17,729,837	3,783,591	213,467,237
Stock of telecommunication equipments	3,589,854	5,650,074	38,985,814	68,026,891
	<b>3,938,251</b>	<b>23,379,911</b>	<b>42,769,406</b>	<b>281,494,128</b>

#### 5. TRADE AND OTHER RECEIVABLES

	March 31, 2008 AED	Dec. 31, 2006 AED	March 31, 2008 INR	Dec. 31, 2006 INR
Trade receivables	9,831,092	508,136	106,765,659	6,117,957
Advances on project	121,076	780,804	1,314,885	9,400,880
Other receivables and prepayments	2,579,904	416,765	28,017,757	5,017,851
	<b>12,532,072</b>	<b>1,705,705</b>	<b>136,098,302</b>	<b>20,536,688</b>

#### 6. RELATED PARTY TRANSACTIONS

At March 31, 2008, the following amounts were due from/to the related parties:

	Amounts owed by related parties		Amounts owed to related parties		Amounts owed by related parties		Amounts owed to related parties	
	March 31, 2008 AED	December 31, 2006 AED	31 March 2008 AED	December 31, 2006 AED	March 31, 2008 INR	December 31, 2006 INR	31 March 2008 INR	December 31, 2006 INR
International Global Tele-Systems Ltd	19,905,009	17,260,608	NIL	NIL	216,168,398	207,817,720	NIL	NIL
IGTL Solutions (Saudi Arabia) Ltd	3,022,566	1,786,846	NIL	NIL	32,825,067	21,513,626	NIL	NIL
IGTL Solutions Lanka Pvt. Ltd	117,354	24,555	NIL	NIL	1,274,464	295,642	NIL	NIL
IGTL Solutions Nigeria Ltd	620,071	184,552	NIL	NIL	6,733,971	2,222,006	NIL	NIL
GTL International Limited	1,307,280	NIL	NIL	NIL	14,197,061	NIL	NIL	NIL
GTL Limited	NIL	NIL	167,059	171,305	NIL	NIL	1,814,261	2,062,512
	<b>24,972,280</b>	<b>19,256,561</b>	<b>167,059</b>	<b>171,305</b>	<b>271,198,961</b>	<b>231,848,994</b>	<b>1,814,261</b>	<b>2,062,512</b>

Amounts owed from/to related companies are unsecured, interest free and are repayable on demand.

#### 7. SHARE CAPITAL

	March 31, 2008 AED	Dec. 31, 2006 AED	March 31, 2008 INR	Dec. 31, 2006 INR
<b>Authorised, issued and fully paid</b>				
500 shares of AED 1,000 each	<b>500,000</b>	<b>500,000</b>	<b>5,430,000</b>	<b>6,020,000</b>

#### 8. INTEREST-BEARING BORROWING

International Global Tele-Systems Limited, the previous holding company, contracted a banking loan of AED 10,180,318 which has now been assigned to IGTL Solutions Middle East FZ-LLC on the same conditions. This loan bears interest at the rate of LIBOR + 3%, secured by a guarantee provided by Dena Bank of Mumbai. The loan has been settled during the period under review.

During the year 2006, a loan was contracted from Emirates Bank for the finance of the acquisition of new motor vehicle. The loan is secured on the motor vehicle, bears interest at the rate of 4.75% and is repayable over three years.

	March 31, 2008 AED	Dec. 31, 2006 AED	March 31, 2008 INR	Dec. 31, 2006 INR
Balance at 31 December	156,953	10,255,055	1,704,510	123,470,862
Portion shown under current liabilities	42,270	42,270	459,052	508,931
Balance shown under non-current liabilities	<b>114,683</b>	<b>10,212,785</b>	<b>1,245,457</b>	<b>122,961,931</b>

#### 9. PROVISION FOR GRATUITY

The provision has been made for accumulated period of services of staff employed by the Company in compliance with the requirement of the Dubai Technology and Media Free Zone Private Companies Regulations 2003

#### 10. TRADE AND OTHER PAYABLES

	March 31, 2008 AED	Dec. 31, 2006 AED	March 31, 2008 INR	Dec. 31, 2006 INR
Trade payables	471,424	589,909	5,119,665	7,102,504
Other payables and accrued expenses	5,027,452	4,041,877	54,598,129	48,664,199
Advance from customer	2,261,683	7,480,834	24,561,877	90,069,241
	<b>7,760,559</b>	<b>12,112,620</b>	<b>84,279,671</b>	<b>145,835,945</b>

#### 11. TAXATION

The Company incorporated under Dubai Technology and Media Free Zone Private Companies Regulations 2003 is free from any tax liability.

#### 12. HOLDING AND ULTIMATE HOLDING COMPANY

The entire shareholding of the Company was transferred on 1 January 2008 from International Global Tele-Systems Limited to GTL International Limited incorporated in Bermuda and the ultimate holding Company remains GTL Limited, incorporated in India

#### 13. COMPARATIVE FIGURES

During the period under review, the Company changed its financial year end from 31 December to 31 March and has presented financial statements for the fifteen months ended March 31, 2008. Thus, the figures of the year ended December 31, 2006 are not comparable

**AUDITORS' REPORT****TO THE MEMBER'S OF IGTL SOLUTIONS NIGERIA LIMITED**

We have audited the financial statements of IGTL Solutions Nigeria Limited as at December 31, 2007 which have been prepared on the basis of the accounting policies.

In accordance with the Companies and Allied Matters ACT, 1990, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

We conducted our audit in accordance with international standards on auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from materials misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

The financial statements, drawn up in conformity with generally accepted accounting principles and the accounting standards issued to date by the Nigerian accounting Standards Board, are in agreement with the books of account which in our opinion have been properly kept. We have obtained all the information and explanations we required for the purposes of our audit.

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs at December 31, 2007 and of the loss and cash flows for the year ended on that date, and have been properly prepared in accordance with the Companies and Allied Matters Act 1990.

**IYANTAN & PARTNERS**  
Chartered Accountant

January 21, 2008

**Balance Sheet**  
**as at December 31, 2007**

	Note	2007 USD	2006 USD	2007 INR	2006 INR
<b>FIXED ASSETS</b>	<b>5</b>	85,570	9,259	3,371,030	409,479
<b>CURRENT ASSETS</b>					
Debtors	7	184,319	134,278	7,261,247	5,938,445
Bank and Cash in hand	6	125,900	265,038	4,959,831	11,721,306
		<b>310,219</b>	399,316	<b>12,221,078</b>	17,659,750
<b>CURRENT LIABILITIES</b>					
<b>CREDITORS: Amounts falling due</b>					
Within one year	8	109,810	110,208	4,325,965	4,873,949
Taxation	10	27,074	27,074	1,066,580	1,197,348
		<b>136,884</b>	137,282	<b>5,392,545</b>	6,071,296
<b>Net Current Assets</b>		173,335	262,034	6,828,532	11,588,454
<b>TOTAL NET ASSETS</b>		<b>258,905</b>	271,293	<b>10,199,562</b>	11,997,933
<b>CREDITORS: Amounts falling due after more than one year</b>					
	9	200,136	97,160	7,884,358	4,296,901
		<b>58,769</b>	174,133	<b>2,315,205</b>	7,701,032
<b>NET ASSETS</b>					
<b>CAPITAL AND RESERVES</b>					
Called-up share capital	11	78,125	78,125	3,077,734	3,455,078
Profit and loss		(19,356)	96,008	(762,530)	4,245,954
		<b>58,769</b>	174,133	<b>2,315,205</b>	7,701,032

Signed on behalf of the Board of Directors

**N.Mahadevan**  
Director

January 21, 2008

**Profit and Loss Account  
for the year ended December 31, 2007**

	2007		2006		2007		2006	
	USD	USD	USD	USD	INR	INR	INR	INR
<b>SALES</b>		<b>604,748</b>		999,945		<b>23,824,047</b>		44,222,568
<b>COST OF SALES</b>								
Vendors	339,050		591,150		13,356,875		26,143,609	
Project Expenses	75,407		122,857		2,970,659		5,433,351	
	<b>414,457</b>		<b>714,007</b>		<b>16,327,534</b>		<b>31,576,960</b>	
<b>DIRECT COST</b>								
Salaries	19,922		21,920		784,827		969,412	
Out sourced costs	13,830		4,264		544,833		188,575	
Transport and Traveling	17,340		8,837		683,109		390,816	
Postages and telephone	419		1,204		16,507		53,247	
	<b>51,511</b>	<b>465,968</b>	<b>36,225</b>	<b>750,232</b>	<b>2,029,276</b>	<b>18,356,809</b>	<b>1,602,051</b>	<b>33,179,010</b>
<b>GROSS PROFIT</b>		<b>138,780</b>		<b>249,713</b>		<b>5,467,238</b>		<b>11,043,557</b>
<b>SELLING AND DISTRIBUTION</b>								
Salaries	50,978		22,500		2,008,278		995,063	
Business Promotion	2,585		8108		101,836		358,576	
Visa and immigration	1,884		8,730		74,220		386,084	
Office expenses	2,043		2,331		80,484		103,088	
Transport and traveling	7,676		9,520		302,396		421,022	
Postage and telephone	4,897		786		192,917		34,761	
	<b>70,063</b>		<b>51,975</b>		<b>2,760,132</b>		<b>2,298,594</b>	
<b>ADMINISTRATIVE COSTS</b>								
Advertisement	1,267		NIL		49,913		NIL	
Salaries	30,952		2,500		1,219,354		110,563	
Security	6,019		NIL		237,119		NIL	
Consultancy	NIL		5,203		NIL		230,103	
Tender	399		NIL		15,719		NIL	
Transport	4,300		NIL		169,399		NIL	
Rent and rates	38,750		6,334		1,526,556		280,121	
Commission (rent)	NIL		14,622		NIL		646,658	
Incorporation costs	NIL		5,047		NIL		223,204	
Household Material	5,581		NIL		219,863		NIL	
Office Repairs and Renovation	17,000		NIL		669,715		NIL	
Legal costs	79		19,646		3,112		868,844	
Electricity and fuel	19,757		600		778,327		26,535	
Motor vehicle hire	26,659		11,747		1,050,231		519,511	
Entertainment	2,982		922		117,476		40,775	
Audit expenses	4,000		2,500		157,580		110,563	
Postage and Telephone	3,354		286		132,131		12,648	
Printing and Stationery	2,214		515		87,221		22,776	
	<b>1,63,313</b>		<b>69,922</b>		<b>6,433,716</b>		<b>3,092,300</b>	
<b>BANK CHARGES</b>	<b>11,323</b>		<b>4,734</b>		<b>446,070</b>		<b>209,361</b>	
Depreciation Charges	9,554	(254,253)	NIL	126,631	376,380	(10,016,297)		5,600,256
<b>PROFIT / (LOSS) BEFORE</b>								
<b>OTHER INCOME</b>		(115,473)		123,082		(4,549,059)		5,443,301
Interest received		109		NIL		4,294		NIL
<b>NET PROFIT / (LOSS)</b>								
<b>FOR THE YEAR</b>		<b>(115,364)</b>		<b>123,082</b>		<b>(4,544,765)</b>		<b>5,443,301</b>

**Profit and Loss Account  
for the year ended December 31, 2007**

	Note	2007 USD	2006 USD	2007 INR	2006 INR
<b>TURNOVER</b>		604,748	999,945	23,824,047	44,222,568
Cost of sales		(465,968)	750,232	(18,356,809)	33,179,010
<b>GROSS PROFIT</b>		138,780	249,713	5,467,238	11,043,557
Selling / Distribution Expenses		(70,063)	(51,975)	(2,760,132)	(2,298,594)
Administrative Expenses		(172,867)	(69,422)	(6,810,095)	(3,070,188)
		(48,922)	(128,316)	(1,927,282)	(5,674,775)
Interest expenses and similar charges		(11,214)	(4,734)	(441,776)	(209,361)
Profit/(Loss) on ordinary activities before taxation		(115,364)	123,082	(4,544,765)	5,443,301
Taxation		NIL	(27,074)	NIL	(1,197,348)
Profit/(Loss) on ordinary activities after taxation		(115,364)	96,008	(4,544,765)	4,245,954
Profit brought forward		96,008	NIL	3,782,235	NIL
<b>PROFIT CARRIED FORWARD</b>		<b>(19,356)</b>	<b>96,008</b>	<b>(762,530)</b>	<b>4,245,954</b>

The accounting policies and notes form part of these financial statements.

**Cash Flows Statement  
for the year ended December 31, 2007**

	2007 USD	2006 USD	2007 INR	2006 INR
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	539,724	999,945	21,262,427	44,222,568
Cash paid to suppliers and employees	(630,522)	(896,199)	(24,839,414)	(39,634,401)
Net cash flow from operating activities	(90,798)	103,446	(3,576,987)	4,574,899
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(85,865)	(9,259)	(3,382,652)	(409,479)
Net cash flow from investing activities	(176,663)	94,487	(6,959,639)	4,178,688
<b>Cash flows from financing activities</b>				
Loan received	48,848	97,160	1,924,367	4,296,901
Proceed of shares	NIL	78,125	NIL	3,455,078
Interest paid	(11,323)	(4,734)	(446,070)	(209,361)
<b>Net cash inflow from financing activities</b>	<b>37,525</b>	<b>170,551</b>	<b>1,478,297</b>	<b>7,542,618</b>
<b>Net increase in cash and cash equivalents</b>	<b>(139,138)</b>	<b>265,038</b>	<b>(5,481,342)</b>	<b>11,721,306</b>
Opening Cash	265,038	NIL	10,441,172	NIL
<b>CLOSING CASH</b>	<b>125,900</b>	<b>265,038</b>	<b>4,959,831</b>	<b>11,721,306</b>

**Notes to the Financial Statements  
for the year ended December 31, 2007**

**ACCOUNTING POLICIES**

The following are the significant accounting policy which have been adopted by the company:

**(a) Basis of accounting**

The accounts are prepared on the historical cost basis. No adjustments have been made to reflect the impact on the financial statements of specific price changes or changes in the general level of price.

**(b) Turnover**

Turnover represents the value of contracts completed and invoiced during the year.

**(c) Fixed Assets**

Fixed assets costing below USD 50 are written off to profit and loss account on acquisition.

Depreciation is provided to write off the cost of fixed assets in equal annual installments over their estimated useful lives at the following rates:

Furniture & Fittings	10%
Plant and Machinery	20%
Motor and other transport vehicles	25%-50%

**(d) Stocks and Work in Progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost comprises suppliers' invoice price and where appropriate freight, and other charges incurred to bring the materials to their locations and condition.

**(e) Deferred Taxation**

The company does not provide for deferred taxation on the timing differences between the treatment of certain items for accounting purposes and their treatment for taxation purposes as the liabilities are not expected to become payable in the foreseeable future.

**(f) Foreign currencies**

Transactions arising in foreign currencies are converted into Naira at the appropriate rates of exchange ruling at the time of arise. Assets and liabilities existing in foreign currencies are translated into Naira at the Foreign Exchange Market rate ruling at the balance sheet date. Gains or losses arising on translation are included in the profit and loss account.



# 1. THE COMPANY

IGTL Solutions Nigeria Limited was incorporated as a limited liability company on August 19, 2006 to carry on the business of acquisition, installation, maintenance of submarine, earth satellite transmitters, receivers among other businesses.

# 2. COMMENCEMENT OF BUSINESS

The company commenced business on August 2006 and all incorporation expenses had been written off to expenses.

# 3. RESULT FOR THE PERIOD

The company result for the period is stated after charging	USD
Auditors' remuneration	4,000
Depreciation on fixed assets	9,554
	=====

# 5. FIXED ASSETS

	Plant and Equipment USD	Office furniture & Fittings USD	Total USD	Plant and Equipment INR	Office furniture & Fittings INR	Total INR
<b>COST</b>						
1st Jan.07	9,259	NIL	9,259	409,479	NIL	409,479
Additions	44,140	41,725	85,865	1,38,895	1,643,756	3,382,652
<b>31st Dec. 2007</b>	<b>53,399</b>	<b>41,725</b>	<b>95,124</b>	<b>2,148,375</b>	<b>1,643,756</b>	<b>3,792,131</b>
<b>DEPRECIATION</b>						
1st Jan.07	NIL	NIL	NIL	NIL	NIL	NIL
For the Year	6,220	3,334	9,554	245,037	131,343	376,380
<b>31st Dec. 2007</b>	<b>6,220</b>	<b>3,334</b>	<b>9,554</b>	<b>245,037</b>	<b>131,343</b>	<b>376,380</b>
<b>Net Book value</b>						
31st Dec. 2007	47,179	38,391	85,570	1,903,338	1,512,413	3,415,751
<b>31st Dec. 2006</b>	<b>9,259</b>	<b>NIL</b>	<b>9,259</b>	<b>409,479</b>	<b>NIL</b>	<b>409,479</b>

	2007 USD	2006 USD	2007 INR	2006 INR
<b>6. BANK AND CASH IN HAND</b>				
Cash and cheques	83	61,150	3,270	2,704,359
Banks	125,817	203,888	4,956,561	9,016,947
	<b>125,900</b>	<b>265,038</b>	<b>4,959,831</b>	<b>11,721,306</b>
<b>7. DEBTORS</b>				
Trade -	65,100	47,616	2,564,615	2,105,818
Trade Advances	1,106	6,575	43,571	290,779
Staff Advances	10,297	12,704	405,650	561,834
Prepayment – Rent	34,080	67,383	1,342,582	2,980,013
Tax Paid in Advance -	46,662	NIL	1,838,249	NIL
	<b>157,245</b>	<b>134,278</b>	<b>6,194,667</b>	<b>5,938,445</b>
<b>8. CREDITORS</b>				
Amounts falling due within one year				
Trade Creditors	14,225	7,856	560,394	347,432
Accrued charges	73,136	24,540	2,881,193	1,085,282
Net Vat payable	7,766	39,845	305,942	1,762,145
Withholding Tax	14,683	37,967	578,437	1,679,091
	<b>109,810</b>	<b>110,208</b>	<b>4,325,965</b>	<b>4,873,949</b>
<b>9. CREDITORS</b>				
Amount falling due more than one year				
Imported capital	<b>200,136</b>	<b>97,160</b>	<b>7,884,358</b>	<b>4,296,901</b>

	2007 USD	2006 USD	2007 INR	2006 INR
<b>10. COMPANY INCOME TAX</b>				
As a result of commencement rule of taxation the first set of 12 months account form the basis of assessment for two years Provision in the account is as follows:				
Previous Period	27,074	NIL	1,066,580	NIL
Current Period	NIL	27,074	NIL	1,197,348
Less withholding tax paid	(73,736)	NIL	(2,904,830)	NIL
	<b>(46,662)</b>	<b>27,074</b>	<b>(1,838,249)</b>	<b>1,197,348</b>
Consequent on taxation law that withholding taxes offsetable from company tax liability be deducted at source and remitted to the Federal Inland Revenue Service, total amount as a result was USD 73,736 resulting in a net credit of \$46,662 now transferred to Taxes paid in advance.				
<b>11. SHARE CAPITAL</b>				
Authorised				
10,000,000	<b>78,125</b>	<b>78,125</b>	<b>3,077,734</b>	<b>3,455,078</b>
Ordinary Shares of 0.7881256				

## AUDITOR'S REPORT

We have audited the accompanying Balance Sheet of PT IGTL Solutions Indonesia as of December 31, 2007 and the related statement of income, changes in shareholders' equity and cash flow for the period ended. Financial statement for period ended December 31, 2006 was audited by Public Accountants Usman & Rekan with unqualified opinion. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the Auditing Standards established by the Indonesian Institute of Accountants. Those standards require us to plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, the evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.

In our opinion, the financial statement stated above presented fairly, in all material respects, the financial position of PT IGTL Solutions Indonesia as of December 31, 2007 and the result of its operation, its changes in shareholders' equities and its cash flow for the period ended, in conformity with generally accepted accounting principles.

The accompanying financial statement was prepared with assumption that the company will continue to operate as a going concern. Although the financial statement stated deficit in equity as of December 31, 2007, management of the company believe that the company will continue its operation as explain in notes 20.

**Bayudi Watu & Rekan**  
Registered Public Accountants

**Drs. Bayudi Watu, Ak**  
NIAP : 98.1.0030  
Jakarta,

January 10, 2008

**Balance Sheet**  
**as at December 31, 2007 and 2006**

	Notes	December 31, 2007 IDR	December 31, 2006 IDR	December 31, 2007 INR	December 31, 2006 INR
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	2a,2e,3	21,611,653	125,262,580	86,447	626,313
Account Receivables	2b,4	1,192,541,085	58,888,700	4,770,164	294,444
Advance Payment	5	8,442,852,170	29,263,169	33,771,409	146,316
Prepaid Expenses	6	88,171,100	12,000,000	352,684	60,000
Prepaid Taxes	12a	443,590,922	23,563,366	1,774,364	117,817
<b>Total Current Assets</b>		<b>10,188,766,930</b>	<b>248,977,815</b>	<b>40,755,068</b>	<b>1,244,889</b>
<b>Non-Current Assets</b>					
Fixed Assets-Net off	2d,7	623,702,279	224,522,699	2,494,809	1,122,614
Accumulated depreciation of 68.916.775 and 7,173,405.- as of Dec 31, 2007 and December 31, 2006					
Other Assets	8	68,149,200	8,000,000	272,597	40,000
Deferred Tax Assets	2g,12	821,375,153	320,403,899	3,285,501	1,602,020
<b>Total Non-Current Assets</b>		<b>1,513,226,632</b>	<b>552,926,598</b>	<b>6,052,907</b>	<b>2,764,633</b>
<b>TOTAL ASSETS</b>		<b>11,701,993,562</b>	<b>801,904,413</b>	<b>46,807,974</b>	<b>4,009,522</b>
The accompanying notes form an integral part of these financial statements					
<b>LIABILITIES AND EQUITY</b>					
<b>Current Liabilities</b>					
Bank Loan	9	6,600,923,471	NIL	26,403,694	NIL
Other Payables	10	4,849,580,544	51,571,400	19,398,322	257,857
Tax Payables	2g,12b	105,246,483	30,816,773	420,986	154,084
<b>Total Current Liabilities</b>		<b>11,555,750,498</b>	<b>82,388,173</b>	<b>46,223,002</b>	<b>411,941</b>
<b>Long Term Liabilities</b>					
Payable to Related Parties	2b,11	1,548,249,860	534,163,589	6,192,999	2,670,818
Provision For Employee Retirement Benefit		295,579,193	137,424,708	1,182,317	687,124
<b>Total Long Term Liabilities</b>		<b>1,843,829,053</b>	<b>671,588,296</b>	<b>7,375,316</b>	<b>3,357,941</b>
<b>Equity</b>					
Share Capital: 250.000 shares authorized, issued and paid up 125,000 shares of IDR 8,995 (USD) each	1.13	1,124,375,000	1,124,375,000	4,497,500	5,621,875
Retained Earning (Loss)		(2,821,960,989)	(1,076,447,056)	(11,287,844)	(5,382,235)
<b>Total Equity</b>		<b>(1,697,585,989)</b>	<b>47,927,944</b>	<b>(6,790,344)</b>	<b>239,640</b>
<b>Total Liabilities and Equity</b>		<b>11,701,993,562</b>	<b>801,904,413</b>	<b>46,807,974</b>	<b>40,095,207</b>

The accompanying notes form an integral part of these financial statements

### Income Statements for years ended December 31, 2007 and 2006

	Notes	December 31, 2007 IDR	December 31, 2006 IDR	December 31, 2007 INR	December 31, 2006 INR
<b>REVENUE</b>	2f,14	10,701,177,577	110,306,200	42,804,710	551,531
Cost Of Sales	2f,15	10,340,654,626	(807,821,600)	(41,362,619)	(4,039,108)
<b>Gross Profit</b>		360,522,951	(697,515,400)	1,442,092	(3,487,577)
Operational Expenses	2f,16	(2,339,995,244)	(696,336,804)	(9,359,981)	(3,481,684)
Operational Profit		(1,979,472,293)	(1,393,852,204)	(7,917,889)	(6,969,261)
Other Income (Expenses)	2f,17	(238,647,876)	(2,998,752)	(954,592)	(14,994)
Income Before Tax		(2,218,120,169)	(1,396,850,956)	(8,872,481)	(6,984,255)
Deferred Tax Income (Expenses)	12	500,971,254	320,403,899	2,003,885	1,602,020
<b>Net Profit (Loss)</b>		<b>(1,717,148,915)</b>	<b>(1,076,447,057)</b>	<b>(6,868,596)</b>	<b>(5,382,235)</b>

The accompanying notes form an integral part of these financial statement

### Statements of Changes in Equity for years ended December 31, 2007 and 2006

Notes	Issued and Fully Paid Capital Stock IDR	Profit (Deficit) IDR	Total IDR	Issued and Fully Paid Capital Stock INR	Profit (Deficit) INR	Total INR
Issuance of share capital	1,124,375,000	NIL	1,124,375,000	5,621,875	NIL	5,621,875
Net Profit (Loss)	NIL	(1,076,447,056)	(1,076,447,056)	NIL	(5,382,235)	(5,382,235)
Balance, December 31, 2006	1,124,375,000	(1,076,447,057)	47,927,944	5,621,875	(5,382,235)	239,640
Correction for Retained Earning	NIL	(28,365,017)	(28,365,017)	NIL	(113,460)	(113,460)
Net Profit (Loss)	NIL	(1,717,148,915)	(1,717,148,915)	NIL	(6,868,596)	(6,868,596)
<b>Balance, December 31, 2007</b>	<b>1,124,375,000</b>	<b>(2,821,960,989)</b>	<b>(1,697,585,988)</b>	<b>4,497,500</b>	<b>(11,287,844)</b>	<b>(6,790,344)</b>

The accompanying notes form an integral part of these financial statements

### Statements of Cash Flows for years ended December 31, 2007 and 2006

	Jan 01 - Dec 31, 2007 IDR	Apr 28 - Dec 31, 2006 IDR	Jan 01 - Dec 31, 2007 INR	Apr 28 - Dec 31, 2006 INR
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Income after Tax	(1,717,148,915)	(1,076,447,056)	(6,868,596)	(5,382,235)
Adjustments for items did not use cash flow:				
Depreciation	61,743,370	7,173,405	246,973	35,867
Correction for Retained Earning	(28,365,017)	NIL	(113,460)	NIL
Changing in working capital				
(Increase) decrease in Account Receivables	(1,133,652,385)	(64,637,069)	(4,534,610)	(323,185)
(Increase) decrease in Advance payment	(8,413,589,001)	(29,263,169)	(33,654,356)	(146,316)
(Increase) decrease in Prepaid Expenses	(76,171,100)	(12,000,000)	(304,684)	(60,000)
(Increase) decrease in Prepaid Tax	(420,027,556)	(23,563,366)	(1,680,110)	(117,817)
(Increase) decrease in Deposit	(60,149,200)	(8,000,000)	(240,597)	(40,000)
(Increase) decrease in Deferred Tax Asset	(500,971,254)	(320,403,899)	(2,003,885)	(1,602,019)
Increase (decrease) in Bank Loan	6,600,923,471	NIL	26,403,694	NIL
Increase (decrease) in Other Payables	4,798,009,144	51,571,400	19,192,037	257,857
Increase (decrease) in Taxes Payables	74,429,710	30,816,773	297,719	154,084
Increase (decrease) in Retirement Benefit	158,154,485	137,424,708	632,618	687,124
<b>Cash Flow From Operating Activities</b>	<b>(656,814,248)</b>	<b>(1,307,328,273)</b>	<b>(2,627,257)</b>	<b>(6,536,641)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
(Increase) decrease in Fixed Assets	(460,922,950)	(231,696,104)	(1,843,692)	(1,158,481)
Cash Flow From Investing Activites	(460,922,950)	(231,696,104)	(1,843,692)	(1,158,481)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase (decrease) in Capital Investment	NIL	1,124,375,000	NIL	5,621,875
Increase (decrease) in Long Term Liabilities	1,014,086,270	539,911,958	4,056,345	2,699,560
<b>Cash Flow From Financing Activities</b>	<b>1,014,086,270</b>	<b>1,664,286,957</b>	<b>4,056,345</b>	<b>8,321,435</b>
<b>Increase (Decrease) In Cash And Cash Equivalent</b>	<b>(103,650,927)</b>	<b>125,262,580</b>	<b>(414,604)</b>	<b>626,313</b>
<b>Cash And Cash Equivalent At Beginning Of Year</b>	<b>125,262,580</b>	<b>NIL</b>	<b>501,050</b>	<b>NIL</b>
<b>Cash And Cash Equivalent At End Of Year</b>	<b>21,611,653</b>	<b>125,262,580</b>	<b>86,447</b>	<b>626,313</b>

The accompanying notes form an integral part of these financial statements

## Notes to Financial Statements for years ended December 31, 2007 and 2006

### 1. GENERAL

PT IGTL Solutions Indonesia was established by deed of public notary Ruli Iskandar, SH No. 2 dated April 28, 2006, that approved by Ministry of Law and Regulations under letter No. C-17396 HT.01.01.TH.2006 dated June 14, 2006. Then the company's article association has been changed by deed of notary Nathalia Alvina Jinata, SH No. 31 dated July 28, 2007, and the deed has been approved by Ministry of Law and Human Rights of Indonesia.

PT IGTL Solutions Indonesia is a foreign direct investment company by State Ministry of Investment and State Owned Enterprises No. 579/III/PMA/2006 dated May 8, 2006.

The Company's authorized capital shares amounting to IDR. 2.248.750.000,- or equivalent with 250.000 shares at par value of IDR. 8.995, of which at December 31, 2007 have been issued and paid-in by the following shareholders:

	Number of Shares	Par Value (IDR)	Amount (IDR)	Par Value (IDR)	Amount (IDR)
Mr. Gerard Francis Misquitta	1.250	8,995	11,244	36	45
IGTL Solutions Pte.Ltd.	123.750	8,995	1,113,131	36	4,456
<b>Total</b>	<b>125</b>		<b>1,124,375</b>		<b>4,498</b>

The scope of activity of the company is to provides management consultancy services in telecommunication and system. The business activities of the company are as follows:

- In its activities, cooperates with the another national company.
- Plans and designs the framework of management development in the field of telecommunication.
- Provides management development services for the pst sale in the field of telecommunication.
- Others, such as:
  - a. Takes a role as a developer, user, importer and exporter of Information Technology, including hardware and software and indentifies the tools needed to implement the tasks.
  - b. Provides value added services' support in technology and in every aspects of telecommunications, including productions, sales installations, services, maintenance with respect to the type of products available.
  - c. Provides consulting contract references to othe firms and companies which have the know-how and knowledge about Informantion Technology and telecommunication. Provides training, seminar and short-programs in hardware and software of technology and telecommunications.

Based on the company's article association, the Company is located at Sona Topas Tower, 15th floor, Jl. Jend. Sudirman Kav. 26 South Jakarta, 12920.

As of December 31, 2007, the company's board of commissioners and director are as follows:

Commissioner	:	Mr. Gerard Francis Misquitta
Director	:	Mr. Srinath Janardanan

As of December 31, 2007 the Company has 39 permanent employees

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing the financial statement of PT IGTL Solutions Indonesia are as follows:

#### a. Basis for preparations of Financial Statements

The financial statements have been prepared accordance with generally

accepted accounting principles and the disclosure requirements of the Indonesian Institute of Accountants (IAI). The Company's financial statement are presented in rupiah, and prepared on the accrual basis by using the historical cost concept.

The Company's accounting period begins at January 1 and ended December 31, Statement of Income, changes in equity and cash flows were prepared to discribe transactions for the year ended at December 31, 2007

Statements of cash flows are prepared based on the indirect method by classifying cash flows on the basis operating, investing and financing activities. For the purpose of the statements of cash flows, cash and cash equivalents include cash on hand, cash in banks and time deposits maturing with in 3 months.

#### b. Transactions with Related Parties

The company has transactions with entities, which has related party relationship in accordance with statement of Financial Accounting Standards (PSAK) No. 7, "Related Party Disclosures", are defined as follows:

- i Companies that, through one or more intermediaries, control, or are controlled by, or are under common control with, reporting company (including holding companies, subsidiaries and fellow subsidiaries);
- ii associated company
- iii individuals owning, directly or indirectly, an interest in the voting power of the reporting company that gives them significant influence over the company, and close members of the family of any such individuals (close members of a family are defined as those members who are able to exercise influence or can be influenced by such individual, in conjunction with their transactions with the reporting company);
- iv Key management personnels, that is, those person having authority and responsibility on planning, directing and controlling the activities of the reporting company, including the commissioners, directors and managers of the company and close members of the families of such individuals; and
- v Companies which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (iii) and (iv) or over which such a person is able to exercise significant influence. This definition includes companies owned by commissioners, directors or major stockholders of the reporting company and companies that have a member of key management in common with the reporting companies.

According to PSAK (Financial Accounting Standards) No. 7, company transaction with other company is not categorized as transaction with related parties. Significant transactions with related parties, whether or not conducted under normal terms and conditions similar with those of third parties, are disclosed herein.

The Disclosure of receivables and payables transactions resulting from affiliated companies should be presented in net amount (offset) in the balance sheet. And the amount difference of offseted value should be presented in separate lie below in the net amount.

#### c. Account Receivable (Trade Debtors)

Account receivalbe (trade debtors) are recorded net of an allowance for doubtful account based on management's review of the collectible of outstanding amounts.

#### d. Fixed Assets

Fixed assets are stated at cost less accumulated deprecation, except land. Land are stated at cost and not amortized.

Depreciation of fixed assets uses straight-line method on their estimated useful lives.

The estimated useful life of the assets are as follows:

Furniture and Fixtures	:	3-8 Years
Office Equipments	:	3-8 Years
Tools and Equipments	:	3-8 Years
Computer and Printers	:	3-8 Years

The cost of maintenance and repair is charged as expenses as incurred. Expenditures which extend the future life of assets or provide further economical benefits by increasing capacity and quality of production are capitalized and depreciated based on applicable depreciation rate.

**e. Foreign Currencies Transaction and Translation**

Transaction denominated in foreign currencies are converted into Rupiah at the exchange rate prevailing at Indonesian Central Bank middle rates exchange. At the balance sheet date, monetary assets and liabilities in foreign currencies are converted at the date.

The rate of exchange be used to convert foreign currency at December 31, 2007 & 2006, were:

USD 1 = IDR 9,419 2007

USD 1 = IDR 9,020 2006

Exchange gains and losses arising on transaction in foreign currency and translation of foreign currency monetary assets and liabilities are recognized in the income statement.

**f. Revenue and Expenses**

1. Revenue from services rendered is recognized as the service is performed
2. Income from turnkey projects is recognized as a percentage and in proportion to work completion. However in cases of contracts where consideration is separately defined/identified for supply of goods/materials whose distinct identity remains even after project completion, revenue is recognized based on delivery at site to the customers.
3. In case of fixed-price contracts, revenue is recognized base on the milestones achieved as specified in the contracts.

Expenses is recognized on accrual basis.

**g. Provision for Income Tax**

Current corporate income tax was accounted based on fiscal net income, that is, net income after fiscal adjustment in accordance with applicable taxes regulations.

Deferred tax income is provided by using the liabilities method, for all temporary difference arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax income.

**3. CASH AND CASH EQUIVALENTS**

	Dec 31, 2007 IDR	Dec 31, 2006 IDR	Dec 31, 2007 INR	Dec 31, 2006 INR
Petty Cash	419,816	5,241,858	1,679.26	26,209.29
HSBC (IDR) Acc. 050-024249-068	NIL	7,554,311	NIL	37,771.56
HSBC (USD) Acc. 050-024249-115	NIL	112,466,411	NIL	562,332.06
Bank Mandiri Acc.	21,191,837	NIL	84,767.35	NIL
<b>TOTAL</b>	<b>21,611,653</b>	<b>125,262,580</b>	<b>86,446.61</b>	<b>626,312.90</b>

**4. ACCOUNT RECEIVABLES**

	Dec 31, 2007 IDR	Dec 31, 2006 IDR	Dec 31, 2007 INR	Dec 31, 2006 INR
Third Parties:				
PT Alcatel	1,083,008,545	58,888,700	4,332,034.18	294,443.50
PT Nokia Siemens Network	109,532,540	NIL	438,130.16	NIL
<b>TOTAL</b>	<b>1,192,541,085</b>	<b>58,888,700</b>	<b>4,770,164.34</b>	<b>294,443.50</b>

**5. ADVANCE PAYMENT**

	Dec 31, 2007 IDR	Dec 31, 2006 IDR	Dec 31, 2007 INR	Dec 31, 2006 INR
<b>PROJECT RELATED</b>				
CV Enggang Sakti	NIL	NIL	NIL	NIL
CV Sumi	NIL	NIL	NIL	NIL
PT. Refconindo Bin	61,200,000	NIL	244,800	NIL
PT. Hansulindo	NIL	NIL	NIL	NIL
PT. Panahmas Tel	39,669,875	NIL	158,680	NIL
Advances-Own	129,526,500	NIL	518,106	NIL
PT. Duta Cipta - Sb	369,010,250	NIL	1,476,041	NIL
PT. Kokoh Semesta	483,532,000	NIL	1,934,128	NIL
Land procurement-CME	333,512,200	NIL	1,334,049	NIL
Revenue Recognition	6,909,549,530	NIL	27,638,198	NIL
<b>Sub Total</b>	<b>8,326,000,355</b>	<b>NIL</b>	<b>33,304,001</b>	<b>NIL</b>
<b>Other Advance</b>				
Advance for rental apartement	NIL	24,447,169	NIL	122,236
Advance for rental projects-telecom	NIL	NIL	NIL	NIL
Advance for Projects CME	52,512,547	NIL	210,050	NIL
Advance for Travel	5,000,000	NIL	20,000	NIL
Advance Against Salary	44,279,499	2,000,000	177,118	10,000
Advance for Siemens	7,349,769	NIL	29,399	NIL
Claim Contractor	NIL	NIL	NIL	NIL
Claim Receivable	7,710,000	NIL	30,840	NIL
Advance for others	NIL	2,816,000		14,080
<b>SUB TOTAL</b>	<b>116,851,815</b>	<b>29,263,169</b>	<b>467,407</b>	<b>146,316</b>
<b>TOTAL</b>	<b>8,442,852,170</b>	<b>29,263,169</b>	<b>33,771,409</b>	<b>146,316</b>

**6. PREPAID EXPENSES**

	Dec 31, 2007 IDR	Dec 31, 2006 IDR	Dec 31, 2007 INR	Dec 31, 2006 INR
Prepaid Office Rental	87,370,300	8,000,000	349,481	40,000
Consulting Fees	NIL	4,000,000	NIL	20,000
Prepaid Ware House rental	800,800	NIL	3,203	NIL
<b>TOTAL</b>	<b>88,171,100</b>	<b>12,000,000</b>	<b>352,684</b>	<b>60,000</b>

7. **FIXED ASSETS**

	Beginning Balance Jan 01, 2007 IDR	Addition IDR	2007 Deduction IDR	Ending Balance Dec 31, 2007 IDR	Beginning Balance Jan 01, 2007 IDR	Addition IDR	Deduction IDR	Ending Balance Dec 31, 2007 IDR
<b>CARRYING VALUE:</b>								
Furniture and Fixtures	2,580,000	217,555,150	NIL	220,135,150	10,320	870,221	NIL	880,541
Computer & Printers	46,702,092	104,845,000	NIL	151,547,092	186,808	419,380	NIL	606,188
Tools and Equipments	179,454,692	135,210,000	NIL	314,664,692	717,819	540,840	NIL	1,258,659
Office Equipments	2,959,320	3,312,800	NIL	6,272,120	11,837	13,251	NIL	25,088
<b>Total Carrying Value</b>	<b>231,696,104</b>	<b>460,922,950</b>	<b>NIL</b>	<b>692,619,054</b>	<b>926,784</b>	<b>1,843,692</b>	<b>NIL</b>	<b>2,770,476</b>
<b>Accumulated Depreciation</b>								
Furniture and Fixtures	204,986	13,252,380	NIL	13,457,366	820	53,010	NIL	53,829
Computer & Printers	1,805,442	11,501,713	NIL	13,307,155	7,222	46,007	NIL	53,229
Tools and Equipments	4,808,939	35,700,561	NIL	40,509,500	19,236	142,802	NIL	162,038
Office Equipments	354,038	1,288,716	NIL	1,642,754	1,416	5,155	NIL	6,571
<b>Total Accumulated Depreciation</b>	<b>7,173,405</b>	<b>61,743,370</b>	<b>NIL</b>	<b>68,916,775</b>	<b>28,694</b>	<b>246,973</b>	<b>NIL</b>	<b>275,667</b>
<b>NET BOOK VALUE</b>	<b>224,522,699</b>			<b>623,702,279</b>	<b>898,091</b>	<b>NIL</b>	<b>NIL</b>	<b>2,494,809</b>
	Beginning Balance Apr 28, 2006 IDR	Addition IDR	2006 Deduction IDR	Ending Balance Dec 31, 2006 IDR	Beginning Balance Apr 28, 2006 IDR	Addition IDR	Deduction IDR	Ending Balance Dec 31, 2006 IDR
<b>CARRYING VALUE:</b>								
Furniture and Fixtures	NIL	2,580,000	NIL	2,580,000	NIL	12,900	NIL	12,900
Computer & Printers	NIL	46,702,092	NIL	46,702,092	NIL	233,510	NIL	233,510
Tools and Equipments	NIL	179,454,692	NIL	179,454,692	NIL	897,273	NIL	897,273
Office Equipments	NIL	2,959,320	NIL	2,959,320	NIL	14,797	NIL	14,797
<b>Total Carrying Value</b>	<b>NIL</b>	<b>231,696,104</b>	<b>NIL</b>	<b>231,696,104</b>	<b>NIL</b>	<b>1,158,481</b>	<b>NIL</b>	<b>1,158,481</b>
<b>ACCUMULATED DEPRECIATION</b>								
Furniture and Fixtures	NIL	204,986	NIL	204,986	NIL	1,025	NIL	1,025
Computer & Printers	NIL	1,805,442	NIL	1,805,442	NIL	9,027	NIL	9,027
Tools and Equipments	NIL	4,808,939	NIL	4,808,939	NIL	24,045	NIL	24,045
Office Equipments	NIL	354,038	NIL	354,038	NIL	1,770	NIL	1,770
<b>Total Accumulated Depreciation</b>	<b>NIL</b>	<b>7,173,405</b>	<b>NIL</b>	<b>7,173,405</b>	<b>NIL</b>	<b>35,867</b>	<b>NIL</b>	<b>35,867</b>

8. **OTHER ASSETS**

	Dec 31, 2007 IDR	Dec 31, 2006 IDR	Dec 31, 2007 IDR	Dec 31, 2006 IDR
Deposits Office Rental	51,199,200	8,000,000	204,797	40,000
Deposits-Telephone	14,150,000	NIL	56,600	NIL
Deposits-Xerox m	1,200,000	NIL	4,800	NIL
Deposits other	1,600,000	NIL	6,400	NIL
<b>TOTAL</b>	<b>68,149,200</b>	<b>8,000,000</b>	<b>272,597</b>	<b>40,000</b>

9. **BANK LOAN**

	Dec 31, 2007 IDR	Dec 31, 2006 IDR	Dec 31, 2007 IDR	Dec 31, 2006 IDR
This Account consists of:				
HSBC IDR	1,347,168,548	NIL	5,388,674	NIL
HSBC USD	3,442,597,782	NIL	13,770,391	NIL
HSBC - CIL IDR	1,811,157,141	NIL	7,244,629	NIL
	<b>6,600,923,471</b>	<b>NIL</b>	<b>26,403,694</b>	<b>NIL</b>

Based on Corporate Facility Agreement No.JAK/070591/U/070827 dated November 30, 2007 from The Hongkong and Shanghai Banking Corporation Limited (HSBC), PT IGTL Solutions Indonesia received loan, the details with maximal combined limit of USD 1250000 agreement period August 31, 2007 to August 31, 2008.

## 10. OTHER PAYABLES

	Dec 31, 2007 IDR	Dec 31, 2006 IDR	Dec 31, 2007 INR	Dec 31, 2006 INR
<b>OUTSTANDING EXPENSE :</b>				
Sundry Creditor for expenses	131,559,886	51,571,400	526,240	257,857
Payables-Subcon/Supplier	2,090,736,751	NIL	8,362,947	NIL
Advance from PT Alcatel	2,627,283,907	NIL	10,509,136	NIL
	<b>4,849,580,544</b>	<b>51,571,400</b>	<b>19,398,322</b>	<b>257,857</b>

## 11. LONG TERM LIABILITIES

	Dec 31, 2007 IDR	Dec 31, 2006 IDR	Dec 31, 2007 INR	Dec 31, 2006 INR
<b>RELATED PARTIES :</b>				
IGTL Solutions (S) Pte-Singapore	1,543,724,860	534,163,589	6,174,899	2,670,818
IGTL India	4,525,000	NIL	18,100	NIL
Provision for employee Retirement Benefit	295,579,193	137,424,708	1,182,317	687,124
	<b>1,843,829,053</b>	<b>671,588,297</b>	<b>7,375,316</b>	<b>3,357,941</b>

## 12. TAXATION

	Dec 31, 2007 IDR	Dec 31, 2006 IDR	Dec 31, 2007 INR	Dec 31, 2006 INR
<b>A. PREPAID TAXES</b>				
VAT Input	199,303,771	22,548,646	<b>797,215</b>	112,743
Income Tax Art 23	244,287,151	1,014,720	<b>977,149</b>	5,074
<b>TOTAL</b>	<b>443,590,922</b>	<b>23,563,366</b>	<b>1,774,364</b>	<b>117,817</b>
<b>B. TAXES PAYABLES</b>				
VAT on Sales Collected	NIL	NIL	NIL	NIL
Salary Tax Article 21	44,536,177	30,816,773	178,145	NIL
Withholding Tax Art 23	16,989,527	NIL	67,958	NIL
Withholding Tax Art 4(2)	10,918,120	NIL	43,672	NIL
Withholding Tax Art 26	22,092,935	NIL	88,372	NIL
Jamsostek Employees	8,797,224	NIL	35,189	NIL
With Holding Tax Art 21 (Professional)	1,912,500	NIL	7,650	154,084
<b>Total</b>	<b>105,246,483</b>	<b>30,816,773</b>	<b>420,986</b>	<b>154,084</b>
<b>C. INCOME TAX PROVISION</b>				
This Account consists as follows:				
Current Income Tax	NIL	NIL	NIL	NIL
Deferred Income Tax	500,971,254	320,403,899	2,003,885	1,602,019
<b>TOTAL</b>	<b>500,971,254</b>	<b>320,403,899</b>	<b>2,003,885</b>	<b>1,602,019</b>
Reconciliation between income tax expenses and the theoretical tax amount on the Company's profit (loss) before income tax is as follows:				
Income (loss) before tax	(2,218,120,169)	(1,396,850,956)	(8,872,481)	(6,984,255)
Taxable Income (Loss)	(1,564,315,033)	(1,197,459,444)	(6,257,260)	(5,987,297)

## D. DEFERRED TAX (NOT YET FINAL)

	Beginning Balance IDR	Deductions Additions IDR	Ending Balance IDR	Beginning Balance INR	Deductions Additions INR	Ending Balance INR
Depreciation	2,403,378	(2,403,378)	NIL	9,614	(9,614)	NIL
Employee Retirement benefit	(41,227,412)	129,901,170	88,673,758	(164,910)	519,605	354,695
Tax Loss Carryforward	359,227,933	373,473,462	732,701,395	1,436,912	1,493,894	2,930,806
<b>Jumlah</b>	<b>320,403,899</b>	<b>500,971,254</b>	<b>821,375,153</b>	<b>1,281,616</b>	<b>2,003,885</b>	<b>3,285,501</b>



13. **SHARE CAPITAL**

Share Issued and Paid Up Par Value					
	Shares	USD	IDR	Shares	INR
Mr. Gerard Francis Misquitta	1,250	1,250	11,243,750	1,250	1,128
IGTL solutions Pte. Ltd.	123,750	123,750	1,113,131,250	123,750	111,676
<b>TOTAL</b>	<b>125,000</b>	<b>125,000</b>	<b>1,124,375,000</b>	<b>125,000</b>	<b>112,804</b>

14. **REVENUE**

	Jan 01 - Dec 31, 2007 IDR	Apr 28 - Dec 31, 2006 IDR	Jan 01 - Dec 31, 2007 INR	Apr 28 - Dec 31, 2006 INR
Contract Revenue	10,701,177,577	98,884,700	42804710.31	494423.5
Other Income	NIL	11,421,500	NIL	57107.5
	<b>10,701,177,577</b>	<b>110,306,200</b>	<b>42804710.31</b>	<b>551531</b>

15. **COST OF SALES**

	Jan 01 - Dec 31, 2007 IDR	Apr 28 - Dec 31, 2006 IDR	Jan 01 - Dec 31, 2007 INR	Apr 28 - Dec 31, 2006 INR
Salary & Wages	1,615,962,507	595,214,543	6,463,850	2,976,073
Travelling expenses fare	155,083,463	55,451,000	620,334	277,255
Boarding Expenses	82,525,210	44,540,000	330,101	222,700
Staff Training Expenses	219,087,500	32,652,000	876,350	163,260
Conveyance	72,653,500	21,744,200	290,614	108,721
Hotel stay expenses	210,471,576	19,844,863	841,886	99,224
Vehicle Hire-Project	183,251,901	12,215,500	733,008	61,078
Telecommunication	31,527,000	7,553,849	126,108	37,769
Food Expenses-Project	122,071,261	6,438,695	488,285	32,193
Project expense	93,525,711	5,690,000	374,103	28,450
COGS - Material/Tools etc	7,402,160,023	2,767,600	29,608,640	13,838
Entertainment Exps	25,831,350	NIL	103,325	NIL
Transportation Charges	60,058,000	2,500,000	240,232	12,500
Travel others	712,000	1,209,350	2,848	6,047
Courier	887,100	NIL	3,548	NIL
IMB Expenses	48,650,000	NIL	194,600	NIL
Insurance	4,837,184	NIL	19,349	NIL
Printing & Stationery	11,359,340	NIL	45,437	NIL
<b>TOTAL COST OF SALES</b>	<b>10,340,654,626</b>	<b>807,821,600</b>	<b>41,362,619</b>	<b>4,039,108</b>

## 16. OPERATING EXPENSES

	Jan 01 - Dec 31, 2007 IDR	Apr 28 - Dec 31, 2006 IDR	Jan 01 - Dec 31, 2007 INR	Apr 28 - Dec 31, 2006 INR
Auditors Remuneration	25,000,000	10,000,000	100,000	50,000
Bank Charges	43,032,423	5,338,105	172,130	26,691
Convenyance expense	1,177,000	8,546,800	4,708	42,734
Corporate office expenses	176,983,758	101,046,573	707,935	505,233
Depreciation Expenses	61,743,370	7,173,405	246,973	35,867
Employee retirement benefit	158,154,485	137,424,708	632,618	687,124
Legal and professional charge	101,079,750	57,720,000	404,319	288,600
Licence expenses	109,419,000	90,417,549	437,676	452,088
Medical expenses	69,314,036	19,055,125	277,256	95,276
Postage and courier	2,905,550	552,905	11,622	2,765
Printing and stationary	39,955,030	6,340,595	159,820	31,703
Rent office premises	184,568,798	41,840,909	738,275	209,205
Rent warehouse	10,052,700	902,000	40,211	4,510
Repairs and Maintainance	15,082,300	1,270,502	60,329	6,353
Salary & Wages	625,559,999	84,107,500	2,502,240	420,538
Sales promotional expenses	5,884,820	2,901,620	23,539	14,508
Settling allowance	5,250,000	10,500,000	21,000	52,500
Staff Amenities	16,191,931	7,703,565	64,768	38,518
Telephone & Internet	170,704,727	44,016,478	682,819	220,082
THR (Bonus)	160,623,425	13,567,248	642,494	67,836
Jamsostek Expenses	30,947,861	NIL	123,791	NIL
Electricity	29,281,418	NIL	117,126	NIL
Loss on Forex	116,683,839	11,356,720	466,735	NIL
Travelling Expenses	141,286,524	33,609,497	565,146	168,047
Freight	39,112,500	945,000	156,450	4,725
<b>TOTAL</b>	<b>2,339,995,244</b>	<b>696,336,804</b>	<b>9,359,981</b>	<b>3,481,684</b>

**17. OTHER INCOME (EXPENSES)**

	Jan 01 - Dec 31, 2007 IDR	Apr 28 - Dec 31, 2006 IDR	Jan 01 - Dec 31, 2007 INR	Apr 28 - Dec 31, 2006 INR
Interest Expenses	(238,647,876)	(2,998,752)	(954,592)	(14,994)
<b>Total</b>	<b>(238,647,876)</b>	<b>(2,998,752)</b>	<b>(954,592)</b>	<b>(14,994)</b>

**18. TRANSACTION WITH RELATED PARTIES**

In normal course of business the company entered into transaction with related parties. During 2007 transactions with the related parties are as follows :

1. IGTL Solutions (Singapore) Pte.Ltd. Give the loan for operating expenses of PT IGTL Solutions Indonesia.
2. IGTL Solutions (Singapore) Pte.Ltd. Give the loan for investing activities of PT IGTL Solutions Indonesia. Like buy some fixed asset.

Both of the loan mentioned above was accumulated as Long Term Liabilities to IGTL Solution (Singapore) Pte. Ltd amounting Rp. 1.543.724.860

**19. DATE OF COMPLETION OF THE FINANCIAL STATEMENTS**

The management is responsible for preparation and presentation of the financial statement that have been completed at January 09, 2008

**20. OTHERS**

The company has accumulated deficit in equity over for the share capital as at December 31, 2007. Although the company are experiencing that above matter, management convince that there is adequate business in the coming year due lot of purchase orders on hand due to rollouts during 2008.

## DIRECTORS REPORT

The Directors have pleasure in presenting their report and the financial statements of the company for the period from January 1, 2007 to March 31, 2008.

### PRINCIPAL ACTIVITIES

The principal activity of the company during the period was that of telecommunication engineering services and consultancy.

On February 15, 2008 the company changed its name to GTL Europe Limited.

### DIRECTORS

The directors who served the company during the period were as follows:

Mr V S Vishwanath Nair	
Mr M P Bengali	
Mr G F Misquitta	
Mr R Desai	
Mr C V Kane	(Appointed December 1, 2007)
Mr S D Patil	(Appointed December 1, 2007)
Mr S K Roy	(Appointed December 1, 2007)
Mr D Edmondson	(Resigned November 15, 2007)
Mr R A Little	(Resigned September 20, 2007)

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

### DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### DONATIONS

During the period the company made the following contributions:

	Period to March 31, 2008 GBP	Year to Dec. 31, 2006 GBP	Period to March 31, 2008 INR	Year to 31 Dec. 2006 INR
Donations	285	NIL	22670.325	NIL

### AUDITOR

A resolution to re-appoint Kajaine Limited as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

### SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:  
Genesis House  
Spitfire Close, Ermine Business Park  
Huntingdon  
PE29 6YA

**Signed on behalf of the directors**

**Mr V S Vishwanath Nair**  
*Director*

April 07, 2008

## AUDITORS REPORT

We have audited the financial statements of GTL Europe Limited (Formerly Genesis Consultancy Limited) for the period from January 1, 2007 to March 31, 2008, which have been prepared on the basis of the accounting policies.

This report is made solely to the company's shareholder, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities set out on pages 2 and 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at March 31, 2008 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

1st Floor  
Alpine House Unit 2  
Honeypot Lane  
London  
NW9 9RX

**KAJAIN LIMITED**  
*Chartered Accountants  
& Registered Auditors*

April 07, 2008

**Balance Sheet**  
**as at March 31, 2008**

		<b>GBP</b> <b>March 31, 08</b>	<b>GBP</b> <b>Dec. 31, 06</b>	<b>INR</b> <b>March 31, 08</b>	<b>INR</b> <b>Dec. 31, 06</b>
<b>FIXED ASSETS</b>					
Tangible assets	8	48,719	30,935	3,875,353	2,685,158
Investments	9	92,194	125,197	7,333,572	10,867,100
		140,913	156,132	11,208,925	13,552,258
<b>CURRENT ASSETS</b>					
Stocks		200,480	NIL	15,947,182	NIL
Debtors	10	1,812,227	1,376,436	144,153,597	119,474,645
Cash at bank and in hand		43,975	386,934	3,497,991	33,585,871
		2,056,682	1,763,370	163,598,770	153,060,516
CREDITORS: Amounts falling due within one year	12	1,582,282	700,915	125,862,622	60,839,335
<b>Net Current Assets</b>		474,400	1,062,455	37,736,148	92,221,181
<b>Total Assets Less Current Liabilities</b>		<b>615,313</b>	<b>1,218,587</b>	<b>48,945,073</b>	<b>105,773,438</b>
<b>Capital and Reserves</b>					
Called-up equity share capital	16	2	2	159	174
Profit and loss account	17	615,311	1,218,585	48,944,913	105,773,265
<b>Shareholder's Funds</b>	18	<b>615,313</b>	<b>1,218,587</b>	<b>48,945,073</b>	<b>105,773,438</b>

Signed on behalf of the Board of Directors

**Mr V S Vishwanath Nair**  
Director

April 07, 2008

**Profit and Loss Account**  
**from January 01, 2007 to March 31, 2008**

		<b>January 01, 2007 to</b> <b>March 31, 2008</b>	<b>January 01, 2006 to</b> <b>December. 31, 2006</b>	<b>January 01, 2007 to</b> <b>March 31, 2008</b>	<b>January 01, 2006 to</b> <b>December. 31, 2006</b>
		<b>GBP</b>	<b>GDP</b>	<b>INR</b>	<b>INR</b>
<b>TURNOVER</b>	2	<b>4,225,906</b>	5,166,917	<b>336,149,693</b>	448,488,396
Cost of sales		3,360,374	3,251,234	267,300,950	282,207,111
<b>Gross Profit</b>		<b>865,532</b>	1,915,683	<b>68,848,743</b>	166,281,284
Administrative expenses		1,782,766	1,580,027	141,810,121	137,146,344
Other operating income		(35,165)	(52,521)	(2,797,200)	(4,558,823)
<b>Operating (Loss)/Profit</b>	3	<b>(882,069)</b>	388,177	<b>(70,164,179)</b>	33,693,764
Loss on disposal of discontinued operations	4	(64,288)	NIL	(5,113,789)	NIL
		(946,357)	388,177	(75,277,968)	33,693,764
Income from shares in group undertakings	5	73,535	294,315	5,849,342	25,546,542
Interest receivable		20,157	12,244	1,603,389	1,062,779
Interest payable and similar charges		(24)	(3,113)	(1,909)	(270,208)
<b>(Loss)/Profit on Ordinary Activities Before Taxation</b>		<b>(852,689)</b>	691,623	<b>(67,827,147)</b>	60,032,876
<b>Tax on (loss)/profit on ordinary activities</b>	6	<b>(249,414)</b>	124,461	<b>(19,839,637)</b>	10,803,215
<b>(Loss)/Profit for the Financial Period</b>		<b>(603,275)</b>	567,162	<b>(47,987,510)</b>	49,229,662

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

## Notes to Account for the period from January 01, 2007 to March 31, 2008

### 1 ACCOUNTING POLICIES

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

#### Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

#### Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

#### Fixed Assets

All fixed assets are initially recorded at cost.

#### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures, Fittings & Equipment - 50% Straight line

#### Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

#### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

### 2 TURNOVER

Overseas turnover amounted to 16.03% (To December 31, 2006 - 14.80%) of the total turnover for the period.

### 3 OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

	Jan 1, 07 to Mar 31, 08 GBP	Jan 1, 06 to Dec 31, 06 GBP	Jan 1, 07 to Mar 31, 08 INR	Jan 1, 06 to Dec 31, 06 INR
Directors' emoluments	161,542	215,276	12,849,858	18,685,957
Depreciation of owned fixed assets	38,265	40,136	3,043,789	3,483,805
Auditor's fees	6,000	6,298	477,270	546,666
Operating Lease Costs:				
Other	67,741	45,000	5,388,458	3,906,000
<b>Net loss on foreign currency translation</b>	<b>3,149</b>	<b>48,563</b>	<b>250,487</b>	<b>4,215,268</b>

### 4 LOSS ON DISPOSAL OF DISCONTINUED OPERATIONS

	Jan 1, 07 to Mar 31, 08 GBP	Jan 1, 06 to Dec 31, 06 GBP	Jan 1, 07 to Mar 31, 08 INR	Jan 1, 06 to Dec 31, 06 INR
Group undertaking loan written off	64,288	NIL	5,113,789	NIL

### 5 INCOME FROM SHARES IN GROUP UNDERTAKINGS

	Jan 1, 07 to Mar 31, 08 GBP	Jan 1, 06 to Dec 31, 06 GBP	Jan 1, 07 to Mar 31, 08 INR	Jan 1, 06 to Dec 31, 06 INR
Dividend income from group undertakings	73,535	294,315	5,849,342	25,546,542

### 6 TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the period

	Jan 1, 07 to Mar 31, 08 GBP	Jan 1, 06 to Dec 31, 06 GBP	Jan 1, 07 to Mar 31, 08 INR	Jan 1, 06 to Dec 31, 06 INR
<b>CURRENT TAX:</b>				
<b>UK TAXATION</b>				
In respect of the period:				
UK Corporation tax based on the results for the period at 30% (2006 - 30%)	NIL	118,324	NIL	10,270,523
Over/under provision in prior year	911	2,094	72,465	181,759
	911	120,418	72,465	10,452,282
<b>FOREIGN TAX</b>				
Current tax on income for the period	7,956	4,043	632,860	350,932
Total current tax	8,867	124,461	705,326	10,803,215
Deferred tax:				
Origination and reversal of timing differences (note 11)				
Capital allowances	(258,281)	NIL	(20,544,962)	NIL
<b>Tax On (Loss)/Profit On Ordinary Activities</b>	<b>(249,414)</b>	<b>124,461</b>	<b>(19,839,637)</b>	<b>10,803,215</b>

(b) **Factors affecting current tax charge**

The tax assessed on the (loss)/profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30% (2006 - 30%).

	Jan 1, 07 to Mar 31, 08 GBP	Jan 1, 06 to Dec 31, 06 GBP	Jan 1, 07 to Mar 31, 08 INR	Jan 1, 06 to Dec 31, 06 INR
(Loss)/profit on ordinary activities before taxation	(852,689)	691,623	(67,827,147)	60,032,876
(Loss)/profit on ordinary activities by rate of tax	(255,807)	207,487	(20,348,168)	18,009,872
Expenses/(Income) not deductible for tax purposes	2,853	(86,224)	226,942	(7,484,243)
Capital allowances for period in excess of depreciation	(1,544)	4,574	(122,817)	397,023
Utilisation of tax losses	NIL	(7,513)	NIL	(652,128)
Unrelieved tax losses carried forward	254,498	NIL	20,244,043	NIL
Adjustments to tax charge in respect of previous periods	911	2,094	72,465	181,759
Increase foreign tax liability	7,956	4,043	632,860	350,932
Total current tax (note 6(a))	<b>8,867</b>	<b>124,461</b>	<b>705,326</b>	<b>10,803,215</b>

7. **DIVIDENDS**

**Equity dividends**

	Jan 1, 07 to Mar 31, 08 GBP	Jan 1, 06 to Dec 31, 06 GBP	Jan 1, 07 to Mar 31, 08 INR	Jan 1, 06 to Dec 31, 06 INR
Paid during the year:				
Dividends on equity shares	<b>NIL</b>	<b>588,831</b>	<b>NIL</b>	<b>51,110,531</b>

8. **TANGIBLE FIXED ASSETS**

	GBP COST	INR COST
<b>FIXTURES, FITTINGS &amp; EQUIPMENT</b>		
At January 1, 2007	115,177	9,997,364
Additions	56,049	4,458,418
At March 31, 2008	<b>171,226</b>	<b>13,620,172</b>
<b>DEPRECIATION</b>		
At January 1, 2007	84,242	7,312,206
Charge for the period	38,265	3,043,789
At March 31, 2008	<b>122,507</b>	<b>9,744,819</b>
<b>NET BOOK VALUE</b>		
At March 31, 2008	<b>48,719</b>	<b>3,875,353</b>
At 31 December 2006	30,935	2,685,158

9 **INVESTMENTS**

	GBP COST	INR COST
At January 1, 2007	125,197	10,867,100
Disposals	(33,003)	(2,625,224)
At March 31, 2008	92,194	7,333,572
<b>NET BOOK VALUE</b>		
At March 31, 2008	<b>92,194</b>	<b>7,333,572</b>
At 31 December 2006	125,197	10,867,100

The company owns 100% of the issued Ordinary share capital of the following companies:

Aggregate Capital and Reserves of incorporation	Country	March 31, 08 GBP	Dec. 31, 06 GBP	March 31, 08 INR	Dec. 31, 06 INR
Re-Source Global Ltd	England	NIL	(51,204)	NIL	(4,444,507)
Genesis Consultancy Australia PTY Ltd	Australia	186,539	164,484	14,838,245	14,277,211
Genesis Consultancy (2004)Ltd	New Zealand	NIL	54,794	NIL	4,756,119
Genesis Telecoms PTE Ltd	Singapore	NIL	22,397	NIL	1,944,060
Genesis Consultancy USA Inc.	USA	223,463	7,274	17,775,364	631,383
PT Genesis Consultancy Indonesia	Indonesia	(11,076)	35,215	(881,040)	3,056,662
Genesis Consultancy GmbH	Switzerland	(8,945)	17,479	(711,530)	1,517,177
Genesis Telecommunications Ireland Ltd	Ireland	339,482	91,946	27,004,096	7,980,913

**Profit and (Loss) for the period of Business**

Re-Source Global Ltd	Employment Bureau	NIL	(25,041)	NIL	(2,173,559)
Genesis Consultancy Australia PTY Ltd	Telecoms	1,285	69,533	102,215	6,035,464
Genesis Consultancy (2004)Ltd	Telecoms	3,883	67,784	308,873	5,883,651
Genesis Telecoms PTE Ltd	Telecoms	NIL	(3,274)	NIL	(284,183)
Genesis Consultancy USA Inc.	Telecoms	216,320	30,761	17,207,174	2,670,055
PT Genesis Consultancy Indonesia	Telecoms	(48,351)	8,692	(3,846,080)	754,466
Genesis Consultancy GmbH	Telecoms	(16,568)	(2,036)	(1,317,902)	(176,725)
Genesis Telecommunications Ireland Ltd	Telecoms	231,416	91,945	18,407,986	7,980,826



**10 DEBTORS**

	Mar 31, 08 GBP	Dec 31, 06 GBP	Mar 31, 08 INR	Dec 31, 06 INR
Trade debtors	691,419	1,218,394	54,998,924	105,756,599
Amounts owed by group undertakings	NIL	12,675	NIL	1,100,190
Corporation tax repayable	NIL	8,706	NIL	755,681
VAT recoverable	73,413	NIL	5,839,637	NIL
Other debtors	31,487	3,519	2,504,633	305,449
Prepayments and accrued income	757,627	133,142	60,265,440	11,556,726
Deferred taxation (note 11)	258,281	NIL	20,544,962	NIL
	<b>1,812,227</b>	<b>1,376,436</b>	<b>144,153,596</b>	<b>119,474,645</b>

**11 DEFERRED TAXATION**

The deferred tax included in the Balance sheet is as follows:

	Jan 1, 07 to Mar 31, 08 GBP	Jan 1, 06 to Dec 31, 06 GBP	Jan 1, 07 to Mar 31, 08 INR	Jan 1, 06 to Dec 31, 06 INR
Included in debtors (note 10)	258,281	NIL	20,544,962	NIL
The movement in the deferred taxation account during the period was:				
	Jan 1, 07 to Mar 31, 08 GBP	Jan 1, 06 to Dec 31, 06 GBP	Jan 1, 07 to Mar 31, 08 INR	Jan 1, 06 to Dec 31, 06 INR
Profit and loss account movement arising during the period	258,281	NIL	20,544,962	NIL
Balance carried forward	258,281	NIL	20,544,962	NIL
The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:				
	Mar 31, 08 GBP	Dec 31, 06 GBP	Mar 31, 08 INR	Dec 31, 06 INR
Unutilised tax losses	258,281	NIL	20,544,962	NIL
	258,281	NIL	20,544,962	NIL

**12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Mar 31, 08 GBP	Dec 31, 06 GBP	Mar 31, 08 INR	Dec 31, 06 INR
Amount due to factors	469,997	NIL	3,738,5911	NIL
Trade creditors	508,856	59,507	40,476,951	5,165,208
Amounts owed to group undertakings	304,820	NIL	24,246,907	NIL
Other creditors including taxation and social security:				
PAYE and social security	82,637	84,949	6,573,360	7,373,573
VAT	NIL	158,207	NIL	1,3732,368
Accruals and deferred income	215,972	398,251	17,179,493	34,568,187
	298,609	641,407	23,752,853	55,674,128
	<b>1,582,282</b>	<b>700,914</b>	<b>125,862,622</b>	<b>60,839,335</b>

The amount due to factors is secured by a fixed and floating charge over the company's assets.

**13 COMMITMENTS UNDER OPERATING LEASES**

At March 31, 2008 the company had annual commitments under non-cancellable operating leases as set out below.

Land & Buildings	Mar 31, 08 GBP	Dec 31, 06 GBP	Mar 31, 08 INR	Dec 31, 06 INR
Operating leases which expire:				
After more than 5 years	<b>45,000</b>	45,000	<b>3,579,525</b>	3,906,000

The above lease for the property occupied by the company is subject to three yearly rent reviews.

**14 TRANSACTIONS WITH THE DIRECTORS**

Mr D Edmondson, the managing director resigned on 15th November 2007. The company leased a property owned by Mr D Edmondson until it was sold by him on 10th December 2007 to an outside third party.

**15 RELATED PARTY TRANSACTIONS**

In normal course of business the company makes and receives payments to and from other group companies. These transactions are not disclosed in these accounts as they are eliminated on consolidation in the group financial statements of the pen-ultimate parent undertaking, International Global Tele-Systems Limited, a company incorporated in Mauritius. Copies of these accounts are available from the Registrar of Companies in Mauritius.

**16 SHARE CAPITAL**

Authorised share capital:

	Mar 31, 08 GBP	Dec 31, 06 GBP	Mar 31, 08 INR	Dec 31, 06 INR
100,000 Ordinary shares of £1 each	<b>100,000</b>	100,000	<b>7,954,500</b>	8,680,000
Allotted, called up and fully paid:				
	<b>Mar 31, 08</b>	<b>Mar 31, 08</b>		
	No	GBP	No	Rs
Ordinary shares of £1 each	2	2	2	159

**17 PROFIT AND LOSS ACCOUNT**

Period from	Jan 1, 07 to Mar 31, 08 GBP	Jan 1, 06 to Dec 31, 06 GBP	Jan 1, 07 to Mar 31, 08 INR	Jan 1, 06 to Dec 31, 06 INR
Balance brought forward	1,218,586	1,240,255	96,932,423	107,654,134
(Loss)/profit for the financial period	(603,275)	567,162	(47,987,510)	49,229,662
Equity dividends	NIL	(588,831)	NIL	(51,110,531)
Balance carried forward	<b>615,311</b>	<b>1,218,586</b>	<b>48,944,913</b>	<b>105,773,265</b>

**18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	Mar 31, 08 GBP	Dec 31, 06 GBP	Mar 31, 08 Rs	Dec 31, 06 Rs
(Loss)/Profit for the financial period	(603,275)	567,162	(47,987,510)	49,229,662
Equity dividends	NIL	(588,831)	NIL	(51,110,531)
Net reduction to shareholder's funds	(603,275)	(21,669)	(47,987,510)	(1,880,869)
Opening shareholder's funds	1,218,588	1,240,257	96,932,582	107,654,308
Closing shareholder's funds	<b>615,313</b>	<b>1,218,588</b>	<b>48,945,073</b>	<b>105,773,438</b>

**19 ULTIMATE PARENT COMPANY**

The company's immediate parent undertaking is iGTL Solutions UK Limited, a company incorporated in England.

The ultimate parent undertaking and controlling party is GTL Limited, a company incorporated in India.

The smallest group of which the company is a member is that group headed by the company's immediate parent undertaking, International Global Tele-Systems Limited, a company incorporated in Mauritius.

The largest group of which the company is a member and for which consolidated financial statements are prepared, is that group headed by the ultimate parent undertaking and controlling party, GTL Limited, a company incorporated in India.

The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report.

	<b>GBP</b> <b>March 31, 08</b>	<b>GBP</b> <b>Dec. 31, 06</b>	<b>INR</b> <b>March 31, 08</b>	<b>INR</b> <b>Dec. 31, 06</b>
<b>TURNOVER</b>				
Sales - UK	3,548,547	4,402,319	282,269,171	382,121,289
Sales - Europe	397,979	545,263	31,657,240	47,328,828
Sales - Rest of World	279,380	219,335	22,223,282	19,038,278
	<b>4,225,906</b>	<b>5,166,917</b>	<b>336,149,693</b>	<b>448,488,396</b>
<b>COST OF SALES</b>				
Warehousing & logistics	24,815	NIL	1,973,909	NIL
Wages & salaries	1,847,098	2,323,388	146,927,410	201,670,078
Employer's NIC contributions	193,209	258,451	15,368,810	22,433,547
Redundancy payment on restructure	NIL	10,400		902,720
Subcontract labour	1,281,464	646,754	101,934,054	56,138,247
Healthcare	13,788	12,241	1,096,766	1,062,519
	<b>3,360,374</b>	<b>3,251,234</b>	<b>267,300,950</b>	<b>282,207,111</b>
<b>Gross Profit</b>	<b>865,532</b>	<b>1,915,683</b>	<b>68,848,743</b>	<b>166,281,284</b>
<b>OVERHEADS</b>				
Administrative expenses	1,782,766	1,580,027	141,810,121	137,146,344
	<b>(917,234)</b>	<b>335,656</b>	<b>(72,961,379)</b>	<b>29,134,941</b>
<b>OTHER OPERATING INCOME</b>				
Management charges receivable	35,165	52,521	2,797,200	4,558,823
<b>OPERATING (LOSS)/PROFIT</b>	<b>(882,069)</b>	<b>388,177</b>	<b>(70,164,179)</b>	<b>33,693,764</b>
Group undertaking loan written off	(64,288)	NIL	(5,113,789)	
	<b>(946,357)</b>	<b>388,177</b>	<b>(75,277,968)</b>	<b>33,693,764</b>
Income from shares in group companies	73,535	294,315	5,849,342	25,546,542
Interest receivable	20,157	12,244	1,603,389	1,062,779
	<b>(852,665)</b>	<b>694,736</b>	<b>(67,825,237)</b>	<b>60,303,085</b>
Bank interest payable	(24)	(3,113)	(1,909)	(270,208)
<b>(Loss)/Profit On Ordinary Activities</b>	<b>(852,689)</b>	<b>691,623</b>	<b>(67,827,147)</b>	<b>60,032,876</b>
<b>ADMINISTRATIVE EXPENSES</b>				
Personnel costs				
Directors salaries	161,542	215,276	12,849,858	18,685,957
Wages and salaries	484,198	181,394	38,515,530	15,744,999
Employers NI contributions	73,121	46,760	5,816,410	4,058,768
	<b>718,861</b>	<b>443,430</b>	<b>57,181,798</b>	<b>38,489,724</b>
<b>ESTABLISHMENT EXPENSES</b>				
Rent	67,741	45,000	5,388,458	3,906,000
Rates and water	19,729	18,098	1,569,343	1,570,906
Light and heat	9,692	6,221	770,950	539,983
Insurance	52,296	35,405	4,159,885	3,073,154
Repairs and maintenance	19,423	15,062	1,545,003	1,307,382
	<b>168,881</b>	<b>119,786</b>	<b>13,433,639</b>	<b>10,397,425</b>

	<b>GBP</b> <b>March 31, 08</b>	<b>GBP</b> <b>Dec. 31, 06</b>	<b>INR</b> <b>March 31, 08</b>	<b>INR</b> <b>Dec. 31, 06</b>
<b>GENERAL EXPENSES</b>				
Travel and subsistence	470,082	504,995	37,392,673	43,833,566
Telephone	80,006	50,661	6,364,077	4,397,375
Computer expenses	38,600	35,616	3,070,437	3,091,469
Healthcare	4,352	3,494	346,180	303,279
Printing, stationery and postage	22,517	15,247	1,791,115	1,323,440
Staff training	29,087	111,037	2,313,725	9,638,012
Donations	285	30	22,670	2,604
General expenses	8,257	9,288	656,803	806,198
Advertising	13,089	10,860	1,041,165	942,648
Entertaining	18,681	6,901	1,485,980	599,007
Legal and professional fees	39,766	858	3,163,186	74,474
Consultancy fees	72,542	109,670	5,770,353	9,519,356
Accountancy fees	22,202	9,994	1,766,058	867,479
Auditors remuneration	6,000	6,298	477,270	546,666
Depreciation of fixtures and fittings	38,265	40,136	3,043,789	3,483,805
	<b>863,731</b>	<b>915,085</b>	<b>68,705,482</b>	<b>79,429,378</b>
<b>FINANCIAL COSTS</b>				
Factoring charges	19,410	48,423	1,543,968	4,203,116
Bank charges	8,734	4,740	694,746	411,432
Foreign currency gains/losses	3,149	48,563	250,487	4,215,268
	31,293	101,726	2,489,202	8,829,817
	<b>1,782,766</b>	<b>1,580,027</b>	<b>141,810,121</b>	<b>137,146,344</b>
<b>INTEREST RECEIVABLE</b>				
Bank interest receivable	13,119	12,244	1,043,551	1,062,779
Interest received on overpaid Corporation tax	7,038	NIL	559,838	NIL
	<b>20,157</b>	<b>12,244</b>	<b>1,603,389</b>	<b>1,062,779</b>

**DIRECTORS' REPORT**

Your Directors present their report on the company for the 15 month period ended March 31, 2008. The names of the directors in office at any time during or since the end of the year are:

- David Edmondson (resigned 30-11-2007)
- Roger Doak (resigned 5-09-2007)
- Praful Patel
- Gerard Francis Misquitta

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

The company has changed its financial year end from 31 December to 31 March. These accounts are for the 15month period ending March 31, 2008. The comparative figures are for the 12 months ended December 31, 2006.

The profit of the company for the financial period after providing for income tax amounted to \$97,037 (INR 3,549,613) (2006: \$172,797) (INR 6,047,031).

The principal activity of the company during the financial period was the provision of contract telecommunications engineers.

No significant change in the nature of these activities occurred during the period.

Genesis Consultancy Australia Pty Limited as part of the Genesis Consultancy Limited group has been sold to GTL Limited as at the October 17, 2006.

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

A fully franked dividend of \$100,000 was paid during the period.

No other dividends have been paid or declared since the end of the financial period.

No options over issued shares or interests in the company were granted during or

since the end of the financial period and there were no options outstanding at the date of this report.

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of the company.

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

Signed in accordance with a resolution of the Board of Directors:

**Gerrard Misquitta**  
**Praful Patel**  
Director

April 24, 2008

**AUDITOR'S INDEPENDENCE DECLARATION****Under Section 307C of The Corporations Act 2001**

To

The Directors of Genesis Consultancy Australia Pty Limited

I declare that, to the best of my knowledge and belief, during the 15 month period ended March 31, 2008 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

**Bradfield Partners**

Robert Bradfield  
Sydney, Australia

April 24, 2008

**Balance Sheet  
as at March 31, 2008**

	Note	2008 AUD	2006 AUD	2008 INR	2006 INR
<b>CURRENT ASSETS</b>					
Cash assets	7	42,887	275,586	1,568,806	9,644,132
Receivables	8	383,601	153,789	14,032,125	5,381,846
Current tax assets	11	NIL	105,516	NIL	3,692,532
Other	9	67,592	19,082	2,472,515	667,775
<b>Total Current Assets</b>		<b>494,080</b>	<b>553,973</b>	<b>18,073,446</b>	<b>19,386,285</b>
<b>Non-Current Assets</b>					
Plant and equipment	10	1,191	2,387	43,567	83,533
Deferred tax assets	11	13,357	37,677	488,599	1,318,507
<b>Total Non-Current Assets</b>		<b>14,548</b>	<b>40,064</b>	<b>532,166</b>	<b>1,402,040</b>
<b>Total Assets</b>		<b>508,628</b>	<b>594,037</b>	<b>18,605,612</b>	<b>20,788,325</b>
<b>CURRENT LIABILITIES</b>					
Payables	12	100,150	166,894	3,663,487	5,840,456
Current tax liabilities	11	596	NIL	21,802	NIL
Provisions	13	2,086	18,384	76,306	643,348
<b>Total Current Liabilities</b>		<b>102,832</b>	<b>185,278</b>	<b>3,761,595</b>	<b>6,483,804</b>
<b>Non-Current Liabilities</b>					
<b>Total Non-Current Liabilities</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Total Liabilities</b>		<b>102,832</b>	<b>185,278</b>	<b>3,761,595</b>	<b>6,483,804</b>
<b>Net Assets</b>		<b>405,796</b>	<b>408,759</b>	<b>14,844,018</b>	<b>14,304,521</b>
<b>Equity</b>					
Contributed equity	14	100	100	3,658	3,500
Retained profits		405,696	408,659	14,840,360	14,301,022
<b>Total Equity</b>		<b>405,796</b>	<b>408,759</b>	<b>14,844,018</b>	<b>14,304,521</b>

Signed in accordance with a resolution of the Board of Directors

**Gerrard Misquitta**  
Directors

**Praful Patel**  
Directors

April 24, 2008

**Statement of Changes in Equity  
for the Period ended March 31, 2008**

	Note	Ordinary Shares AUD	Retained Earnings AUD	Total AUD	Ordinary Shares INR	Retained Earnings INR	Total INR
<b>Balance at 1 January 2006</b>		100	525,862	525,962	3,658	19,236,032	19,239,690
Shares issued during the year	14	NIL	NIL	NIL	NIL	NIL	NIL
Net profit/(loss) from ordinary activities after income tax		NIL	172,797	172,797	NIL	6,320,914	6,320,914
Transfers from retained profits		NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total</b>		<b>100</b>	<b>698,659</b>	<b>698,759</b>	<b>3,658</b>	<b>25,556,946</b>	<b>25,560,604</b>
Dividends paid or provided for	6	NIL	(290,000)	(290,000)	NIL	(10,608,200)	(10,608,200)
<b>Balance at December 31, 2006</b>		<b>100</b>	<b>408,659</b>	<b>408,759</b>	<b>3,658</b>	<b>14,948,746</b>	<b>14,952,404</b>
Shares issued during the period	14	NIL	NIL	NIL	NIL	NIL	NIL
Net profit from ordinary activities after income tax		NIL	97,037	97,037	NIL	3,549,613	3,549,613
Transfers from retained profits		NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total</b>		<b>100</b>	<b>505,696</b>	<b>505,796</b>	<b>3,658</b>	<b>18,498,360</b>	<b>18,502,018</b>
Dividends paid or provided for	6	NIL	100,000	100,000	NIL	3,658,000	3,658,000
<b>Balance at March 31, 2008</b>		<b>100</b>	<b>405,696</b>	<b>405,796</b>	<b>3,658</b>	<b>14,840,360</b>	<b>14,844,018</b>

**Income Statement  
for the year-ended March 31, 2008**

	Note	2008 AUD	2006 AUD	2008 INR	2006 INR
<b>SALES REVENUE</b>	2	929,434	2,175,175	33,998,696	76,120,249
Cost of sales	3	697,898	1,467,770	25,529,109	51,364,611
<b>Gross Profit</b>		<b>231,536</b>	<b>707,405</b>	<b>8,469,587</b>	<b>24,755,638</b>
Other revenues from ordinary activities	2	29,721	15,229	1,087,194	532,939
Legal and visa expenses		8,370	11,198	306,175	391,874
Travel expenses		28,519	90,414	1,043,225	3,164,038
Administration expenses	3	102,328	374,168	3,743,158	13,094,009
<b>Profit from ordinary activities before income tax expense</b>	<b>3</b>	<b>122,040</b>	<b>246,854</b>	<b>4,464,223</b>	<b>8,638,656</b>
Income tax expense relating to ordinary activities	4	25,003	74,057	914,610	2,591,625
<b>Net profit from ordinary activities after income tax expense</b>		<b>97,037</b>	<b>172,797</b>	<b>3,549,613</b>	<b>6,047,031</b>
Dividends per share (dollars)	6	1,000	2,900	36,580	101,486

**Cash Flow Statement  
for year-ended March 31, 2008**

	Note	2008 AUD	2006 AUD	2008 INR	2006 INR
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Receipts from customers		1,004,199	2,781,719	36,733,599	97,346,256
Payments to suppliers and employees		(960,052)	(2,410,294)	(35,118,702)	(84,348,239)
Interest received		29,721	15,229	1,087,194	532,939
Income tax received/(paid)		105,429	(438,106)	3,856,593	(15,331,519)
<b>Net cash provided by (used in) operating activities</b>	19b	<b>179,297</b>	<b>(51,452)</b>	<b>6,558,684</b>	<b>(1,800,563)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Payment for plant and equipment		(1,682)	NIL	(61,528)	NIL
<b>Net cash provided by (used in) investing activities</b>		<b>(1,682)</b>	<b>NIL</b>	<b>(61,528)</b>	<b>NIL</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Dividends paid		(100,000)	(290,000)	(3,658,000)	(10,148,550)
Funds advanced to related entities		(310,314)		(11,351,286)	NIL
<b>Net cash provided by (used in) financing activities</b>		<b>(410,314)</b>	<b>(290,000)</b>	<b>(15,009,286)</b>	<b>(10,148,550)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(232,699)</b>	<b>(341,452)</b>	<b>(8,512,129)</b>	<b>(11,949,113)</b>
Cash at the beginning of the period		275,586	617,038	10,080,936	21,593,245
<b>Cash at the end of the period</b>	7, 19a	<b>42,887</b>	<b>275,586</b>	<b>1,568,806</b>	<b>9,644,132</b>

## Notes to the Financial Statements for the year-ended March 31, 2008

### **NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Genesis Consultancy Australia Pty Limited as an individual economic entity. Genesis Consultancy Australia Pty Limited is a company limited by shares, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### **Change in accounting period**

The company has changed its financial year end from 31 December to 31 March. These accounts are for the 15month period ending March 31, 2008. The comparative figures are for the 12 months ended December 31, 2006.

#### **REPORTING BASIS AND CONVENTIONS**

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis has been applied.

#### **a. INCOME TAX**

The change for current income tax expenses is based on the profit for the period adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

#### **b. PROPERTY, PLANT AND EQUIPMENT**

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

##### **a. Plant and equipment**

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

##### **b. Depreciation**

The depreciable amount of all fixed assets is depreciated on a straight line basis over their estimated useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of Fixed Asset Depreciation Rate

Plant and equipment 50% p.a.

#### **c. FINANCIAL INSTRUMENTS**

##### **Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at cost.

##### **Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

##### **Impairment**

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

#### **d. IMPAIRMENT OF ASSETS**

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **e. FOREIGN CURRENCY TRANSACTIONS AND BALANCES**

##### **Functional and presentation currency**

The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

##### **Transaction and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

#### **f. EMPLOYEE BENEFITS**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the economic entity to an employee superannuation fund and are charged as expenses when incurred.

#### **g. CASH**

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

#### **h. REVENUE**

Interest revenue is recognised on a proportional basis taking into account the

interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

**i. GOODS AND SERVICES TAX (GST)**

Revenues, expenses and fixed assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the

Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

**j. COMPARATIVE FIGURES**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**NOTE 2: REVENUE**

	2008 AUD	2006 AUD	2008 INR	2006 INR
<b>OPERATING ACTIVITIES</b>				
Rendering of services	929,434	2,175,175	33,998,696	76,120,249
interest 2a	29,721	15,229	1,087,194	532,939
<b>TOTAL REVENUE</b>	<b>959,155</b>	<b>2,190,404</b>	<b>35,085,890</b>	<b>76,653,188</b>
a. Interest from				
other persons	29,721	15,229	1,087,194	532,939
	29,721	15,229	1,087,194	532,939

**NOTE 3: PROFIT FROM ORDINARY ACTIVITIES**

	2008 AUD	2006 AUD	2008 INR	2006 INR
<b>A. EXPENSES</b>				
Cost of sales	697,898	1,467,770	25,529,109	51,364,611
Depreciation of non-current assets				
plant and equipment	2,878	3,586	105,277	125,492
<b>Total depreciation</b>	<b>2,878</b>	<b>3,586</b>	<b>105,277</b>	<b>125,492</b>
Remuneration of auditor				
Audit or review	12,700	4,400	464,566	153,978
Other services	20,335	15,967	743,854	558,765
<b>TOTAL</b>	<b>33,035</b>	<b>20,367</b>	<b>1,208,420</b>	<b>712,743</b>

**NOTE 4: INCOME TAX EXPENSE**

	2008 AUD	2006 AUD	2008 INR	2006 INR
<b>a. The components of tax expense comprise:</b>				
Current tax	12,292	32,204	449,641	1,126,979
Deferred tax	24,320	41,853	889,626	1,464,646
Over provision prior years	(11,609)	NIL	(424,657)	NIL
	<b>25,003</b>	<b>74,057</b>	<b>914,610</b>	<b>2,591,625</b>
<b>b. The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:</b>				
Prima facie tax payable on operating profit before income tax at 30% (2006: 30%):	36,612	74,057	1,339,267	2,591,625
Less:				
Tax effect of:				
over provision for income tax in prior year	11,609	NIL	424,657	NIL
Income tax expense attributable to profit from ordinary activities	<b>25,003</b>	<b>74,057</b>	<b>914,610</b>	<b>2,591,625</b>
The applicable weighted average effective tax rates are as follows:	30%	30%	30%	30%



**NOTE 5: REMUNERATION AND RETIREMENT BENEFITS**

	2008 AUD	2006 AUD	2008 INR	2006 INR
<b>A. DIRECTORS' REMUNERATION</b>				
Income paid or payable to all directors	30,478	1,066,578	1,114,885	37,324,897
Number of directors whose income was within the following band				
\$20,000 — \$29,999	NIL	NIL	NIL	NIL
\$30,000 — \$39,999	1	35	1	35
The names of directors of the company have held office during the financial year are: David Edmondson Roger Doak Praful Patel Gerard Francis Misquitta				
<b>B. RETIREMENT AND SUPERANNUATION PAYMENTS</b>				
Amounts of a prescribed benefit given during the financial year by the company or a related party to a director or prescribed superannuation fund in connection with the retirement from a prescribed office.	NIL	NIL	NIL	NIL

**NOTE 6: DIVIDENDS**

	2008 AUD	2006 AUD	2008 INR	2006 INR
Declared final fully franked dividend of \$1,000 (2006 :\$2,900) dollars per share franked at tax rate of 30% (2006: 30%)	100,000	290,000	3,658,000	10,148,550
	100,000	290,000	3,658,000	10,148,550
Balance of franking account at period end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years	177,881	210,796	6,506,887	7,376,806

**NOTE 7: CASH ASSETS**

	2008 AUD	2006 AUD	2008 INR	2006 INR
<b>Cash at bank</b>	42,887	275,586	1,568,806	9,644,132
	42,887	275,586	1,568,806	9,644,132

**NOTE 8: RECEIVABLES**

	2008 AUD	2006 AUD	2008 INR	2006 INR
<b>CURRENT</b>				
Trade debtors	30,516	145,520	1,116,275	5,092,472
Receivables from related entities	353,085	8,269	12,915,849	289,374
	383,601	153,789	14,032,125	5,381,846

**NOTE 9: OTHER ASSETS**

	2008 AUD	2006 AUD	2008 INR	2006 INR
<b>CURRENT</b>				
Prepayments	19,782	NIL	723,626	NIL
Accrued income	47,810	19,082	1,748,890	667,775
	67,592	19,082	2,472,515	667,775

**NOTE 10: PROPERTY, PLANT AND EQUIPMENT**

	2008 AUD	2006 AUD	2008 INR	2006 INR
Plant and equipment	8,853	7,171	323,843	250,949
Less accumulated depreciation	7,662	4,784	280,276	167,416
Total Plant and Equipment	<b>1,191</b>	<b>2,387</b>	<b>43,567</b>	<b>83,533</b>
<b>A. MOVEMENTS IN CARRYING AMOUNTS</b>				
Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial period				
Balance at the beginning of period	2,387	2,387	83,533	83,533
Additions	1,682	1,682	61,528	61,528
Disposals				
Depreciation expense	2,878	2,668	105,277	97,595
Carrying amount at the end of period	<b>1,191</b>	<b>1,401</b>	<b>43,567</b>	<b>51,249</b>

**NOTE 11: TAX**

	2008 AUD	2006 AUD	2008 INR	2006 INR
<b>A. ASSETS</b>				
Current tax assets comprise:				
Current income tax	NIL	105,516	NIL	3,692,532
	NIL	105,516	NIL	3,692,532
Deferred tax assets comprise:	13,357	37,677	488,599	1,318,507
Provisions	<b>13,357</b>	<b>37,677</b>	<b>488,599</b>	<b>1,318,507</b>
<b>B. LIABILITIES</b>				
Current income tax	596	NIL	21,802	NIL
	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

**NOTE 12: PAYABLES**

	2008 AUD	2006 AUD	2008 INR	2006 INR
<b>CURRENT</b>				
Trade creditors	NIL	NIL	NIL	NIL
Other creditors and accruals	63,263	164,509	2,314,161	5,756,992
Amount payable to ultimate parent entity	36,887	2,385	1,349,326	83,463
	<b>100,150</b>	<b>166,894</b>	<b>3,663,487</b>	<b>5,840,456</b>

**NOTE 13: PROVISIONS**

		2008 AUD	2006 AUD	2008 INR	2006 INR
<b>CURRENT</b>					
Sales provision	13c	NIL	NIL	NIL	NIL
Employee benefits	13a	2,086	18,384	76,306	643,348
		<b>2,086</b>	<b>18,384</b>	<b>76,306</b>	<b>643,348</b>
a. Aggregate employee benefit liability		2,086	18,384	76,306	643,348
b. Number of employees at period end		2	5	2	5
c. Sales provision		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
Carrying amount at beginning of period		18,384	185,847	672,487	6,503,716
Additional provisions recognised during the period		38,891	NIL	1,422,633	NIL
Unused provisions reversed during the period			131,528	NIL	4,602,822
Provisions used during the period		55,189	35,935	2,018,814	1,257,545
Carrying amount at reporting date		<b>2,086</b>	<b>18,384</b>	<b>76,306</b>	<b>643,348</b>

**NOTE 14: CONTRIBUTED EQUITY**

		2008 AUD	2006 AUD	2008 INR	2006 INR
100 fully paid ordinary shares	14a	100	100	3,658	3,500
		<b>100</b>	<b>100</b>	<b>3,658</b>	<b>3,500</b>

**a. Fully Paid Ordinary Shares**

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**NOTE 15: CONTINGENT LIABILITIES**

During the period the company was named as the third defendant in a claim made by a former employee of the company. The amount of the claim lodged is \$50,000 plus costs. The result of that claim is unknown as at this point in time. The other defendants in the case are; First defendant - ANZ Managed Investment Ltd, second defendant - ING Life Limited, Fourth defendant Bradfield Partners.

**NOTE 16: EVENTS SUBSEQUENT TO REPORTING DATE**

There are no known events subsequent to reporting date that would impact on the financial report.

**NOTE 17: RELATED PARTY TRANSACTIONS**

		2008 AUD	2006 AUD	2008 INR	2006 INR
a.	Genesis Consultancy Limited, the ultimate parent company, has made loans to the company on interest free terms and conditions and are unsecured.	36,887	2,385	1,349,326	83,463
b.	The company has made loans to ITGL, the ultimate parent company. The loan is unsecured and interest is charged	353,085	NIL	12,915,849	NIL
c.	Interest charged on the loan to ITGL during the period	17,744	NIL	649,076	NIL
d.	The company has made loans to other related entities on interest free terms and conditions are unsecured.	NIL	8,269	NIL	289,374
e.	Genesis Consultancy Limited, the parent company, has provided management and administration services to the company.	35,114	43,433	1,284,470	1,519,938
f.	The company has provided management and administration services to other related entities that are subsidiaries of the ultimate parent company.	NIL	12,965	NIL	453,710

**NOTE 18: SEGMENT REPORTING**

The company operates predominantly in one business and geographical segment being the provision of contracted telecommunications engineers throughout Australia.

**NOTE 19: CASH FLOW INFORMATION**

	2008 AUD	2006 AUD	2008 INR	2006 INR
<b>A. RECONCILIATION OF CASH</b>				
Cash at the end of the financial period as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:				
Cash at Bank	42,887	275,586	1,568,806	9,644,132
	42,887	275,586	1,568,806	9,644,132
<b>B. RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX</b>				
Profit from ordinary activities after income tax	97,037	172,797	3,549,613	6,047,031
Non-cash flows in profit from ordinary activities			NIL	NIL
Depreciation	2,878	3,586	105,277	125,492
	99,915	176,383	3,654,891	6,172,523
Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries				
Decrease/(Increase) in receivables	80,502	361,490	2,944,763	12,650,343
Decrease in deferred tax assets	129,836	41,853	4,749,401	1,464,646
Decrease/(Increase) in other assets	(48,510)	378,220	(1,774,496)	13,235,809
(Decrease)/Increase in payables	(66,744)	(436,033)	(2,441,496)	(15,258,975)
(Decrease)/Increase in income tax payable	596	(405,902)	21,802	(14,204,540)
(Decrease)/Increase in provisions	(16,298)	(167,463)	(596,181)	(5,860,368)
<b>Cash Flows From Operations</b>	<b>179,297</b>	<b>(51,452)</b>	<b>6,558,684</b>	<b>(1,800,563)</b>

**NOTE 20: FINANCIAL INSTRUMENTS**
**a. Interest Rate Risk**

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non-interest bearing		Total		Floating Interest Rate		Non-interest bearing		Total	
	2008	2006	2008	2006	2008	2006	2008	2006	2008	2006	2008	2006	2008	2006
	%	%	AUD	AUD	AUD	AUD	AUD	AUD	INR	INR	INR	INR	INR	INR
Financial Assets														
Cash at bank	3.9	3.9	42,887	275,586	NIL	NIL	42,887	275,586	1,568,806	9,644,132	NIL	NIL	1,568,806	9,644,132
Receivables	7	NIL	353,085	NIL	432,750	153,789	785,835	153,789	12,915,849	NIL	15,829,995	5,381,846	28,745,844	5,381,846
<b>Total Financial Assets</b>			<b>395,972</b>	<b>275,586</b>	<b>432,750</b>	<b>153,789</b>	<b>828,722</b>	<b>429,375</b>	<b>14,484,656</b>	<b>9,644,132</b>	<b>15,829,995</b>	<b>5,381,846</b>	<b>30,316,480</b>	<b>15,025,978</b>
Financial Liabilities														
Trade and other payables	NIL	NIL	NIL	NIL	100,150	166,894	100,150	166,894	NIL	NIL	3,663,487	5,840,456	3,663,487	5,840,456
<b>Total Financial Liabilities</b>			<b>NIL</b>	<b>NIL</b>	<b>100,150</b>	<b>166,894</b>	<b>100,150</b>	<b>166,894</b>	<b>NIL</b>	<b>NIL</b>	<b>3,663,487</b>	<b>5,840,456</b>	<b>3,663,487</b>	<b>5,840,456</b>

**b. Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes the financial statements.

The company has a material credit risk exposure to a single debtor, Nokia, which comprises \$30,517 (INR 1116312 (2006: \$145,520) (2006: INR 509,247) of the total receivable balance at balance date.

**c. Net Fair Values**

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

**NOTE 21: ECONOMIC DEPENDANCE**

All revenue for services rendered to date has been received from Nokia Australia Pty Ltd.

**NOTE 22: COMPANY DETAILS**
**The registered office of the company is:**

323 Princes Highway  
Banksia NSW 2216

**The principal place of business is:**

323 Princes Highway  
Banksia NSW 2216

## AUDITORS' REPORT

**The Board of Directors**  
**Genesis Consultancy USA, Inc.**

We have audited the accompanying balance sheet of Genesis Consultancy USA, Inc., a subsidiary of Genesis Consultancy, Ltd. of the United Kingdom, as of December 31, 2007, and the related statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Genesis Consultancy USA, Inc., as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**SMITH, JACKSON, BOYER & BOVARD**  
*A Professional Limited Liability Company*

Dallas, Texas  
 February 12, 2008

**Statement of Income and Retained Earnings**  
**for the year ended December 31, 2007**

	Dec 31, 2007 USD	Dec 31, 2007 INR
Sales, Net	2,439,068	96,087,084
Cost of sales and variable selling expenses	1,873,464	73,805,114
<b>Gross Margin</b>	<b>565,604</b>	<b>22,281,970</b>
Selling, general and administrative expenses		
Operating services	169,036	6,659,173
Depreciation	639	25,173
<b>Total Operating Expenses</b>	<b>169,675</b>	<b>6,684,347</b>
Operating income before income taxes	395,929	15,597,623
Provision for taxes (Note 4)		
Current provision	62,714	2,470,618
Deferred provision	78,283	3,083,959
<b>Total taxes</b>	<b>140,997</b>	<b>5,554,577</b>
Net income	254,932	10,043,046
Deficit, June 30, 2007	(141,937)	(5,591,608)
<b>Retained Earnings, December 31, 2007</b>	<b>112,995</b>	<b>4,451,438</b>

See accompanying notes and accountants' audit report to financial statements.

**Balance Sheet**  
**as at December 31, 2007**

	Dec 31, 07 USD	Dec 31, 07 INR
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	1,034	40,734
Accounts Receivable (Note 2)	1,586,596	62,503,949
Prepaid expenses and other assets	10,054	396,077
<b>Total Current Assets</b>	<b>1,597,684</b>	<b>62,940,761</b>
Property and Equipment (Note 2)		
Furniture and fixtures	6,283	247,519
Less Accumulated depreciation	(5,641)	(222,227)
Deferred tax benefit (Note 4)	513	20,210
Other Assets	3,242	127,719
<b>Total Other Assets</b>	<b>3,755</b>	<b>147,928</b>
	<b>1,602,081</b>	<b>63,113,981</b>
<b>LIABILITIES AND STOCKHOLDER'S DEFICIT</b>		
<b>Current Liabilities</b>		
Accounts payable and Accrued liabilities	40,096	1,579,582
Advances from affiliated Companies (Note 3)	1,286,276	50,672,843
Accrued income taxes payable (Note 4)	62,714	2,470,618
<b>Total Current Liabilities</b>	<b>1,389,086</b>	<b>54,723,043</b>
Commitments and Contingencies (Note 5)		
Deferred tax liability (Note 4)	NIL	NIL
Total liabilities	1,389,086	54,723,043
Stockholder's deficit		
Common stock, no par value, 1,000,000 shares authorized, 1,000,000 shares issued and outstanding	100,000	3,939,500
Retained earnings	112,995	4,451,438
<b>TOTAL STOCKHOLDER'S DEFICIT</b>	<b>212,995</b>	<b>8,390,938</b>
	<b>1,602,081</b>	<b>63,113,981</b>

See accompanying notes and accountants' audit report to financial statements.

**Statement of Cash Flows**  
**for the year ended December 31, 2007**

	Dec 31, 2007 USD	Dec 31, 2007 INR
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	254,932	10,043,046
Adjustments to reconcile net income to net cash provided by operating activities		
Deferred income taxes	78,283	3,083,959
Depreciation and amortization	1,719	67,720
Changes in operating assets and liabilities:	NIL	NIL
Accounts receivable, net	(1,563,990)	(61,613,386)
Prepaid expenses	14,883	586,316
Income tax payable	62,714	2,470,618
Accounts payable and accrued expenses	6,328	249,292
<b>Net cash used by operating activities</b>	<b>(1,145,131)</b>	<b>(45,112,436)</b>
Cash flows from financing activities:		
Payments to affiliated companies	(701,051)	(27,617,904)
Receipts from affiliated companies	1,743,931	68,702,162
<b>Net cash used by financing activities</b>	<b>1,042,880</b>	<b>41,084,258</b>
Net decrease in cash	(102,251)	(4,028,178)
Cash, beginning of period	103,285	4,068,913
<b>Cash, end of period</b>	<b>1,034</b>	<b>40,734</b>

See accompanying notes and accountants' audit report to financial statements.

## Notes to Financial Statements December 31, 2007

### 1. ORGANIZATION

Genesis Consultancy USA, Inc. (Company) was chartered as a United States, State of Texas, Corporation on September 9, 2003. The Company is owned 100% by Genesis Consultancy Ltd. (Parent Company) in the United Kingdom and began operations in the United States on March 6, 2004. The Company provides consulting engineering services in the telecommunications industry. On October 17, 2006 the Parent Company was acquired by GTL, India's leading network management services provider in the telecommunications industry in the United Kingdom. Genesis Consultancy USA, Inc. sells its services to one customer in the telecommunications industry located throughout the United States of America.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. The Company has no cash equivalents at December 31, 2007.

#### Accounts Receivable

Accounts receivable include unbilled accounts receivable of \$537,597 (INR 21,178,634) for services rendered and advances to employees of \$2,000 (INR 78,790).

#### Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method for reporting purposes and accelerated methods for income tax purposes. The estimated useful lives of the Company's property and equipment are 3 to 10 years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

#### Impairment of Long-lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to future net cash flows expected to be generated by the assets. If the assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. To date, no impairment has occurred.

#### Revenue Recognition

Revenue from services is recorded as services are completed and invoiced to the customer. Revenue also includes revenue for unbilled services to December 31, 2007 in the amount of \$ 537,597 (INR 21,178,634).

#### Use of Management Estimates and Assumptions

Preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the consolidated financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

#### Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting. Deferred taxes represent the future tax consequence of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

#### Fair Value of Financial Instruments

Financial instruments are generally described as cash, contractual obligations, or rights to pay or receive cash. The carrying amount approximates fair value for certain financial instruments, because of the short-term maturity of these instruments, which include accounts receivable, accounts payable, accrued expenses, and advances from the Parent Company.

Fair value estimates are made at a specific time based on relevant market information. These estimates are subjective in nature and involve uncertainties

and matters of significant judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect estimates.

#### Allowance for Doubtful Accounts

The Company had no write-offs from their only one customer account receivable during the year ended December 31, 2007 and does not anticipate any in the future. Therefore, the Company has determined it is not necessary to establish an allowance for doubtful accounts at this time.

### 3. RELATED PARTY TRANSACTIONS

#### Inter-company Transactions

The Parent Company has entered into an agreement to advance funds in U.S. dollars to the Company as needed for working capital purposes. The unsecured line of credit will be paid back on demand, and if demand is not made, as soon as practical without affecting trading prospects.

Interest will be charged at the base rate (approximately 5.0% at December 31, 2007), plus 2% on the monthly balance. The interest is charged annually. The balance owed by the Company including accrued interest at December 31, 2007 was \$226,284 (INR 8,914,458).

In addition, The Company has executed a transfer pricing agreement for administrative support with the Parent Company effective April 1, 2005. The agreement shall continue in full force and effect until terminated by at least 12 months written notice by either party or by mutual agreement of both parties. The Parent Company charges administrative services at cost plus a reasonable margin. For purposes of payroll costs provided by the Parent Company, the charge will be cost plus overhead times a 10% margin.

All costs are periodically billed from the parent company to the Company and accumulated to the end of the year. The charge is to be paid within 31 days of year end. Due to the slower than anticipated advancement of operations, payments are in arrears.

### 4. INCOME TAXES

The balance sheet includes a deferred tax benefit of \$513 (INR 20,210) for the year ended December 31, 2007. The deferred tax benefit relates to the tax effect of timing differences in depreciation between book methods and tax methods.

The provision for taxes is as follows:

	Dec 31, 2007 USD	Dec 31, 2007 INR
Federal provision	48,000	1,890,960
State provision	14,714	579,658
Total current provision	62,714	2,470,618
Deferred provision	78,283	3,083,959
<b>TOTAL PROVISION FOR TAXES</b>	<b>140,997</b>	<b>5,554,577</b>

### 5. COMMITMENTS AND CONTINGENCIES

#### Operating Leases

The Company entered into an office/service sub-lease agreement beginning February 1, 2007 for an initial term of twelve months with a renewal on a month to month basis. The Company pays a base rental fees of \$375 (INR 14,773) per month, plus a proportionate share of common area expenses and taxes paid by the lessee of the office space. The engineering services provided by the Company to their customer are done at the customer's facilities.

#### Claims, Actions and Complaints

The Company is not a party to any material claims, legal actions or assessments arising in the ordinary course of business as of the year ended December 31, 2007 and through the date of issuance of these financial statements.

#### Concentration of Risks

The Company invests its cash primarily in deposits with high credit quality financial institutions. Cash deposit balances do exceed federally insured limits from time to time. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable arising from their one customer in the telecommunications industry located throughout the United States of America. The Company depends upon one customer from which it obtains 100% of its service revenue.

## AUDITOR'S REPORT

## THE SHAREHOLDERS, BOARD OF COMMISSIONERS AND DIRECTORS

We have audited the accompanying balance sheets of PT Genesis Consultancy Indonesia as of March 31, 2008 and December 31, 2007 and the related statements of income, changes in shareholders' equity and cash flows for the period ended. These financial statements is the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the auditing standards established by the Indonesian Institute of Accountants. Those standards require us to plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, the evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As of March 31, 2008 assets net-off with liabilities then the discrepancy was written as Shareholder Payable (note 9). Note to financial statement no. 15 explains that the shareholders has no intention to continue the company's operation. It makes the company going concern cannot be assured. The accompanying financial statement not including any adjustment for that uncertain going concern.

As we mentioned in the above paragraph, there is a great deal of going concern in the company's ability to sustain its life; therefore due this circumstances was not sufficient to enable us to express, and we do not express, an opinion on this financial statement.

**Bayudi Watu & Rekan**

*Registered Public Accountants*

**Drs. Bayudi Watu, Ak**

*Jakarta, NIAP : 98.1.0030*

March 31, 2008

**Balance Sheets**  
**as at March 31, 2008 and December 31, 2007**

	Notes	Mar 31, 2008 IDR	Dec 31, 2007 IDR	Mar 31, 2008 INR	Dec 31, 2007 INR
<b>ASSETS</b>					
Current Assets					
Cash and Cash Equivalent	2d, 3	43,761,500	88,569,260	175,046	354,277
Account Receivables	4	NIL	994,036,450	NIL	3,976,146
Other Receivables	5	NIL	318,379,390	NIL	1,273,518
<b>Total Current Assets</b>		<b>55,742,214</b>	<b>1,400,985,100</b>	<b>222,969</b>	<b>5,603,940</b>
<b>Total Assets</b>		<b>55,742,214</b>	<b>1,400,985,100</b>	<b>222,969</b>	<b>5,603,940</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current Liabilities</b>					
Payables Due to Related Parties	2c, 6	NIL	1,607,250,930	NIL	6,429,004
Accrued Expenses	7	15,000,000	10,000,000	60,000	40,000
Tax Payables	2g, 8	1,932,120	1,932,120	7,728	7,728
Shareholder Payables	9	242,292,890	NIL	969,172	NIL
<b>Total Current Liabilities</b>		<b>259,225,010</b>	<b>1,619,183,050</b>	<b>1,036,900</b>	<b>6,476,732</b>
<b>EQUITY</b>					
Share Capital: 150.000 shares authorized, US \$ 1 par value.					
issued and fully paid up 50.000 shares	1, 10	467,289,500	467,289,500	1,869,158	1,869,158
Retained Earnings		(670,772,296)	(685,487,450)	(2,683,089)	(2,741,950)
<b>Total Equity</b>		<b>(203,482,796)</b>	<b>(218,197,950)</b>	<b>(813,931)</b>	<b>(872,792)</b>
<b>Total Liabilities And Equity</b>		<b>55,742,214</b>	<b>1,400,985,100</b>	<b>222,969</b>	<b>5,603,940</b>

The accompanying notes form an integral part of these financial statements

**Income Statements**  
**for period of January 01 to March 31, 2008 and January 01 to December 31, 2007**

	Notes	01 JAN - 31 MAR 2008 IDR	01 JAN - 31 DEC 2007 IDR	01 JAN - 31 MAR 2008 INR	01 JAN - 31 DEC 2007 INR
<b>REVENUE</b>					
Cost of Sales	2f, 12	NIL	4,772,869,390	NIL	19,091,478
Wages & Salaries		NIL	(3,395,648,090)	NIL	(13,582,592)
Cost of delivery		NIL	(331,933,700)	NIL	(1,327,735)
		NIL	(3,727,581,790)	NIL	(14,910,327)
<b>Gross Profit</b>		<b>NIL</b>	<b>1,045,287,600</b>	<b>NIL</b>	<b>4,181,150</b>
<b>OPERATING EXPENSES</b>					
Administration and General Expenses	2f, 13	(5,000,000)	(1,675,761,110)	(20,000)	(6,703,044)
Total Operational Expenses		(5,000,000)	(1,675,761,110)	(20,000)	(6,703,044)
<b>Operating Profit</b>		<b>(5,000,000)</b>	<b>(630,473,510)</b>	<b>(20,000)</b>	<b>(2,521,894)</b>
Other Income (Expenses)	2f, 14	(44,640,162)	(146,031,410)	(178,561)	(584,126)
Income Before Tax		(49,640,162)	(776,504,920)	(198,561)	(3,106,020)
Income Tax Expenses	2g	NIL	(62,118,500)	NIL	(248,474)
Deferred Tax Income (Expenses)		NIL	NIL	NIL	NIL
<b>Net Profit</b>		<b>(49,640,162)</b>	<b>(838,623,420)</b>	<b>(198,561)</b>	<b>(3,354,494)</b>

The accompanying notes form an integral part of these financial statements



**Statements of Changes in Equity**  
for period of January 01 to March 31, 2008 and January 01 to December 31, 2007

Notes	Issued and Fully Paid Capital Stock IDR	Discount on Common Stock IDR	Profit (Deficit) IDR	Total IDR	Issued and Fully Paid Capital Stock INR	Discount on Common Stock INR	Profit (Deficit) INR	Total INR
<b>Balance at January 01, 2007</b>	491,500,000	(24,210,500)	153,135,515	620,425,015	1,966,000	(96,842)	612,542	2,481,700
Correction on retained Earning	NIL	NIL	455	455	NIL	NIL	2	2
Net Profit	NIL	NIL	(838,623,420)	(838,623,420)	NIL	NIL	(3,354,494)	(3,354,494)
<b>Balance, December 31, 2007</b>	<u>491,500,000</u>	<u>(24,210,500)</u>	<u>(685,487,450)</u>	<u>(218,197,950)</u>	<u>1,966,000</u>	<u>(96,842)</u>	<u>(2,741,950)</u>	<u>(872,792)</u>
Correction on retained earning	NIL	NIL	64,355,316	64,355,316	NIL	NIL	257,421	257,421
Net Profit	NIL	NIL	(49,640,162)	(49,640,162)	NIL	NIL	(198,561)	(198,561)
<b>Balance, December 31, 2007</b>	<u>491,500,000</u>	<u>(24,210,500)</u>	<u>(670,772,296)</u>	<u>(203,482,796)</u>	<u>1,966,000</u>	<u>(96,842)</u>	<u>(2,683,089)</u>	<u>(813,931)</u>

The accompanying notes form an integral part of these financial statements

**Statements of Cash Flows**  
for the period ended January 1, 2008 to March 31, 2008 and January 1, 2007 to December 31, 2007

	JAN - March 2008 IDR	JAN - DEC 2007 IDR	JAN - March 2008 INR	JAN - DEC 2007 INR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income (Gain) before income tax	(49,640,162)	(838,623,420)	(198,561)	(3,354,494)
Adjustment to reconcile net income to net cash used in operating activities :				
Correction on Retained Earning	64,355,316	455	257,421	2
Changes in operating asset and liabilities				
Increase in Account Receivable	994,036,450	(127,205,500)	3,976,146	(508,822)
Increase in Account Receivable	318,379,390	(318,379,390)	1,273,518	(1,273,518)
Increase in Unbilled Works	NIL	NIL	NIL	NIL
Increase in Prepaid Expenses	(11,980,714)	131,233,080	(47,923)	524,932
Increase in Refundable Deposit	NIL	46,635,190	NIL	186,541
Increase in Prepaid Tax	NIL	NIL	NIL	NIL
Increase in Due to Related Parties	(1,607,250,930)	1,199,081,460	(6,429,004)	4,796,326
Decrease in Accrued expenses	5,000,000	(136,248,270)	20,000	(544,993)
Decrease in Tax Payable	NIL	(186,017,175)	NIL	(744,069)
Payment of Corporate Tax	NIL	NIL	NIL	NIL
Shareholder Payable	242,292,890	NIL	969,172	NIL
Net Cash Used in Operating Activities	<b>(44,807,760)</b>	<b>(229,523,570)</b>	<b>(179,231)</b>	<b>(918,094)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Paid in Capital	NIL	NIL	NIL	NIL
Net Cash Provided by Financing Activities	NIL	NIL	NIL	NIL
<b>Net Increase/(decrease) in cash and cash equivalents</b>	<b>(44,807,760)</b>	<b>(229,523,570)</b>	<b>(179,231)</b>	<b>(918,094)</b>
Cash and cash equivalents at beginning period	<b>88,569,260</b>	<b>318,092,830</b>	<b>354,277</b>	<b>1,272,371</b>
<b>Cash and cash equivalent at ending period</b>	<b>43,761,500</b>	<b>88,569,260</b>	<b>175,046</b>	<b>354,277</b>

## Notes to Financial Statements

### 1. GENERAL

PT Genesis Consultancy Indonesia (the Company) was established on August 22, 2005 under the provision of the Foreign Investment Law Number 11 of 1970 and under Notary deed number 66 of Notary H. Dana Sasmita, SH and The deed has been approved by Ministry of Justice of Indonesia in decision letter No. CNIL19677 HT.01.01.TH.2006 dated July 6, 2006.

The Company's prime business is rendering consultation services especially in telecommunication fields. The company began its activity since June 01, 2006.

The share ownership of the Company on December 31, 2007 is as follows : 99% by Genesis Consultancy Ltd, a British corporation and 1% by Mr. Gerry Misquitta

The Company is located at Jl. Agung Niaga G2 No. 24 Tanjung Priok North Jakarta.

As of December 31, 2007, the company's board of commissioner and director are as follows:

Commissioner : Mr. Gerry Misquitta  
Director : Mr. Steve Debnam

The Company has employees as of March 31, 2008 and December 31, 2007

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing the financial statement of PT Genesis Consultancy Indonesia are as follows:

#### a. Basis of Accounting

The financial statements of the Company have been prepared on the basis of historical cost.

#### b. Statement of Cash Flows

Statement of cash flows is prepared based on the indirect method by classifying cash flows on the basis of operating, investing and financing activities. For the purpose of the statements of cash flows, cash and cash equivalents include cash on hand, cash in banks and time deposits maturing within 3 months.

#### c. Transaction With Related Parties

The company has transactions with related parties. In accordance with Indonesia Accounting Standard (PSAK) No. 7, concerning "Related Parties Disclosures", related parties are defined as follows:

- i. companies that, through one or more intermediaries, control, or are controlled by, or are under common control with, reporting company (including holding companies, subsidiaries and fellow subsidiaries);
- ii. associated company
- iii. individuals owning, directly or indirectly, an interest in the voting power of the reporting company that gives them significant influence over the company, and close members of the family of any such individuals (close members of family are defined as those members who are able to exercise influence or can be influence by such individual, in conjunction with their transactions with the reporting company);
- iv. key management personnel, that is, those person having authority and responsible for planning, directing and controlling the activities of the reporting company, including the commissioners, directors and managers of the company and close members of the families of such individuals; and
- v. companies which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (iii) and (iv) or over which such a person is able to exercise significant influence. This definition includes companies owned by commissioners, directors or major stockholders of the reporting company and companies that have a member of key management in common with the reporting companies.

Significant transactions with related parties, whether or not conducted under normal terms and conditions similar with those of third parties, are disclosed herein.

#### d. Foreign Currency Transactions

The Companies maintains its accounting record in Rupiah and transaction involving other currencies are translated at the balance sheet date rates of exchange (middle rate of Bank Indonesia). The exchange gains or losses are credited or charged to current operation.

#### e. Prepaid Expenses

Prepaid expenses are amortized over the periods benefit.

#### f. Revenue and Expenses Recognition

Revenue are accounted for on the accrual basic and recognized when the service is rendered to the customers. The works which have been completed but not yet billed recorded as unbilled works. Expenses are recognized when incurred.

#### g. Income Tax

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax. Deferred tax assets relating to the carry forward of unused tax losses are recognized to the extent that it is probable that the future taxable profit will be available against which the unused tax losses can be utilized.

Amendments to the taxation obligations are recorded when an assessment is received or, if appealed against, when the result of the appeal are determined.

### 3. CASH AND CASH EQUIVALENT

This account consists of the following :

	Mar 31, 08 IDR	Dec 31, 07 IDR	Mar 31, 08 INR	Dec 31, 07 INR
HSBC (IDR)	3,547,130	4,309,130	14,189	17,237
HSBC (USD)	40,214,370	84,260,130	160,857	337,040
<b>TOTAL</b>	<b>43,761,500</b>	<b>88,569,260</b>	<b>175,046</b>	<b>354,277</b>

### 4. ACCOUNT RECEIVABLES

The amount NIL, as of March 31, 2008 and Rp 994.036.450 (INR 3,976,146) as of December 31, 2007 are the balance of trade receivable from PT. Nokia Siemen Network.

### 5. OTHER RECEIVABLES

This account consists of the following :

	Mar 31, 08 IDR	Dec 31, 07 IDR	Mar 31, 08 INR	Dec 31, 07 INR
Related Parties:				
Inter co USA	NIL	77,401,300	NIL	309,605
Genesis Consultancy Ltd	NIL	240,978,090	NIL	963,912
<b>TOTAL</b>	<b>NIL</b>	<b>318,379,390</b>	<b>NIL</b>	<b>1,273,518</b>

### 6. PAYABLES DUE TO RELATED PARTIES

This account consists of the following :

	Mar 31, 2008 IDR	Dec 31, 2006 IDR	Mar 31, 2008 INR	Dec 31, 2006 INR
Inter co Australia	NIL	220,750,250	NIL	883,001
Inter co GTL	NIL	1,218,536,750	NIL	4,874,147
Inter co Irland	NIL	167,963,930	NIL	671,856
<b>TOTAL</b>	<b>NIL</b>	<b>1,607,250,930</b>	<b>NIL</b>	<b>6,429,004</b>

**7. ACCRUED EXPENSES**

This account consists of the following :

	Mar 31, 2008 IDR	Dec 31, 2007 IDR	Mar 31, 2008 INR	Dec 31, 2007 INR
Accrued Expenses	15,000,000	10,000,000	60,000	40,000
<b>TOTAL</b>	<b>15,000,000</b>	<b>10,000,000</b>	<b>60,000</b>	<b>40,000</b>

**8. TAX PAYABLE**

This account consists of the following :

	Mar 31, 2008 IDR	Dec 31, 2007 IDR	Mar 31, 2008 INR	Dec 31, 2007 INR
Income tax art 29	1,932,120	1,932,120	7,728	7,728
	<b>1,932,120</b>	<b>1,932,120</b>	<b>7,728</b>	<b>7,728</b>

**10. SHARE CAPITAL**

This account consists of the following :

	Share Issued and Paid Up Par Value				Share Issued and Paid Up Par Value			
	%	Shares	USD	IDR	%	Shares	USD	INR
Genesis Consultancy Ltd	99%	49,500	1	486,585,000	99%	49,500	1	1,946,340
Mr Gerry Misquitta	1%	500	1	4,915,000	1%	500	1	19,660
<b>TOTAL</b>	<b>100%</b>	<b>50,000</b>		<b>491,500,000</b>	<b>100%</b>	<b>50,000</b>		<b>1,966,000</b>

Authorized capital stock is USD 150,000, comprise of 150,000 common shares with nominal amount USD 1 per share (equivalent to Rp 1.474.500.000).

**DISCOUNT ON COMMON STOCK**

This account represents deduction on par value of the common stock issued due to different exchange rate used between accounting record and the Company's article of associations for the amount Rp. 24.210.500.

**11. REVENUE**

This account consists of the following :

	Jan 1 to Mar 31, 2008 IDR	Jan - Dec 2007 IDR	Jan 1 to Mar 31, 2008 INR	Jan - Dec 2007 INR
Contract Revenue	NIL	4,772,869,390	NIL	19,091,478
<b>TOTAL</b>	<b>NIL</b>	<b>4,772,869,390</b>	<b>NIL</b>	<b>19,091,478</b>

**9. SHAREHOLDER PAYABLE**

	Mar 31, 2008 IDR	Dec 31, 2007 IDR	Mar 31, 2008 INR	Dec 31, 2007 INR
Total of Shareholder Payable	<b>242,292,890</b>	<b>NIL</b>	<b>969,172</b>	<b>NIL</b>

Shareholder Loan is the discrepancy netNilOff between assets and liabilities to third parties, as of March 31, 2008.

**12. COST OF SALES**

This account consists of the following :

	Jan 1 to Mar 31, 2008 IDR	Jan 1, Dec 31 2007 IDR	Jan 1, Mar 31, 2008 INR	Jan 1 to Dec 31, 2007 INR
Wages & Salaries				
Sub contractors	NIL	62,307,110	NIL	249,228
salariesNILEngineers	NIL	3,242,871,250	NIL	12,971,485
NICNILEngineers	NIL	16,515,590	NIL	66,062
HealthcareNILEngineers	NIL	56,764,900	NIL	227,060
Recruitment - Engineers	NIL	1,863,640	NIL	7,455
Miscellaneous Expenses	NIL	15,325,600	NIL	61,302
<b>Sub Total</b>	<b>NIL</b>	<b>3,395,648,090</b>	<b>NIL</b>	<b>13,582,592</b>
Cost of delivery				
Cost of delivery flights	NIL	63,635,690	NIL	254,543
Cost of delivery other travel(traveling)	NIL	195,949,120	NIL	783,796
Cost of delivery accomodation(hotel)	NIL	72,348,890	NIL	289,396
<b>Sub Total</b>	<b>NIL</b>	<b>331,933,700</b>	<b>NIL</b>	<b>1,327,735</b>
<b>Total Cost of Sales</b>	<b>NIL</b>	<b>3,727,581,790</b>	<b>NIL</b>	<b>14,910,327</b>

**13. OPERATING EXPENSES**

## Administrative and General Expenses

	Jan 1 to Mar 31, 2008 IDR	Jan 1 to Dec 31, 2007 IDR	Jan 1, to Mar 31, 2008 INR	Jan 1 to Dec 31, 2007 INR
Office staff salaries	NIL	579,500,440	NIL	2,318,002
Office healthcare	NIL	9,225,610	NIL	36,902
Rent expenses	NIL	530,069,130	NIL	2,120,277
Water Rates	NIL	7,585,430	NIL	30,342
Electricity	NIL	11,041,240	NIL	44,165
Staff entertainment	NIL	6,786,490	NIL	27,146
Overseas entertainment	NIL	4,202,680	NIL	16,811
Subsistence	NIL	2,022,250	NIL	8,089
Admin Flights	NIL	12,421,800	NIL	49,687
Admin other travel	NIL	17,425,080	NIL	69,700
Printing / Stationary / Postage	NIL	17,534,370	NIL	70,137
Telephone expenses	NIL	22,042,750	NIL	88,171
Legal fees	NIL	60,921,590	NIL	243,686
Audit fees	5,000,000	53,207,000	20,000	212,828
Consultancy fees	NIL	15,772,890	NIL	63,092
Profesional fees	NIL	112,944,770	NIL	451,779
Management charges	NIL	196,872,380	NIL	787,490
Training costs	NIL	1,350,000	NIL	5,400
Insurance	NIL	14,835,210	NIL	59,341
<b>TOTAL</b>	<b>5,000,000</b>	<b>1,675,761,110</b>	<b>20,000</b>	<b>6,703,044</b>

**14. OTHER INCOME (EXPENSES)**

	Jan 1 to Mar 31, 2008 IDR	Jan 1 to Dec 31, 2007 IDR	Jan 1, to Mar 31, 2008 INR	Jan 1 to Dec 31, 2007 INR
Other Income	NIL	NIL	NIL	NIL
Other Expenses				
Bank charges	(1,962,310)	(30,631,840)	(7,849)	(122,527)
Exchange rate	(1,411,770)	(5,117,980)	(5,647)	(20,472)
Miscellaneous Expenses	(41,266,081)	(110,275,590)	(165,064)	(441,102)
Total Other Expenses	(44,640,162)	(146,025,410)	(178,561)	(584,102)
<b>TOTAL OTHER INCOME (EXPENSES)</b>	<b>(44,640,162)</b>	<b>(146,025,410)</b>	<b>(178,561)</b>	<b>(584,102)</b>

**15. GOING CONCERN**

As of March 31, 2008 and December 31, 2007 the company experienced deficit in equity for Rp. 198.482.796 and Rp. 218.197.950. Since October 2007, the company has no sales, and the company terminated all its employees in the end of year 2007. Based on management information the shareholders has no intention to continue company's operation for next period.

## DIRECTORS' REPORT

The Directors present their report and financial statements for the period ended March 31, 2008.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company continued to be that of the provision of resources to the Telecommunications industry.

The results for the period and the financial position at the period end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

### RESULTS AND DIVIDENDS

The results for the period are set out on page 5.

The directors do not recommend payment of an ordinary dividend.

### POST BALANCE SHEET EVENTS

There have been no significant events affecting the company since the year end, which would have an impact on the results.

### FUTURE DEVELOPMENTS

The company is optimistic of increasing sales and profits from its activities in the coming year.

### DIRECTORS

The following directors have held office since January 1, 2007:

Chandrashekhhar Kane (Appointed January 14, 2008)

### DIRECTORS' INTERESTS

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary of €1 each	
	March 31, 2008	January 1, 2007
Chandrashekhhar Kane	NIL	NIL

The measures taken by the directors to ensure compliance with the requirements of Section 202, Companies Act, 1990, regarding proper books of account are the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the financial function. The books of account of the company are maintained at H3G Dublin Data Centre, 4033 City West Avenue, City West Business Campus, Dublin 24.

### AUDITORS

In accordance with the Companies Act 1963, section 160(2), H O ' H G, Hopkins O Halloran Group continue in office as auditors of the company.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

Robin Little  
Director

David Edmondson  
Director

April 07, 2008

## AUDITORS' REPORT

### To The Shareholders of Genesis Telecommunications Limited

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

We have audited the financial statements of Genesis Telecommunications Limited for the period ended March 31, 2008 set out on pages 5 to 10. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

### RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland applicable to Smaller Entities, and are properly prepared in accordance with the Companies Acts, 1963 to 2006. We also report to you whether in our opinion: proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the directors' report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the company's balance sheet and its profit and loss account are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding the directors' remuneration and transactions is not disclosed and, where practicable, include such information in our report.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out in note 13 to the financial statements.

### OPINION

In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland applicable to Smaller Entities, of the state of the company's affairs as at March 31, 2008 and of its profit for the period then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2006.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion, the information given in the directors' report is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet, are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at March 31, 2008 a financial situation which, under section 40(1) of the Companies (Amendment) Act 1983, would require the convening of an extraordinary general meeting of the company.

H O ' H G,  
Chartered Accountants  
Registered Auditor

April 07, 2008

Hopkins O Halloran Group  
Registered Auditors  
132 James's Street  
Dublin 8

**Balance Sheet**  
**as at March 31, 2008**

	Notes	March 31, 2008 EURO 2008	Dec 31, 06 EURO 2006	March 31, 2008 INR 2008	Dec 31, 06 INR 2006
<b>CURRENT ASSETS</b>					
Debtors	7	393,408	139,211	24,798,473	8,099,296
Cash at bank and in hand		80,917	39,716	5,100,603	2,310,677
		474,325	178,927	29,899,076	10,409,973
Creditors: amounts falling due within one year	8	(45,338)	(42,369)	(2,857,881)	(2,465,028)
<b>Total Assets less Current Liabilities</b>		<b>428,987</b>	<b>136,558</b>	<b>27,041,196</b>	<b>7,944,944</b>
<b>Capital and Reserves</b>					
Called up share capital	9	1	1	63	58
Profit and loss account	10	428,986	136,557	27,041,133	7,944,886
<b>Equity Shareholders' Funds</b>	11	<b>428,987</b>	<b>136,558</b>	<b>27,041,196</b>	<b>7,944,944</b>

These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

For on behalf of the Board

Chandrashekhhar Kane  
Director

April 07, 2008

**Profit and Loss Account**  
**for the Period ended March 31, 2008**

	Notes	March 31, 2008 Euro	Dec 31, 06 Euro	March 31, 2008 INR	Dec 31, 06 INR
<b>TURNOVER</b>	2	575,250	268,450	36,260,884	15,618,421
Administrative expenses		(252,009)	(112,265)	(15,885,387)	(6,531,578)
<b>Operating profit</b>	3	<b>323,241</b>	<b>156,185</b>	<b>20,375,496</b>	<b>9,086,843</b>
Other interest receivable and similar income	4	12,789	NIL	806,155	NIL
Interest payable and similar charges	5	NIL	(120)	NIL	(6982)
<b>Profit on ordinary activities before taxation</b>		<b>336,030</b>	<b>156,065</b>	<b>21,181,651</b>	<b>9,079,862</b>
Tax on profit on ordinary activities	6	(43,601)	(19,508)	(2,748,389)	(1,134,975)
Profit for the period		292,429	136,557	18,433,262	7,944,886
Profit and loss account at beginning of the period		136,557	NIL	8,607,870	NIL
<b>Profit and loss account at end of the period</b>	10	<b>428,986</b>	<b>136,557</b>	<b>27,041,133</b>	<b>7,944,886</b>

## Notes to Accounts

### 1. ACCOUNTING POLICIES

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), which have been applied consistently (except as otherwise stated).

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.4 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance had not been discounted.

### 2. TURNOVER

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the Republic of Ireland.

### 3. OPERATING PROFIT

	2008 EURO	2006 EURO	2008 INR	2006 INR
Operating profit is stated after charging:				
Auditors' remuneration	10,016	4,900	631,359	285,082

### 4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 EURO	2006 EURO	2008 INR	2006 INR
Bank interest	12,789	NIL	806,155	NIL

### 5. INTEREST PAYABLE

	2008 EURO	2006 EURO	2008 INR	2006 INR
On bank loans and overdrafts	NIL	120	NIL	6,982

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008 EURO	2006 EURO	2008 INR	2006 INR
<b>Domestic current year tax</b>				
Corporation tax	43,601	19,508	2,748,389	1,134,975
Current tax charge	<b>43,601</b>	<b>19,508</b>	<b>2,748,389</b>	<b>1,134,975</b>

### 7. DEBTORS

	2008 EURO	2006 EURO	2008 INR	2006 INR
Trade debtors	92,807	139,211	5,850,089	8,099,296
Amounts owed by parent and fellow subsidiary undertakings	300,166	NIL	18,920,964	NIL
Other debtors	435	NIL	27,420,225	NIL
	<b>393,408</b>	<b>139,211</b>	<b>24,798,473</b>	<b>8,099,296</b>

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 EURO	2006 EURO	2008 INR	2006 INR
Trade creditors	NIL	1,508	NIL	87,735
Other creditors	36,644	27,271	2,309,855	1,586,627
Accruals and deferred income	8,694	13,590	548,026	790,666
	<b>45,338</b>	<b>42,369</b>	<b>2,857,881</b>	<b>2,465,028</b>

Included in other creditors are amounts relating to taxation, as follows:

	2008 EURO	2006 EURO	2008 INR	2006 INR
<b>Corporation tax</b>	<b>8,601</b>			
V.A.T. control account	23,565	24,090	1,485,420	1,401,556
P.A.Y.E. control account	4,900	3,181	308,872	185,071
	<b>37,066</b>	<b>27,271</b>	<b>2,336,455</b>	<b>1,586,627</b>

### 9. SHARE CAPITAL

	2008 EURO	2006 EURO	2008 INR	2006 INR
<b>Authorised</b>				
100,000 Ordinary of €1 each	<b>100,000</b>	100,000	<b>6,303,500</b>	5,818,000
Allotted, called up and fully paid				
1 Ordinary of €1 each	<b>1</b>	1	<b>63.035</b>	58.18

### 10. STATEMENT OF MOVEMENTS ON PROFIT AND LOSS ACCOUNT

	Profit and loss account EURO	Profit and loss account INR
Balance at January 1, 2007	136,557	7,944,886
Profit for the period	292,429	18,433,262
Balance at March 31, 2008	<b>428,986</b>	<b>27,041,133</b>

### 11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 EURO	2006 EURO	2008 INR	2006 INR
Profit for the financial period	292,429	136,557	18,433,262	7,944,886
Opening shareholders' funds	136,558	1	8,607,934	58.18
Closing Share-holder fund	<b>428,987</b>	<b>136,558</b>	<b>27,041,196</b>	<b>7,944,944</b>

### 12. EMPLOYEES

#### Number of employees

There were no employees during the period apart from the directors

#### Employment costs

	2008 EURO	2006 EURO	2008 INR	2006 INR
Wages and salaries	196,346	81,180	12,376,670	4,723,052
Social security costs	20,709	9,150	1,305,392	532,347
	<b>217,055</b>	<b>90,330</b>	<b>13,682,062</b>	<b>5,255,399</b>

### 13. AUDITORS' ETHICAL STANDARDS

In common with many businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.



**14. CONTROL**

The company is a wholly owned subsidiary of Genesis Consultancy Limited, a UK registered company. PT Genesis Consultancy Indonesia and Genesis Australia PTY Limited are also wholly owned subsidiaries of Genesis Consultancy Limited.

IGTL is the holding company of Genesis Consultancy Limited which is itself a wholly owned subsidiary of GTL International, which is in turn a wholly owned subsidiary of GTL Limited. The ultimate holding company is GTL Limited, a public listed company in India.

**15. RELATED PARTY TRANSACTION**

A summary of the transaction and balance with related Party for the period ended is as follows:

**Detailed Trading and Profit and Loss Account  
for the period ended March 31, 2008**

	Genesis Consultancy Limited EURO	PT Genesis Consultancy Indonesia EURO	IGTL EURO	Genesis Australia PTY Limited EURO	Total EURO	Genesis Consultancy Limited INR	PT Genesis Consultancy Indonesia INR	IGTL INR	Genesis Australia PTY Limited INR	Total INR
<b>At January 1, 2007</b>										
Salaries paid by related party	(26,699)	NIL	NIL	NIL	(26,699)	(1,682,971)	NIL	NIL	NIL	(1,682,971)
Management charges	(8,515)	NIL	NIL	NIL	(8,515)	(536,743)	NIL	NIL	NIL	(536,743)
Expenses paid on behalf of company by related party	(108,950)	(1,600)	NIL	(298)	(110,848)	(6,867,663)	(100,856)	NIL	(18784)	(6,987,304)
Payments to related party	152,487	NIL	250,000	NIL	402,487	9,612,018	NIL	15,758,750	NIL	25,370,768
Interest on Loans	NIL	NIL	12,789	NIL	12,789	NIL	NIL	806,155	NIL	806,155
Salaries and expenses paid on behalf of related party	17,005	13,751	NIL	298	31,054	1,071,910	866,794	NIL	18784	1,957,489
<b>At March 31, 2008</b>	<b>25,328</b>	<b>12,151</b>	<b>262,789</b>	<b>NIL</b>	<b>300,268</b>	<b>1,596,550</b>	<b>765,938</b>	<b>16,564,905</b>	<b>NIL</b>	<b>18,927,393</b>
Classified as:										
Related party debtors	25,328	12,151	262,789	NIL	300,268	1,596,550	765,938	16,564,905	NIL	18,927,393
Related party creditors	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

**Detailed Trading and Profit and Loss Account  
for the period ended March 31, 2008**

	Mar 31, 2008 EURO	Dec 31, 2006 EURO	Mar 31, 2008 INR	Dec 31, 2006 INR
<b>TURNOVER</b>				
Sales	575,250	268,450	36,260,884	15,618,421
Administrative expenses	(252,009)	(112,265)	(15,885,387)	(6,531,578)
<b>Operating Profit</b>	<b>323,241</b>	<b>156,185</b>	<b>20,375,496</b>	<b>9,086,843</b>
Other interest receivable and similar income				
Bank interest - received	12,789	NIL	806,155	NIL
Interest payable				
Bank overdraft interest - paid	NIL	(120)	NIL	(6,982)
<b>Profit Before Taxation</b>	<b>336,030</b>	<b>156,065</b>	<b>21,181,651</b>	<b>9,079,862</b>

**Schedule of Distribution Costs and Administrative Expenses  
for the period ended March 31, 2008**

	Mar 31, 2008 EURO	Dec 31, 2006 EURO	Mar 31, 2008 INR	Dec 31, 2006 INR
<b>ADMINISTRATIVE EXPENSES</b>				
Wages and salaries	196,346	81,180	12,376,670	4,723,052
Employer's PRSI contributions	20,709	9,150	1,305,392	532,347
Staff training	340	NIL	21,432	NIL
Insurance	5,633	4,400	355,076	255,992
Health care	2,895	3,203	182,486	186,351
Exchange rate variance	1,696	1,043	106,907	60,682
Stationery, printing & office supplies	65	14	4,097	815
UK Recharges	8,321	NIL	524,514	NIL
Telephone	NIL	287	NIL	16,698
Motor expenses	1,804	2,420	113,715	140,796
Entertaining	NIL	411	NIL	23,912
Legal and prof fees	450	4,151	28,366	241,505
Consultancy fees	2,247	1,106	141,640	64,347
Audit and accountancy fee	10,016	4,900	631,359	285,082
Bank charges	1,487	NIL	93,733	NIL
	<b>252,009</b>	<b>112,265</b>	<b>15,885,387</b>	<b>6,531,578</b>

## DIRECTOR'S REPORT FOR THE FIFTEEN-MONTH ENDED MARCH 31, 2008

The Director presents his Annual Report including financial statements for the fifteen-month ended March 31, 2008.

During the year, David Edmondson resigned as Director of the company. The person listed below holds office as director:

Mr Chandrashekar Kane – Appointed December 19, 2007.

The business of the company is Engineering Consultancy. The company's business has not changed during the year under review.

	March 31, 2008 NZD	Dec. 31, 2006 NZD	March 31, 2008 INR	Dec. 31, 2006 INR
Net Surplus	9,722	188,643	307,507	5,849,631
Retained Earnings as at 1 January 2007	115,395	438,516	3,649,944	13,597,943
Leaving available for appropriation	125,117	627,159	3,957,451	19,447,573
Dividend Payable	125,117	511,764	3,957,451	15,869,290
Retained Earnings as at March 31, 2008	NIL	115,395	NIL	3,578,284

### STATE OF AFFAIRS

The Director is of the opinion that the state of affairs of the company is satisfactory.

### DIVIDEND

The Director recommends that a dividend of \$125,117.12 (INR 3,957,451) be paid for the fifteen-month ended March 31, 2008

### FINANCIAL STATEMENTS

The financial statements for the fifteen-month ended March 31, 2008 are attached to this report.

### AUDITORS

The financial statements have been audited. Amounts paid or due and payable to the auditors for: Auditors Remuneration

March 31, 2008 NZD	Dec. 31, 2006 NZD	March 31, 2008 INR	Dec. 31, 2006 INR
9,087	8,457	287,422	262,243

### INFORMATION ON DIRECTOR OF THE COMPANY

There were no notices from the director of the company requesting to use company information in his capacity as Director which would not have otherwise been available to him.

### EVENTS SUBSEQUENT TO BALANCE DATE

The director is not aware of any matter of circumstance since the end of the financial year, not otherwise dealt with in this report or financial statements, that has significantly affected, or may significantly affect, the operation of the company, the results of those operations or the state of affairs of the company.

April 16, 2008

For and on behalf of the Board :

**Mr Chandrashekar Kane**  
Director

## AUDITORS' REPORT

### To the Shareholders of Genesis Consultancy (2004) Limited

We have audited the financial statements. The financial statements provide information about the past financial performance of the company, and their financial position as at March 31, 2008.

This information is stated in accordance with the accounting policies..

### DIRECTORS' RESPONSIBILITIES

The directors' are responsible for the preparation of financial statements that comply with generally accepted accounting practice in New Zealand, and that give a true and fair view of the financial position of the company as at March 31, 2008 and of their financial performance for the year ended on that date.

### AUDITOR'S RESPONSIBILITIES

It is our responsibility to express an independent opinion on the financial statements presented by the directors and to report our opinion to you.

### BASIS OF OPINION

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It is also includes assessing:

- The significant estimates and judgments made by the directors in the preparation of the financial statements; and
- Whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

In addition to our capacity as auditor, our Accountancy Division assisted with the finalisation of the companies financial statements. Other than this we have no relationship with, or interest in, the company.

### UNQUALIFIED OPINION

We have obtained all the information and explanations we have required.

### IN OUR OPINION:

Proper accounting records have been kept by the company as far as appears from our examination of these records, and

The financial statements;

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the financial position of the company as at March 31, 2008, and their financial performance for the year ended on that date.

Our audit was completed on April 16, 2008 and our unqualified opinion is expressed as at that date.

April 16, 2008

**Gilligan & Company**  
Chartered Accountants

**Balance Sheet**  
**as at March 31, 2008**

NOTES	March 31, 2008 NZD	Dec. 31, 2006 NZD	March 31, 2008 INR	Dec. 31, 2006 INR
<b>EQUITY</b>				
Retained Earnings	NIL	115,365	NIL	3,578,284
<b>CURRENT LIABILITIES</b>				
Accounts Payable	10,822	31,769	342,300	985,125
GST Payable	NIL	4,154	NIL	128,811
Deferred Taxation	NIL	1,173	NIL	36,374
Intercompany A/c – Genesis UK	49,958	NIL	1,580,172	NIL
	60,780	37,096	1,922,471	1,150,310
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>60,780</b>	<b>152,490</b>	<b>1,922,471</b>	<b>4,728,562</b>
<b>CURRENT ASSETS</b>				
ANZ Bank	NIL	97	NIL	3,008
HSBC NZD	18,500	21,386	585,155	663,158
Prepayment	NIL	967	NIL	29,986
Accounts Receivable	NIL	36,840	NIL	1,142,372
Intercompany A/c – Genesis UK	NIL	22,730	NIL	704,835
Intercompany A/c – Genesis Australia	NIL	299	NIL	9,272
Taxation Refund Due	41,785	69,620	1,321,660	2,158,847
GST Refund Due	495	NIL	15,657	NIL
	<b>60,780</b>	<b>151,939</b>	<b>1,922,471</b>	<b>4,711,476</b>
<b>NON CURRENT ASSETS</b>				
Property, Plant and Equipment				
As per Schedule (at Book Value)	NIL	551	NIL	17,086
<b>TOTAL ASSETS</b>	<b>60,780</b>	<b>152,490</b>	<b>1,922,471</b>	<b>4,728,562</b>

For and on behalf of the Board :

**Mr Chandrashekar Kane**  
*Director*

April 16, 2008

The accompanying notes form part of these financial statements

**Statement of Movements in Equity**  
**for the Fifteen-Month ended March 31, 2008**

Note	March 31, 2008 NZD	Dec. 31, 2006 NZD	March 31, 2008 INR	Dec. 31, 2006 INR
<b>EQUITY AT START OF PERIOD</b>	<b>115,395</b>	<b>438,516</b>	<b>3,649,944</b>	<b>13,597,943</b>
Net Surplus for the Year	9,722	188,643	307,507	5,849,631
	125,117	627,159	3,957,451	19,447,573
Dividend Payable	(125,117)	(511,764)	(3,957,451)	(15,869,290)
<b>TOTAL EQUITY AT END OF PERIOD</b>	<b>NIL</b>	<b>115,395</b>	<b>NIL</b>	<b>3,578,284</b>

**Profit and Loss Account**  
**for the Fifteen-Month ended March 31, 2008**

	March 31, 2008 NZD	Dec. 31, 2006 NZD	March 31, 2008 INR	Dec. 31, 2006 INR
<b>INCOME</b>				
Sales	28,989	755,015	916,922	23,412,260
<b>COST OF SALES</b>				
Subcontracting	21,600	65,400	683,208	2,027,989
Wages	NIL	270,293	NIL	8,381,516
<b>COST OF SALES</b>	<b>21,600</b>	<b>335,693</b>	<b>683,208</b>	<b>10,409,504</b>
<b>GROSS MARGIN</b>	<b>7,389</b>	<b>419,321</b>	<b>233,714</b>	<b>13,002,725</b>
<b>INVESTMENT AND OTHER INCOME</b>				
Exchange Losses/Exchange Gains	NIL	3,030	NIL	93,957
Interest Received	1,521	8,737	48,109	270,926
	1,521	11,767	48,109	364,883
<b>TOTAL INCOME</b>	<b>8,909</b>	<b>431,088</b>	<b>281,792</b>	<b>13,367,608</b>
<b>EXPENSES</b>				
ACC Levy	965	3,683	30,523	114,206
Accountancy Fees	8,612	7,041	272,398	218,334
Auditors Remuneration	9,087	8,457	287,422	262,243
Bank Charges	821	1,303	25,968	40,405
Depreciation	551	509	17,428	15,784
Fringe Benefit Tax	NIL	533	NIL	16,528
General Expenses	297	NIL	9,394	NIL
Healthcare	NIL	1,665	NIL	51,630
Insurance	(3,810)	3,810	(120,510)	118,144
Interest	557	50	17,618	1,550
Legal Fees	NIL	3,190	NIL	98,919
Other Non Deductible Expenses	(2,520)	(70,827)	(79,708)	(2,196,274)
Recharges – Australia	NIL	16,020	NIL	496,764
Recharges – UK	5,934	31,929	187,692	990,086
Restructuring Costs	NIL	156,829	NIL	4,863,110
Salaries	(10,011)	13,146	(316,648)	407,644
Subsistence	NIL	1,032	NIL	32,001
Travelling Expenses	(420)	4,298	(13,285)	133,277
<b>TOTAL EXPENSES</b>	<b>10,063</b>	<b>182,668</b>	<b>318,293</b>	<b>5,664,352</b>
<b>NET SURPLUS (DEFICIT) BEFORE TAX</b>	<b>(1,154)</b>	<b>24,421</b>	<b>(36,501)</b>	<b>7,703,287</b>
Income Tax Expenses	(10,876)	59,778	(344,008)	1,853,656
<b>NET SURPLUS AFTER TAX</b>	<b>9,722</b>	<b>188,643</b>	<b>307,507</b>	<b>5,849,631</b>

The accompanying notes form part of these financial statements

April 16, 2008

**Gilligan & Company**  
*Chartered Accountant*

## Notes to the Financial Statements for the Fifteen-Month ended March 31, 2008

### 1 **STATEMENT OF ACCOUNTING POLICIES**

These are the financial statements of Genesis Consultancy (2004) Limited. Genesis Consultancy (2004) Limited is a company registered under the Companies Act 1993 and is engaged in the business of Engineering Consultancy.

The financial statements are prepared in accordance with the reporting requirements of Section 11 of the Financial Reporting Act 1993. The company qualifies for differential reporting exemptions based on the following criteria:

- It is not publicly accountable and
- The company is 'not large' as defined by the New Zealand Institute of Chartered Accountants
- At balance date, all of the company's owners are members of its governing body

The company has adopted all available differential reporting exemptions.

#### **MEASUREMENT SYSTEM**

The measurement system adopted is that of historical cost.

#### **PARTICULAR ACCOUNTING POLICIES**

The following is a summary of the significant accounting policies adopted by the company in the preparation of these financial statements.

#### **Property, Plant, Equipment and Depreciation**

Property, plant and equipment are included at cost less aggregate depreciation provided at the maximum rates allowed by the Inland Revenue Department. Property, plant and equipment that are leased under a specific lease for the purposes of the Income Tax Legislation are capitalized and depreciated. The depreciation rates used are shown in the Schedule of Property, Plant and Equipment.

#### **Taxation**

Taxation charged against profits is based on estimated tax payable for the current year.

Deferred tax accounting has not been adopted by the company.

#### **Accounts Receivable**

Accounts receivable are stated at their estimated realizable value.

#### **Foreign Currency**

Transactions in foreign currency have been converted at the date of payment or receipt. Year end balances in foreign currency have been converted at the

exchange rate ruling at balance date.

#### **Good and Services Tax**

Financial information in these accounts is recorded exclusive of GST with the exception of receivables and payables, which include GST. GST payable or receivable at balance date is included in the appropriate category in the Statement of Financial Position.

#### **Changes in Accounting Policies**

Comparative figures for the proceeding period relate to the twelve months commencing January 1, 2006. The company changed to a March balance date for the current year.

The Company ceased trading on March 31, 2008 and the financial statements have been prepared on a realization concern basis.

### 2 **SHARE CAPITAL**

1000 Ordinary Shares not fully paid.

### 3 **PROPERTY, PLANT AND EQUIPMENT SUMMARY**

	Cost NZD	Accum Depn NZD	Book Value NZD	Cost INR	Accum Depn INR	Book Value INR
<b>2008</b>						
Office Furniture & Equipment – at Cost	2,216	2,216	NIL	70,092	70,092	NIL
<b>2006</b>						
Office Furniture & Equipment – at Cost	2,216	1,665	551	68,716	51,630	17,086

### 4 **CONTINGENT LIABILITIES**

There are no contingent liabilities at year end (December 31, 2006: \$Nil)

### 5 **CAPITAL COMMITMENTS**

There are no capital commitments at year end (December 31, 2006: \$Nil)

### 6 **RELATED PARTIES**

Other than the transactions shown in the shareholders' current accounts, there were no material related party transactions.

**Taxation**  
**for the Fifteen-month ended March 31, 2008**

	March 31, 2008 NZD	Dec. 31, 2006 NZD	March 31, 2008 INR	Dec. 31, 2006 INR
<b>TAXATION</b>				
Net Surplus (Deficit) Per Accounts	(1,154)	248,421	(36,501)	7,703,287
Addback				
Other Non Deductibles Expenses	(2,520)	(70,827)	(79,708)	(2,196,274)
Taxable Surplus (Deficit)	<b>(3,674)</b>	177,594	<b>(116,209)</b>	5,507,012
Taxation @ 33%	NIL	58,606	NIL	1,817,313
Tax Account Opening Balance	(69,620)	8,243	(2,202,081)	255,607
Refund Received	61,165	NIL	61,165	NIL
	(8,455)	66,848	(267,432)	2,072,890
Less				
Terminal Tax Paid	NIL	8,243	NIL	255,607
Provisional Tax Paid	9,704	48,054	306,938	1,490,106
Resident Withholding Tax Paid	593	3,407	18,757	105,648
Foreign Investor Tax Credits	23,034	76,764	23,034	2,380,375
<b>TAX PAYABLE (REFUND) AS PER STATEMENT OF FINANCIAL POSITION</b>	<b>(41,785)</b>	(69,620)	<b>(1,321,660)</b>	(2,158,847)
<b>Imputation</b>				
Opening Balance	171,369	249,157	5,420,401	7,726,109
<b>Add</b>				
Terminal Tax Paid	NIL	8,243	NIL	255,607
Provisional Tax Paid	9,704	48,054	306,938	1,490,106
Resident Withholding Tax Paid	593	3,407	18,757	105,648
	181,666	308,861	5,746,096	9,577,471
<b>Less</b>				
Refund Received	61,165	NIL	1,934,649	NIL
Dividend Imputation Credits Paid	28,447	137,492	899,779	4,263,489
<b>Closing Balance March 31, 2008</b>	<b>92,054</b>	171,369	<b>2,911,668</b>	5,313,981

## DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2007.

### **PRINCIPAL ACTIVITIES**

The Company is principally engaged as contractor for network engineering in telecommunications systems which includes planning, optimisation, data analysis, drive testing and site surveys. The principal activities of the subsidiaries are set out in the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### **RESULTS**

	THE GROUP RM	THE COMPANY RM	THE GROUP INR	THE COMPANY INR
Profit after taxation for the financial year	12,003,799	8,851,233	138,019,681	101,771,477

### **DIVIDENDS**

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

### **RESERVES AND PROVISIONS**

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

### **ISSUES OF SHARES AND DEBENTURES**

During the financial year,

- (a) there were no changes in the authorised share capital of the Company;
- (b) during the financial year, the company had issued additional 129,032 RCCPS of RM1 each at issue price of RM108.00 per RCCPS for the purpose of working capital for cash. The new RCCPS rank pari passu in all respects with the existing RCCPS of the Company. On February 15, 2007 the RCCPS were converted into ordinary shares; and
- (c) there were no issues of debentures by the Company.

### **OPTIONS GRANTED OVER UNISSUED SHARES**

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

### **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there are no known bad debts and no allowance for doubtful debts is required.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the allowance for doubtful debts in the financial statements of the Group and of the Company.

### **CURRENT ASSETS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

### **VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate. The financial statements of the Group are prepared on the basis of accounting principles applicable to a going concern.

### **CONTINGENT AND OTHER LIABILITIES**

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

### **CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with

in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

### **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and of the Company during the financial year were not,

in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors,

to affect substantially the results of the operations of the Group and of the Company for the financial year.

### **HOLDING COMPANY**

The holding company is GTL International Limited, a company incorporated in India.

### **DIRECTORS**

The directors who served since the date of the last report are as follows:-

TEOH PING YONG  
ANWAR ALI BIN MUSTAFA JUMABHOY  
LEE SEK HONG (APPOINTED ON 19.12.2007) MILIND PRABHAKAR (APPOINTED ON 19.12.2007) GERALD FRANCIS (APPOINTED ON 19.12.2007)  
MIRZA MAHMOOD AHMAD (RESIGNED ON 19.12.2007)  
LEE EU JIN (RESIGNED ON 19.12.2007)

### **DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, none of the directors holding office at the end

of the financial year had any interests in shares in the Company and its related corporations during the financial year.

### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Group and of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies with which certain directors have substantial financial interests as disclosed in Note 29 to the financial statements.

Neither during nor at the end of the financial year was the Company or its subsidiary a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### **AUDITORS**

The auditors, Messrs. Horwath, have expressed their willingness to continue in office.

### **SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS**

Anwar Ali Bin Mustafa Jumabhoy  
Director

Teoh Ping Yong  
Director

April 23, 2008

## STATEMENT BY DIRECTORS

We, Lee Eu Jin and Teoh Ping Yong, being two of the directors of ADA Cellworks Sdn. Bhd., state that, in the opinion of the directors, the financial statements set out on pages 10 to 53 are drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2007 and of their results and cash flows for the financial year ended on that date.

**Signed In Accordance with a Resolution of the Directors**

**Anwar Ali Bin Mustafa Jumabhoy**  
Director

**Teoh Ping Yong**  
Director

April 23, 2008

## STATUTORY DECLARATION

I, Lee Eu Jin, I/C No. 570924-07-5753, being the director primarily responsible for the financial management of ADA Cellworks Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 53 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
Anwar Ali Mustafa Jumabhoy,  
I/C No. 570924-07-5753,  
at Kuala Lumpur in the Federal Territory  
On this

**Anwar Ali Bin Mustafa Jumabhoy**

April 23, 2008

## REPORT OF THE AUDITORS

We have audited the financial statements set out on pages 10 to 53. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report. The financial statements of the Group and of the Company for the preceding year were audited by another firm of auditors whose report dated November 26, 2007, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in

the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of:-
  - (i) the state of affairs of the Group and of the Company at 31 December 2007 and their results and cash flows for the financial year ended on that date; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements of the subsidiaries of which we have not acted as auditors, as indicated in Note 7 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Section 174(3) of the Companies Act, 1965.

The financial statements of the Company and of the Group for the preceding year were audited

by another firm of auditors and these have been prepared merely for comparison purpose only.

**Horwath**  
Firm No: AF 1018  
Approval No: 2706/06/08 (J)

**Lee Kok Wai**  
Chartered Accountants  
Partner

April 23, 2008



**Balance Sheet**  
**as at December 31, 2007**

		The Group		The Company		The Group		The Company	
	Notes	2007 RM	2006 RM	2007 RM	2006 RM	2007 INR	2006 INR	2007 INR	2006 INR
<b>NON-CURRENT ASSETS</b>									
Investments in subsidiaries	7	NIL	NIL	5,840,257	2,384,257	NIL	NIL	67,151,275	28,849,510
Plant and equipment	8	4,610,193	4,129,604	1,849,650	1,350,642	53,007,999	49,968,208	21,267,276	16,342,768
Deferred tax assets	9	134,886	520,263	93,000	526,465	1,550,919	6,295,182	1,069,314	6,370,227
		4,745,079	4,649,867	7,782,907	4,261,364	54,558,918	56,263,391	89,487,865	51,562,504
<b>CURRENT ASSETS</b>									
Trade receivables	10	61,274,475	54,428,587	3,773,810	2,579,588	704,533,914	658,585,903	43,391,267	31,213,015
Other receivables, deposits and prepayments	11	4,324,613	3,609,679	344,460	2,069,727	NIL	NIL	NIL	NIL
Amount due from subsidiaries	12	NIL	NIL	32,383,589	29,197,618	49,724,400	43,677,116	3,960,601	25,043,697
Amount due from directors	13	NIL	NIL	NIL	NIL	NIL	NIL	372,346,506	353,291,178
- Fixed deposits	14	2,016,000	NIL	2,016,000	NIL	23,179,968	NIL	23,179,968	NIL
Cash and bank balances	15	10,239,049	6,410,057	1,706,055	399,157	117,728,585	77,561,690	19,616,220	4,829,800
		77,854,137	64,448,323	40,223,914	34,246,090	895,166,867	779,824,708	462,494,563	414,377,689
<b>Total Assets</b>		<b>82,599,216</b>	<b>69,098,190</b>	<b>48,006,821</b>	<b>38,507,454</b>	<b>949,725,786</b>	<b>836,088,099</b>	<b>551,982,428</b>	<b>465,940,193</b>
<b>EQUITY AND LIABILITIES</b>									
<b>Equity</b>									
Share capital	16	629,032	500,000	629,032	500,000	7,232,610	6,050,000	7,232,610	6,050,000
Share premium	17	19,461,048	5,473,525	19,461,048	5,473,525	223,763,130	66,229,653	223,763,130	66,229,653
Translation reserves	18	115,770	(442,036)	NIL	NIL	1,331,123	(5,348,636)	NIL	NIL
Retained profits	19	35,097,217	23,093,418	18,318,839	9,467,606	403,547,801	279,430,358	210,630,011	114,558,033
<b>Total Equity</b>		<b>55,303,067</b>	<b>28,624,907</b>	<b>38,408,919</b>	<b>15,441,131</b>	<b>635,874,664</b>	<b>346,361,375</b>	<b>441,625,751</b>	<b>186,837,685</b>
<b>NON CURRENT LIABILITIES</b>									
Deffered tax liability		35,472	13,533	NIL	NIL	407,857	163,749	NIL	NIL
<b>CURRENT LIABILITIES</b>									
Trade payables	20	4,878,725	5,028,521	568,310	1,290,455	56,095,580	60,845,104	6,534,428	15,614,506
Other payables and accruals	21	16,720,342	28,448,467	3,082,619	6,944,827	192,250,492	344,226,451	35,443,953	84,032,407
Amount owing to a subsidiaries	12	NIL	NIL	1,946,973	7,848,279	NIL	NIL	22,386,296	94,964,176
Amount owing to directors	13	NIL	6,982,762	NIL	6,982,762	NIL	84,491,420	NIL	84,491,420
Short-term borrowings	22	5,661,610	NIL	4,000,000	NIL	65,097,192	NIL	45,992,000	NIL
		27,260,677	40,459,750	9,598,902	23,066,323	313,443,264	489,562,975	110,368,175	279,102,508
<b>Total Liabilities</b>		<b>27,296,149</b>	<b>40,473,283</b>	<b>9,598,902</b>	<b>23,066,323</b>	<b>313,851,121</b>	<b>489,726,724</b>	<b>110,368,175</b>	<b>279,102,508</b>
<b>Total Equity and Liabilities</b>		<b>82,599,216</b>	<b>69,098,190</b>	<b>48,006,821</b>	<b>38,507,454</b>	<b>949,725,786</b>	<b>836,088,099</b>	<b>551,982,428</b>	<b>465,940,193</b>

**Income Statements**  
**for the financial year ended December 31, 2007**

		The Group		The Company		The Group		The Company	
	NOTE	2007 RM	2006 RM	2007 RM	2006 RM	2007 INR	2006 INR	2007 INR	2006 INR
REVENUE	23	82,449,440	90,321,681	16,576,644	22,408,819	948,003,661	1,092,892,340	190,598,253	271,146,710
Cost Of Sales		(57,880,111)	(64,224,617)	(6,364,657)	(12,273,246)	(665,505,516)	(777,117,866)	(73,180,826)	(148,506,277)
Gross Profit		24,569,329	26,097,064	10,211,987	10,135,573	282,498,145	315,774,474	117,417,427	122,640,433
Other Income		1,508,046	361,868	285,037	60,657	17,339,513	4,378,603	3,277,355	733,950
Distribution Costs		(1,490,327)	(90,364)	NIL	NIL	(17,135,780)	(1,093,404)	NIL	NIL
Administrative Expenses		(10,624,509)	(7,340,740)	(4,072,529)	(4,487,203)	(122,160,604)	(88,822,954)	(46,825,938)	(54,295,156)
Other Operating Expenses		(718,031)	(3,680,481)	(226,120)	(248,696)	(8,255,920)	(44,533,820)	(2,599,928)	(3,009,222)
Finance Costs		101,536	(222,438)	101,536	(222,438)	1,167,461	(2,691,500)	1,167,461	(2,691,500)
Profit Before Taxation	24	13,346,044	15,124,909	6,299,911	5,237,893	153,452,814	183,011,399	72,436,377	63,378,505
Income Tax Expense	25	(1,342,245)	(7,377,386)	2,551,322	(972,229)	(15,433,133)	(89,266,371)	29,335,100	(11,763,971)
Profit Attributable									
To Shareholders		12,003,799	7,747,523	8,851,233	4,265,664	138,019,681	93,745,028	101,771,477	51,614,534
Attributable To:									
Equity Holders Of The Company		12,003,799	7,747,523	8,851,233	4,265,664	138,019,681	93,745,028	101,771,477	51,614,534

**Statements of Changes in Equity**  
**for the financial year ended December 31, 2007**

	Non-Distributable			Distributable			Non-Distributable			Distributable	
	Share Capital RM	Share Premium RM	Translation Reserve RM	Retained Profits RM	Total RM		Share Capital INR	Share Premium INR	Translation Reserve INR	Retained Profits INR	Total INR
<b>THE GROUP</b>											
Balance at 1 January 2006	350,000	NIL	(206,067)	18,266,550	18,410,483		4,024,300	NIL	(2,369,358)	210,028,792	211,683,734
Prior year adjustment	NIL	NIL	NIL	(2,819,042)	(2,819,042)		NIL	NIL	NIL	(32,413,345)	(32,413,345)
At 1 January 2006	350,000	NIL	(206,067)	15,447,508	15,591,441		4,024,300	NIL	(2,369,358)	177,615,447	179,270,389
Exchange differences on translation of the financial statements of foreign entities	NIL	NIL	(235,969)	NIL	(235,969)		NIL	NIL	(2,713,172)	NIL	(2,713,172)
Profit after taxation for the for the financial year	NIL	NIL	NIL	8,439,736	8,439,736		NIL	NIL	NIL	97,040,085	97,040,085
Prior year adjustment	NIL	NIL	NIL	(692,213)	(692,213)		NIL	NIL	NIL	(7,959,065)	(7,959,065)
Profit after taxation for the for the financial year	NIL	NIL	NIL	7,747,523	7,747,523		NIL	NIL	NIL	89,081,019	89,081,019
Bonus issue	101,613	NIL	NIL	(101,613)			1,168,346	NIL	NIL	(1,168,346)	NIL
- Issuance of ordinary shares	48,387	5,473,525	NIL	NIL	5,521,912		556,354	62,934,590	NIL	NIL	63,490,944
At 31 December 2006/ 1-JAN-2007	500,000	5,473,525	(442,036)	23,093,418	28,624,907		5,749,000	62,934,590	(5,082,530)	265,528,120	329,129,181
Exchange differences on translation of the financial statements of foreign entities	NIL	NIL	557,806	NIL	557,806		NIL	NIL	6,413,653	NIL	6,413,653
Profit after taxation for the for the financial year	NIL	NIL	NIL	12,003,799	12,003,799		NIL	NIL	NIL	138,019,681	138,019,681
Issuance of ordinary shares	129,032	13,987,523	NIL	NIL	14,116,555		1,483,610	160,828,539	NIL	NIL	162,312,149
<b>At 31 December 2007</b>	<b>629,032</b>	<b>19,461,048</b>	<b>115,770</b>	<b>35,097,217</b>	<b>55,303,067</b>		<b>7,232,610</b>	<b>223,763,130</b>	<b>1,331,123</b>	<b>403,547,801</b>	<b>635,874,664</b>

**Statement of Changes in Equity  
for the financial year ended December 31, 2007**

	Non Distributable Share				Non Distributable Share			
	Share Capital RM	Premium RM	Retained Profits RM	Total RM RM	Share Capital INR	Premium INR	Retained Profits INR	Total INR INR
<b>THE COMPANY</b>								
At 1 January 2006	350,000	NIL	5,303,555	5,653,555	4,235,000	NIL	64,173,016	68,408,016
Bonus issue	101,613	NIL	(101,613)	NIL	1,229,517	NIL	(1,229,517)	NIL
- Issuance of ordinary shares	48,387	5,473,525	NIL	5,521,912	585,483	66,229,653	NIL	66,815,135
Profit after taxation for the financial year	NIL	NIL	4,265,664	4,265,664	NIL	NIL	51,614,534	51,614,534
<b>At 31 December 2006/1 January 2007</b>	<b>500,000</b>	<b>5,473,525</b>	<b>9,467,606</b>	<b>15,441,131</b>	<b>6,050,000</b>	<b>66,229,653</b>	<b>115,787,550</b>	<b>185,608,168</b>
Bonus issue								
Issuance of ordinary shares	129,032	13,987,523	NIL	14,116,555	1,483,610	160,828,539	NIL	162,312,149
Profit after taxation for the financial year	NIL	NIL	8,851,233	8,851,233	NIL	NIL	101,771,477	101,771,477
<b>At 31 December 2007/1 January 2008</b>	<b>629,032</b>	<b>19,461,048</b>	<b>18,318,839</b>	<b>38,408,919</b>	<b>7,533,610</b>	<b>227,058,192</b>	<b>217,559,027</b>	<b>449,691,794</b>

**Cash Flow Statements  
for the financial year ended December 31, 2007**

NOTES	THE GROUP		THE COMPANY		THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 INR	2006 INR	2007 INR	2006 INR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Profit before taxation	13,346,044	15,124,909	6,299,911	5,237,893	153,452,814	183,011,399	72,436,377	63,378,505
<b>Adjustments for:-</b>								
Depreciation of equipment	1,310,758	1,050,337	301,005	248,696	15,071,095	12,709,078	3,460,955	3,009,222
<b>Interest Income</b>	<b>(110,047)</b>	<b>(331,183)</b>	<b>(90,428)</b>	<b>NIL</b>	<b>(1,265,320)</b>	<b>(4,007,314)</b>	<b>(1,039,741)</b>	<b>NIL</b>
<b>INTEREST EXPENSES</b>								
for the current financial year	81,794	215,439	81,794	215,439	940,467	2,606,812	940,467	2,606,812
overprovision in the previous financial year	(183,330)	NIL	(183,330)	NIL	(2,107,928)	NIL	(2,107,928)	NIL
Plant and equipment written off	43,644	124	8959	124	501,819	1,500	103,011	1,500
Unrealised foreign exchange loss	155,622	1,041,042	367,417	1,338,639	1,789,342	12,596,608	4,224,561	16,197,532
Loss/(Gain) on disposal of plant & equipment	NIL	20,443	NIL	(18)	NIL	247,360	NIL	(218)
<b>OPERATING PROFIT BEFORE</b>								
working capital changes	14,644,485	17,419,110	6,785,328	7,040,773	168,382,289	210,771,231	78,017,701	85,193,353
Decrease/(Increase) in trade and other receivables	(7,678,142)	(18,660,361)	514,737	328,130	(88,283,277)	(225,790,368)	5,918,446	3,970,373
(Decrease)/Increase in trade and other payables	(4,280,636)	8,187,801	(1,119,239)	7,205,265	(49,218,753)	99,072,392	(12,869,010)	87,183,707
Increase in amount owing by subsidiaries	NIL	NIL	(9,833,814)	(13,873,024)	NIL	NIL	(113,069,193)	(167,863,590)
<b>CASH FROM OPERATIONS</b>	<b>2,685,707</b>	<b>6,946,550</b>	<b>(3,652,988)</b>	<b>701,144</b>	<b>30,880,259</b>	<b>84,053,255</b>	<b>(42,002,056)</b>	<b>8,483,842</b>
<b>Income tax paid</b>	<b>(8,160,140)</b>	<b>(6,653,477)</b>	<b>(480,327)</b>	<b>(2,060,046)</b>	<b>(93,825,290)</b>	<b>(80,507,072)</b>	<b>(5,522,800)</b>	<b>(24,926,557)</b>
Interest received	110,047	33,183	90,428	NIL	1,265,320	401,514	1,039,741	NIL
Interest Paid	(81,794)	(215,439)	(81,794)	NIL	(940,467)	(2,606,812)	(940,467)	NIL
<b>Net Cash From Operating Activities</b>	<b>(5,446,180)</b>	<b>110,817</b>	<b>(4,124,681)</b>	<b>(1,358,902)</b>	<b>(62,620,178)</b>	<b>1,340,886</b>	<b>(47,425,582)</b>	<b>(16,442,714)</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>								
<b>Investment in subsidiaries</b>	<b>NIL</b>	<b>NIL</b>	<b>(3,456,000)</b>	<b>(270,000)</b>	<b>NIL</b>	<b>NIL</b>	<b>(39,737,088)</b>	<b>(3,267,000)</b>
Advances/(Repayment) to subsidiaries	NIL	NIL	4,549,921	(4,205,178)	NIL	NIL	52,314,992	(50,882,654)
Purchase of plant and equipment	(1,876,791)	(1,307,136)	(808,972)	(84,304)	(21,579,343)	(15,816,346)	(9,301,560)	(1,020,078)
Proceeds from sale of fixed assets	NIL	4,454	NIL	260	NIL	53,893	NIL	3,146
<b>Net Cash For</b>								
Investing Activities	(1,876,791)	(1,302,682)	284,949	(4,559,222)	(21,579,343)	(15,762,452)	3,276,344	(55,166,586)
<b>Balance Carried Forward</b>	<b>(7,322,971)</b>	<b>(1,191,865)</b>	<b>(3,839,732)</b>	<b>(5,918,124)</b>	<b>(84,199,521)</b>	<b>(14,421,567)</b>	<b>(44,149,239)</b>	<b>(71,609,300)</b>

**Cash Flow Statements (Cntd.)**  
**for the financial year ended December 31, 2007**

NOTES	THE GROUP		THE COMPANY		THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 INR	2006 INR	2007 INR	2006 INR
<b>Balance Brought Forward</b>	<b>(7,322,971)</b>	(1,191,865)	<b>(3,839,732)</b>	(5,918,124)	<b>(84,199,521)</b>	(14,421,567)	<b>(44,149,239)</b>	(71,609,300)
<b>CASH FLOWS FROM/ FINANCING ACTIVITIES</b>								
Proceeds from issue of ordinary shares	14,116,555	5,521,912	14,116,555	5,521,912	162,312,149	66,815,135	162,312,149	66,815,135
Drawdown of revolving credit	4,000,000	NIL	4,000,000	NIL	45,992,000	NIL	45,992,000	NIL
Drawdown of loan	1,661,610	NIL	NIL	NIL	19,105,192	NIL	NIL	NIL
<b>- Repayment to subsidiaries</b>	<b>NIL</b>	NIL	<b>(3,967,178)</b>	NIL	<b>NIL</b>	NIL	<b>(45,614,613)</b>	NIL
Repayment to directors	(6,799,432)	NIL	(6,799,432)	NIL	(78,179,869)	NIL	(78,179,869)	NIL
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>12,978,733</b>	5,521,912	<b>7,349,945</b>	5,521,912	<b>149,229,472</b>	66,815,135	<b>84,509,668</b>	66,815,135
<b>Effects on Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>189,230</b>	(468,362)	<b>(187,315)</b>	(36,302)	<b>2,175,767</b>	(5,667,180)	<b>(2,153,748)</b>	(439,254)
	5,655,762	3,847,099	3,322,898	(432,514)	65,029,951	46,549,898	38,206,681	(5,233,419)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>6,410,057</b>	2,548,372	<b>399,157</b>	831,671	<b>73,702,835</b>	30,835,301	<b>4,589,507</b>	10,063,219
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	26 <b>12255049</b>	6,410,057	<b>3,722,055</b>	399,157	<b>140908553</b>	77561690	<b>42796188</b>	4829800

## Notes to the Financial Statements for the financial year ended December 31, 2007

### 1. GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated under the Malaysian Companies Act, 1965. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office 6B, Jalan 19/36,  
46300 Petaling Jaya, Selangor Darul Ehsan.  
Principal place of business F-3A-08, Pusat Dagangan Phileo Damansara I,  
46350 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were recognised for issue by the Board of Directors in accordance with a resolution of the directors dated

### 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in as contractor for network engineering in telecommunications systems which includes planning, optimization, data analysis, drive testing and site survey. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 3. HOLDING COMPANY

The holding company is GTL International Limited, a company incorporated in India.

### 4. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:-

#### (a) Market Risk

##### (i) Foreign Currency Risk

The Group is exposed to foreign exchange risk arising mainly from normal trading transactions that are denominated in foreign currencies.

It manages its foreign exchange exposure by a policy of matching as far as possible receipts and payments in each individual currency.

The Group's foreign currency transactions and balances are substantially denominated in United States (US) Dollar. Foreign currency risk is managed to an acceptable level.

##### (ii) Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from bank borrowings. Its policy is to obtain the most favourable interest rates available.

Surplus funds are placed with financial institutions at the most favourable interest rates.

##### (iii) Price Risk

The Group does not have any quoted investments and hence is not exposed to price risk.

#### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risk is represented by the carrying amount of this financial asset in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group generally has a concentration of credit risk whereby debts owed by 10

overseas customers constituted approximately 79% of the outstanding trade receivables at the balance sheet date.

The Group manages its exposure to credit risk by investing its cash assets safely and profitably, and by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

#### (c) Liquidity and Cash Flow Risks

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

The Group practises prudent liquidity risk management by maintaining sufficient cash and the availability of funding through certain committed credit facilities.

### 5. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965.

During the current financial year, the Group and the Company have adopted the following new and revised Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB") which are relevant to its operations and effective for financial periods beginning on or after January 1, 2007:

FRS 117	Leases
FRS 124	Related Party Disclosures
FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 1192004	Amendment to FRS 1192004 Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

The adoption of the above FRSs does not have any material financial effects on the financial statements of the Group and of the Company.

The Group has not adopted FRS 139 - Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 as the effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of the standard as required by paragraph 30(b) of FRS 108 is not disclosed.

The following FRSs have been issued and are effective for financial periods beginning on or after July 1, 2007:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The above FRSs align the MASB's FRS with the equivalent International Accounting Standards ("IASs"), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements.

The Group and the Company will apply these FRSs from the financial year ending 31 December 2008 onwards.

FRS 134 - Interim Financial Reporting has been issued and is effective for the financial periods beginning on or after 1 July 2007. This FRS aligns the MASB's FRS with the equivalent IAS, both in terms of form and content. The adoption of this standard will only impact the form and content of disclosures presented in the quarterly financial statements. This standard is not relevant to the Company's operations.

Framework for the Preparation and Presentation of Financial Statements has been issued and is effective immediately. This Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not an MASB approved accounting standard and hence, does not define standards for any particular measurement or disclosure issue. The Group and the Company have applied this Framework from the financial year ended 31 December 2007 onwards.

Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates Net Investment in a Foreign Operation has been issued and is effective for financial periods beginning on or after 1 July 2007. This amendment results in exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation to be recognised in equity irrespective of the currency in which the monetary item is denominated and whether the monetary item results from a transaction with the Company or any of its subsidiaries. Previously, exchange differences arising from such transactions between the Company and its subsidiaries would be accounted for in the income statement or in equity depending on the currency of the monetary item. The Group will apply this interpretation from the financial year ending 31 December 2008 onwards.

IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation addresses the effects of events that changes the measurement of an existing decommissioning, restoration or similar liability, namely a change in the estimated outflow of resources embodying economic benefits required to settle the obligation, a change in the current market-based discount rate as defined in paragraph 48 of FRS 1372004 and an increase that reflects the passage of time. This interpretation is not relevant to the Group's operations.

IC Interpretation 2 - Members' Shares in Co-operative Entities and Similar Instruments has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

IC Interpretation 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

IC Interpretation 6 - Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

IC Interpretation 7 - Applying the Restatement Approach under FRS 1292004 Financial Reporting in Hyperinflationary Economies has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

IC Interpretation 8 - Scope of FRS 2 has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation applies to transactions in which goods or services are received, including transactions in which the entity cannot identify specifically some or all of the goods or services received. Where the fair value of the share-based payment is in excess of the identifiable goods or services received, it is presumed that additional goods or services have been or will be received. The whole fair value of the share-based payment will be charged to the income statement. This interpretation is not relevant to the Group's operations.

The adoption of these new and revised FRS does not have any material financial effects on the financial statements of the Group and the Company except for:-

- (a) FRS 3 - Business Combinations
- (b) FRS 5 - Non-current Assets Held for Sale and Discontinued Operations

The effects of adopting the above FRS on the accounting policies are disclosed in Notes 5(e) and 5(l) respectively.

The following FRS have been issued and are effective for financial periods beginning on or after 1 October 2006 and will be effective for the Group's financial statements for the financial year ending 31 December 2007:-

- FRS 117 Leases
- FRS 124 Related Party Disclosures

The following revised FRS have been issued and are effective for financial periods beginning on or after 1 July 2007 and will be effective for the Group's and the Company's financial statements for the financial year ending 31 December 2008:-

- FRS 107 Cash Flow Statements
- FRS 112 Income Taxes
- FRS 118 Revenue

FRS 121 The Effects of Changes in Foreign Exchange Rates

FRS 134 Interim Financial Reporting

FRS 137 Provisions, Contingent Liabilities and Contingent Assets

FRS 6 - Exploration for and Evaluation of Mineral Resources has been issued and is effective for financial periods beginning on or after 1 December 2007. This standard is not relevant to the Company's operations.

FRS 139 - Financial Instruments: Recognition and Measurement has been issued and the effective date has yet to be determined by the MASB. This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company will apply this standard when it becomes effective.

## 6. SIGNIFICANT ACCOUNTING POLICIES

### (a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group and the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

#### (i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and usage factors which could change significantly.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and commercial factors could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### (ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

#### (iii) Impairment of Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

#### (iv) Allowance for Doubtful Debts of Receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

#### (v) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which require extensive use of accounting estimates



and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

**(b) Financial Instruments**

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to financial instruments classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

**(c) Functional and Foreign Currency**

**(i) Functional and Presentation Currency**

The functional currency of the Group's entity is measured using the currency of the primary economic environment in which the Group operates.

The consolidated financial statements are presented in Ringgit Malaysia

("RM") which is the Group's functional and presentation currency.

**(ii) Transactions and Balances**

Transactions in foreign currency are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

**(iii) Foreign Operations**

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (ii) income and expense for the income statement are translated at the average exchange rates for the year; and
- (iii) all resulting exchange differences are recognised as a separate component of equity, as a foreign currency translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

**(d) Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2007.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated

financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated balance sheets consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented in the consolidated balance sheet of the Group within equity, separately from the Company's equity holders, and are separately disclosed in the consolidated income statement of the Group.

The gain or loss on the disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets.

**(d) Goodwill on Consolidation**

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated income statement.

**(e) Investments in Subsidiaries**

Investments in subsidiaries are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

**(f) Plant and Equipment**

Plant and equipment are stated at cost less accumulated depreciation or amortisation and accumulated impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Air conditioners	10%
Computers and software	10% - 20%
Office and site equipment	10%
Furniture and fittings	10%
Office renovation	20%
Motor vehicle	25%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included



in the income statement in the year the asset is derecognised.

**(g) Impairment of Assets**

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

**(h) Receivables**

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

**(i) Payables**

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

**(j) Operating Leases**

Leases of assets where a significant portion of the risks and rewards ownership are retained by the lessor are classified as operating leases. Payments are made under operating leases (net of any incentives received from the lessor) are charged to the income statement on straight-line basis over the lease period. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

**(k) Income Taxes**

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability

is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

**(l) Interest-bearing Borrowings**

Interest-bearing bank borrowings are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

**(m) Equity Instruments**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

**(n) Employee Benefits**

**(i) Short Term Benefits**

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

**(ii) Defined Contribution Plans**

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

**(o) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(p) Provisions for Liabilities**

Provisions for liabilities are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

**(q) Revenue Recognition**

**(i) Services Rendered**

Revenue are recognised in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to the proportion that costs incurred to date that reflect services performed bear to total estimated costs of the transaction. Where the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

**(ii) Rental Income**

Rental income is recognised on an accrual basis.

**(iii) Interest Income**

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(r) **Related Parties**

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party, to the extent that it prevents the other party from pursuing its own separate interests in making financial and operating decisions.

**7. INVESTMENT IN SUBSIDIARIES**

**THE COMPANY**

	2007 RM	2006 RM	2007 INR	2006 INR
Unquoted shares, at cost	5,840,257	2,384,257	67,151,275	28,849,510

Details of the subsidiaries, which are all incorporated in Malaysia, are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2007 %	2006 %	
ADA Cellworks LLC +	USA	100	100	Contractor for network engineering and telecommunication systems
ADA Cellworks Co., Ltd. #	China	100	100	Network and communication technology contractor
ADA Cellworks Pte. Ltd.*	Singapore	100	100	Network and communication technology contractor
ADA Cellworks Thailand Company Limited *	Thailand	100	100	Contractor for network engineering and telecommunication systems
ADA Cellworks, Inc. *	Philippines	100	100	Contractor for network engineering and telecommunications systems
ADA Cellworks Wireless Engineering Pvt Ltd. #	India	100	100	Contractor for network engineering and telecommunication system
PT ADA Cellworks #	Indonesia	100	100	Contractor for network engineering and telecommunication systems
ADA Cellworks (Taiwan) Co. Ltd. #	Taiwan	100	100	Provide specialised services for networking solutions
ADA Cell works Limited *	New Zealand	100	100	Contractor for network engineering and telecommunication systems
ADA Cellworks Pty Ltd *	Australia	100	100	Provide specialised services for telecommunications network

\* Audited by other firms of auditors'

# Audited by member firms of Horwath International

+ No statutory requirement to be audited

**8. PLANT AND EQUIPMENT**

THE GROUP	At Jan. 1, 2007	ADDITIONS	WRITTEN OFF	DEPRECIATION CHARGE	AT Dec. 31, 2007	At Jan. 1, 2007	ADDITIONS	WRITTEN OFF	DEPRECIATION CHARGE	AT Dec. 31, 2007
	RM	RM	RM	RM	RM	INR	INR	INR	INR	INR
NET BOOK VALUE										
Air conditioners	6,500	2,200	(2,000)	(230)	6,470	78,650	25,296	(22,996)	(2,645)	74,392
Computers and software	154,071	309,644	(6,959)	(91,753)	365,003	1,864,259	3,560,287	(80,015)	(1,054,976)	4,196,804
Office and site equipment	1,121,192	461,204	NIL	(195,281)	1,387,115	13,566,423	5,302,924	NIL	(2,245,341)	15,949,048
Furniture and fittings	31,880	35,924	NIL	(6,033)	61,771	385,748	413,054	NIL	(69,367)	710,243
Renovation	36,999	NIL	NIL	(7,708)	29,291	447,688	NIL	NIL	(88,627)	336,788
	1,350,642	808,972	(8,959)	(301,005)	1,849,650	16,342,768	9,301,560	(103,011)	(3,460,955)	21,267,276

At December 31, 2007	At Cost Rm	Accumulated Depreciation Rm	Net Book Value Rm	At Cost Rm	Accumulated Depreciation Rm	Net Book Value Rm
Air conditioners	15,400	(8,930)	6,470	177,069	(102,677)	74,392
Computers and software	721,291	(356,288)	365,003	8,293,404	(4,096,599)	4,196,804
Office and site equipment	2,101,110	(713,995)	1,387,115	24,158,563	(8,209,515)	15,949,048
Furniture and fittings	78,526	(16,755)	61,771	902,892	(192,649)	710,243
Renovation	45,039	(15,748)	29,291	517,858	(181,071)	336,788
	2,961,366	(1,111,716)	1,849,650	34,049,786	(12,782,511)	21,267,276

At December 31, 2007	At Cost Rm	Accumulated Depreciation Rm	Net Book Value Rm	At Cost Rm	Accumulated Depreciation Rm	Net Book Value Rm
Air conditioners	15,200	(8,700)	6,500	183,920	(105,270)	78,650
Computers and software	418,606	(264,535)	154,071	5,065,133	(3,200,874)	1,864,259
Office and site equipment	1,639,906	(518,714)	1,121,192	19,842,863	(6,276,439)	13,566,423
Furniture and fittings	42,606	(10,722)	31,880	515,533	(129,736)	385,748
Renovation	45,039	(8,040)	36,999	544,972	(97,284)	447,688
	2,161,353	(810,711)	1,350,642	26,152,371	(9,809,603)	16,342,768

THE GROUP	AT Jan. 1, 2007	RECLASSI- FICATION	EXCHANGE DIFF	ADDITIONS	WRITTEN OFF	DEPRE- CIATION CHARGE	AT Dec. 31, 2007	AT Jan. 1, 2007	RECLASSI- FICATION	EXCHANGE DIFF	ADDITIONS	WRITTEN OFF	DEPRE- CIATION CHARGE	AT Dec. 31, 2007
	RM	RM	RM	RM	RM	RM	RM	INR	INR	INR	INR	INR	INR	INR
NET BOOK VALUE														
Air conditioners	6,500	14,811	(665)	2,200	(2,000)	(3,564)	17,282	78,650	170,297	(7,646)	25,296	(22,996)	(40,979)	198,708
Computers and software	900,158	373,137	(535)	937,568	(16,610)	(453,077)	1,740,641	10,891,912	4,290,329	(6,151)	10,780,157	(190,982)	(5,209,479)	20,013,890
Office and site equipment	2,974,329	(398,168)	(36,871)	860,123	(7,572)	(775,776)	2,616,065	35,989,381	(4,578,136)	(423,943)	9,889,694	(87,063)	(8,919,872)	30,079,515
Furniture and fittings	70,207	89,195	(6,807)	53,925	(17,462)	(29,599)	159,459	849,505	1,025,564	(78,267)	620,030	(200,778)	(340,329)	1,833,460
Motor Vehicle	989	(989)	NIL	NIL	NIL	NIL	NIL	11,967	(11,372)	NIL	NIL	NIL	NIL	NIL
Renovation	36,999	(77,986)	3,078	22,975	NIL	(48,742)	76,746	447,688	(896,683)	35,391	264,167	NIL	(560,436)	882,426
	<b>1,350,642</b>	<b>NIL</b>	<b>(41,800)</b>	<b>1,876,791</b>	<b>8,959</b>	<b>(301,005)</b>	<b>4,610,193</b>	<b>48,269,102</b>	<b>NIL</b>	<b>(480,616)</b>	<b>21,579,343</b>	<b>(501,819)</b>	<b>(15,071,095)</b>	<b>53,007,999</b>

AT 31.12.2007	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM	AT COST INR	ACCUMULATED DEPRECIATION INR	NET BOOK VALUE INR
Air conditioners	31,832	(14,550)	17,282	366,004	(167,296)	198,708
Computers and software	3,074,720	(1,344,079)	1,740,641	35,353,131	(15,454,220)	20,013,890
Office and site equipment	4,406,301	(1,790,236)	2,616,065	50,663,649	(20,584,134)	30,079,515
Furniture and fittings	253,334	(93,875)	159,459	2,912,834	(1,079,375)	1,833,460
Renovation	176,185	(99,439)	76,746	2,025,775	(1,143,350)	882,426
	<b>2,961,366</b>	<b>(3,342,179)</b>	<b>4,610,193</b>	<b>34,049,786</b>	<b>(38,428,374)</b>	<b>53,007,999</b>

AT 31.12.2006	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM	AT COST INR	ACCUMULATED DEPRECIATION INR	NET BOOK VALUE INR
Air conditioners	15,200	(8,700)	6,500	183,920	(105,270)	78,650
Computers and software	1,477,026	(576,868)	900,158	17,872,015	(6,980,103)	10,891,912
Office and site equipment	4,398,970	(1,424,641)	2,974,329	53,227,537	(17,238,156)	35,989,381
Furniture and fittings	99,514	(29,307)	70,207	1,204,119	(354,615)	849,505
Motor Vehicle	2,214	(1,225)	989	26,789	(14,823)	11,967
Renovation	237,271	(59,850)	177,421	2,870,979	(724,185)	2,146,794
	<b>2,161,353</b>	<b>(2,100,591)</b>	<b>1,350,642</b>	<b>26,152,371</b>	<b>(25,417,151)</b>	<b>16,342,768</b>

## 9. DEFERRED TAX ASSETS

	THE GROUP		THE COMPANY		THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 INR	2006 INR	2007 INR	2006 INR
At 1 January	520,263	(133,823)	526,465	(132,056)	5,981,984	(1,619,258)	6,053,295	(1,597,878)
Recognised in income Statement (Note 25)	4,343	565,740	47,000	567,361	49,936	6,845,454	540,406	6,865,068
Overprovision of deferred tax liabilities in previous years (Note 25)	NIL	110,655	NIL	110,655	NIL	1,338,926	NIL	1,338,926
Overprovision of deferred tax assets in previous years (Note 25)	(386,541)	NIL	(480,465)	NIL	(4,444,448)	NIL	(5,524,387)	NIL
Effect of changes in tax rate	NIL	(19,495)	NIL	(19,495)	NIL	(235,890)	NIL	(235,890)
Others	(3,179)	(2,814)	NIL	NIL	(36,552)	(34,049)	NIL	NIL
<b>At 31 December</b>	<b>134,886</b>	<b>520,263</b>	<b>93,000</b>	<b>526,465</b>	<b>506,730</b>	<b>506,730</b>	<b>93,000</b>	<b>526,465</b>

The components of the deferred tax assets and deferred tax liability are as follows:-

	THE GROUP		THE COMPANY		THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 INR	2006 INR	2007 INR	2006 INR
Deferred tax assets:-								
Provisions	35,137	160,631	14,880	62,565	404,005	1,943,635	171,090	757,037
Unutilised tax losses	80,417	479,376	80,417	479,376	924,635	5,800,450	924,635	5,800,450
Unabsorbed capital allowances	43,601	12,565	36,278	12,565	501,324	152,037	417,124	152,037
Other	14,306	NIL	NIL	NIL	164,490	NIL	NIL	NIL
	173,461	652,572	131,575	554,506	1,994,455	7,896,121	1,512,849	6,709,523
Deferred liability:- Accelerated capital Allowances	(38,575)	(145,842)	(38,575)	(28,041)	(443,535)	(1,764,688)	(443,535)	(339,296)
<b>At 31 December</b>	<b>134,886</b>	<b>506,730</b>	<b>93,000</b>	<b>526,465</b>	<b>1,550,919</b>	<b>6,131,433</b>	<b>1,069,314</b>	<b>6,370,227</b>

#### 10. TRADE RECEIVABLES

The Group's normal trade credit term is 30 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of the trade receivables at the balance sheet date is as follows:-

	THE GROUP		THE COMPANY		THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 INR	2006 INR	2007 INR	2006 INR
United States Dollar	1,646,629	2,303,779	1,075,620	1,443,306	18,932,940	27,875,726	12,367,479	17,464,003
Chinese Renminbi	10,657,311	8,121,333	NIL	NIL	122,537,762	98,268,129	NIL	NIL
Indian Rupees	29,192,363	23,152,919	NIL	NIL	335,653,790	280,150,320	NIL	NIL
Indonesian Rupiah	13,808,894	12,881,387	NIL	NIL	158,774,663	155,864,783	NIL	NIL
New Tiwan Dollar	2,979,658	7,198,182	NIL	NIL	34,260,108	87,098,002	NIL	NIL
Euro	291,431	576,936	NIL	NIL	3,350,874	6,980,926	NIL	NIL

#### 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The foreign currency exposure profile of other receivables, deposits and prepayments at the balance sheet date are as follows:-

	THE GROUP		THE GROUP	
	2007 RM	2006 RM	2007 INR	2006 INR
Indian Rupees	3,342,472	1,936,910	38,431,743	23,436,611
Others	619,223	1,110,066	7,119,826	13,431,799

Included in other receivables is an amount owing by a director of a subsidiary of RM33,965 (2006-RM406,039). The amount owing arose from advances made by the subsidiary to its director and is subject to interest at 5.35% per annum.

#### 12. AMOUNT OWING BY/(TO) SUBSIDIARIES

Amount owing by:

	THE COMPANY		THE COMPANY	
	2007 RM	2006 RM	2007 INR	2006 INR
- trade	27,133,097	19,397,205	311,976,349	234,706,181
- non-trade	5,250,492	9,800,413	60,370,157	118,584,997
	<b>32,383,589</b>	<b>29,197,618</b>	<b>372,346,506</b>	<b>353,291,178</b>
Amount owing to:				
- trade	(716,773)	1,217,355	(8,241,456)	14,729,996
- non-trade	2,663,746	6,630,924	30,627,752	80,234,180
	<b>1,946,973</b>	<b>7,848,279</b>	<b>22,386,296</b>	<b>94,964,176</b>

The trade balances are subject to normal credit terms. Other credit terms are assessed and approved on a case-by-case basis.

The non-trade balances are unsecured, interest-free and repayable/receivable on demand.

The foreign currency exposure profile of the amount owing by a subsidiary at the balance sheet date is as follows:-

	THE COMPANY		THE COMPANY	
	2007 RM	2006 RM	2007 INR	2006 INR
United States Dollar	33,758,511	(20,143,798)	388,155,359	(243,739,956)
Australia Dollar	(402,020)	(657,843)	(4,622,416)	(7,959,900)
Singapore Dollar	(1,544,953)	(1,609,311)	17,763,870	(19,472,663)
New Zealand Dollar	NIL	(39,678)	NIL	480,104

#### 13. FIXED DEPOSITS WITH A LICENSED BANK

The weighted average effective interest rate of fixed deposits of the Company at the balance sheet date was 3.35% (2006 - Nil) per annum. The fixed deposits have an average maturity period of 3 months (2006 - Nil).

The fixed deposits of the have been pledged as security for revolving credit facilities granted to the Company.

**14. CASH AND BANK BALANCES**

The foreign currency exposure profile of cash and bank balances at the balance sheet date is as follows:-

	THE GROUP		THE COMPANY		THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 INR	2006 INR	2007 INR	2006 INR
United States Dollar	1,571,800	326,746	1,255,811	326,746	18,072,556	3,953,627	14,439,315	3,953,627
Chinese Renminbi	999,036	3,109,000	NIL	NIL	11,486,916	37,618,900	NIL	NIL
Indian Rupees	2,621,318	2,242,445	NIL	NIL	30,139,914	27,133,585	NIL	NIL
Indonesian Rupiah	759,031	105,769	NIL	NIL	8,727,338	1,279,805	NIL	NIL
New Tiwan Dollar	3,309,393	75,252	NIL	NIL	38,051,401	910,549	NIL	NIL
Euro	878,635	478,434	34,418	NIL	10,102,545	5,789,051	395,738	NIL

**15. SHARE CAPITAL**

	2007 NUMBER OF SHARES	2006 NUMBER OF SHARES	2007 RM	2006 RM	2007 NUMBER OF SHARES	2006 NUMBER OF SHARES	2007 INR	2006 INR
<b>ORDINARY SHARES OF RM1 EACH:- ISSUED AND FULLY PAID UP</b>								
At 1 January	451,613	350,000	451,613	350,000	451,613	350,000	5,192,646	4,235,000
Bonus issue	NIL	101,613	NIL	101,613	NIL	101,613	NIL	1,229,517
Conversion of shares during the year	177,419	NIL	177,419	NIL	177,419	NIL	2,039,964	NIL
At 31 December	629,032	451,613	629,032	451,613	629,032	451,613	7,232,610	5,464,517
<b>REDEEMABLE CONVERTIBLE CUMULATIVE PREFERENCE SHARES OF (RCCPS) RM1 EACH:- ISSUED AND FULLY PAID UP</b>								
At 1.1.2006	48,387	NIL	48,387	NIL	48,387	NIL	556,354	NIL
Allotted during the financial year	129,032	48,387	129,032	48,387	129,032	48,387	1,483,610	585,483
Conversion of shares during the year	(177,419)	NIL	(177,419)	NIL	(177,419)	NIL	(2,039,964)	NIL
At 31 December	NIL	48,387	NIL	48,387	NIL	48,387	NIL	585,483
	<b>629,032</b>	<b>500,000</b>	<b>629,032</b>	<b>500,000</b>	<b>629,032</b>	<b>500,000</b>	<b>7,232,610</b>	<b>6,050,000</b>

	2007 NUMBER OF SHARES	2006 NUMBER OF SHARES	2007 RM	2006 RM	2007 NUMBER OF SHARES	2006 NUMBER OF SHARES	2007 INR	2006 INR
<b>ORDINARY SHARES OF RM1 EACH:- ISSUED AND FULLY PAID UP</b>								
At 1 January	822,581	500,000	822,581	500,000	822,581	500,000	9,458,036	6,050,000
Bonus issue	NIL	332,581	NIL	332,581	NIL	332,581	NIL	4,024,230
At 31 December	822,581	832,581	822,581	832,581	822,581	832,581	9,458,036	10,074,230
<b>REDEEMABLE CONVERTIBLE CUMULATIVE PREFERENCE SHARES OF (RCCPS) RM1 EACH:- ISSUED AND FULLY PAID UP</b>								
At 1.1.2006	177,419	NIL	177,419	NIL	177,419	NIL	2,039,964	NIL
Allotted during the financial year	NIL	177,419	NIL	177,419	NIL	177,419	NIL	2,146,770
At 31 December	177,419	177,419	177,419	177,419	177,419	177,419	2,039,964	2,146,770
	<b>1,000,000</b>	<b>1,010,000</b>	<b>1,000,000</b>	<b>1,010,000</b>	<b>1,000,000</b>	<b>1,010,000</b>	<b>11,498,000</b>	<b>12,221,000</b>

- (a) The RCCPS holders are entitled to receive an annual per share dividend equal to 8% of the purchase or subscription price of the RCCPS ('Preferential Dividend'), payable when and if:
- declared by the Board; or
  - upon liquidation, dissolution or winding up of the Company; or
  - upon a merger, acquisition, change of control, consolidation, issuance or transfer of shares, or other transaction or series of transactions in which the Company's shareholders prior to such transaction or transactions will not retain a majority of the voting power of the surviving entity; or
  - a sale, lease, license or other transfer of all or substantially all the Company's assets or intellectual property; and
- (v) upon redemption of the RCCPS.
- (b) The preferential dividends would be cumulative and would be paid prior to payment of any dividend to any holder of ordinary shares or shares of other class in the Company. After payment of the preferential dividend to the holders of RCCPS, any further dividends would be pari passu to the holders of the RCCPS and the ordinary shares on pro-rata, as converted basis. The holder of RCCPS are also entitled to receive pari passu with the holders of ordinary shares any non-cash dividends declared by the Board on pro-rata, as converted basis.
- (c) On a liquidation, winding up or dissolution, voluntary or involuntary, or any other return of capital, the holders of the RCCPS, then outstanding, shall be entitled to be paid out of the assets or surplus funds of the Company available for distribution to its shareholders, before any payment shall be made to the

holders of any class of shares in the capital of the Company, an amount equal to 160% of the purchase price paid for RCCPS plus any accrued but unpaid dividends (whether or not declared).

- (d) Each RCCPS shall be convertible, at the option of the holder therefore at any time after the date of issuance of such shares, into such number of fully paid ordinary shares as is determined by the conversion price in effect at the time of conversion.
- (e) Subject to any legal restriction on the Company's redemption of shares and upon the request by holders of no less than 51% of then outstanding RCCPS, the Company is required to redeem all of the outstanding RCCPS if:
- beginning on the earlier of 1 January 2009; and
  - a merger, acquisition, change of control, consolidation, issuance or transfer of shares, or other transaction or series of transactions in which the Company's shareholders prior to such transaction or transactions will not retain a majority of the voting power of the surviving entity, or sale, lease, license or other transfer of all substantially all of the Company's assets or intellectual property.
- (f) The redemption price for each RCCPS shall be 150% of the purchaser or subscription price paid by the holder thereof for such share plus any accrued but unpaid preferential dividends (whether or not declared) thereon to the date of redemption.

#### 16. SHARE PREMIUM

	2007 RM	2006 RM	2007 INR	2006 INR
At 1 January	5,473,525	NIL	62,934,590	NIL
Allotments of redeemable convertible cumulative preference shares	13,987,523	5,473,525	160,828,539	66,229,653
<b>At 31 December</b>	<b>19,461,048</b>	<b>5,473,525</b>	<b>223,763,130</b>	<b>66,229,653</b>

The share premium is not distributable by way of cash dividends and may be utilised in the manner as set out in Section 60(3) of the Companies Act, 1965.

#### 17. FOREIGN EXCHANGE TRANSLATION RESERVE

The exchange fluctuation reserve arose from the translation of the financial statements of the foreign subsidiaries and is not distributable by way of cash dividends.

#### 18. RETAINED PROFITS

Subject to agreement with tax authorities, at the balance sheet date, the Company has Section 108 tax credits and tax-exempt income account to frank the payment of dividends of approximately RM14.0 million (2006 - RM1.9 million) out of its retained profits, if distributed as dividends will incur additional tax liability.

#### 23. SHORT-TERM BORROWING

	THE GROUP		THE COMPANY		THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 INR	2006 INR	2007 INR	2006 INR
Short Term Loan	1,661,610	NIL	NIL	NIL	19,105,192	NIL	NIL	NIL
Revolving Credit	4,000,000	NIL	4,000,000	NIL	45,992,000	NIL	45,992,000	NIL
<b>Total</b>	<b>5,661,610</b>	<b>NIL</b>	<b>4,000,000</b>	<b>NIL</b>	<b>65,097,192</b>	<b>NIL</b>	<b>45,992,000</b>	<b>NIL</b>

The revolving credit bore an effective interest rate of 5.69% (2006 - Nil) per annum at the balance sheet date and is secured by the following:- The revolving credit is secured as follows:-

- a placement of upfront General Investment Account of RM2.0 million with the profits to be capitalized held under the lien to the bank; and
- a personal guarantee by the directors namely, Mirza Mahmood Ahmad, Lee Eu Jin, Ng Seh Hoong, Chin Yong Siang and Teh Ping Yong of the Company of RM5.0 million.

The revolving credit is repayable on 29 May 2008.

#### 19. DEFERRED TAX LIABILITIES

	THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 INR	2006 INR
At 1 January	13,533	51,054	155,602	617,753
Transfer from income statements	21,162	(37,521)	243,321	(454,004)
Exchange difference	778	NIL	8,945	NIL
<b>At 31 December</b>	<b>35,472</b>	<b>13,533</b>	<b>407,857</b>	<b>163,749</b>

The deferred tax liabilities are in respect of the following temporary differences:-

	THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 INR	2006 INR
Accelerated capital allowances	8,112	13,533	93,272	163,749
Others	27,360	NIL	314,585	NIL
	<b>35,472</b>	<b>13,533</b>	<b>407,857</b>	<b>163,749</b>

#### 20. TRADE PAYABLES

The normal trade credit terms of granted to the Group range from 30 days to 90 days.

The foreign currency exposure profile of the trade payables at the balance sheet date is as follows:-

	THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 INR	2006 INR
Indian Rupees	3,752,842	2,834,796	43,150,177	34,301,032
New Tiwan Dollar	14,418	655,582	165,778	7,932,542
Euro	904,959	247,687	10,405,219	2,997,013

#### 21. OTHER PAYABLES AND ACCRUALS

The foreign currency exposure profile of other payables and accruals at the balance sheet date are as follows:-

	THE GROUP		THE GROUP	
	2007 RM	2006 RM	2007 INR	2006 INR
Indian Rupees	5,870,802	4,534,887	67,502,481	54,872,133
Indonesian Rupiah	1,164,457	2,004,530	13,388,927	24,254,813
Chinese Renminbi	966,750	458,665	11,115,692	5,549,847
United States Dollar	1,297,892	3,128,971	14,923,162	37,860,549
New Tiwan Dollar	418,966	1,062,442	4,817,271	12,855,548
Euro	191,106	445,404	2,197,337	5,389,388

#### 22. AMOUNT OWING TO DIRECTOR

The amount owing is unsecured and not subject to fixed term of repayments.

The amount owing to directors in the previous financial year was subject to interest at 4.00% per annum.



**24. REVENUE**

Revenue of the Group and of the Company represents the invoiced value of services rendered less discounts.

**25. PROFIT BEFORE TAXATION**

Profit before taxation is arrived at after charging/(crediting) the following:-

	THE GROUP		THE COMPANY		THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 INR	2006 INR	2007 INR	2006 INR
Audit fee	594,476	352,043	110,000	50,000	6,835,285	4,259,720	1,264,780	605,000
Depreciation of plant and equipment	NIL	NIL	95,550	NIL	NIL	NIL	1,098,634	NIL
Directors' fees	1,310,758	1,050,337	301,005	248,696	15,071,095	12,709,078	3,460,955	3,009,222
Interest expense for the year	755,075	1,060,659	456,000	770,560	8,681,852	12,833,974	5,243,088	9,323,776
Overprovision in previous year	81,794	222,438	81,794	222,438	940,467	2,691,500	940,467	2,691,500
Plant and equipment written off	(183,330)	NIL	(183,330)	NIL	(2,107,928)	NIL	(2,107,928)	NIL
Rental of equipment	43,644	124	8,959	124	501,819	1,500	103,011	1,500
Rental of office	735,492	369,683	317,084	5,518	8,456,687	4,473,164	3,645,832	66,768
Loss/(gain) on disposal of equipment	453,778	493,383	112,068	63,156	5,217,539	5,969,934	1,288,558	764,188
Staff costs	NIL	20,443	NIL	(18)	NIL	247,360	NIL	(218)
Loss/(gain) on foreign exchange	23,256,105	11,292,417	4,302,792	2,448,907	267,398,695	136,638,246	49,473,502	29,631,775
- realised	(126,372)	467,320	32,438	(126,857)	(1,453,025)	5,654,572	372,972	(1,534,970)
- unrealised	155,622	1,041,042	367,417	1,338,639	1,789,342	12,596,608	4,224,561	16,197,532
Interest income	(110,047)	(33,183)	(90,428)	NIL	(1,265,320)	(401,514)	(1,039,741)	NIL
Rental income	(43,205)	(19,258)	(35,258)	(19,258)	(496,771)	(233,022)	(405,396)	(233,022)

**26. INCOME TAX EXPENSE**

During the financial year, the statutory tax rate was reduced from 28% to 27%, as announced in the Malaysian Budget 2007.

The corporate tax rate on the first RM500,000 of chargeable income is 20%. The tax rate applicable to the balance of the chargeable income is 27% (2006 - 28%).

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	THE GROUP		THE COMPANY		THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 INR	2006 INR	2007 INR	2006 INR
Profit before taxation	13,346,044	15,124,909	6,299,911	5,237,893	153,452,814	183,011,399	72,436,377	63,378,505
Tax at the statutory tax rate of 27% (2006 - 28%)	3,603,432	4,083,725	1,700,976	1,466,610	41,432,261	49,413,073	19,557,822	17,745,981
<b>Tax effects of: Non-deductible expenses</b>	602,354	798,032	93,291	12,565	6,925,866	9,656,187	1,072,660	152,037
Withholding tax	991,002	2,624,138	947,528	1,572,928	11,394,541	31,752,070	10,894,677	19,032,429
Non-taxable income	(1,863,237)	(1,967,546)	(1,926,267)	(1,967,546)	(21,423,499)	(23,807,307)	(22,148,218)	(23,807,307)
Differential of tax rates	NIL	(59,495)	NIL	(59,495)	NIL	(719,890)	NIL	(719,890)
Deferred tax assets not financial year	99,949	71,619	85,000	NIL	1,149,214	866,590	977,330	NIL
Effect of tax losses recognised	NIL	(54,574)	NIL	NIL	NIL	(660,345)	NIL	NIL
- Overprovision deferred tax in previous financial years	(3,489,262)	(57,919)	(3,932,315)	(52,833)	(40,119,534)	(700,820)	(45,213,758)	(639,279)
Overprovision deferred tax assets in previous financial year	386,541	NIL	480,465	NIL	4,444,448	NIL	5,524,387	NIL
- Other	10,861	16,005	NIL	NIL	124,880	193,661	NIL	NIL
- Differential in foreign	1,000,605	1,923,401	NIL	NIL	11,504,956	23,273,152	NIL	NIL
	<b>1,342,245</b>	<b>7,377,386</b>	<b>(2,551,322)</b>	<b>972,229</b>	<b>15,433,133</b>	<b>89,266,371</b>	<b>(29,335,100)</b>	<b>11,763,971</b>



**27. PRIOR YEARS ADJUSTMENTS**

The prior adjustments related to the correction of errors in respect of the revenues earned and related costs of services which were recorded in the wrong accounting period or that were not appropriately accrued.

The effects of the prior year adjustments on comparative figures are as follows:-

	THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 INR	2006 INR
Balance Sheet ( Extract)				
Retained Profits	23,093,418	26,604,673	265,528,120	321,916,543
Trade Payable	28,448,467	27,756,254	327,100,474	335,850,673
Trade Receivables	54,428,587	57,247,629	625,819,893	692,696,311
Income Statement (Extract)	64,224,617	65,532,404	738,454,646	768,742,088

**28. CASH AND CASH EQUIVALENTS**

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY		THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 INR	2006 INR	2007 INR	2006 INR
Fixed Deposit with a licensed bank	2,016,000	NIL	2,016,000	NIL	23,179,968	NIL	23,179,968	NIL
Cash and bank balances	10,239,049	6,410,057	1,706,055	399,157	117,728,585	77,561,690	19,616,220	4,829,800
	<u>12,255,049</u>	<u>6,410,057</u>	<u>3,722,055</u>	<u>399,157</u>	<u>140,908,553</u>	<u>77,561,690</u>	<u>42,796,188</u>	<u>4,829,800</u>

	THE GROUP		THE COMPANY		THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 INR	2006 INR	2007 INR	2006 INR
Current Tax	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Malaysia</b>								
for the financial year	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Overprovision in the previous financial years	NIL	57,822	NIL	57,822	NIL	699,646	NIL	699,646
<b>Foreign</b>								
for the financial year	4,428,147	8,019,071	947,528	1,572,928	50,914,834	97,030,759	10,894,677	19,032,429
Overprovision in the previous financial years	(3,489,262)	(5,098)	(3,932,315)	NIL	(40,119,534)	(61,686)	(45,213,758)	NIL
	938,885	8,071,807	(2,984,787)	1,630,750	10,795,300	97,668,865	(34,319,081)	19,732,075
Deferred taxation	403,360	(694,421)	433,465	(658,521)	4,637,833	(8,402,494)	4,983,981	(7,968,104)
	<u>1,342,245</u>	<u>7,377,386</u>	<u>(2,551,322)</u>	<u>972,229</u>	<u>15,433,133</u>	<u>89,266,371</u>	<u>(29,335,100)</u>	<u>11,763,971</u>

**29. CAPITAL COMMITMENT**

Operating lease commitment

The future minimum lease payment under the non-cancellable operating lease is as follows:-

	THE GROUP		THE COMPANY		THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 INR	2006 INR	2007 INR	2006 INR
Not later than one year								
Later than one year and	147,860	NIL	96,913	NIL	1,700,094	NIL	1,114,306	NIL
Not later than five year	1,888,862	NIL	1,485	NIL	21,718,135	NIL	17,075	NIL
	<u>2,036,723</u>	<u>NIL</u>	<u>98,398</u>	<u>NIL</u>	<u>23,418,241</u>	<u>NIL</u>	<u>1,131,380</u>	<u>NIL</u>

The Group and the Company lease computer server and software under operating lease.

The leases typically run for an initial period of 3 years with an option to renew the lease at the end of the lease period.

**30. FOREIGN EXCHANGE RATES**

The applicable closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the balance sheet date are as follows:-

	THE GROUP/THE COMPANY	
	2007	2006
United States Dollar	3.333	3.530
Chinese Renminbi	0.456	0.452
Singapore Dollar	2.319	2.302
Thai Bath	0.112	0.099
Philippines Dollar	0.081	0.072
Indian Rupees	0.085	0.080
Indonesia Rupiah	0.000354	0.000393
New Taiwan Dollar	0.103	0.108
New Zealand Dollar	2.559	2.487
Australia Dollar	2.925	2.783

**31. SIGNIFICANT RELATED PARTY DISCLOSURE**

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial year.

	THE COMPANY			
	2007 RM	2006 RM	2007 INR	2006 INR
Management fee payable to ADA Cellworks LLC	402,027	434,172	4,622,506	5,253,481
Subsidiaries				
- consultancy fees receivable	NIL	(3,542,269)	NIL	(42,861,455)
- technical and management fees receivable	(10,594,496)	(11,469,772)	(121,815,515)	(138,784,241)
- other income receivable	(894,114)	(890,026)	(10,280,523)	(10,769,315)

Services provided to related parties are based on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Key management personnel compensation:-

	THE GROUP		THE COMPANY		THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 INR	2006 INR	2007 INR	2006 INR
Short Term employees benefit	5,988,294	6,591,537	1,003,816	1,848,605	68,853,404	79,757,598	11,541,876	22,368,121
Inter-set Receivable	NIL	17,684	NIL	NIL	NIL	213,976	NIL	NIL
Inter-set Payable	NIL	183,330	NIL	183,330	NIL	2,218,293	NIL	2,218,293

**32. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

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

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

**(a) Amounts Owning By/(To) Subsidiaries And Directors**

It is not practicable to estimate the fair values of the amounts owing by/(to) the subsidiaries and directors due principally to the lack of fixed repayment terms. However, the Group and the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

**(b) Short-Term Borrowings And Other Current Liabilities**

The carrying amounts approximated their fair values because of the short period to maturity of these instruments.

**(c) Cash And Cash Equivalents And Other Short Term Receivables/Payables**

The carrying amounts approximated their fair values due to the relatively short term maturity of these instruments.

**33. COMPARATIVE FIGURES**

The following comparative figures have been reclassified to conform with the presentation for the current financial period:-

	The Group		The Company		The Group		The Company	
	As Realated	Previously Realated	As Realated	Previously Realated	As Realated	Previously Realated	As Realated	Previously Realated
	RM	RM	RM	RM	INR	INR	INR	INR
<b>BALANCE SHEET</b>								
<b>(EXTRACT):- Trade and other</b>								
receivables	NIL	60,451,269	NIL	33,846,933	NIL	695,068,691	NIL	389,172,036
Trade receivables	57,247,629	NIL	2,579,588	NIL	658,233,238	NIL	29,660,103	NIL
- Other receivables, deposits and prepayments	3,203,640	NIL	2,069,727	NIL	36,835,453	NIL	23,797,721	NIL
- Amount due from subsidiaries	NIL	NIL	29,197,168	NIL	NIL	NIL	335,709,038	NIL
Trade and other payables	NIL	(22,801,981)	NIL	(16,083,561)	NIL	(262,177,178)	NIL	(184,928,784)
Trade payables	(5,028,521)	NIL	(1,290,455)	NIL	(57,817,934)	NIL	(14,837,652)	NIL
- Other payables and accruals	(17,773,460)	NIL	(6,944,827)	NIL	(204,359,243)	NIL	(79,851,621)	NIL
Amount owing to subsidiaries	NIL	NIL	(7,848,279)	NIL	NIL	NIL	(90,239,512)	NIL
- Reserves	NIL	31,636,162	NIL	(14,941,13)	NIL	363,752,591	NIL	(171,793,124)
Share premium	(19,461,048)	NIL	(5,473,525)	NIL	(223,763,130)	NIL	(62,934,590)	NIL
- Translation reserve	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
- Retained profits	NIL	NIL	(9,467,606)	NIL	NIL	NIL	(108,858,534)	NIL
Deferred tax assets	520,263	506,730	NIL	NIL	5,981,984	5,826,382	NIL	NIL
Deferred tax liabilities	(13,533)	NIL	NIL	NIL	(155,602)	NIL	NIL	NIL
<b>INCOME STATEMENT</b>								
<b>(EXTRACT):-</b>								
Administrative expenses	7,340,740	3,258,436	4,487,203	(404,899)	84,403,829	37,465,497	51,593,860	(4,655,529)
Distribution costs	90,364	312,267	NIL	221,903	1,039,005	3,590,446	NIL	2,551,441
Other operating expenses	3,680,481	7,547,881	248,696	4,116,096	42,318,171	86,785,536	2,859,507	47,326,872
Finance cost	222,438	215,439	222,438	215,439	2,557,592	2,477,118	2,557,592	2,477,118
<b>CASH FLOW STATEMENTS</b>								
<b>(EXTRACT):-</b>								
Cash flow from operating activities	77,634	110,817	(1,358,902)	(5,564,080)	892,636	1,274,174	(15,624,655)	(63,975,792)
Cash flow from financing activities	(1,269,499)	(1,302,682)	(4,559,222)	(354,044)	(14,596,700)	(14,978,238)	(52,421,935)	(4,070,798)

**DIRECTORS' REPORT**

We, Lee Eu Jin and Teoh Ping Yong, being two of the Directors of ADA Cellworks, LLC., state that, in the opinion of the directors, the financial statements are drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Company at December 31, 2007 and of its results and cash flows for the financial year ended on that date.

**Signed In Accordance with a Resolution of the Directors**

**Lee Eu Jin**  
*Director*

**Teoh Ping Yong**  
*Director*

April 23, 2008

**AUDITORS' REPORT**

We have audited the financial statements. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body and for no other purpose. We do not assume responsibility to any other person for the content of this report. The financial statements

of the Company for the preceding year were audited by another firm of auditors whose report dated July 12, 2007, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with applicable approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements are properly drawn up in accordance applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Company at December 31, 2007 and its results and cash flows for the financial year ended on that date.

**Horwath**

*Firm No: AF 1018*

*Chartered Accountants*

Kuala Lumpur

April 23, 2008

**Balance Sheet  
as at December 31, 2007**

	Notes	2,007 USD	2,006 USD	2,007 INR	2,006 INR
<b>ASSETS</b>					
<b>NON-CURRENT ASSET</b>					
EQUIPMENT	6	2,659	1,413	104,751	62,490
<b>CURRENT ASSETS</b>					
Trade receivables	7	171,330	243,760	6,749,545	10,780,286
Other receivables, deposits and prepayments		14,253	20,219	561,497	894,185
Amount owing by related companies	8	1,502,445	1,837,850	59,188,821	81,278,916
Amount owing by a director	9	10,191	15,916	401,474	703,885
Cash and bank balances		94,812	8,420	3,735,119	372,375
		1,795,690	2,127,578	70,741,208	94,092,137
<b>TOTAL ASSETS</b>		<b>1,795,690</b>	<b>2,127,578</b>	<b>70,741,208</b>	<b>94,092,137</b>
<b>EQUITY AND LIABILITY</b>					
<b>EQUITY</b>					
Share capital	10	100,000	100,000	3,939,500	4,422,500
Accumulated losses		(836,814)	(729,655)	(32,966,288)	(32,268,992)
<b>TOTAL EQUITY</b>		<b>(736,814)</b>	<b>(629,655)</b>	<b>(29,026,788)</b>	<b>(27,846,492)</b>
Other payables and accruals		371,096	886,394	14,619,327	39,200,775
Amount owing to holding company	11	2,161,408	1,866,197	85,148,668	82,532,562
Amount owing to a related company	8	NIL	4,642	NIL	205,292
		2,532,504	2,757,233	99,767,995	121,938,629
<b>TOTAL LIABILITY</b>		<b>2,532,504</b>	<b>2,757,233</b>	<b>99,767,995</b>	<b>121,938,629</b>
<b>TOTAL EQUITY AND LIABILITY</b>		<b>1,795,690</b>	<b>2,127,578</b>	<b>70,741,208</b>	<b>94,092,137</b>

**Income Statement  
as at December 31, 2007**

	Notes	2,007 USD	2,006 USD	2,007 INR	2,006 INR
<b>REVENUE</b>	12	688,956	1,924,835	27,141,422	85,125,828
Cost Of Sales		(562,805)	(2,270,853)	(22,171,703)	(100,428,474)
Gross Profit/(Loss)		126,151	(346,018)	4,969,719	(15,302,646)
<b>Administrative Expenses</b>		(220,569)	(252,836)	(8,689,316)	(11,181,672)
Other Operating Expense		(52)	(163)	(2,049)	(7,209)
<b>Loss Before Taxation</b>	13	(94,470)	(599,017)	(3,721,646)	(26,491,527)
Income Tax Expense	14	(12,689)	(73,220)	(499,883)	(3,238,155)
Loss After Taxation		(107,159)	(672,237)	(4,221,529)	(29,729,681)
Attributable To:-		NIL	NIL	NIL	NIL
<b>Equity holders of the Company</b>		<b>(107,159)</b>	<b>(672,237)</b>	<b>(4,221,529)</b>	<b>(29,729,681)</b>

**Statement of Change in Equity  
for the financial year December 31, 2007**

	SHARE CAPITAL USD	ACCUMULATED LOSSES USD	TOTAL USD
<b>Balance at 1.1.2006</b>	<b>100000</b>	<b>(57418)</b>	<b>42582</b>
Loss after taxation for the financial year	NIL	(672237)	(672237)
<b>Balance at 31.12.2006/1.1.2007</b>	<b>100000</b>	<b>(729655)</b>	<b>(629655)</b>
Loss after taxation for the financial year	NIL	NIL	(107159)
<b>Balance at 31.12.2007</b>	<b>100000</b>	<b>(729655)</b>	<b>(736814)</b>

**Cash Flow Statement  
for the year ended December 31, 2007**

	2007 USD	2006 USD	2007 INR	2006 INR
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>				
Loss before taxation	(94470)	(599017)	(3,721,646)	(26,491,527)
<b>Adjustments for:-</b>				
Depreciation of equipment	552	163	21,746	7,209
Unrealised loss on foreign exchange	221	NIL	8,706	NIL
Operating loss before working capital changes	(93,697)	(598,854)	(3,691,193)	(26,484,318)
Decrease in trade and other receivables	78,396	114,824	3,088,410	5,078,091
(Decrease)/Increase in other payables	(528,208)	273,418	(20,808,754)	12,091,911
Decrease/(Increase) in amount owing by holding company	235,553	(164,874)	9,279,610	(7,291,553)
Decrease/(Increase) in amount owing by related companies	328,186	(795,353)	12,928,887	(35,174,486)
<b>CASH FROM/(FOR) OPERATIONS</b>	<b>20,230</b>	<b>(1,170,839)</b>	<b>796,961</b>	<b>(51,780,355)</b>
Income tax paid	NIL	(73,220)	NIL	(3,238,155)
<b>Net Cash From/(For) Operating Activities</b>	<b>20,230</b>	<b>(1,244,059)</b>	<b>796,961</b>	<b>(55,018,509)</b>
<b>Cash Flows From Investing Activities</b>				
Purchase of equipment	(1,798)	(1,351)	(70,832)	(59,748)
Repayment by related companies	2,577	1,669	101,521	73,812
Repayment by a director	5,725	120,120	225,536	5,312,307
<b>Net Cash From Investing Activities</b>	<b>6,504</b>	<b>120,438</b>	<b>256,225</b>	<b>5,326,371</b>
<b>Net Cash Flows From Financing Activity</b>				
Advances from holding company	59,658	1,123,564	2,350,227	49,689,618
<b>Net Increase/(Decrease) In Cash And Cash EQUIVALENTS</b>	<b>86392</b>	<b>(57)</b>	<b>3,403,413</b>	<b>(2521)</b>
<b>Cash And Cash Equivalents At Beginning Of The Financial Year</b>	<b>8,420</b>	<b>8,477</b>	<b>331,706</b>	<b>374,895</b>
<b>Cash And Cash Equivalents At END OF THE FINANCIAL YEAR</b>	<b>94,812</b>	<b>8,420</b>	<b>3,735,119</b>	<b>372,375</b>

The notes form an integral part of these financial statements.

**Notes to the Financial Statements  
for the financial year ended December 31, 2007**

**1. GENERAL INFORMATION**

The Company is a wholly-owned subsidiary of ADA Cellworks, Sdn Bhd, a company incorporated under the Malaysian Companies Act, 1965 by virtue of the members assignment of beneficial rights in the Company to ADA Cellworks Sdn Bhd in 2005. The principal place of business is at 8000 Towers Crescent Drive, Suite 1350 Vienna, VA 22182, United States of America.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated

**2. PRINCIPAL ACTIVITIES**

The Company is principally engaged in business as a contractor for network engineering in telecommunication systems which include planning, optimisation, data analysis, drive testing and site surveys. There have been no significant changes in the nature of these activities during the financial year.

**3. FINANCIAL RISK MANAGEMENT POLICIES**

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its market, credit, liquidity and cash flow risks. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

The Company's exposure to market, credit, liquidity and cash flow risks arises in the normal course of the Company's business. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

**(A) MARKET RISK**

*(i) Currency Risk*

The Company does not have material foreign currency transactions, assets or liabilities and hence is not exposed to any significant or material currency risks.

*(ii) Interest Rate Risk*

The Company does not have any interest-borrowings or fixed deposits and hence is not exposed to interest rate risks.

*(iii) Price Risk*

The Company does not have any quoted investment and hence is not exposed to price risk.

**(B) CREDIT RISK**

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risk is represented by the total carrying amount of this financial asset in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Company has a concentration of credit risk relating to amount owing by a related company which constituted approximately 92% of the total receivables as at the balance sheet date.

The Company manages its exposure to credit risks by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

**(C) LIQUIDITY AND CASH FLOW RISKS**

The Company's exposure to liquidity and cash flow risks arises mainly from its business activities.

In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

#### 4. **BASIS OF PREPARATION**

The financial statements of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with applicable approved Financial Reporting Standards in Malaysia.

During the current financial year, the Company has adopted the new and revised Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB") which are relevant to its operations:

##### (A) **FRSS ISSUED AND EFFECTIVE FOR FINANCIAL PERIODS BEGINNING ON OR AFTER OCTOBER 1, 2006:**

FRS 117	Leases
FRS 124	Related Party Disclosures

##### (B) **FRSS ISSUED AND EFFECTIVE FOR FINANCIAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2007:**

FRS 6 Exploration for and Evaluation of Mineral Resources

FRS 119<sub>2004</sub> Amendment to FRS 119<sub>2004</sub> Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

The adoption of these new and revised FRS does not have any material financial effects on the financial statements of the Company.

Framework for the Preparation and Presentation of Financial Statements has been issued and is effective immediately. This Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not an MASB approved accounting standard and hence, does not define standards for any particular measurement or disclosure issue. The Company has applied this Framework from the financial year ended December 31, 2007 onwards.

The Company has not adopted FRS 139 - Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 as the effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of the standard as required by paragraph 30(b) of FRS 108 is not disclosed.

The following FRSs have been issued and are effective for financial periods beginning on or after July 1, 2007 and will be effective for the Company's financial statements for the financial year ending December 31, 2007:-

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The above FRSs align the MASB's FRS with the equivalent International Accounting Standards ("IASs"), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements. The Company will apply these FRSs from the financial year ending 31 December 2007 onwards.

Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates *Net Investment in a Foreign Operation* has been issued and is effective for financial periods beginning on or after July 1, 2007. This amendment results in exchange differences arising from a monetary item that forms part of the group's net investment in a foreign operation to be recognised in equity irrespective of the currency in which the

monetary item is denominated and whether the monetary item results from a transaction with the company or any of its subsidiaries. Previously, exchange differences arising from such transactions between the company and its subsidiaries would be accounted for in the income statement or in equity depending on the currency of the monetary item. This standard is not relevant to the Company's operations.

IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar

Liabilities has been issued and is effective for financial periods beginning on or after 1

July 2007. This interpretation addresses the effects of events that changes the measurement of an existing decommissioning, restoration or similar liability, namely a change in the estimated outflow of resources embodying economic benefits required to settle the obligation, a change in the current market-based discount rate as defined in paragraph 48 of FRS 137<sub>2004</sub> and an increase that reflects the passage of time. The Company will apply this interpretation from the financial year ending December 31, 2007 onwards.

IC Interpretation 2 - Members' Shares in Co-operative Entities and Similar Instruments has been issued and is effective for financial periods beginning on or after July 1, 2007. This interpretation is not relevant to the Company's operations.

IC Interpretation 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds has been issued and is effective for financial periods beginning on or after July 1, 2007. This interpretation is not relevant to the Company's operations.

IC Interpretation 6 - Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment has been issued and is effective for financial periods beginning on or after July 1, 2007. This interpretation is not relevant to the Company's operations.

IC Interpretation 7 - Applying the Restatement Approach under FRS 129<sub>2004</sub> Financial Reporting in Hyperinflationary Economies has been issued and is effective for financial periods beginning on or after July 1, 2007. This interpretation is not relevant to the Company's operations.

IC Interpretation 8 - Scope of FRS 2 has been issued and is effective for financial periods beginning on or after July 1, 2007. This interpretation applies to transactions in which goods or services are received, including transactions in which the entity cannot identify specifically some or all of the goods or services received. Where the fair value of the share-based payment is in excess of the identifiable goods or services received, it is presumed that additional goods or services have been or will be received. The whole fair value of the share-based payment will be charged to the income statement. The Company will apply this interpretation from the financial year ending December 31, 2007 onwards

#### 5. **SIGNIFICANT ACCOUNTING POLICIES**

##### (a) **Critical Accounting Estimates and Judgements**

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

##### (i) **Depreciation of Equipment**

The estimates for the residual values, useful lives and related depreciation charges for the equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Company anticipates that the residual values of its equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological



development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) **Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) **Allowance for Doubtful Debts of Receivables**

The Company makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(iv) **Fair Value Estimates for Certain Financial Assets and Liabilities**

The Company carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

(b) **Financial Instruments**

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(c) **Equipment**

Equipment is stated at cost less accumulated depreciation and impairment losses.

Depreciation or amortisation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives.

Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Office equipment      10%

Computers      20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the equipment.

(d) **Impairment of Assets**

The carrying values of assets, other than those to which FRS 136 -

Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount.

A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(e) **Receivables**

Receivables are carried at anticipated realisable value. Bad debts are written off

in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(f) **Payables**

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(g) **Income Taxes**

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

(h) **Equity Instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(i) **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) **Employee Benefits**

(i) **Short-term Benefits**

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

(ii) **Defined Contribution Plans**

The Company's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Company has no further liability in respect of the defined contribution plans.  
**ADA CELLWORKS, LLC.**

(k) **Related Parties**

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party, to the extent that it prevents the other party from pursuing its own separate interests in making financial and operating decisions.

(l) **Revenue Recognition**

(i) **Services**

Revenue is recognised upon the rendering of services in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to the proportion that costs incurred to date reflect services performed bear to the total estimated costs of the transactions. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(ii) **Interest Income**

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

**6. EQUIPMENT**

Net book value	At January 1, 2007 USD	Addition USD	Depreciation charge USD	At December 31, 2007 USD	At January 1, 2007 INR	Addition INR	Depreciation charge INR	At December 31, 2007 INR
Office equipment	321	NIL	(74)	247	12646	NIL	(2915)	9731
Computers	1,092	1798	(478)	2412	43019	70832	(18831)	95021
	<b>1,413</b>	<b>1,798</b>	<b>(552)</b>	<b>2,659</b>	<b>55,665</b>	<b>70,832</b>	<b>(21,746)</b>	<b>104,751</b>

	At cost USD	Accumulated depreciation	Net book value	At cost INR	Accumulated depreciation	Net book value
At 31.12.2007						
Office equipment	736	489	247	28,995	(19,264)	9,731
Computers	2,989	577	2,412	117,752	(22,731)	95,021
	<b>3,725</b>	<b>1,066</b>	<b>2,659</b>	<b>146,746</b>	<b>(41,995)</b>	<b>104,751</b>

	At cost USD	Accumulated depreciation	Net book value	At cost INR	Accumulated depreciation	Net book value
At 31.12.2006						
Office equipment	736	(415)	321	32,550	(18,353)	14,196
Computers	1,191	(99)	1,092	52,672	(4,378)	48,294
	<b>1,927</b>	<b>(514)</b>	<b>1,413</b>	<b>85,222</b>	<b>(22,732)</b>	<b>62,490</b>

**7. TRADE RECEIVABLES**

The Company's normal trade credit term is 30 days. Other credit terms are assessed and approved on a case-by-case basis.

**8. AMOUNT OWING BY/(TO) RELATED COMPANIES**

	2007 USD	2006 USD	2007 INR	2006 INR
Amount owing by:				
Trade balances	1,504,472	1,837,300	59,268,674	81,254,593
Non-trade balances	(2,027)	550	(79,854)	24,324
	<b>1,502,445</b>	<b>1,837,850</b>	<b>59,190,828</b>	<b>81,280,922</b>
Amount owing to:				
TRADE BALANCES	<b>NIL</b>	<b>4,642</b>	<b>NIL</b>	<b>205,292</b>

**9. AMOUNT OWING BY DIRECTOR**

The amount owing is unsecured, interest-free and receivable on demand.

**10. SHARE CAPITAL**

	2007 USD	2006 USD	2007 INR	2006 INR
Members' contribution	<b>100,000</b>	100,000	<b>3,939,500</b>	4,422,500

**11. AMOUNT OWING TO HOLDING COMPANY**

	2007 USD	2006 USD	2007 INR	2006 INR
Trade balances	(54,706)	(290,259)	(2,155,143)	(12,836,704)
Non Trade balances	2,216,114	2,156,456	87,303,811	95,369,267
	<b>2,161,408</b>	<b>1,866,197</b>	<b>85,148,668</b>	<b>82,532,562</b>

The trade balances are subject to normal credit term. Other credit terms are assessed and approved on a case-by-case basis.

The non-trade balances are unsecured, interest-free and repayable on demand.

**12. REVENUE**

Revenue of the Company represents the invoiced value of services rendered less discounts.

**13. LOSS BEFORE TAXATION**

	2007 USD	2006 USD	2007 INR	2006 INR
<b>LOSS BEFORE TAXATION IS ARRIVED AT AFTER CHARGING:-</b>				
Audit fee	9,730	5,528	383,313	244,476
Depreciation of equipment	552	163	21,746	7,209
Directors' non-fee emoluments	87,293	73,182	3,438,908	3,236,474
Loss on foreign exchange - unrealised	221	NIL	8,706	NIL
realised	26	NIL	1,024	NIL
Office rental	1,819	1,554	71,660	68,726
Staff costs	265,567	162,753	10,462,012	7,197,751

**14. INCOME TAX EXPENSE**

	2007 USD	2006 USD	2007 INR	2006 INR
Foreign withholding taxes	12,689	73,220	499,883	3,238,155

**15. SIGNIFICANT RELATED PARTY DISCLOSURE**

The Company is controlled by ADA Cellworks Sdn Bhd, the holding company.

In addition to the transaction detailed elsewhere in the financial statements, the Company carried out the following transactions with the related parties during the financial year.

	2007 USD	2006 USD	2007 INR	2006 INR
<b>HOLDING COMPANY</b>				
- consultancy fee receivable	108,923	435,652	4,291,022	19,266,710
- management fee receivable	NIL	120,000	NIL	5,307,000
Related companies	NIL	NIL	NIL	NIL
- consultancy fee receivable	NIL	447,622	NIL	19,796,083

Services provided to related parties are based on terms and conditions not materiality different from those obtainable from transactions with unrelated parties. Key management personnel compensation:-

	2007 USD	2006 USD	2007 INR	2006 INR
Short-term employee benefits	87,293	73,182	3,438,908	3,236,474

**16. FAIR VALUES OF FINANCIAL INSTRUMENTS**

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

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:-

- Amounts Owed By/(To) Holding Company, Related Companies and Director  
The carrying amounts approximated their fair values at the balance sheet date.
- Cash and Bank Balances and Other Short-Term Receivables/Payables  
The carrying amounts approximated their fair values due to the relatively short term maturity of these instruments.

**17. COMPARATIVE FIGURES**

The following comparative figures have been reclassified to conform with the presentation of the current financial year:-

	As Restated USD	As Previously Reported USD	As Restated INR	As Previously Reported INR
Balance Sheet (extract):-				
Receivables, deposits prepayments	NIL	25,305,92	NIL	111,915,431
Trade receivables	243,760	NIL	9,602,925	NIL
Other receivables, deposits and prepayments	20,219	NIL	796,528	NIL
Amount owing by related companies	1,837,850	NIL	72,402,101	NIL
Other payables and accruals	(886,394)	(929,450)	(34,919,492)	(41,104,926)
Amount owing to holding company	(1,866,197)	(2,256,456)	(73,518,831)	NIL
Amount owing to related companies	(4,642)	NIL	(182,872)	NIL

	As Restated USD	As Previously Reported USD	As Restated INR	As Previously Reported INR
Income Statement (extract)				
Cost of sales	(2,270,853)	(2,344,035)	(89,460,254)	(103,664,948)
Distribution costs		(24,730)		(1,093,684)
Administrative expenses	(252,836)	(14,834)	(9,960,474)	(656,034)
Other operating expenses	(163)	(140,253)	(6,421)	(6,202,689)
Cash Flow Statement (extract):-				
Net cash generated for/(from) operating activities	(1,244,059)	(1,294)	(49,009,704)	57,227
Net cash from/(for) investing activities	(120,438)	(1,351)	4,744,655	(59,748)
Net cash from financing activities	(1,123,564)	NIL	44,262,804	NIL

### AUDITOR'S REPORT

To the Shareholders of ADACellworks (Thailand) Co., Ltd.

I have audited the accompanying Balance Sheets as at December 31, 2007 and 2006 the related Statements of Income, Changes in Shareholders' equity and cash flows for the years then ended of ADACellworks (Thailand) Co., Ltd. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted Auditing Standards. Those standards require that I plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as at December 31, 2007 and 2006, the results of its operations and its cash flows for the years then ended of ADACellworks (Thailand) Co., Ltd., in accordance with generally accepted accounting principles.

**Navamin Dherakasatechai**  
Certified Public Accountant  
(Thailand) No. 4775

**ADISORN & ASSOCIATES LTD.**  
Bangkok, 2008  
February 18, 2008

Agreed and accepted by

**Ng Kien Keong**  
Chief Financial Officer

### Statements of Income for the year ended December 31, 2007 and 2006

	2007 Baht	2006 Baht	2007 INR	2006 INR
<b>REVENUES</b>				
Service income		732,260		859,673
Other income	11,147	43,447	13,689	510,007
<b>Total Revenues</b>	<b>11,147</b>	<b>775,707</b>	<b>13,689</b>	<b>88,057,802</b>
<b>EXPENSES</b>				
Cost of services	NIL	434,723	NIL	510,365
Administrative expenses	3,346,270	1,674,688	4,109,220	1,966,088
<b>Total Expenses</b>	<b>3,346,270</b>	<b>2,109,411</b>	<b>4,109,220</b>	<b>2,476,449</b>
<b>Loss before interest and income tax expenses</b>				
Interest expense				
Income tax				
<b>Net loss for the year</b>				
<b>Basic loss per share</b>				

### Balance Sheets as at December 31, 2007 and 2006

Assets	Notes	2007 Baht	2006 Baht	2007 INR	2006 INR
<b>CURRENT ASSETS</b>					
Cash and deposits at financial institutions	3	217,643	46,694	267,266	54,819
Other current assets		470,799	502,633	578,141	590,091
<b>Total Current Assets</b>		<b>688,442</b>	<b>549,327</b>	<b>845,407</b>	<b>644,910</b>
<b>Non-Current Assets</b>					
Office equipment, net	4	55,008	204,217	67,550	239,751
Withholding income tax		91,778	2,926,063	112,703	3,435,198
<b>Total Non-Current Assets</b>		<b>146,786</b>	<b>3,130,280</b>	<b>180,253</b>	<b>3,130,280</b>
<b>Total Assets</b>		<b>835,228</b>	<b>3,679,607</b>	<b>1,025,660</b>	<b>3,679,607</b>
<b>Liabilities And Shareholders' Equity</b>					
<b>CURRENT LIABILITIES</b>					
Accrued expenses		40,000	40,132	49,120	47,115
Amounts due to a related company 5		491,333		603,357	
Other current liabilities		454	911	558	1,070
<b>Total Current Liabilities</b>		<b>531,787</b>	<b>41,043</b>	<b>653,034</b>	<b>48,184</b>
<b>Non-Current Liabilities</b>					
<b>Total Liabilities</b>		<b>531,787</b>	<b>41,043</b>	<b>653,034</b>	<b>48,184</b>
<b>Shareholders' Equity</b>					
Share capital 6, 7					
Authorized share capital					
(Preference share 5,100 shares, Baht 100 par value)		510,000	510,000	626,280	598,740
(Ordinary share 4,900 shares, Baht 100 par value)		490,000	490,000	601,720	575,260
		<b>1,000,000</b>	<b>1,000,000</b>	<b>1,228,000</b>	<b>1,174,000</b>
Issued and paid-up share capital					
(Preference share 5,100 shares, Baht 100 par value)		510,000	510,000	626,280	598,740
(Ordinary share 4,900 shares, Baht 100 par value)		490,000	490,000	601,720	575,260
<b>Total Share capital</b>		<b>1,000,000</b>	<b>1,000,000</b>	<b>1,228,000</b>	<b>1,174,000</b>
Agreed And Accepted Retained earnings (Deficit)		NIL	2,638,564	NIL	3,097,674
<b>Total Shareholders' Equity Ng Kien Keong</b>		<b>303,441</b>	<b>3,638,564</b>	<b>372,626</b>	<b>4,271,674</b>
<b>Total Liabilities and Shareholders'</b>		<b>835,228</b>	<b>3,679,607</b>	<b>1,025,660</b>	<b>4,319,859</b>

### Statements of Changes in Shareholders' Equity for the year ended December 31, 2007 and 2006

	Preference share Baht	Ordinary share Baht	earnings (Deficit) Baht	Total Baht
Balance as at December 31, 2005	510,000	490,000	3,972,268	4,972,268
Net loss for the year				
Balance as at December 31, 2006	510,000	490,000	2,638,564	3,638,564
Net loss for the year				
Balance as at December 31, 2007	510,000	490,000		303,441

Agreed and Accepted by  
**Ng Kien Keong**  
Chief Financial Officer

February 18, 2008

The notes to the financial statements are an integral part of these financial statements.

### Statements of Cash Flows for the Year ended December 31, 2007 and 2006

	2007 Baht	2006 Baht	2007 INR	2006 INR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net loss for the year				
Adjustment to net income determine cash provided by (used in) operating activities:				
Depreciation	149,209	186,103	183,229	218,485
Decrease (Increase) in operating assets				
Accounts receivable - trade	NIL	2,155,553	NIL	2,530,619
Accrued income	NIL	311,600	NIL	365,818
Other current assets	31,834	122,013	39,092	143,243
Withholding income tax	2,834,285	NIL	3,480,502	NIL
<b>Increase (Decrease) In Operating Liabilities</b>				
Accrued expenses				
Amounts due to a related company	491,333	NIL	603,357	NIL
Other current liabilities				
<b>Net cash provided by operating activities</b>	170,949	NIL	209,925	NIL
<b>Net increase in cash and cash equivalents</b>	170,949	NIL	209,925	NIL
<b>Cash and cash equivalents, beginning of year</b>	46,694	109,821	57,340	128,930
<b>Cash And Cash Equivalents, End Of Year</b>	<b>217,643</b>	<b>46,694</b>	<b>267,266</b>	<b>54,819</b>

Agreed and accepted

February 18, 2008

**Ng Kien Keong**  
Chief Financial

### Notes to the Financial Statements

#### 1. GENERAL

ADAcellworks (Thailand) Co., Ltd. is a limited company, incorporated and resident in Thailand. Its registered address is 140/35 ITF Tower Unit 2, 17th Floor, Silom Road, Suriyawongse, Bangrak, Bangkok.

#### 2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act of B.E. 2543 being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547. The company has elected not to adopt the following standards as permitted under announcement for non-public companies.

Accounting Standard No.24 Segment Reporting

Accounting Standard No.47 Related Party Disclosure

Accounting Standard No.48 Financial Instruments: Disclosure and Presentation

The applications of these standards are not mandatory for non-public companies.

The accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying financial statements are therefore not intended to present the financial position and results of operations in accordance with jurisdictions other than Thailand.

An English version of the company financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

#### 2.2 Accounts Receivable Trade

Accounts Receivable Trade are carried at anticipated realisable value. An allowance is recorded for doubtful accounts receivable, which is equivalent to the estimated collection losses that may be incurred. Bad debts are written off during the year in which they are identified.

#### 2.3 Services rendered

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to the proportion that costs incurred to date that reflect services performed bear to the total estimated costs of the transaction. Where the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Office equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated so as to write-off the cost of each asset on a straight-line method over the expected useful life of the assets concerned. The principal annual rate used for this purpose is 20%.

#### 2.5 Foreign currency transactions

Transactions in foreign currencies are recorded by the rates of exchange at the transaction dates. Assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Thai Baht by the rate at that date. Gain or loss on foreign currency translation is included in the statement of income.

#### 2.6 Basic loss per share

Basic loss per share is determined by dividing net loss for the year by the weighted average number of ordinary shares in issue during the year.

#### 3. PREFERENCE SHARE

According to the Company's articles of association, the preference shares have a priority right to receive dividends before ordinary shares in any year when dividends are declared by the Company at the rate of 5% of the paid-up value of each share and shall have no further right to receive any other dividends or other profits left over after deducting the dividends amount entitled by the preference shares.

**4. CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS**

	2007 Baht	2006 Baht	2007 INR	2006 INR
Deposits at financial institutions	217,643	46,694	267,266	54,819

**5. OFFICE EQUIPMENT, NET**

	Number of Share Baht	Preference Baht	Ordinary Shares Baht	Total Baht	Number of Share INR	Preference INR	Ordinary Shares INR	Total INR
Office equipment - At cost	930,518			930,518	1,092,428		NIL	1,092,428
Less accumulated depreciation	726,301	149,209		875,510	852,677		175,171	1,027,849
Office equipment, net	204,217			55,008	(239,751)			(64,579)

Amounts due to a related company as at December 31, 2007 in the amount of Baht 491,333 represented the amounts due to ADA Cellworks Sdn Bhd., Malaysia

**6. SHARE CAPITAL**

The total authorized number of shares is 10,000 shares, preference share 5,100 shares with a par value of Baht 100 per share and ordinary share 4,900 shares with a par value of Baht 100 per share. All issued shares are fully paid

	Number of Share	Preference- Share Baht	Ordinary Shares Baht	Total Baht	Preference- Share INR	Ordinary Shares INR	Total INR
<b>As at December 31, 2006</b>	10,000	510,000	490,000	1,000,000	598,740	575,260	1,174,000
Change during the year	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>As at December 31, 2007</b>	10,000	510,000	490,000	1,000,000	626,280	601,720	1,228,000

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY**

The management of ADA Cellworks, Inc. is responsible for all information and representations contained in the financial statements for the year ended December 31, 2007. The financial statements have been prepared in conformity with generally accepted accounting principles in the Philippines and reflect amounts are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the company.

Teresita M. Obedoza, the independent auditor and appointed by the stockholders, has examined the financial statements of the company in accordance with generally auditing standards in the Philippines and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to the Board of Directors and stockholders.

Signed under oath by

February 12, 2008

**LEE EU JIN**  
Director

**REPORTS OF INDEPENDENT ACCOUNTS****To the Board of Directors and Stockholders of**

ADA Cellworks Inc.

I have audited the accompanying balance sheet of ADA Cellworks, Inc. as of December 31, 2007 and 2006 and the related statements of operations, changes in stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements bases on my audits.

I conducted my audits in accordance with generally accepted auditing standerds in the Philippines. Those standards require that I plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my option.

In my option, the financial statements referred to above present fairly, in all material respects, the financial position of ADA Cellworks, Inc. as of December 31, 2007 and 2006 and the results of its operation and its cash flow for the years then ended in conformity with generally accepted accounting principles in the Philippines.

**Teresita M. Obedoza**

February 12, 2008

*Certified Public Accountant*  
CPA Board No. 0031770



**Balance Sheet December 31, 2007**

Notes	2007 Pesos	2006 Pesos	2007 INR	2006 INR
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash in bank 4, 5	2,947,252	2,934,111	2,534,637	2,538,006
Accounts receivable - trade 4, 6	477,450	477,450	410,607	412,994
Other accounts receivable 7	161,438	473,518	138,837	409,593
<b>Prepaid Expenses</b>				
Deferred tax assets 8	NIL	NIL	NIL	NIL
	<b>3,586,140</b>	<b>3,885,079</b>	<b>3,084,080</b>	<b>3,360,593</b>
<b>Total Current Assets</b>				
<b>Noncurrent Assets</b>				
Rental deposits 9	6,000	6,000	5,160	5,190
<b>Total Assets</b>	<b>3,592,140</b>	<b>3,891,079</b>	<b>3,346,328</b>	<b>3,107,201</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
<b>Current Liabilities</b>				
Other payables and accruals 4, 10	105,775	739,971	90,967	640,075
Stockholders' Equity	3,486,365	3,151,108	2,998,274	2,725,708
<b>Total Liabilities and Stockholders' Equity</b>	<b>3,592,140</b>	<b>3,891,079</b>	<b>3,089,240</b>	<b>3,365,783</b>

(See Notes to Financial Statements)

**Statement of Income  
for the year ended December 31, 2007**

Notes	2007 Pesos	2006 Pesos	2007 INR	2006 INR
Service income 4	2,438,376	6,561,244	2,097,003	5,675,476
Cost of services 11	1,596,466	3,765,725	1,372,961	3,257,352
<b>Gross Profit</b>	<b>841,910</b>	<b>2,795,519</b>	<b>724,043</b>	<b>2,418,124</b>
Unrealized gain on foreign exchange 4	228,267	33,744	196,310	29,189
Interest income	12,603	8,336	10,839	7,211
<b>Total Profit</b>	<b>1,082,780</b>	<b>2,837,599</b>	<b>931,191</b>	<b>2,454,523</b>
Operating and Administrative Expenses	696,699	610,380	599,161	527,979
<b>Profit (Loss) Before Tax</b>	<b>386,081</b>	<b>2,227,219</b>	<b>332,030</b>	<b>1,926,544</b>
<b>Provision for Income Tax</b>				
Current 12	50,824	764,799	43,709	661,551
Deferred	NIL	NIL	NIL	NIL
<b>Total Provision for income tax</b>	<b>50,824</b>	<b>764,799</b>	<b>43,709</b>	<b>661,551</b>
<b>Net Profit (Loss) for the Year</b>	<b>335,257</b>	<b>1,462,420</b>	<b>288,321</b>	<b>1,264,993</b>

(See Notes to Financial Statements)

**Statement of Changes in Stockholders' Equity December 31, 2007**

	Share Capital Pesos	Retained Earnings Pesos	Total Equity Pesos	Share Capital INR	Retained Earnings INR	Total Equity INR
Authorized 50,380 shares at P100 par value per share - P5,038,000						
Subscribed capital stock 12,595 shares at P100 par value per share - P1,259,500						
<b>Balances at January 1, 2006</b>	<b>504,300</b>	<b>NIL</b>	<b>504,300</b>	<b>436,220</b>	<b>NIL</b>	<b>436,220</b>
Net income for the year	NIL	2,646,808	2,646,808	NIL	2,289,489	2,289,489
<b>Balances, December 31, 2006</b>	<b>504,300</b>	<b>2,646,808</b>	<b>3,151,108</b>	<b>436,220</b>	<b>2,289,489</b>	<b>2,725,708</b>
Net profit for the year	NIL	335,257	335,257	NIL	288,321	288,321
<b>Balances, December 31, 2007</b>	<b>504,300</b>	<b>2,982,065</b>	<b>3,486,365</b>	<b>436,220</b>	<b>2,564,576</b>	<b>2,998,274</b>

(See Notes to Financial Statements)

**Statement of Cash Flows  
for the year ended December 31, 2007**

	2007 Pesos	2006 Pesos	2007 INR	2006 INR
<b>Net Profit (Loss) Before Tax</b>	<b>335,257</b>	1,462,420	<b>288,321</b>	1,264,993
Adjustments for:				
Interest income	(12,603)	(8,336)	(10,839)	(7,211)
Unrealized gain on foreign exchange	NIL	(33,744)	NIL	(29,189)
<b>Operating Profit (Loss) Before Working Capital Changes</b>	<b>322,654</b>	1,420,340	<b>277,482</b>	1,228,594
Interest income	NIL	NIL	NIL	NIL
(Increase) decrease in:	NIL	NIL	NIL	NIL
Accounts receivable - trade	NIL	3,308,750	NIL	2,862,069
Other accounts receivable	312,079	(232,945)	268,388	(201,497)
(Decrease) Increase in:	NIL	NIL	NIL	NIL
Accounts payable	NIL	NIL	NIL	NIL
Other accounts payable and accruals	(634,195)	(2,071,336)	(545,408)	(1,791,706)
Cash used in operations	538	NIL	463	2,097,460
Interest received	12,603	8,336	10,839	7,211
<b>Net Cash Flows Used in Operating Activities</b>	<b>13,141</b>	2,433,145	<b>11,301</b>	2,104,670
Effect Of Exchange Rate Changes On Cash	NIL	33,744	NIL	29,189
<b>Net Decrease in Cash in Bank</b>	<b>13,141</b>	2,466,889	<b>11,301</b>	2,133,859
<b>Cash in Bank, January 1</b>	<b>2,934,111</b>	467,222	<b>2,523,335</b>	404,147
<b>Cash in Bank, December 31</b>	<b>2,947,252</b>	2,934,111	<b>2,534,637</b>	2,538,006

(See Notes to Financial Statements)

**Notes to Financial Statements  
December 31, 2007**

**1 ORGANISATION**

ADA Cellworks Inc. (Company) was registered with the Securities and Exchange Commission on June 21, 2002 primarily to engage in general construction business, including the constructing, enlarging, repairing, developing or engaging in any work upon buildings, houses and condominium, roads, plants, bridges, airfields, piers, waterworks, railroads and other structures, except locally funded government projects. It started its commercial operations on July 1, 2003.

The Company's registered address is at Suite 1100 88 Corporate Center 141 Valero Street, Salcedo Village, Makati City.

**2 TRANSITION TO PHILIPPINE FINANCIAL REPORTING STANDARDS**

The Company's financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) as developed and published by the Accounting Standards Council (ASC). PFRS are based on International Financial Reporting Standards (IFRS) as developed and published by the International Accounting Standards Board (IASB).

The Company adopted PFRS for the first time in its financial statements effective January 1, 2005. The Company's adoption of the new PFRSs did not result in material adjustments to the financial statements of the current and prior year.

**3 STATUS OF OPERATIONS**

The accompanying financial statements have been prepared on the assumption that the company will continue as a going concern.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Basis of financial statements preparation**

The accompanying financial statements are prepared in Philippine Peso under the historical cost convention.

The preparation of financial statements in conformity with PFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately differ from those estimates.

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

The significant accounting policies and practices followed by the Company in preparing the accompanying financial statements are set forth to facilitate the understanding of the data presented.

**Adoption of new accounting standards**

ADA Cellworks adopted the applicable Statements of Financial Accounting Standards/International Accounting Standards (SFAS/IAS) effective January 1, 2004. This new standard has been approved by the Accounting Standards Council (ASC) of the Philippines.

- SFAS 12/IAS 12, Income Taxes, prescribes the accounting treatment of income taxes and requires the recognition of deferred tax liability for taxable temporary differences and deferred tax asset for deductible temporary differences if it is probable that a tax benefit will be realized.

**Adoption of New accounting standards effective in 2005**

The ASC approved the issuance of new and revised accounting standards which are based on revised IAS and new International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). These new standards have been renamed Philippine Accounting Standards (PASs) to correspond to adopted IASs while the Philippine Financial Reporting Standards (PFRSs) to correspond to adopted IFRSs. All other SFAS and SFAS/IAS not included in the enumeration below will be renamed PASs once the consequential amendments due to improvements project of the IASB/ASC are made. The company has adopted the revised and new

accounting standards effective January 1, 2005.

#### **Philippine Accounting Standards**

- PAS 1 Presentation of Financial Statements
- PAS 10 Events after the Balance Sheet Date
- PAS 17 Leases
- PAS 21 The Effects of Changes in Foreign Exchange Rates
- PAS 24 Related Party Disclosures

#### **Philippine Accounting Standards**

The adoption of other PAS mentioned above will not result in substantial changes to the Company's accounting policies. In summary:

- PAS 1 **Presentation of Financial Statements** - provides a framework within which an entity assesses how to present fairly the effects of transactions and other events; provides that the criteria for classifying liabilities as current or non-current be based solely on the conditions existing at the balance sheet date; prohibits the presentation of items of income and expenses as extraordinary items; and requires disclosures of: (a) critical judgments made by management in applying the accounting policies; and (b) those assumptions made by management that are important in determining accounting estimates that could cause material adjustment to the carrying amounts of Assets and Liabilities.
- PAS 10 **Events after the Balance Sheet Date** - requires the disclosures of the date of authorization for issue of financial statements and prescribes the accounting and disclosure related to adjusting and non-adjusting subsequent events.
- PAS 17 **Leases** - prescribes the accounting policies and disclosures applicable to finance and operating leases. The adoption of the standard resulted in the recognition of lease payments under operating leases on a straight line basis. All leases under operating lease are recognized in the statement of income on the basis of the terms of the lease agreement. These effects of the adoption of this accounting standard are not material to the company's financial statements.
- PAS 21 **The Effects of Changes in Foreign Exchange Rate** - No longer permits capitalization of foreign exchange losses.
- PAS 24 **Related Party Disclosures** - covers the additional guidance and clarity in the scope of the standard, the definitions and disclosures for related parties. It also requires disclosure of the compensation of the key management personnel by benefit type.

#### **Philippine Financial Reporting Standards**

##### **PFRS 1 First – time Adoption of Philippine Financial Reporting Standards**

PFRS 1 applies when an entity adopts PFRSs for the first time, by an explicit and unreserved statement of compliance with PFRSs. In general, PFRS 1 requires an entity adopting PFRSs for the first time (a first-time adopter) to comply with each PFRS that has come into effect at the reporting date for its first PFRS financial statements. PFRS 1 requires that a first-time adopter prepare an opening PFRS balance sheet at the date of transition to PFRSs (the beginning of the earliest period for which it presents full comparative information under PFRSs in its first PFRS financial statements). PFRS 1 grants limited exemptions from these requirements in specified areas where the cost of complying with them would be likely to exceed the benefits to users of financial statements. PFRS 1 also prohibits retrospective application of PFRS in some areas, particularly where retrospective application would require judgments by management about past conditions after the outcome of a particular transaction is already known. Further, PFRS 1 requires disclosures that explain how the transition from previous GAAP to PFRSs affected the entity's reported financial position, financial performance and cash flows.

##### **Comparatives**

Where necessary, comparative figures have been adjusted to conform with the changes in presentation in the current year.

##### **Cash**

Cash includes deposits held at call with banks which are carried in the Balance Sheet at cost.

##### **Trade Receivables**

Receivables are carried at original invoice less an allowance for doubtful accounts. An allowance is provided for doubtful accounts when there is objective evidence that the company will not be able to collect an amount due according to the original terms of receivables. Bad debts are written off when identified.

#### **Accruals and other payables**

Other payables and accruals are recognized in the period in which the money or services are received or when a legally enforceable claim against the Company is established or when the corresponding assets and expenses are recognized/incurred.

#### **Revenue and cost recognition**

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount can be measured reliably.

Service income pertains to optimization services performed for Nokia Philippines Inc.

Cost and expenses are recorded when incurred.

#### **Foreign currency transactions**

Foreign currency denominated assets and liabilities were translated into Philippine peso using the prevailing exchange rates at transaction date. Exchange gains or losses arising from foreign currency denominated transactions are credited or charged to current operations.

#### **5 CASH IN BANK**

This account consists of cash in bank account balance with Citibank amounting to P 2,947,252 (INR 2,534,637) and 2,934,111 (INR 2,538,006) as of December 31, 2007 and 2006 respectively.

#### **6 ACCOUNTS RECEIVABLE**

This account pertains to the advances to ADA-Indonesia amounting to P 477,450 (INR 410,607) as of December 31, 2007.

#### **7 OTHER ACCOUNTS RECEIVABLE**

The account pertains to creditable withholding taxes amounting to P161,438 and P 473,518 for the year ended December 31, 2007 and 2006 respectively.

#### **8 DEFERRED TAX ASSETS**

Deferred income tax is provided using the balance sheet liability method on all temporary differences at the balance sheet dates between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Under the balance sheet liability method, deferred tax liabilities are recognized for all taxable temporary differences. On the other hand, deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that is probable that taxable profit will be available against which the deferred income tax asset to be utilized. Deferred tax asset was fully utilized on the income tax due for 2005 taxable profit.

#### **9 RENTAL DEPOSITS**

This account pertains to payment of virtual office access subscription deposit to Pro Access Business Services, Inc. amounting to P 6,000.

#### **10 OTHER PAYABLE AND ACCRUALS**

This account consists of :

	2007 Pesos	2006 Pesos	2007 INR	2006 INR
Accounts payable – ADA Malaysia	NIL	198540	NIL	171,737
Output tax payable	NIL	NIL	NIL	NIL
Accrued expenses	22736		19,553	NIL
Accounts payable – ADA USA	30000	30000	25,800	25,950
Accounts payable – ADA Singapore	NIL	98042	NIL	84,806
Accounts payable – ADA Aalishan	12000	12000	10,320	10,380
Other accounts payable	16320	16320	14,035	14,117
Withholding tax payables	NIL	1560	NIL	1,349
Income Tax Payable	24719	383509	21,258	331,735
	<b>105775</b>	<b>739971</b>	<b>90,967</b>	<b>640,075</b>

**11 COST OF SERVICES**

This account consists of :

	<b>2007</b> <b>Pesos</b>	2006 Pesos	<b>2007</b> <b>INR</b>	2006 INR
Consultancy fees	1,596,466	3,765,725	1,372,961	3,257,352
Freight, handling and courier	NIL	NIL	NIL	NIL
Salaries & wages	NIL	NIL	NIL	NIL
Travelling and transportation	NIL	NIL	NIL	NIL
	<b>1,596,466</b>	<b>3,765,725</b>	<b>1,372,961</b>	<b>3,257,352</b>

**12 INCOME TAXES**

A numerical reconciliation between income tax expense and the product of accounting profit (loss) multiplied by 32% from January to October 31, 2005 and 35% from November 1 to December 31, 2007 follows:

	<b>2007</b> <b>Pesos</b>	2006 Pesos	<b>2007</b> <b>INR</b>	2006 INR
Net income before provision for income tax	386,081	2,227,219	332,030	1,926,544
Unrealized foreign exchange loss in 2007	(228,267)	(33744)	(196,390)	(29,189)
Interest income subject to final tax	(12,603)	(8336)	(10,839)	(7,211)
<b>NET TAXABLE INCOME</b>	<b>14,5211</b>	<b>2,185,139</b>	<b>124,881</b>	<b>1,890,145</b>
Income tax at 35% (January 1 to October 31, 2006)	NIL	NIL	NIL	NIL
Income tax at 35% (November 1 to December 31, 2007)	50,824	764,799	43,709	661,551
<b>INCOME TAX EXPENSE – CURRENT</b>	<b>50,824</b>	<b>764,799</b>	<b>43,709</b>	<b>661,551</b>

**13 OPERATING AND ADMINISTRATIVE EXPENSE**

This account consists of:

	<b>2007</b> <b>Pesos</b>	2006 Pesos	<b>2007</b> <b>INR</b>	2006 INR
Professional fees	361,857	300,381	311,197	259,830
Audit Fee	20,000	NIL	17,200	NIL
Miscellaneous	14,014	270,635	12,052	234,099
Rental	24,000	24,000	20,640	20,760
Taxes & licenses	104,601	8,700	89,957	7,526
Insurance expense	3,469	3,400	2,983	2,941
Bank Charges	3,824	2,321	3,289	2,008
Freight, Handling & Courier	24,145	943	20,765	816
Printing, stationery and office supplies	2,572	NIL	2,212	NIL
Realized loss on foreign exchange	NIL	NIL	NIL	NIL
Director's fees	NIL	NIL	NIL	NIL
Telephone Expense	101,201	NIL	87,033	NIL
Electricity	800	NIL	688	NIL
Gasoline	32,250	NIL	27,735	NIL
Parking, Toll & Taxi	3,966	NIL	3,411	NIL
	<b>696,699</b>	<b>610,380</b>	<b>599,161</b>	<b>527,979</b>

**14 APPROVAL AND AUTHORIZATION FOR ISSUE OF FINANCIAL STATEMENTS**

The Financial Statements have been approved and authorized for issue by LEE EU JIN on behalf of the Company's Board of Directors on February 12, 2008 .

## AUDITORS REPORT

### To Shareholders of ADA Cellworks Co., Ltd. (The Company)

We have audited the accompanied statements of ADA Cellworks Corporation Limited, which comprise the Balance Sheet as at December 31, 2007 and Income Statement, ash Flow Statement for the year then ended, and the accounting notes.

### Management Responsibility for the Financial Statements

Management is responsible for the presentation and fair presentation of these financial statements in accordance with Enterprise Accounting Standards of PRC. The responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates reasonable.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on auditing. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

The audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for 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 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.

### Opinion

In our opinion, the financial statements given are true and fair view of the financial position of ADA Cellworks Corporation Limited as of December 31, 2007, and of its financial performance and its cash flow for the year then ended in accordance with Enterprise Accounting Standards of PRC.

**Horwath Certified Public Accountant Firm** **Hua Bei, China**  
Chinese certified public accountant Chinese certified public accountant  
February 16, 2008

## Balance Sheet as at December 31, 2007 (Expressed in Renminbi Yuan)

Assets	Note	2007 YUAN	2006 YUAN	2007 INR	2006 INR
<b>CURRENT ASSETS</b>					
Cash at bank and on hand	5	2,189,428	6,878,319	11,371,889	38,222,817
Accounts receivable	6	23,355,931	17,967,550	121,310,705	99,845,675
Other receivables	7	529,881	759,055	2,752,203	4,218,067
Deferred expenses		21,698	11,912	112,700	66,197
<b>Total Current Assets</b>		<b>26,096,938</b>	<b>25,616,836</b>	<b>135,547,496</b>	<b>142,352,756</b>
Fixed assets	8				
Cost		1,674,097	1,585,239	8,695,258	8,809,171
Less: Accumulated depreciation		727,924	460,231	3,780,836	2,557,502
<b>Net Book Value</b>		<b>946,173</b>	<b>1,125,008</b>	<b>4,914,422</b>	<b>6,251,669</b>
Intangible assets and other assets					
Intangible assets	9	10,986	8,176	57,061	45,432
Total intangible assets and other assets		<b>10,986</b>	<b>8,176</b>	<b>57,061</b>	<b>45,432</b>
<b>Total Assets</b>		<b>27,054,097</b>	<b>26,750,019</b>	<b>140,518,980</b>	<b>148,649,857</b>
<b>LIABILITIES AND INVESTOR'S EQUITY</b>					
Current Liabilities					
Accounts payable		18,855,172	20,210,768	97,933,765	112,311,236
Accrued payroll		1,073,941	90,407	5,578,051	502,390
Taxes payable	4(3)	5,264,994	5,657,583	27,346,381	31,439,191
Other creditors		480,629	748,736	2,496,389	4,160,726
Accrued expenses		1,609,704	265,000	8,360,801	1,472,605
<b>Total Current Liabilities</b>		<b>27,284,441</b>	<b>25,972,494</b>	<b>141,715,387</b>	<b>144,329,148</b>
<b>Total Liabilities</b>		<b>27,284,441</b>	<b>26,972,494</b>	<b>141,715,387</b>	<b>149,886,148</b>
Investor's equity					
Paid-in capital	10	1,241,505	1,241,505	6,448,377	6,899,043
Surplus reserve	11	4,010	4,010	20,828	22,283
Retained earnings (Accumulated losses)		(1,475,859)	(1,467,990)	(7,665,612)	(8,157,618)
<b>Total Investor's Equity</b>		<b>(230,344)</b>	<b>(222,475)</b>	<b>(1,196,407)</b>	<b>(1,236,292)</b>
<b>Total Liabilities And Investor's Equity</b>		<b>27,054,097</b>	<b>26,750,019</b>	<b>140,518,980</b>	<b>148,649,857</b>

## Income Statement for the year ended December 31, 2007

Assets	Note	2007 YUAN	2006 YUAN	2007 INR	2006 INR
SALES FROM PRINCIPAL ACTIVITIES	12	28,880,116	34,146,584	150,003,324	189,752,565
Less: Cost of sales from					
Principal activities		21,245,382	26,166,035	110,348,512	145,404,656
Business taxes and surcharges		1,453,703	1,707,329	7,550,535	9,487,628
<b>Profit From Principal Activities</b>		<b>6,181,031</b>	<b>6,273,219</b>	<b>32,104,277</b>	<b>34,860,280</b>
Less: Operating expenses		(175,142)	(4,182,150)	(909,688)	(23,240,208)
General and administration expenses		(7,408,404)	(2,235,655)	(38,479,248)	(12,423,534)
Add: Net financial income	13	1,423,295	372,997	7,392,596	2,072,743
<b>Operating profit</b>		<b>21,781</b>	<b>228,411</b>	<b>113,131</b>	<b>1,269,281</b>
Non-operating revenue		700	NIL	3,636	NIL
Less: Non-operating expenses		30,350	44,577	157,640	247,714
<b>Profit Before Income Tax</b>		<b>(7,869)</b>	<b>183,834</b>	<b>(40,874)</b>	<b>1,021,567</b>
Less: income tax		NIL	36,597	NIL	203,367
<b>Net Profit for the year</b>		<b>(7,869)</b>	<b>147,238</b>	<b>(40,874)</b>	<b>818,200</b>
Add: Retained earnings at beginning of the year		(1,467,990)	(1,611,217)	(7,624,738)	(8,953,535)
Profit available for distribution /					
( Accumulated losses )		NIL	NIL	NIL	NIL
Less : Surplus reserve		NIL	4,010	NIL	22,283
Retained earnings/		(1,475,859)	(1,467,990)	(7,665,612)	(8,157,618)
(Accumulated losses) carried forward					

## Cash Flow Statement for the year ended December 31, 2007

Assets	Note	2007 YUAN	2006 YUAN	2007 INR	2006 INR
<b>OPERATING ACTIVITIES:</b>					
Cash received from rendering of services		25,473,180	31,397,356	132,307,696	174,475,105
Refund of taxes		NIL	16,508	NIL	91,737
<b>Sub-Total Of Cash Inflows</b>		<b>25,473,180</b>	<b>31,413,864</b>	<b>132,307,696</b>	<b>174,566,842</b>
Cash paid for services		(9,681,355)	(8,065,724)	(50,284,956)	(44,821,230)
Cash paid to and for employees		(13,710,275)	(8,061,400)	(71,211,166)	(44,797,201)
Cash paid for all types of taxes		(3,042,458)	(2,910,520)	(15,802,528)	(16,173,762)
Other cash paid relating to operating activities		(3,599,380)	(5,122,115)	(18,695,179)	(28,463,592)
<b>Sub-Total Of Cash Outflows</b>		<b>(30,033,467)</b>	<b>(24,159,760)</b>	<b>(155,993,830)</b>	<b>(134,255,784)</b>
<b>Net Cash Inflow / (Outflow) From Operating Activities</b>		<b>(4,560,288)</b>	<b>7,254,104</b>	<b>(23,686,134)</b>	<b>40,311,058</b>
Cash flows from investing activities:					
Net cash received from disposal of fixed assets					
intangible assets and other long-term assets		NIL	9,278	NIL	51,555
Other cash received relating to investing activities		NIL	12,931	NIL	71,860
<b>Sub-Total Of Cash Inflows</b>		<b>NIL</b>	<b>22,209</b>	<b>NIL</b>	<b>123,415</b>
Cash paid for acquisition of fixed assets					
<b>Intangible assets and other long-terms assets</b>		<b>(127,808)</b>	<b>(436,340)</b>	<b>(663,835)</b>	<b>(2,424,740)</b>
<b>Sub-total of cash outflows</b>		<b>(127,808)</b>	<b>(436,340)</b>	<b>(663,835)</b>	<b>(2,424,740)</b>
<b>Net Cash Outflow From Investing Activities</b>		<b>(127,808)</b>	<b>(414,131)</b>	<b>(663,835)</b>	<b>(2,301,325)</b>

## EFFECT OF FOREIGN EXCHANGE RATE

	2007 YUAN	2006 YUAN	2007 INR	2006 INR
Changes on cash	(794.96)	(410.38)	(4,129)	(2,280)
Net Increase / (decrease) in cash and cash equivalents ii	(4,688,890.65)	6,839,563.09	(24,354,098)	38,007,452



## Notes to the Cash Flow Statement

## i Reconciliation of net profit to cash flows from operating activities

	2007 YUAN	2006 YUAN	2007 INR	2006 INR
<b>NET PROFIT</b>	(7,869)	147,238	(40,874)	818,200
Add: Depreciation of fixed assets	326,908	256,594	1,697,960	1,425,893
Amortisation of intangible assets	566	576	2,940	3,203
Amortisation of long-term deferred expenses	(3,523)	37,556	(18,297)	208,696
Decrease/(increase) in deferred expenses	(9,786)	91,404	(50,827)	507,930
Increase in accrued expenses	1,344,704	75,000	6,984,391	416,775
Losses on disposal of fixed assets, intangible assets and other long-term assets	(2,810)	44,577	(14,597)	247,714
Financial expenses	(16,513)	(12,521)	(85,770)	(69,579)
Increase in gross operating receivables	(5,159,207)	(3,384,550)	(26,796,923)	(18,807,945)
Increase in operating payables	(1,032,757)	9,998,231	(5,364,138)	55,560,171
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>(4,560,288)</b>	<b>7,254,104</b>	<b>(23,686,134)</b>	<b>40,311,058</b>

## ii Net increase /(decrease) in cash and cash equivalents

	2007 YUAN	2006 YUAN	2007 INR	2006 INR
Cash at the end of the year	2,189,428	6,878,319	11,371,889	38,222,817
Less: Cash at the beginning of the year	6,878,319	38,756	35,725,987	215,364
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(4,688,891)</b>	<b>6,839,563</b>	<b>(24,354,098)</b>	<b>38,007,452</b>

## 1 COMPANY STATUS

ADA cellworks Co., Ltd. ("the Company") is a wholly foreign-owned enterprise established in Beijing in the People's Republic of China (PRC) by ADA cellworks Sdn. Bhd. registered in Malaysia. The Company obtained an approval certificate Chao Wai Jing Mao Fu Zi (2003) No. 137 from Beijing Ministry of Commerce (formerly Beijing Ministry of Foreign Trade and Economic Co-operation) on 27 March 2003, and a business license Qi Du Jing Zong Fu Zi No. 018259 on 25 August 2008 issued by Beijing Administration of Industry and Commerce of the PRC. The registered capital is USD 150,000.

According to the business license, the Company's period of operation is 30 years and its principal activities are researching and developing computer network technologies, communication network technologies and computer software, and transferring self-developed technologies, and so on. The Company commenced operations in April 2003.

## 2 BASIS OF PREPARATION

These financial statements have been translated into English from the Company's statutory financial statements issued in the PRC in Chinese.

The principal accounting policies adopted in the preparation of the financial statements are in conformity with the Accounting Standards for Business Enterprises and the Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the PRC (MOF). The accounting policies comply with the legal and reporting requirements of the relevant government authorities. Accordingly, the basis of measurement and presentation in these financial statements may not be in compliance with the accounting principles and practices generally accepted in countries and jurisdictions other than the PRC and may not be suitable for any purpose other than for statutory reporting.

The financial statements have been prepared on the basis that the Company will continue to operate throughout the next accounting period until at least 31 December 2008 as a going concern.

## 3 SIGNIFICANT ACCOUNTING POLICIES

## (1) Accounting year

The accounting year of the Company is from 1 January to 31 December

## (2) Basis of preparation and measurement basis

The financial statements of the Company have been prepared on an accrual basis.

Unless otherwise stated, the measurement basis used is historical cost.

## (3) Reporting currency

The Company's reporting currency is Renminbi.

## (4) Translation of foreign currencies

Foreign currency transactions during the year are translated into Renminbi at the exchange rates quoted by the People's Bank of China ruling on the first day of the month in which the transactions take place. Monetary assets and liabilities denominated in foreign currencies are translated into Renminbi at the exchange rates quoted by the People's Bank of China ruling at the balance sheet date.

Exchange gains and losses on foreign currency translation, except for the exchange gains and losses directly relating to the construction of fixed assets (see note 3(g)), are dealt with in the income statement.

## (5) Cash equivalents

Cash equivalents represent short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

## (6) Provision of bad and doubtful debts

The provision for bad debt losses is estimated by management based on individual accounts receivable which shows signs of being uncollectible and an ageing analysis.

Provision for other receivables is determined based on their specific nature and management's estimated of their being collectable.

## (7) Fixed assets and construction in progress

Fixed assets are assets with comparatively high unit values held by the Company for use in the supply of services and for administrative purposes. They are expected to be used for more than one year.



Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

Fixed assets are depreciated using the straight-line method over their estimated useful lives. The estimated useful lives and the estimated rate of residual value on cost adopted for the Company's fixed assets are as follows:

Estimated rate of

Estimated useful life residual value

Office and other equipment 5 years 10%

**(8) Operating lease charges**

Rental payments under operating leases are charged as expenses on a straight-line basis.

**(9) Intangible assets**

Intangible assets are stated in the balance sheet at cost less accumulated amortization and impairment losses (see note 3(i)). The cost of the intangible assets is amortized on a straight-line basis over their estimated useful lives of 10 years. The amortization period for the intangible assets is as follows: Jindie Software 10 years.

**(10) Provision for impairment**

The carrying amounts of assets (including fixed assets, construction in progress, intangible assets and other assets) are reviewed regularly at each balance sheet date to determine whether their recoverable amounts have been declined below their carrying amounts. Assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline occurred, the carrying amount is reduced to the recoverable amount. The amount by which the carrying amount is reduced is the impairment loss.

The recoverable amount is the greater of the net selling price and the present value of the estimated future cash flows arising from the continuous use of the asset and from the disposal of the asset at the end of its useful life.

Provision for impairment loss is calculated on an item by item basis and recognized as an expense in the income statement.

If there has been a change in the estimates used to determine the recoverable amount and as a result the estimated recoverable amount is greater than the carrying amount of the asset, the impairment loss recognized in prior years is reversed. Reversals of impairment losses are recognized in the income statement.

Impairment losses are reversed to the extent of the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years

**(11) Income tax**

Income tax is recognized when payable under the tax payable method. Income tax for the years provided at the applicable tax rate on taxable income.

**(12) Provisions and contingent liabilities**

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made.

Where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the obligation is disclosed as a contingent liability.

**(13) Revenue recognition**

When it is a probable that the economic benefits will flow to the Company and the revenue and costs can be measured reliably, revenue is recognized in the income statement according to the following methods:

**(i) Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue from the rendering of services is recognized in the income statement by reference to the stage of completion of the transaction based on the progress of work performed. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the costs incurred that are expected to be recoverable.

**(ii) Interest income**

Interest income is recognized on a time proportion basis according to the principal outstanding and the application rate.

**(14) Retirement benefits**

Pursuant to the relevant laws and regulations in the PRC, the Company has joined a defined contribution retirement plan for the employees arranged by a government organization. The Company makes contributions to the retirement scheme at the applicable rates based on the employees' salaries. The contributions are charged to the income statement on an accrual basis. After the payment of the contributions under the retirement plan, the Company does not have any other obligations in this respect.

**(15) Related parties**

If the Company has the power, directly or indirectly, to control, jointly control or exercise significant influence over another party, or vice versa, or where the Company and one or more parties are subject to common control from another party, they are considered to be related parties. Related parties may be individuals or enterprises.

**4 TAXATION**

(1) The Company's rendering of services is subject to business tax. The business tax rate is 5%.

(2) Income tax

The Company has been granted the status of a high-tech enterprise by Beijing Municipal Science & Technology Commission on 30 May 2006 and currently its applicable income tax rate is 15%. Pursuant to State Tax Bureau of Beijing Chao Yang district, starting from the year -free of incorporation, the Company is entitled to a tax holiday of a tax-free period from the first to third years and a 50% reduction in the income tax rate from the fourth to sixth years. The income tax rate applicable to the Company for the year is 7.5%.

(3) Taxes payable

	2007 YUAN	2006 YUAN	2007 INR	2006 INR
Business tax payable	1,011,459	866,098	5,253,517	4,812,908
Income tax payable	NIL	36,597	NIL	203,367
Stamp duty	9,698	9,645	50,369	53,595
Withholding foreign enterprise business tax and individual income tax payable	4,243,838	4,745,244	22,042,495	26,369,321
<b>TOTAL</b>	<b>5,264,994</b>	<b>5,657,583</b>	<b>27,346,381</b>	<b>31,439,191</b>

**5. CASH AT BANK AND ON HAND**

	2007 YUAN	2006 YUAN	2007 INR	2006 INR
Cash on hand	18,224	144,915	94,657	805,294
Demand deposits	2,171,204	6,733,403	11,277,231	37,417,523
<b>TOTAL</b>	<b>2,189,428</b>	<b>6,878,319</b>	<b>11,371,889</b>	<b>38,222,817</b>

**6. ACCOUNTS RECEIVABLE**

The ageing analysis of the Company's accounts receivable is as follows:

Trade receivable	2007 YUAN		2006 YUAN		2007 INR		2006 INR	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Within 1 year	23,273,787	99.65%	17,967,550	100%	120,884,049	99.65%	99,845,675	100%
Within 1-2 year	82,144	0.35%	NIL		426,656	0.35%	NIL	
<b>TOTAL</b>	<b>23,355,931</b>	<b>100%</b>	<b>17,967,550</b>	<b>100%</b>	<b>121,310,705</b>	<b>100%</b>	<b>99,845,675</b>	<b>100%</b>

As there is no indicator of unlikely collect for other trade receivables and other receivables, the management has not made any provision for bad and doubtful debts.

**7. OTHER RECEIVABLE**

The ageing analysis of the Company's other receivable is as follows:

Other receivable	2007 YUAN		2006 YUAN		2007 INR		2006 INR	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Within 1 year	42,349	7.99%	668,574	88.08%	219,958	7.99%	3,715,266	88.08%
Within 1-2 year	402,902	76.04%	68,468	9.00%	2,092,672	76.04%	380,474	9.00%
Within 2-3 year	64,041	12.09%	22,013	2.92%	332,629	12.09%	122,326	2.92%
Over 3 years	20,590	3.88%	NIL		106,943	3.88%	NIL	
<b>TOTAL</b>	<b>440,535</b>	<b>100.00%</b>	<b>759,046</b>	<b>100%</b>	<b>2,288,141</b>	<b>100.00%</b>	<b>4,218,017</b>	<b>100%</b>

The other receivables over 1 year amounting to RMB 398,186.88 in total are debtors with related parties

As there is no indicator of unlikely collect for other trade receivables and other receivables, the management has not made any provision for bad and doubtful debts.

**8. FIXED ASSETS**

Equipment	Cost	INR
As at January 1, 2007	1,585,239	8,233,729
Additions	169,223	878,944
Disposals	80,365	417,416
As at December 31, 2007	<u>1,674,097</u>	<u>8,695,258</u>
<b>ACCUMULATED DEPRECIATION:</b>		
As at January 1, 2007	460,231	2,390,438
Charge for the year	326,908	1,697,960
Written back on disposal	59,215	307,563
As at December 31, 2007	<u>727,924</u>	<u>3,780,836</u>
<b>NET BOOK VALUE:</b>		
As at December 31, 2006	1,125,008	6,251,669
As at December 31, 2007	<u>946,173</u>	<u>4,914,422</u>

**9. INTANGIBLE ASSETS**

Equipment	Cost	INR
Jindie Software		
As at January 1, 2007	9,703	50,396
Additions during the year	3,376	17,537
As at December 31, 2007	<u>13,079</u>	<u>67,933</u>
<b>ACCUMULATED AMORTISATION:</b>		
As at January 1, 2007	1,527	7,932
Charge for the year	566	2,940
As at December 31, 2007	<u>2,093</u>	<u>10,872</u>
<b>Net book value:</b>		
As at December 31, 2006	8,176	45,432
As at December 31, 2007	<u>10,986</u>	<u>57,061</u>

**10. PAID-IN CAPITAL**

Registered capital

Other receivable	2007 USD		2006 USD		2007 INR		2006 INR	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
ADA cellworks Sdn. Bhd.	150,000	100%	150,000	100%	5,909,250	100%	6,633,750	100%
	<u>150,000</u>	<u>100%</u>	<u>150,000</u>	<u>100%</u>	<u>5,909,250</u>	<u>100%</u>	<u>6,633,750</u>	<u>100%</u>

Paid-in capital

	2007 Amount				2006 Amount				2007 Amount				2006 Amount			
	(USD)	%	(RMB)	%	(USD)	%	(RMB)	%	(INR)	%	(INR)	%	(INR)	%	(INR)	%
ADA cellworks Sdn. Bhd.	150,000	100%	1,241,505	100%	150,000	100%	1,241,505	100%	5,909,250	100%	6,448,377	100%	5,909,250	100%	6,899,043	100%
	<u>150,000</u>	<u>100%</u>	<u>1,241,505</u>	<u>100%</u>	<u>150,000</u>	<u>100%</u>	<u>1,241,505</u>	<u>100%</u>	<u>5,909,250</u>	<u>100%</u>	<u>6,448,377</u>	<u>100%</u>	<u>5,909,250</u>	<u>100%</u>	<u>6,899,043</u>	<u>100%</u>

Capital contributions in foreign currency have been translated in Renminbi at exchange rates prevailing at the dates of each contribution received as quoted by the People's Bank of China. Zhongtian Certified Public Accountants and Beijing Gongzheng Certified Public Accountants have verified the above capital contributions, and issued related capital verification reports.

**11 SURPLUS RESERVES**

	Cost	INR
General reserve fund		
As at January 1, 2007		
Opening balance	4,010	20,828
<b>As at December 31, 2007</b>	<b>4,010</b>	<b>20,828</b>

**12 SALES FROM PRINCIPAL ACTIVITIES**

	2007 YUAN	2006 YUAN	2007 INR	2006 INR
Rendering of services	28,880,116	34,146,584	150,003,324	189,752,565
<b>TOTAL</b>	<b>28,880,116</b>	<b>34,146,584</b>	<b>150,003,324</b>	<b>189,752,565</b>

**13 NET FINANCIAL INCOME**

	2007 YUAN	2006 YUAN	2007 INR	2006 INR
Interest income	32,439	12,931	168,489	71,860
Exchange income	1,398,753	368,899	7,265,124	2,049,972
Other financial expenses	(7,267)	(8,834)	(37,743)	(49,089)
<b>TOTAL</b>	<b>1,424,295</b>	<b>372,997</b>	<b>7,397,790</b>	<b>2,072,743</b>

**14 RELATED PARTY TRANSACTIONS****14.1 Related parties with controlling relationships**

Party	Register address	Business activity	Relationship with the company	Entity type representative	Authorized
ADA cellworks Sdn. Bhd. Malaysia		Wireless	Investor	Private Limited	Chin Yongsiang

Registered capital of related parties with controlling relationships and its changes

At the beginning of 2007	ADA cellworks Sdn. Bhd. MYR 1,000,000.00
At the end of the year	ADA cellworks Sdn. Bhd. MYR 1,000,000.00

Equity interests held by related parties with controlling relationships and their changes

At the beginning of 2007	RMB %	ADA cellworks Sdn. Bhd. 1,241,505.00	100%
At the end of the year	RMB %	ADA cellworks Sdn. Bhd. 1,241,505.00	100%

**14.2 Relationship between the Company and related parties without controlling relationship.**

ADA cellworks LLC Fellow subsidiary (US)	Controlled by the same parent
ADA cellworks Indonesia Fellow subsidiary	Controlled by the same parent

**14.3 There is no related parties transaction happened during the period from 1 January to December 31, 2007, Intra-group receivables and payables are as follows:**

	2007 YUAN	2006 YUAN	2007 INR	2006 INR
Other receivable	487,533	522,016	2,532,245	2,900,841
Trade payable	18,850,471	18,582,592	97,909,348	103,263,462
Other payable	97,163	8,997	504,666	49,997

**15 POST BALANCE SHEET EVENTS**

No disclosure items

**16 OTHER MATERIAL ITEM**

The Company provided project services for Nokia in 2007 in Fujian Province. The Nokia's operation manager declared on 2 February that the progress in 2007 of Fujian project had been tested and accepted before the end of 2007. Due to Nokia's hierarchy process reason, the formal confirmation letter is delayed. In accordance with Nokia's manager's mail information, the Company recognized revenue for RMB 12,940,140.00 and cost for RMB 7,406,414.21.

**17 COMPARATIVE FIGURES**

The comparative figures of 2006 represent figures for the year from January 1, 2006 to December 31, 2006.

## DIRECTORS' REPORT

The directors submit this annual report to the members together with the audited financial statements of the company for the year ended December 31, 2007.

### 1. DIRECTORS

The directors in office at the date of this report are: -  
MIRZA MAHMOOD AHMAD  
CHIN YONG SIANG  
LEE EU JIN  
NG SEH HOONG  
TEOH PING YONG

### 2. ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

During and at the end of the financial year, the company was not a party to any arrangement the object of which was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the company or any other body corporate.

### 3. DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the register required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, the following directors who held office at the end of the financial year were interested in the shares of the company and its related corporation as follows: -

Name of directors	Number of ordinary shares fully paid			
	Shares registered in the name of directors		Shares in which directors are deemed to have an interest	
	at Jan. 01, 2007	at Dec. 31, 2007	at Jan. 01, 2007	at Dec. 31, 2007
The company:				
MIRZA MAHMOOD AHMAD	NIL	NIL	100,000	NIL
CHIN YONG SIANG	NIL	NIL	100,000	NIL
Immediate holding company:				
ADA Cellworks Sdn. Bhd.	Number of ordinary shares of RM1.00 each fully paid			
MIRZA MAHMOOD AHMAD	135,342	NIL	NIL	NIL
CHIN YONG SIANG	85,229	NIL	NIL	NIL
LEE EU JIN	36,912	NIL	NIL	NIL
NG SEH HOONG	77,923	NIL	NIL	NIL
TEOH PING YONG	82,025	NIL	NIL	NIL

### 4. DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the company has received or has become entitled to receive a benefit 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.

### 5. SHARE OPTIONS GRANTED

During the financial year, no options were granted to take up unissued shares of the company.

### 6. SHARE OPTIONS EXERCISED

During the financial year, no shares of the company were issued by virtue of the exercise of options granted.

### 7. UNISSUED SHARES UNDER OPTION

There were no unissued shares of the company under option at the end of the financial year.

### 8. AUDITORS

The auditors, David Yeung & Co PAC, Public Accounting Corporation, have expressed their willingness to accept re-appointment.

On behalf of the Board,

**CHIN YONG SIANG**  
Director

**NG SEH HOONG**  
Director

March 13, 2008

## STATEMENT BY DIRECTORS

In our opinion: -

- The financial statements as set out on pages 6 to 21 are drawn up so as to give a true and fair view of the state of affairs of the company as at December 31, 2007 and of the results, changes in equity and cash flows of the company for the year ended on that date; and
- At the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board,

**CHIN YONG SIANG**  
Director

**NG SEH HOONG**  
Director

March 13, 2008

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ADA CELLWORKS PTE. LTD.

We have audited the accompanying financial statements of ADA Cellworks Pte. Ltd., which comprise the balance sheet as at December 31, 2007 and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 6 to 21.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

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

### OPINION

In our opinion,

- The financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (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 December 31, 2007 and the results, changes in equity and cash flows of the company for the year ended on that date; and
- 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.

**DAVID YEUNG & CO PAC**  
Public Accounting Corporation  
Singapore

March 13, 2008

**Balance Sheet**  
**as at December 31, 2007**

	Note	2007 SGD	2006 SGD	2007 INR	2006 INR
<b>ASSETS</b>					
Non-current assets					
Plant and equipment	4	2,589	4,769	70,809	137,562
Current assets					
Trade receivables		6,955	44,000	190,219	1,269,180
Other receivables		NIL	1,606	NIL	46,325
Amount due from immediate holding company	6	716,705	801,000	19,601,882	23,104,845
Amount due from related companies	7	248,413	155,698	6,794,096	4,491,109
Amount due from directors	8	NIL	151,979	NIL	4,383,834
Bank balance		37,243	4,947	1,018,596	142,696
<b>Total current assets</b>		<b>1,009,316</b>	<b>1,159,230</b>	<b>27,604,793</b>	<b>33,437,989</b>
<b>Total Assets</b>		<b>1,011,905</b>	<b>1,163,999</b>	<b>27,675,602</b>	<b>33,575,551</b>
<b>EQUITY AND LIABILITIES</b>					
Equity attributable to equity holder					
Share capital	9	100,000	100,000	2,735,000	2,884,500
Accumulated profits		864,862	902,753	23,653,976	26,039,910
<b>Total equity</b>		<b>964,862</b>	<b>1,002,753</b>	<b>26,388,976</b>	<b>28,924,410</b>
<b>Non-current liability</b>					
Deferred taxation	10	NIL	2,100	NIL	60,575
<b>Current liabilities</b>					
Trade payables	11	42,699	139,282	1,167,818	4,017,589
Accruals and other payables	12	4,344	13,933	118,808	401,897
Provision for taxation		NIL	5,931	NIL	171,080
<b>Total current liabilities</b>		<b>47,043</b>	<b>159,146</b>	<b>1,286,626</b>	<b>4,590,566</b>
<b>Total liabilities</b>		<b>47,043</b>	<b>161,246</b>	<b>1,286,626</b>	<b>4,651,141</b>
<b>Total equity and liabilities</b>		<b>1,011,905</b>	<b>1,163,999</b>	<b>27,675,602</b>	<b>33,575,551</b>

**Statement of Changes in Equity**  
**for the year ended December 31, 2007**

	Share Capital SGD	Accumulated Profits SGD	Total SGD	Share Capital INR	Accumulated Profits INR	Total INR
<b>Balance as at 01.01.2006</b>	100,000	1,057,162	1,157,162	2,735,000	28,913,381	31,648,381
Net loss for the year		(154,409)	(154,409)		(4,223,086)	(4,223,086)
<b>Balance as at 31.12.2006 &amp; 1.01.2007</b>	100,000	902,753	1,002,753	2,735,000	24,690,295	27,425,295
Net loss for the year		(37,891)	(37,891)		(1,036,319)	(1,036,319)
<b>Balance as at 31.12.2006</b>	<b>100,000</b>	<b>864,862</b>	<b>964,862</b>	<b>2,735,000</b>	<b>23,653,976</b>	<b>26,388,976</b>

**Profit and Loss Account**  
**for the year ended December 31, 2007**

	Note	2007 SGD	2006 SGD	2007 INR	2006 INR
Revenue - rendering of services		12,645	70,698	345,841	2,039,284
Other income	3		110,602		3,190,315
Direct costs		(45,938)	(314,852)	(1,256,404)	(9,081,906)
Depreciation on plant and equipment	4	(2,180)	(7,691)	(59,623)	(221,847)
Other operating expenses	3	(3,379)	(15,366)	(92,416)	(443,232)
<b>Loss Before Taxation</b>		<b>(38,852)</b>	<b>(156,609)</b>	<b>(1,062,602)</b>	<b>(4,517,387)</b>
Taxation	5	961	2,200	26,283	63,459
<b>Net Loss for the Year</b>		<b>(37,891)</b>	<b>(154,409)</b>	<b>(1,036,319)</b>	<b>(4,453,928)</b>

**Cash Flow Statement**  
**for the year ended December 31, 2007**

	2007 SGD	2006 SGD	2007 INR	2006 INR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before taxation	(38,852)	(156,609)	(1,062,602)	(4,517,387)
Adjustment for:-				
Depreciation on plant and equipment	2,180	7,691	59,623	221,847
Operating loss before working capital changes	(36,672)	(148,918)	(1,002,979)	(4,295,540)
Decrease in trade and other receivables	38,651	85,114	1,057,105	2,455,113
Decrease in amount due from immediate holding company	84,295	307,000	2,305,468	8,855,415
Increase in amount due from related companies	(92,715)	(155,698)	(2,535,755)	(4,491,109)
Decrease/(Increase) in amount due from directors	151,979	(7,650)	4,156,626	(220,664)
(Decrease)/Increase in trade and other payables	(106,172)	126,312	(2,903,804)	3,643,470
<b>Cash Generated from Operations</b>	<b>39,366</b>	<b>206,160</b>	<b>1,076,660</b>	<b>5,946,685</b>
Tax paid	(7,070)	(217,882)	(193,365)	(6,284,806)
Net cash generated from/ (used in) operating activities	32,296	(11,722)	883,296	(338,121)
"Cash flows from investing activities"				
Purchase of plant and equipment"	NIL	(4,433)	NIL	(127,870)
Net increase/(decrease) in cash and cash equivalents	32,296	(16,155)	883,296	(465,991)
Cash and cash equivalents at beginning of year	4,947	21,102	135,300	608,687
<b>Cash And Cash Equivalents at end of Year</b>	<b>37,243</b>	<b>4,947</b>	<b>1,018,596</b>	<b>142,696</b>

## Notes to the Financial Statements December 31, 2007

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1. GENERAL

The company is a wholly owned subsidiary of ADA Cellworks Sdn. Bhd. which is also its immediate holding company, a company incorporated in Malaysia.

The principal activities of the company, which is incorporated in the Republic of Singapore are to carry on the business of network and communication product, design consultants and other related services.

The registered office of the company is located at 25 International Business Park #04-22/26 German Centre Singapore 609916.

The financial statements of the company for year ended December 31, 2007 are authorised for issue in accordance with a resolution of the directors on March 18, 2008.

The financial statements of the company are expressed in Singapore dollars.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of Preparation

The financial statements of the company have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards ("FRS"). In the current financial year, the company has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual period beginning on or after January 1, 2007. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements.

#### b) Significant Accounting Estimates and Judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

Critical assumption used and accounting estimates in applying accounting policies

##### i) Income tax

Significant judgement is required in determining the estimation of the company provision for income tax. The company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### ii) Depreciation of plant and equipment

Plant and equipment are depreciated on straight-line basis over their estimated useful lives. Management estimated the useful lives of these plant and equipment to be 3 years. The carrying amount of the company's plant and equipment as at December 31, 2007 are disclosed in Note 4. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values, if any, of these assets, therefore future depreciation charges could be revised.

Critical adjustments made in applying accounting policies

In the process of applying the entity's accounting policies, management had made the following judgements that have

the most significant effect on the amount recognised in the financial statements.

#### iii) Impairment of plant and equipment

The company assesses annually whether plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

#### c) Plant and Equipment and Depreciation

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

Depreciation is calculated on the straight-line method so as to write off the costs over their estimated useful life of the plant and equipment as follows:-

Computer	3 years
Office equipment	3 years
Furniture and fittings	3 years

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

#### d) Taxation

Income tax on the profit and loss for the year comprises current and deferred income tax. Income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable in respect of previous financial years.

Deferred tax is provided using the balance sheet liability method for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### e) Revenue Recognition

Revenue from rendering of services is recognised when services are provided.

#### f) Financial Assets

##### Classification

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed



or determinable payments that are not quoted in an active market. These arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables consist of cash and cash equivalents, trade and other receivables, amount due from directors, amount due from related companies and immediate holding company.

#### **Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

#### **Measurement**

Financial assets are initially recognised at fair value plus transaction costs. Loans and receivables are subsequently carried at amortised cost using the effective interest method less impairment.

#### **Impairment**

An allowance for impairment of loans and receivables including trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the allowance 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 amount of the allowance is recognised in the profit and loss account.

#### **g) Trade and Other Receivables**

Trade receivables, which are normally settled on 30 to 60 day terms, other receivables, including amounts due from related companies and immediate holding company are classified and accounted for as loans and receivables under FRS39.

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method.

An allowance is made for uncollectible amounts when there is objective evidence that the company will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are in Note 2(f) above.

#### **h) Cash and Cash Equivalents**

Cash at bank is classified and accounted for as loans and receivables under FRS 39.

Cash and cash equivalents are defined as cash at bank which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

#### **i) Financial Liabilities**

Financial liabilities include trade and other payables, which are normally settled on 30 to 60 days terms. Financial liabilities are recognised on the balance sheet when and only when, the company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transactions costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged, cancelled or expired.

#### **j) Share Capital**

Ordinary share capital is recognised at the fair value of the consideration received by the company.

#### **k) Employee Benefits**

As required by law, the company makes contributions to the state pension scheme, the Central provident Fund (CPF). CPF contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

##### **1) Employee Leave Entitlement**

Employee entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the estimated liabilities for annual leave as a result of services rendered by employees up to the balance sheet date.

#### **m) Impairment of Non-Financial Assets**

The company assesses at each reporting date whether there is an indication that these assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. 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 and the risks specific to the asset. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the profit and loss account 'impairment losses' or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for that same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit and loss account unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the profit and loss account is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### **n) Foreign Currencies**

Transactions in foreign currencies are recorded in Singapore dollars at rates of exchange approximating those ruling at transaction dates. At each balance sheet date, recorded monetary balances that are denominated in a foreign currency are adjusted to reflect the rate at the balance sheet date. All realised and unrealised differences are taken to the profit and loss account

#### **o) Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligation can be made.

#### **p) Contingent Liabilities and Assets**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.



**q) Key Management Personnel**

Key management personnel of the company are those having authority and responsibility for planning, directing and controlling the activities of the company.

The directors are considered as key management personnel.

**r) Related Company**

Related company refers to members of the immediate holding company's group of companies.

**3 REVENUE AND EXPENSES :**

	2007 SGD	2006 SGD	2007 INR	2006 INR
<b>OTHER INCOME COMPRISES</b>				
Other interest income - Director' balances	NIL	7649	NIL	220635
Other operating expenses include :-				
Exchange difference	(2447)	5263	(66925)	151811

**4 PLANT AND EQUIPMENT**

	Computer SGD	Office Equipment SGD	Furniture and fittings SGD	Total SGD	Computer INR	Office Equipment INR	Furniture and fittings INR	Total INR
<b>Cost</b>								
At January 01, 06	6603	12932	2424	21959	180592	353690	66296	600579
Additions for 2006	4433	NIL	NIL	4433	121243	NIL	NIL	121243
At December 31, 2006 & December 31, 2007	11036	12932	2424	26392	301835	353690	66296	721821
<b>Accumulated Depreciation</b>								
At January 01, 06	4402	7914	1616	13932	120395	216448	44198	381040
Charge for 2006	2573	4310	808	7691	70372	117879	22099	210349
At December 31, 2006 & December 31, 2007	6975	12224	2424	21263	190766	334326	66296	581543
Change for year	1477	703	NIL	2180	40396	19227	NIL	59623
At December 31, 2006	8542	12927	2424	23803	233624	353553	66296	651012
<b>Net Book Value</b>								
At December 31, 2007	2584	5	NIL	2589	70672	137	NIL	70809
<b>At December 31, 2006</b>	<b>4061</b>	<b>708</b>	<b>NIL</b>	<b>4769</b>	<b>117140</b>	<b>20422</b>	<b>NIL</b>	<b>137562</b>

**5 TAXATION**

	2007 SGD	2006 SGD	2007 INR	2006 INR
<b>PROVISION IN RESPECT OF RESULTS FOR THE YEAR</b>				
Under/(Over ) provision for taxation in prior years	1,139	(2,200)	31,152	(63,459)
Deferred taxation ( Note 10 )	(2,100)	NIL	(57,435)	NIL
	(961)	(2,200)	(26,283)	(63,459)

The tax expenses on the results for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to loss before taxation due to the following factors:

	2007 SGD	2006 SGD	2007 INR	2006 INR
Loss before taxation	(38,852)	(156,609)	(1,062,602)	(4,517,387)
Tax expenses calculated at a tax rate of 18%				
(2006: 20%)	(6,993)	(31,322)	(191,259)	(903,483)
Expenses not deductible for tax purposes	(506)	345	(13,839)	9,952
Deferred tax effect for change in rate of income tax	948	NIL	25,928	NIL
Unrecognised deferred tax assets at beginning of year	(9,480)	21,497	(259,278)	620,081

	2007 SGD	2006 SGD	2007 INR	2006 INR
Unrecognised deferred tax assets at end of year	16,031	9,480	438,448	273,451
Under/(Over) provision of taxation in prior years	1,139	(2,200)	31,152	(63,459)
Others	(2,100)		(57,435)	NIL
<b>TAX EXPENSES</b>	<b>(961)</b>	<b>(2,200)</b>	<b>(26,283)</b>	<b>(63,459)</b>

At balance sheet date, the company had unabsorbed tax losses and capital allowances of approximately SGD87,000 (2006: SGD47,000) and SGDNIL (2006: SGD4,000) respectively available for offsetting against its future taxable profits subject to the compliance with the relevant sections of the Singapore Income Tax Act and agreement with the tax authorities. No deferred tax asset has been recognised due to uncertainty of its recovery.

**6. AMOUNT DUE FROM IMMEDIATE HOLDING COMPANY**

The amount due is non-trade, interest free, unsecured and repayable on demand.

**7. AMOUNT DUE FROM RELATED COMPANIES**

	2007 SGD	2006 SGD	2007 INR	2006 INR
Trade	214,413	121,698	5,864,196	3,510,379
Non-trade	34,000	34,000	929,900	980,730
	<b>248,413</b>	<b>155,698</b>	<b>6,794,096</b>	<b>4,491,109</b>

**8. AMOUNT DUE FROM DIRECTORS**

The amount due is non-trade, unsecured, interest charged at NIL (2006: 5.3%) per annum on year end debit balances and repayable on demand.

**9. SHARE CAPITAL**

	2007 SGD	2006 SGD	2007 INR	2006 INR
Issued and fully paid :- 100,000 ordinary shares	100,000	100,000	2,735,000	2,884,500

The holders of ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restrictions.

**10. DEFERRED TAXATION**

This represents the tax effect of the excess of capital allowances claimed over book depreciation on plant and equipment.

	2007 SGD	2006 SGD	2007 INR	2006 INR
Balance at beginning of year	2,100	2,100	57,435	60,575
Transfer to profit and loss account ( Notes 5 )	(2,100)	NIL	(57,435)	NIL
<b>Balance at end of year</b>	<b>NIL</b>	<b>2100</b>	<b>NIL</b>	<b>60575</b>

**11. TRADE PAYABLES**

Included in trade payables is an amount of SGD NIL ( 2005 :SGD 56,052 ) due to immediate holding company.

**12. ACCRUALS AND OTHER PAYABLES**

	2007 SGD	2006 SGD	2007 INR	2006 INR
Accruals	2,500	4,483	68,375	129,312
Others payables	1,843	9,450	50,406	272,585
	<b>4,343</b>	<b>13,933</b>	<b>118,808</b>	<b>401,897</b>

**13. FINANCIAL RISK MANAGEMENT:****Financial Risk Management Objectives and Policies**

The company does not use derivative financial instruments to minimise its financial risk exposures. As at December 31, 2007, the company does not hold or issue derivative financial instruments for trading purposes.

The company does not have written financial risk management policies and guidelines which set out its tolerance for risk and its general risk management philosophy but management may use natural hedges or closely monitor the company's business risk exposures in connection with its financial assets and financial liabilities and adopts the appropriate measures including the use of other financial instruments when considered necessary to reduce any potential financial risk exposures or losses.

**Credit Risk**

Credit risk arises from the inability of a counter party to meet the terms of the company's contractual obligations resulting in a loss to the company. The company does not expect to incur material credit losses on its financial assets or other financial instruments.

Cash and cash equivalents are deposited in financial institutions with high rating.

The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the company's maximum exposure to credit risk without taking into account of the value of any collateral or other security obtained.

**Foreign Currency Risk**

The company has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading activities. Exposure to foreign exchange risk is monitored on an ongoing basis by the company to ensure that the net exposure is at acceptable level.

**Interest Rate Risk**

The company has no significant interest bearing financial asset and financial

liability except directors' balances bear interest at NIL (2006: 5.3%) per annum.

**Liquidity Risk**

The company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and mitigate the effects of fluctuations in cash flows.

**14. FAIR VALUE**

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximate their fair value, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

**15. FRS NOT YET ADOPTED**

The company has not applied the following Standards and Interpretations that have been issued but not yet effective: -

FRS 23	Amendment to FRS23, Borrowing costs
FRS 107	Financial Instruments: Disclosure
FRS 108	Operating Segments
Amendments to FRS 1	Presentation of Financial Statements – Capital Disclosures
INT FRS 111	FRS 102, Group and Treasury Shares Transactions
INT FRS 112	Service Concession Arrangements

The initial application of these Standards, Amendments and Interpretations are not expected to have any material impact on the company's financial statements.

The company has not considered the impact of Accounting Standards issued after the balance sheet date.

### Trading and Profit and Loss Account for the year ended December 31, 2007

	2007 SGD	2006 SGD	2007 INR	2006 INR
<b>REVENUE</b>				
Rendering of services	12,645	70,698	345,841	2,039,284
Less: Direct Costs				
Accommodation	661	674	18,078	19,442
Consultancy fees	39,144	303,953	1,070,588	8,767,524
CPF (Contractors)		4,667		134,620
Telephone charges	4,344	5,558	118,808	160,321
Travelling	1,789		48,929	
	(45,938)	(314,852)	(1,256,404)	(9,081,906)
<b>Gross Loss</b>	<b>(33,293)</b>	<b>(244,154)</b>	<b>(910,564)</b>	<b>(7,042,622)</b>
Add: Other Income				
Other interest income		7,649		220,635
Sundry income		102,953		2,969,679
	(33,293)	(133,552)	(910,564)	(3,852,307)
Less: Operating Expenses				
Auditors' remuneration	1,800	1,500	49,230	43,268
Bank charges	365	725	9,983	20,913
Depreciate on plant and equipment	2,180	7,691	59,623	221,847
Exchange difference	(2,447)	5,263	(66,925)	151,811
Gift		775		22,355
Penalty		1,724		49,729
Postage and delivery charges	100		27,35	
Printing and stationery	528	637	14,441	18,374
Professional fee	1,973	2,194	53,962	63,286
Registered office	360		9,846	
Tax fee	700	700	19,145	20,192
Telephone charges		1,361		39,258
Travelling		471		13,586
Upkeep of office		16		462
	(5,559)	(23,057)	(152,039)	(665,079)
<b>Loss Before Taxation</b>	<b>(38,852)</b>	<b>(156,609)</b>	<b>(1,062,602)</b>	<b>(4,517,387)</b>

## AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF ADA CELLWORKS LIMITED

We have audited the current year figures in the financial report. The financial report provides information about the past financial performance of the Company and its financial position as at December 31, 2007. This information is stated in accordance with the accounting policies.

### BOARD OF DIRECTOR'S RESPONSIBILITIES

The Board of Directors are responsible for the preparation of a financial report, which fairly reflects the financial position of ADA Cellworks Limited as at December 31, 2007 and of the results of operations for the year ended December 31, 2007.

### AUDITOR'S RESPONSIBILITIES

It is our responsibility to express an independent opinion on the financial report presented by the Board of Directors and report our opinion to you.

### BASIS OF OPINION

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Board of Directors in the preparation of the financial report, and
- whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed the audit so as to obtain all the information and explanations which we consider necessary in order to provide ourselves with sufficient evidence to obtain reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial report.

Other than our capacity as auditor and preparing the annual report we have no other relationship with or interests in ADA Cellworks Limited.

### FUNDAMENTAL UNCERTAINTY

In forming my unqualified opinion I have considered the adequacy of disclosures in the financial statements concerning reliance on the continual financial support of the parent company, ADA Cellworks Sdn Bhd. The financial statements are prepared on the going concern basis, the validity of which depends on the continual financial support of ADA Cellworks Sdn Bhd. The financial statements do not include any adjustments that would result from a failure of the continual financial support. If financial support was withdrawn, the company may be unable to continue in operational existence for the foreseeable future. Adjustments may have to be made to reflect the situation that assets may have to be realized other than in normal course of business and at amounts that could differ significantly from the amount at which they are currently recorded in financial statements.

### UNQUALIFIED OPINION

We have obtained all the information and explanations that we required.

In our opinion:

- Proper accounting records have been kept by the Company as far as it appears from our examination of those records.
- The Financial Report fairly reflects the financial position of ADA Cellworks Limited as at December 31, 2007 and the results of its operations for the year ended on that date.
- The Financial Report does comply with generally accepted practices.
- Our opinion is unqualified.

The audit was completed on the February 14, 2008 and our unqualified opinion is expressed as at that date.

McGregor Bailey Chartered Accountants  
Ponsonby, Auckland

## DIRECTORS' REPORT

The Directors present here their Annual report including Financial Statements of the company for the year ended December 31, 2007.

Section 211 of the Companies Act 1993 requires the following disclosures:

The business of the company is Network Services.

ADA CELLWORKS LIMITED did not trade during this financial year.

The nature of the company's business has not changed during the year.

### AUDITORS

The company's Auditors were McGregor Bailey Chartered Accountants, audit fees payable for the year were \$1,300. McGregor Bailey Chartered Accountants are willing to continue as the company auditors.

Fees payable to McGregor Bailey Chartered Accountants for other than Audit work were \$2,138. The Annual Report was formatted by McGregor Bailey Chartered Accountants.

### DIRECTOR'S DISCLOSURES

There were no entries recorded in the Register of Interests.

### THE FOLLOWING DIRECTORS HELD OFFICE:

Mirza Mahmood Ahmad and Teoh Ping Yong

No other person was a Director at any time.

The Board of Directors received no notices from Directors wishing to use company information received in their capacity as Directors which would not have ordinarily been available.

### DONATIONS

No donations were made by the company during the year.

### EMPLOYEE REMUNERATION

No employee received remuneration and/or any other benefits exceeding \$100,000 during the year

For and on behalf of the Board of Directors,

Mirza Mahmood Ahmad  
Director

Teoh Ping Yong  
Director

February 14, 2008

**Trading Account  
for the year ended December 31, 2007**

	2007 NZD	2006 NZD	2007 INR	2006 INR
<b>REVENUE</b>				
Sales & Services	NIL	38,640	NIL	1,198,188
<b>DIRECT COSTS</b>				
Consultancy & Sub Contractors Fees	NIL	23,184	NIL	718,913
<b>Gross Surplus From Trading</b>	<u>NIL</u>	<u>15,456</u>	<u>NIL</u>	<u>479,275</u>

**Statement of Financial Performance  
for the year ended December 31, 2007**

	2007 NZD	2006 NZD	2007 INR	2006 INR
Gross Surplus from Trading	NIL	15,456	NIL	479,275
<b>REVENUE</b>				
Interest Received	83	203	2534	6,295
<b>Total Income</b>	<b>83</b>	<b>15,659</b>	<b>2534</b>	<b>485,570</b>
Less Expenses				
Accident Compensation Levy	NIL	800	NIL	24,807
Accountancy Fees	2,183	4,206	66,658	130,424
Audit Fees	1,300	2,000	39,696	62,018
Bank Charges	53	221	1,618	6,853
Exchange Rate Variation	265	797	8,092	24,714
Interest	NIL	NIL	NIL	NIL
Management Fees	NIL	17,544	NIL	544,022
<b>Total Expenses</b>	<b>7,851</b>	<b>25,568</b>	<b>239699</b>	<b>792,838</b>
<b>Net Operating Surplus/ (Deficit) Before Tax</b>	<b>(7,768)</b>	<b>(9,908)</b>	<b>(237165)</b>	<b>(307,237)</b>
Less Taxation Provision	NIL	(2,622)	NIL	(81,306)
<b>Surplus After Tax</b>	<b>(7,768)</b>	<b>(7,286)</b>	<b>(237165)</b>	<b>(225,932)</b>
<b>Net Surplus/(Deficit)</b>	<b>(7,768)</b>	<b>(7,286)</b>	<b>(237165)</b>	<b>(225,932)</b>

**Statement of Movements in Equity  
For the Year ended December 31, 2007**

	2007 NZD	2006 NZD	2007 INR	2006 INR
Equity At Start Of Period	5,434	12,720	165,927	394,434
<b>SURPLUS &amp; REVALUTIONS</b>				
Net Surplus After Tax	(7,768)	(7,286)	(237,196)	(225,932)
Total recognized revenues & expenses	(7,768)	(7,286)	(237,196)	(225,932)
<b>Equity At End Of Period</b>	<b>(2,334)</b>	<b>5,434</b>	<b>(71,269)</b>	<b>168,503</b>

**Statement of Financial Position  
for the year ended December 31, 2007**

	2007 NZD	2006 NZD	2007 INR	2006 INR
<b>CURRENT ASSETS</b>				
Wespac – Cheque Amount	1,731	21,620	52,856	670,415
Loan: ADA -Cellworks Sdn Bhd (Malaysia)	NIL	15,956	NIL	494,780
ADA USA	NIL	6,893	NIL	213,745
GST Refund Due	30	91	916	2,822
Taxation	31	NIL	947	NIL
Total Current Assets	1,792	44,560	54,719	1,381,761
<b>Total Assets</b>	<b>1,792</b>	<b>44,560</b>	<b>54,719</b>	<b>1,381,761</b>
<b>CURRENT LIABILITIES</b>				
Taxation	NIL	3,439	NIL	106,640
Accounts Payable	2,526	33,686	77,131	1,044,569
Accrued Expenses	1,600	2,000	48,856	62,018
Total Current Liabilities	4,126	39,125	125,987	1,213,227
<b>Total Liabilities</b>	<b>4,126</b>	<b>39,125</b>	<b>125,987</b>	<b>1,213,227</b>
<b>EQUITY</b>				
Share Capital	100	100	100	100
Retained Earnings	(2,434)	5,334	(74,322)	165,402
<b>Total Equity</b>	<b>(2,334)</b>	<b>5,434</b>	<b>(71,269)</b>	<b>168,503</b>
<b>Total Funds Employed</b>	<b>1,792</b>	<b>44,560</b>	<b>54,719</b>	<b>1,381,761</b>

**Statement of Cash Flows**  
**for the year ended December 31, 2007**

	2007 NZD	2006 NZD	2007 INR	2006 INR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash Was Provided From:</b>				
Receipts from customers	NIL	38,640	NIL	1,198,188
GST	61		1,863	
Interest received	83	203	2,534	6,295
	144	38,843	4,397	1,204,483
<b>CASH WAS APPLIED TO:</b>				
Payment to suppliers		(8,377)		(259,762)
Payment to subNILcontractors	(38,476)	(23,184)	(1,174,865)	(718,913)
Payment of management fees	NIL	(17,544)	NIL	(544,022)
Refund to customers	NIL	(30,100)	NIL	(933,371)
Income Tax	NIL	(79)	NIL	(2,450)
GST	(3,471)	(8,004)	(105,987)	(248,196)
	NIL	(87,288)	(1,280,852)	(2,706,714)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(41,803)</b>	<b>(48,445)</b>	<b>(1,276,455)</b>	<b>(1,502,231)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash was provided from:				
Repayment of loan by related companies	5,958		181,928	
Repayment of loan by parent company	15,956	17,544	487,216	544,022
	21,914		669,144	
Cash was applied to:				
Loan to related companies	NIL	(6,893)	NIL	(213,745)
	NIL	(6,893)	NIL	(213,745)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>21,914</b>	<b>10,651</b>	<b>669,144</b>	<b>330,277</b>
Cash flows from financing activities				
<b>Net cash inflow/(outflow) from financing activities</b>				
<b>Net increase/(decrease) in cash held</b>	<b>(19,889)</b>	<b>(37,794)</b>	<b>(607,311)</b>	<b>(1,171,954)</b>
<b>Add cash at start of period (01/01/2007)</b>	<b>21,620</b>	<b>59,414</b>	<b>660,167</b>	<b>1,842,369</b>
<b>Balance at the period ended 31/12/2007</b>	<b>1,731</b>	<b>21,620</b>	<b>52,856</b>	<b>670,415</b>
Note: All items are net of GST.				
<b>RECONCILIATION OF NET PROFIT TO CASH FROM OPERATING ACTIVITIES</b>				
Reported surplus after taxation	(7,768)	(7,286)	(237,196)	(225,932)
<u>Add non-cash items:</u>				
Depreciation	NIL	NIL		NIL
	(7,768)	(7,286)	(237,196)	(225,932)
Add (less) movements in other working capital items:				
Decrease in accounts payable	(31,561)	(34,216)	(963,715)	(1,061,004)
Increase in Net GST	62	(4,242)	1,893	(131,540)
Decrease in taxation payable	(3,471)	(2,701)	(105,987)	(83,755)
	(34,970)		(1,067,809)	
<b>OTHER ADJUSTMENTS</b>				
Foreign exchange loss arising from repayment of loan by related companies	935		28,550	
<b>Net cash inflow/(outflow) from operating activities (GST exclusive)</b>	<b>(41,803)</b>	<b>(48,445)</b>	<b>(1,276,455)</b>	<b>(1,502,231)</b>

## Notes to the Financial Statements for the year ended December 31, 2007

### 1. STATEMENT OF ACCOUNTING POLICIES

The financial statements presented here are for the entity ADA Cellworks Limited, a registered company under the Companies Act 1993.

ADA Cellworks Limited is a reporting entity under the Financial Reporting Act 1993. These Financial Statements have been prepared in accordance with the Financial Reporting Act 1993.

The accounting principles recognized as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

#### A. CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

#### B. DIFFERENTIAL REPORTING

ADA Cellworks Limited is a qualifying entity in that it qualifies for Differential Reporting as it is not publicly accountable and there is no separation between the owners and the governing body.

All Differential Reporting exemptions have been applied.

#### C. GOING CONCERN

The financial statements are prepared on the going concern basis, the validity of which depends on the continual financial support of the parent company, ADA Cellworks Sdn Bhd. The financial statements do not include any adjustments that would result from the failure of such continual financial support.

#### D. GOODS & SERVICES TAX

The Statement of Financial Performance and Statement of Cashflows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of account receivables and payables.

#### E. INCOME TAX

No provision for Income Tax has been made as there is no current or deferred tax payable.

### 2. AUDIT

These financial statements have been subject to audit, please refer to Auditor's Report.

### 3. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2006:\$0). ADA Cellworks Limited has not granted any securities in respect of liabilities payable by any other party whatsoever

### 4. OPERATING REVENUE

	2007 NZD	2006 NZD	2007 INR	2006 INR
Sales	NIL	38,640	NIL	1,198,188
Interest Received	83	203	2,534	6,295
<b>TOTAL OPERATING REVENUE</b>	<b>83</b>	<b>203</b>	<b>2,534</b>	<b>6,295</b>

### 5. RELATED PARTIES

During the year ADA Cellworks Limited transacted with the following related parties:

Name of Related Party	Nature of Relationship	Type of Transaction
ADA Cellworks Sdn Bhd	Parent Company	Intercompany Loans
ADA Cellworks LLC (USA)	Associated Company	Intercompany Loans
ADA Cellworks Pte Limited	Associated Company	Service Fees

### 6. ACCOUNTS PAYABLE

Accounts Payable at December 31, 2007 consists of:

ADA Cellworks Pte Limited (Singapore) \$2,526.04

### 7. BANK OVERDRAFT

There was no overdraft as at balance date.

### 8. TAXATION

	2007 NZD	2006 NZD	2007 INR	2006 INR
Operating Surplus before tax	(7,768)	(9,908)	(237,196)	(307,237)
Taxation thereon at 33%	NIL	(3,270)	NIL	(101,399)
Tax effect of permanent differences	NIL	648	NIL	20,094
Income Tax on Net Operating Surplus	NIL	(2,622)	NIL	(81,306)
Less				
RWT credits	31	79	947	2,450
<b>TOTAL REFUND DUE</b>	<b>(31)</b>	<b>(2,701)</b>	<b>(947)</b>	<b>(83,755)</b>

### 9. IMPUTATION CREDIT ACCOUNT

At balance date imputation credits available to the shareholders were

	2007 NZD	2006 NZD	2007 INR	2006 INR
<b>OPENING BALANCE</b>	<b>152</b>	<b>73</b>	<b>4,641</b>	<b>2,264</b>
Payment to IRD	3,439	NIL	105,010	NIL
RWT credits attached to Interest income received	31	79	947	2,450
<b>CLOSING BALANCE</b>	<b>3,622</b>	<b>152</b>	<b>110,598</b>	<b>4,713</b>

### 10. CAPITAL

	2007	2006
100 Ordinary Shares	100	100
<b>TOTAL ISSUED AND PAID UP CAPITAL</b>	<b>100</b>	<b>100</b>

### 11. RETAINED EARNINGS

	2007 NZD	2006 NZD	2007 INR	2006 INR
Retained Earnings opening balance	5,334	12,620	162,874	391,334
Net Surplus after tax	(7,768)	(7,286)	(237,196)	(225,932)
Available for appropriation	(2,434)	5,334	(74,322)	165,402
Retained Earnings closing balance	<b>(2,434)</b>	<b>5,334</b>	<b>(74,322)</b>	<b>165,402</b>

**AUDITOR'S REPORT**

Group audit instructions for the year ended December 31, 2007

**SUBSEQUENT EVENTS REVIEW CLEARANCE**
**ADA CELLWORKS WIRELESS ENGINEERING PRIVATE LIMITED**

We have completed the audit of the financial statements of the above company, being the subsidiary of ADA Cellworks Sdn Bhd, for the year ended December 31, 2007. This is a notification that as of the date of this letter we are not aware any subsequent events which will require adjustment to or disclosure in the financial

February 08, 2008

For V. P. Thacker & Co.  
Partner

Group audit instructions for the year ended 31 December 2007

**FRAUD RISK ASSESSMENT**
**ADA CELLWORKS WIRELESS ENGINEERING PRIVATE LIMITED**

We have performed the evaluation of the fraud risk on the ADA subsidiary mentioned above for the year ended December 31, 2007. This is a notification that as of the date of this letter we are not aware of any misstatement in the financial statements resulting from fraud, suspected fraud or any irregularities during the course of our audit.

February 08, 2008

For V. P. Thacker & Co.  
Partner

**Balance Sheet  
at December 31, 2007**

	Note	Dec 31, 2007 (INR)	Dec 31, 06 (INR)
<b>Property, plant and equipment</b>	2	18,050,462	11,788,653
<b>Current assets</b>			
Trade receivables		149,001,972	82,256,941
Unbilled revenue		211,815,474	207,154,550
Other current assets	3	39,462,480	24,211,378
Cash and cash equivalents	4	30,948,260	28,030,563
		431,228,186	341,653,432
<b>Current liabilities</b>			
Trade and other payables	5	222,288,469	151,601,073
Tax payable, net		22,041,238	79,610,030
		244,329,707	231,211,103
<b>Net current assets</b>		186,898,478	110,442,329
<b>Total assets</b>		<b>204,948,940</b>	<b>122,230,982</b>
Capital and reserves	6	204,853,161	122,122,239
Long term liabilities		NIL	NIL
Deferred tax (asset) / liabilities	7	95,779	108,743
<b>Total Equity Shares and Liabilities</b>		<b>204,948,940</b>	<b>122,230,982</b>
Significant Accounting policies	1		

Notes form an integral part of, and should be read in conjunction with, these financial statements.

**Income Statement  
for the year ended December 31, 2007**

	Note	Dec 31, 2007 (INR)	Dec 31, 06 (INR)
Revenue		416,757,070	347,603,052
Cost of sales	8	307,847,653	241,076,949
Gross profit		108,909,417	106,526,103
Administrative expenses	9	24,180,042	10,770,967
Operating profit		84,729,375	95,755,136
<b>Profit before tax</b>		<b>84,729,375</b>	95,755,136
Current tax expense	10	34,211,794	49,625,818
Deffered tax expense		(12,964)	(463,227)
<b>Net profit</b>		<b>50,530,545</b>	46,592,545
Significant Accounting policies	1		

Notes form an integral part of, and should be read in conjunction with, these financial statements.



## Notes to the Financial Statements as at December 31, 2007

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation of financial statements

The financial statements of the Company have been prepared under the historical cost convention and comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965

#### a. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation on other property, plant and equipment is calculated to write off the cost of the assets on Straight line basis over the expected useful life of the assets concerned.

#### The annual rates used are: -

Computers and software	20%
Furniture and fittings	10%
Office and site equipments	10%
Leasehold Improvements	33%

When property, plant and equipments is disposed off, the resultant gain or loss on disposal is determined by comparing the disposal proceeds with the carrying amount and is included in the income statement.

#### b. Foreign Currencies Transactions :

Transactions in foreign currency are recorded in Rupees at the exchange rates ruling at the time of the transactions or at contracted rates, where applicable. Foreign currency monetary assets and liabilities outstanding at the balance sheet date are restated at the exchange rates at that date. All exchange differences arising from the settlement of foreign currency transaction and the translation of foreign currency monetary assets and liabilities outstanding at balance sheet date are taken to the income statement.

#### c. Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts (if any). Allowance for doubtful debts is made on specific review of recoverability of debts.

#### d. Cash and Cash equivalents

These are short term, highly liquid assets that are readily convertible to cash and which are subject to an insignificant risk of change in value.

#### e. Liabilities

A provision is recognized when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management best estimates of the expenditure required to settle the obligation as at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate for each such obligation.

#### f. Employee benefits

Wages, salaries and bonuses are recognized as expenses in the year in which the associated services are rendered by employees of the Company. In respect of retirement Gratuity, liability is estimated as if it has payable to all employees on the Balance Sheet date; however this liability has not been funded, full liability provided for in the books of accounts.

Defined contribution plans: As required by law, companies in India make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognized as an expense in the income statement as incurred.

#### g. Impairment

The carrying amounts of assets (other than deferred tax assets and financial assets) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

#### h. Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the asset/liability method, on all reversible temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred assets relating to unabsorbed losses and tax depreciation are recognized only if there is virtual certainty of realization of such assets.

#### i. Income recognition

##### Services rendered

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the contract at the end of the accounting period. The stage of completion is assessed by reference to the proportion that costs incurred to date for services performed bear to the total estimated costs of the contract. Where the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

When current estimates of total contract costs and revenues indicate a loss, provision is made for the entire loss on the contract irrespective of the amount of work done and the method of accounting followed.

#### j. Expenses

All the expenses incurred during the year are recognised as expenses on accrual basis.

#### k. Interest expense

Interest expense incurred is expensed on accrual basis.

#### l. Liability Recognition

A contingent liability is disclosed when there is a possible or present obligation that may, but probably will not, require an outflow of resources unless the possibility of such outflow is remote.

#### m. Contingent Liability – Nil (Previous year – Nil)

**2 PROPERTY, PLANT AND EQUIPMENT**

	Computers and Laptops (Indian Rupees)	Tool Kits (Indian Rupees)	Furniture and fittings (Indian Rupees)	Equipments (Indian Rupees)	Leasehold Improvements (Indian Rupees)	Total (Rupees)
At January 1, 2007	9,508,527	4,071,888	484,466	444,436	1,277,107	15,786,424
Additions / (deletions)	6,774,891	3,112,045	197,720	349,610	271,255	10,705,521
At December 31, 2007 (A)	<b>16,283,418</b>	<b>7,183,933</b>	<b>682,186</b>	<b>794,046</b>	<b>1,548,362</b>	<b>26,491,945</b>
Depreciation						
At January 1, 2007	<b>2,642,640</b>	<b>703,587</b>	<b>90,361</b>	<b>64,531</b>	<b>496,652</b>	<b>3,997,771</b>
Charge for the year	2,627,688	1,044,629	174,750	105,214	491,431	4,443,712
At December 31, 2007 (B)	<b>5,270,328</b>	<b>1,748,216</b>	<b>265,111</b>	<b>169,745</b>	<b>988,083</b>	<b>8,441,483</b>
Net book value						
At December 31, 2007 (A-B)	11,013,090	5,435,717	417,075	624,301	560,279	18,050,462
At 31 December 2006	<b>6,865,887</b>	<b>3,368,301</b>	<b>394,105</b>	<b>379,905</b>	<b>780,455</b>	<b>11,788,653</b>
Depreciation charge for the year ended 31 December 2006	1,542,835	365,354	42,299	36,462	496,652	2,483,602

**3 OTHER CURRENT ASSETS**

	Dec 31, 2007 (INR)	Dec 31, 06 (INR)
Tax withheld against Income	29,749,258	16,421,079
Security Deposit	3,804,054	1,598,135
Employee balances	3,542,693	1,503,683
Other Balances	2,366,475	4,688,481
<b>TOTAL</b>	<b>39,462,480</b>	<b>24,211,378</b>

**4 CASH AND CASH EQUIVALENTS**

	Dec 31, 2007 (INR)	Dec 31, 06 (INR)
<b>CASH AND BANK BALANCES</b>		
Deposits are placed with:		
Licensed banks	30,457,778	27,611,551
Cash in hand and at circles	490,482	419,012
<b>TOTAL</b>	<b>30,948,260</b>	<b>28,030,563</b>

**5 TRADE AND OTHER PAYABLES**

	Dec 31, 2007 (INR)	Dec 31, 06 (INR)
Trade payables	44,307,464	35,434,950
Other payables and accrued expenses	70,281,505	56,686,084
Payable to holding company	107,699,500	59,480,039
Total	222,288,469	151,601,073
Tax Payable (Net)	22,041,238	79,610,030
<b>TOTAL</b>	<b>22,041,238</b>	<b>79,610,030</b>

**6 CAPITAL AND RESERVES**

	Share Capital	Share Premium	Retained Earnings	Share Application
As at 1 January 2007	500,000	2,600,000	110,099,818	8,922,421
Received during the year	NIL	NIL	NIL	40,000,000
Refunded during the year	NIL	NIL	NIL	7,799,623
Utilised during the year	NIL	NIL	NIL	NIL
Earnings for the year	NIL	NIL	50,530,545	NIL
<b>As at 31 December 2007</b>	<b>500,000</b>	<b>2,600,000</b>	<b>160,630,363</b>	<b>41,122,798</b>

"[Out of the above shares 49,900 shares (previous year: Nil equity shares) are held by ADA Cellworks Sdn Bhd - Malaysia and the balance equity shares are held by an individual. The ultimate holding company is ADA Cellworks Sdn Bhd - Malaysia]"

**7 DEFERRED TAX**

	Dec 31, 2007 (INR)	Dec 31, 06 (INR)
Depreciation - Timing difference	1,926,249	1,588,880
Other items	(1,830,470)	(1,480,137)
Deferred tax liability, net	<b>95,779</b>	<b>108,743</b>

**8 COST OF SALES**

	Dec 31, 2007 (INR)	Dec 31, 06 (INR)
Sub-contracting charges	72,676,058	85,557,646
Survey Charges	57,866,096	30,593,101
Technical consultancy fees	53,282,247	46,993,370
Staff costs	110,607,435	68,621,173
Other direct expenses	13,415,817	9,311,659
<b>TOTAL</b>	<b>307,847,653</b>	<b>241,076,949</b>

**9 ADMINISTRATIVE EXPENSES**

	Dec 31, 2007 (INR)	Dec 31, 06 (INR)
Staff cost	7,913,557	3,580,590
Depreciation	4,443,712	2,483,601
Office Rents	940,957	724,080
Computer Maintenance	93,957	78,486
Travelling expenses	2,409,494	432,006
Maintenance expenses	2,061,003	1,284,596
Interest on late payment of tax	2,847,487	59,887
Audit fees	1,340,923	827,584
General expenses	2,055,035	1,100,137
Rates and taxes	73,917	200,000
<b>TOTAL</b>	<b>24,180,042</b>	<b>10,770,967</b>

**10 TAX EXPENSE**

	Dec 31, 2007 (INR)	Dec 31, 06 (INR)
Current tax expense - Current year	29,970,337	46,762,512
Fringe benefit tax	4,241,457	2,863,306
	34,211,794	49,625,818
<b>DEFERRED TAX EXPENSE</b>		
Origination and reversal of temporary differences	(12,964)	(463,227)
	<b>(12,964)</b>	<b>(463,227)</b>

**Operating profit**

	Dec 31, 2007 (INR)	Dec 31, 06 (INR)
Operating profit is arrived at after charging:		
Audit fee	1,340,923	827,584
Depreciation	4,448,304	2,483,602
Directors' emoluments		
- fees	NIL	NIL
- remuneration	NIL	284,800

i) The estimated monetary value of Directors' benefits-in-kind is Rs. Nil (previous year : Rs. Nil).

ii) The total number of employees of the Company (including directors thereof) at the end of the year was 463 (previous year: 294) and staff costs for the year amounted to Rs.119658632 (previous year: Rs.68,621,173).

## AUDITOR'S REPORT

We have audited the accompanying balance sheets of PT Ada Cellworks Indonesia as of December 31, 2007 and the related statements of income, changes in shareholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of PT Ada Cellworks Indonesia as of December 31, 2006 were audited by other independent auditor whose report dated October 23, 2007 expressed an unqualified opinion on these statements.

We conducted our audits in accordance with generally accepted auditing standards established by Indonesian Institute of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PT Ada Cellworks Indonesia as of December 31, 2007, the related statements of income, changes in Shareholder's equity and cash flows for the year then ended in conformity with generally accepted accounting principles in Indonesia.

HORWATH

Jakarta, Indonesia  
February 18, 2008

**Drs. Santoso Harsokusumo**  
Accountant License No.98.1.0039

**Statements of Income**  
**for the period of January 1, 2007 to December 31, 2007**  
(Expressed in Thousand Rupiah)

	Notes	2007 IDR	2006 IDR	2007 IDR	2006 IDR
<b>REVENUE</b>	2b	37,677,921	53,531,766	150,711,684	267,658,830
<b>Cost Of Revenue</b>	12	(31,865,872)	(46,593,524)	(127,463,488)	(232,967,620)
<b>GROSS PROFIT</b>		<b>5,812,049</b>	6,938,242	<b>23,248,196</b>	34,691,210
<b>Operating Expenses</b>		3,121,778	NIL	12,487,112	NIL
<b>OTHER INCOME (EXPENSES)</b>					
Foreign Exchange Gain (Loss), Net	2e	678,551	(1,813,217)	2,714,204	(9,066,085)
Tax Expenses		NIL	(1,616,821)	NIL	(8,084,105)
Interest Income		(39,013)	16,705	(156,052)	83,525
Miscellaneous Expenses, Net		(73,311)	(10,556)	(293,244)	(52,780)
		<b>566,227</b>	(3,423,889)	<b>2,264,908</b>	(17,119,445)
<b>Income Before Tax</b>		<b>3,256,498</b>	3,514,353	<b>13,025,992</b>	17,571,765
<b>Income Tax Expense</b>	2f, 13	(1,018,536)	(1,780,255)	(4,074,144)	(8,901,275)
<b>NET INCOME</b>		<b>2,237,962</b>	1,734,098	<b>8,951,848</b>	8,670,490

**Balance Sheets**  
**December 31, 2007 and 2006**  
(Expressed in Thousand Rupiah)

	Notes	2007 IDR	2006 IDR	2007 IDR	2006 IDR
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	2a,3	2,146,630	269,324	8,586,520	1,346,620
Trade receivables from third parties		8,708,869	8,949,206	34,835,476	44,746,030
Unbilled revenue	4	30,344,339	23,827,860	121,377,356	119,139,300
Other receivables	2d	232,836	474,034	931,344	2,370,170
Prepaid expenses		100,940	86,044	403,760	430,220
<b>Total Current Assets</b>		<b>41,533,614</b>	33,606,468	<b>166,134,456</b>	168,032,340
<b>NON – CURRENT ASSETS</b>					
Claim For Tax Refund	2f	675,291	502,951	2,701,164	2,514,755
Deferred Tax Asset	2f, 13a	33,703	28,217	134,812	141,085
Fixed Assets, Net	2c,5	2,040,242	2,992,515	8,160,968	14,962,575
Others Assets		79,378	78,600	317,512	393,000
<b>Total Non-Current Assets</b>		<b>2,828,614</b>	3,602,283	<b>11,314,456</b>	18,011,415
<b>Total Assets</b>		<b>44,362,228</b>	37,208,751	<b>177,448,912</b>	186,043,755
<b>CURRENT LIABILITIES</b>					
Due to Related Parties	2d,6	23,706,547	12,169,381	94,826,188	60,846,905
Taxes Payable	7	2,655,483	6,190,057	10,621,932	30,950,285
Accrued Expenses	2g,8	3,127,832	4,950,124	12,511,328	24,750,620
Other Payable		1,112,336	60,013	4,449,344	300,065
<b>Total Current Liabilities</b>		<b>30,602,198</b>	23,369,575	<b>122,408,792</b>	116,847,875
<b>NON – CURRENT LIABILITIES</b>					
Bank Loan	9	4,699,233	NIL	18,796,932	NIL
Post-Employment Benefits Obligation	2g, 13c	112,342	94,058	449,368	470,290
		<b>4,811,575</b>	94,058	<b>19,246,300</b>	470,290
<b>SHAREHOLDERS' EQUITY</b>					
Share Capital At Par Value of Rp 9,030 Per Share:					
Authorized Capital Of 100,000 Share					
Issued and Paid-Up Capital of 50,000 Shares	10	451,500	451,500	1,806,000	2,257,500
Foreign Exchange Fluctuation From Share Capital Payment	11	200	200	800	1,000
Retained Earnings		8,496,755	13,293,418	33,987,020	66,467,090
<b>Total Shareholders' Equity</b>		<b>8,948,455</b>	13,745,118	<b>35,793,820</b>	68,725,590
<b>Total Liabilities and Shareholders' Equity</b>		<b>44,362,228</b>	37,208,751	<b>177,448,912</b>	186,043,755

The accompanying notes are integral part of the financial statements

**Statements of Changes in Shareholder's Equity**  
**for the period of January 1, 2007 to December 31, 2007**  
(Expressed in Thousand Rupiah)

	Share Capital IDR	Foreign exchange fluctuation from share capital payment IDR	Retained earnings IDR	Total shareholders equity IDR	Share Capital INR	Foreign exchange fluctuation from share capital payment INR	Retained earnings INR	Total shareholders equity INR
<b>Balance as of April 1, 2005</b>	<b>451,500</b>	<b>200</b>	<b>11,559,320</b>	<b>12,011,020</b>	<b>2,257,500</b>	<b>1,000</b>	<b>57,796,600</b>	<b>60,055,100</b>
Net income for the year	NIL	NIL	1,734,098	1,734,098	NIL	NIL	8,670,490	8,670,490
<b>Balance as of December 31, 2006</b>	<b>451,500</b>	<b>200</b>	<b>13,293,418</b>	<b>13,745,118</b>	<b>2,257,500</b>	<b>1,000</b>	<b>66,467,090</b>	<b>68,725,590</b>
Prior year adjustment	NIL	NIL	(7,034,627)	(7,034,627)	NIL	NIL	(28,138,508)	(28,138,508)
<b>Balance after adjustment</b>	<b>451,500</b>	<b>200</b>	<b>6,258,791</b>	<b>6,710,491</b>	<b>1,806,000</b>	<b>1,000</b>	<b>25,035,164</b>	<b>26,841,964</b>
Net income for the year	NIL	NIL	2,237,964	2,237,964	NIL	NIL	8,951,856	8,951,856
<b>Balance as of December 31, 2007</b>	<b>451,500</b>	<b>200</b>	<b>8,496,755</b>	<b>8,948,455</b>	<b>1,806,000</b>	<b>1,000</b>	<b>33,987,020</b>	<b>35,793,820</b>

**Statements of Cash Flows**  
**for the period of January 1, 2007 to December 31, 2007**

	2007 IDR	2006 IDR	2007 INR	2006 INR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income (Loss) before tax	3,256,498	3,514,353	13,025,992	17,571,765
Adjustment for :				
Depreciation expense	1,092,086	970,844	4,368,344	4,854,220
loss from disposal of fixed asset	58,068	NIL	232,272	NIL
Foreign exchange loss (gain), net	NIL	1,832,045	NIL	9,160,225
Adjustment of retained earning	(7,034,627)	NIL	(28,138,508)	NIL
Changes in assets and liabilities				
Trade receivable from third parties	240,337	(6,212,898)	961,348	(31,064,490)
Unbilled revenue	(6,516,479)	(11,108,983)	(26,065,916)	(55,544,915)
Other receivable	241,198	573,568	964,792	2,867,840
Prepaid expenses	(14,896)	(56,552)	(59,584)	(282,760)
Claim for tax refund	172,338	(502,951)	NIL	(2,514,755)
Other assets	(778)	(18,102)	(3,112)	(90,510)
Due to related parties	11,537,166	8,789,472	46,148,664	43,947,360
Taxes payable	(3,534,574)	3,476,794	(14,138,296)	17,383,970
Accrued expenses	(1,822,292)	2,969,673	(7,289,168)	14,848,365
Other payables	28,301	18,091	113,204	90,455
Bank loans	4,699,233	NIL	18,796,932	NIL
Post-employment benefits obligation	18,284	27,852	73,136	139,260
Corporate income tax paid	NIL	(5,812,524)	NIL	(29,062,620)
Net cash provided from operating activities	<b>2,075,187</b>	<b>(1,539,318)</b>	<b>8,300,748</b>	<b>(7,696,590)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>				
Acquisition of fixed assets	(210,612)	(1,076,540)	(842,448)	(5,382,700)
Proceed from sale of fixed asset	12,730	NIL	50,920	NIL
	<b>(197,882)</b>	<b>(1,076,540)</b>	<b>(791,528)</b>	<b>(5,382,700)</b>
<b>Net (decrease) in cash and cash equivalent</b>	<b>1,877,306</b>	<b>(2,615,858)</b>	<b>7,509,224</b>	<b>(13,079,290)</b>
<b>Cash and cash equivalent - beginning balance</b>	<b>269,324</b>	<b>2,885,182</b>	<b>1,077,296</b>	<b>14,425,910</b>
<b>Cash and cash equivalent - ending balance</b>	<b>2,146,630</b>	<b>269,324</b>	<b>8,586,520</b>	<b>1,346,620</b>

The accompanying notes are integral part of the financial statements

## Note to Financial Statements for the year ended December 31, 2007 and 2006

### 1. GENERAL

PT ADA Cellworks Indonesia (the Company), an Indonesia domiciled company, located at Patra Office Tower Suite 1142 Jalan Gatot Subroto Kav 32-34 Jakarta. The establishment of the Company was effected by deed of notary public Indah Prastiti Extensia, SH dated May 27, 2004 No. 13. The deed was approved by the Minister of Law and Human Rights under No. C-17088.HT.01.01.TH.2004 on July 9, 2004.

In accordance with Notification of Presidential Approval from Capital Investment Coordination Board (BKPM) No. 279/I/PMA/2004 dated 17 May 2004, the Company is engaged in providing radio network planning and optimization. The Company commenced its commercial operations in October 2004.

As of December 31, 2007 and 2006, the Company's and Director was as follows :

Commissioner : Mr. Ng Seh Hoong

Director : Mr. Chin Yong Siang

As of December 31, 2007 and 2006, the Company had 18 and 17 permanent employees respectively.

The Company is part of the ADA Cellworks Group, Malaysia which has subsidiaries and affiliates throughout the world.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies adopted by the Company to accounting principles generally accepted in Indonesia. The significant policies, consistently applied in the preparation of the financial statement for the year ended December 31, 2007 and 2006 were as follows :

#### a. Financial Statement Presentation

The Company's financial statements, presented in thousands of rupiah, are prepared on the accrual basis using the historical cost concept.

The statements of cash flows are prepared using the indirect method with classifications of cash flows into operating, investing and financial activities.

#### b. Revenue recognition

Revenue from services rendered is recognized in the statement of income in proportion to the stage of completion of the service at the balance sheet date. The stage of completion is assessed by reference to the proportion of cost incurred to date that reflect service performed to the total estimated costs of the transaction. Where the outcome of transaction cannot be estimated reliably, revenue is recognized only to the extent of the recognized expenses that are recoverable.

#### c. Fixed assets

Fixed assets are presented at acquisition cost less accumulated depreciation. Depreciation is applied from the month such assets were placed into service, using the straight line method, over estimated useful lives, as follows :

Furniture and office equipment : 4 and 8 years

Project equipment : 4 years

#### d. Transaction with related parties

The company has transactions with related parties. The parties are considered to be related if one party has the ability as follows :

- (i) Enterprises that through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (including holding companies, subsidiaries and fellow subsidiaries);
- (ii) Associated companies;
- (iii) Individual owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them significant influence over the enterprise, and close members of the family of any such individuals (close members of a family are defined as those members who are able to exercise influence or can be influenced by such individuals, in conjunction with their transactions with the reporting enterprises);

(iv) Key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the reporting enterprise and close members of the families of such individuals; and

(v) Enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (iii) or (iv), or over which such person is able to exercise significant influence. This definition includes enterprises owned by the commissioners, directors or major stockholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise. All transactions with the related parties made with or without the same price, conditions, and terms as with unrelated parties, are disclosed in the financial statements.

#### e. Foreign currency translation

Transactions in foreign currencies are translated into rupiah using the rates prevailing at the transaction date. Year end balance of monetary assets and monetary denominated in foreign currencies into rupiah at the rates prevailing on the balance sheet date in Rp. 9.419/USD and Rp.9.020/USD as of December 31, 2007 and 2006, respectively.

Foreign exchange gains (losses) and unrealized, are credited (charged) to the statement of income of the related year.

#### f. Income tax

The company adopts the asset and liability method in determining its income taxes. Under this method, deferred tax assets and deferred tax liabilities are recognized at each reporting date for temporary differences between the financial and taxes base of assets and liabilities. This method also requires the recognition of future tax benefits, such as benefit from tax loss carry forwards, to the extent that realization of such benefit is probable.

#### g. Employment benefits

The Company's obligation for post employment benefits is calculated at the present value of estimated future benefit that the employees have earned in return for their service in the current and prior periods. The calculation is performed by an independent actuary using the projected unit credit method.

When the benefits of a plan change, the portion of the increased or decreased benefit relating to past service by employees is change or credited to the income statement on straight line basis over the average period until the benefit become vested. To the extent that the benefit vest immediately, the expense is recognized immediately in the income statement.

#### h. Use of estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents balance as of December 31, 2007 and 2006 are as follows:

	2007 IDR	2006 IDR	2007 INR	2006 INR
Cash on hand	10,000	82,974	40,000	414,870
Cash in banks	2,136,630	186,350	8,546,520	931,750
<b>TOTAL</b>	<b>2,146,630</b>	<b>269,324</b>	<b>8,586,520</b>	<b>1,346,620</b>

**4. UNBILLED REVENUE**

Accounts Unbilled Revenue as of December 31, 2007 and 2006 are as follows:

	2007 IDR	2006 IDR	2007 INR	2006 INR
Unbilled Revenue	30,344,339	23,827,860	121,377,356	119,139,300
NET	<b>30,344,339</b>	<b>23,827,860</b>	<b>121,377,356</b>	<b>119,139,300</b>

Represents excess of revenue from services recognized in proportion to stage of completion of the services at the balance sheet date over the amounts billed during the year.

**5. FIXED ASSETS**

Fixed assets balance as of December 31, 2007 and 2006 are as follows:

**2007**

	Dec 31, 2006 IDR	Addition IDR	Deduction IDR	Dec 31, 2007 IDR	Dec 31, 2006 INR	Addition INR	Deduction INR	Dec 31, 2007 INR
AT COST								
-Furniture and office equipment	1,885,015	24,080	81,000	1,828,095	9,425,075	96,320	324,000	7,312,380
-Project equipment	2,566,164	186,532	NIL	2,752,696	12,830,820	746,128	NIL	11,010,784
<b>TOTAL</b>	<b>4,451,179</b>	<b>210,612</b>	<b>81,000</b>	<b>4,580,791</b>	<b>22,255,895</b>	<b>842,448</b>	<b>324,000</b>	<b>18,323,164</b>
Accumulated Depreciation	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
-Furniture and office equipment	535,025	329,350	10,201	854,174	2,675,125	1,317,400	40,804	3,416,696
-Project equipment	923,639	762,736	NIL	1,686,375	4,618,195	3,050,944	NIL	6,745,500
<b>TOTAL</b>	<b>1,458,664</b>	<b>1,092,086</b>	<b>10,201</b>	<b>2,540,549</b>	<b>7,293,320</b>	<b>4,368,344</b>	<b>40,804</b>	<b>10,162,196</b>
<b>Net Book Value</b>	<b>2,992,515</b>	<b>NIL</b>	<b>NIL</b>	<b>2,040,242</b>	<b>14,962,575</b>	<b>NIL</b>	<b>NIL</b>	<b>8,160,968</b>

**2006**

	Dec 31, 2005 IDR	Addition IDR	Deduction IDR	Dec 31, 2006 IDR	Dec 31, 2005 INR	Addition INR	Deduction INR	Dec 31, 2006 INR
AT COST								
-Furniture and office equipment	1,170,030	714,985	NIL	1,885,015	5,850,150	3,574,925	NIL	9,425,075
-Project equipment	2,204,609	361,555	NIL	2,566,164	11,023,045	1,807,775	NIL	12,830,820
<b>TOTAL</b>	<b>3,374,639</b>	<b>1,076,540</b>	<b>NIL</b>	<b>4,451,179</b>	<b>16,873,195</b>	<b>5,382,700</b>	<b>NIL</b>	<b>22,255,895</b>
Accumulated Depreciation	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
-Furniture and office equipment	159,697	375,328	NIL	535,025	798,485	1,876,640	NIL	2,675,125
-Project equipment	328,123	595,516	NIL	923,639	1,640,615	2,977,580	NIL	4,618,195
<b>TOTAL</b>	<b>487,820</b>	<b>970,844</b>	<b>NIL</b>	<b>1,458,664</b>	<b>2,439,100</b>	<b>4,854,220</b>	<b>NIL</b>	<b>7,293,320</b>
<b>Net Book Value</b>	<b>2,886,819</b>	<b>NIL</b>	<b>NIL</b>	<b>2,992,515</b>	<b>14,434,095</b>	<b>NIL</b>	<b>NIL</b>	<b>14,962,575</b>

**6. DUE TO RELATED PARTIES**

This account represents payable to ADA Cellworks Sdn, Bhd, Malaysia, Ada Cellworks Inc Philippines and ADA Cellworks Pte. Ltd. Singapore, mainly relating to management services fees and consulting fee.

**7. TAXES PAYABLE**

Taxes payable balance as of December 31, 2007 and 2006 are as follows:

	2007 IDR	2006 IDR	2007 INR	2006 INR
Withholding income tax art 4(2)	1,564	5,674	6,256	28,370
Withholding tax article 21	389,778	1,093,767	1,559,112	5,468,835
Withholding tax article 23	18,605	106,489	74,420	532,445
Withholding tax article 26	1,671,977	2,116,782	6,687,908	10,583,910
Value added tax	573,559	2,867,345	2,294,236	14,336,725
	<b>2,655,483</b>	<b>6,190,057</b>	<b>10,621,932</b>	<b>30,950,285</b>

**8. ACCRUED EXPENSES**

Accrued liabilities balance as of December 31, 2007 and 2006 can be described as follows:

	2007 IDR	2006 IDR	2007 INR	2006 INR
Salaries,wages and other employees	1,610,979	1,867,594	6,443,916	9,337,970
Contract Expense	556,666	NIL	2,226,664	NIL
Professional fee	82,600	154,171	330,400	770,855
Miscellaneous	877,587	2,928,359	3,510,348	14,641,795
	<b>3,127,832</b>	<b>4,950,124</b>	<b>12,511,328</b>	<b>24,750,620</b>

**9. BANK LOAN**

On November 22, 2007 the Company entered into Bank Loan agreement No. 329/FAT/JKT/07 with PT Bank Niaga Tbk, under a credit facility to a maximum amount of USD 500.000. At December 31, 2007 already draw down in the amount of RP 4.699.233 thousand and interest 8% p.a. The credit facilities will expire at November 22, 2008.



**10. SHARES CAPITAL**

As of December 31, 2007 and 2006, the Company's authorized share capital amounting to Rp. 903.000 thousand 100.000 shares at par value of USD 1 Rp.9.030. of which 50.000 share has been issued to and paid up by the following share holders.

2007/2006	Number of shares	Percentage of Ownership	Total Paid - up Capital IDR	Total Paid - up Capital INR
<b>Name of Shareholders</b>				
ADA Cellworks Sdn.Bhd	49,995	99%	451,455	1,805,820
Mr. Chin Yong Siang	5	0,01%	45	180
	<u>50,000</u>	<u>100%</u>	<u>451,500</u>	<u>1,806,000</u>

**11. FOREIGN EXCHANGE FLUCTUATION FROM SHARE CAPITAL PAYMENT**

Represents the difference between the share capital payment effected in US Dollar at actual transaction rate and the rate specified in the Articles of Association for the translation of par value of the shares at Rp 9,030/USD

**12. COST OF REVENUE**

Cost of revenue as of December 31, 2007 and 2006 are as follows:

	2007 IDR	2006 IDR	2007 INR	2006 INR
Salaries, wages and other employees	19,060,407	22,131,508	76,241,628	110,657,540
Management fees	NIL	8,835,847	NIL	44,179,235
Profesional fees	5,397,909	4,957,650	21,591,636	24,788,250
Traveling	2,627,848	4,047,480	10,511,392	20,237,400
Rental	3,346,267	3,827,980	13,385,068	19,139,900
Office supplies and communication	634,184	1,281,499	2,536,736	6,407,495
Miscellaneous	799,257	1,511,560	3,197,028	7,557,800
<b>TOTAL</b>	<b>31,865,872</b>	<b>46,593,524</b>	<b>127,463,488</b>	<b>232,967,620</b>

**13. INCOME TAX**

a) The components of income tax (benefit) expenses were as follows :

	2007 IDR	2006 IDR	2007 INR	2006 INR
Current	1,024,022	1,788,610	4,096,088	8,943,050
Deferred	(5,486)	(8,355)	(21,944)	(41,775)
<b>TOTAL</b>	<b>1,018,536</b>	<b>1,780,255</b>	<b>4,074,144</b>	<b>8,901,275</b>

b) The reconciliation between income tax multiplied by the maximum tax rate and income tax expense was as follows :

	2007 IDR	2006 IDR	2007 INR	2006 INR
Profit before tax	3,256,498	3,514,353	13,025,992	17,571,765
Enacted maximum marginal tax rate	30 %	30 %	30 %	30 %
	976,949	1,054,306	3,907,798	5,271,530
Permanent difference at 30 % tax rate	59,087	743,449	236,348	3,717,245
Effect of graduated tax rate	(17,500)	(17,500)	(70,000)	(87,500)
<b>INCOME TAX EXPENSE</b>	<b>1,018,536</b>	<b>1,780,255</b>	<b>4,074,146</b>	<b>8,901,275</b>

c) The item that gave rise to significant portion of deferred tax asset of December 31, 2007 and 2006 was follows :

	2007 IDR	2006 IDR	2007 INR	2006 INR
Post employment benefit obligation	112,342	94,058	449,368	470,290

d) Under the taxation laws of Indonesia, the company submits tax return on the basis of self assessment. The tax authorities may asses or amend taxes within 10 years of the taxes becoming payable.



## INDEPENDENT AUDITORS' REPORT

### THE BOARD OF DIRECTORS

ADA Cellworks (Taiwan) Co., Ltd.

We have audited the accompanying balance sheets of ADA Cellworks (Taiwan) Co., Ltd. as of December 31, 2007, and the related statements of income, change in stockholder's equity, and cash flows for the year ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of ADA Cellworks (Taiwan) Co., Ltd. as of and for the year ended December 31, 2006, were audited by other auditors whose report dated January 26, 2007, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards and rules require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material

misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of ADA Cellworks (Taiwan) Co., Ltd. as of December 31, 2007, and the results of its operations and cash flows for the year ended December 31, 2007 in conformity with International Financial Reporting Standards.

January 31, 2008

First Horwath and Company, CPA

### Balance Sheets as at December 31, 2007 and 2006 (expressed in New Taiwan dollars)

	2007		2006		2007		2006	
	Amount \$	%	Amount \$	%	Amount INR	%	Amount INR	%
<b>CURRENT ASSETS:</b>								
Cash and cash in bank	32,192,542	25	696,778	1	38,631,050	25	947,618	1
Accounts receivable (Note 5)	28,984,997	23	66,649,834	71	34,781,996	23	90,643,774	71
Prepayments and other current assets	869,067	1	340,264	NIL	1,042,880	1	462,759	NIL
Receivable from related parties (Note 4)	63,048,667	50	24,149,337	26	75,658,400	50	32,843,098	26
<b>Total current assets</b>	<b>125,095,273</b>	<b>99</b>	<b>91,836,213</b>	<b>98</b>	<b>150,114,328</b>	<b>99</b>	<b>124,897,250</b>	<b>98</b>
Furniture, fixtures and equipment, net (Note 6)	559,026	1	1,073,669	1	670,831	1	1,460,190	1
Other assets (Note 7)	163,637	NIL	631,971	1	196,364	NIL	859,481	1
<b>Total Assets</b>	<b>125,817,936</b>	<b>100</b>	<b>93,541,853</b>	<b>100</b>	<b>150,981,523</b>	<b>100</b>	<b>127,216,920</b>	<b>100</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>								
<b>CURRENT LIABILITIES:</b>								
Accounts and notes payable	140,250	NIL	6,070,207	6	168,300	NIL	8,255,482	6
Payables to related parties (Note 4)	103,067,654	82	60,438,040	65	123,681,185	82	82,195,734	65
Accrued expenses and other current liabilities (Note 4 and 7)	4,075,544	3	7,588,790	8	4,890,653	3	10,320,754	8
<b>Total Current Liabilities</b>	<b>107,283,448</b>	<b>85</b>	<b>74,097,037</b>	<b>79</b>	<b>128,740,138</b>	<b>85</b>	<b>100,771,970</b>	<b>79</b>
Other non-current liabilities								
Deposit received	NIL	NIL	10,000	NIL	NIL	NIL	13,600	NIL
<b>Total Liabilities</b>	<b>107,283,448</b>	<b>85</b>	<b>74,107,037</b>	<b>79</b>	<b>128,740,138</b>	<b>85</b>	<b>100,785,570</b>	<b>79</b>
<b>STOCKHOLDERS' EQUITY (NOTE 8):</b>								
Capital shares	5,000,000	4	5,000,000	5	6,000,000	4	6,800,000	5
Legal reserve	1,443,482	1	772,075	1	1,732,178	1	1,050,022	1
Retained earnings	12,091,006	10	13,662,741	15	14,509,207	10	18,581,328	15
<b>Total stockholders' equity</b>	<b>18,534,488</b>	<b>15</b>	<b>19,434,816</b>	<b>21</b>	<b>22,241,386</b>	<b>15</b>	<b>26,431,350</b>	<b>21</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>125,817,936</b>	<b>100</b>	<b>93,541,853</b>	<b>100</b>	<b>150,981,523</b>	<b>100</b>	<b>127,216,920</b>	<b>100</b>

See accompanying notes to financial statements.

**Statements of Income**  
**for the year ended December 31, 2007 and 2006**  
(expressed in New Taiwan dollars)

	2007		2006		2007		2006	
	Amount \$	%	Amount \$	%	Amount INR	%	Amount INR	%
<b>NOTE SALES</b>	<b>121,159,850</b>	<b>100</b>	114,619,590	100	<b>145,391,820</b>	<b>100</b>	155,882,642	100
Operating expenses (Notes 4, 9 and 10)	(122,149,487)	(101)	(104,170,446)	(91)	(146,579,384)	(101)	(141,671,807)	(91)
<b>Operating Income (Loss)</b>	<b>(989,637)</b>	<b>(1)</b>	10,449,144	9	<b>(1,187,564)</b>	<b>(1)</b>	14,210,836	9
Nonoperating income and loss :								
Interest income	35,886	NIL	13,990	NIL	43,063	NIL	19,026	NIL
Rental income	76,192	NIL	38,096	NIL	<b>91,430</b>	<b>NIL</b>	51,811	NIL
Exchange gain	1,335,834	1	230,715	NIL	1,603,001	1	313,772	NIL
Other income	258,365	NIL	NIL	NIL	310,038	NIL	NIL	NIL
<b>Total Nonoperating Income</b>	<b>1,706,277</b>	<b>1</b>	282,801	NIL	<b>2,047,532</b>	<b>1</b>	384,609	NIL
Income before income tax	716,640	NIL	10,731,945	9	<b>859,968</b>	<b>NIL</b>	14,595,445	9
Income tax expense (Note 7)	1,616,968	1	4,017,880	3	<b>1,940,362</b>	<b>1</b>	5,464,317	3
<b>Net Income (Loss)</b>	<b>(900,328)</b>	<b>(1)</b>	6,714,065	6	<b>(1,080,394)</b>	<b>(1)</b>	9,131,128	6

See accompanying notes to financial statements.

**Statements of Cash Flows**  
**for the year ended December 31, 2007 and 2006**  
(expressed in New Taiwan dollars)

	2007 \$	2006 INR	2007 \$	2006 INR
<b>NET INCOME (LOSS)</b>	<b>(900,328)</b>	6,714,065	<b>(1,080,394)</b>	9,131,128
Adjustments to reconcile net income to net cash used in operating activities:				
<b>OPERATING ACTIVITIES :</b>				
Depreciation and amortization	547,548	513,029	657,058	697,719
Decrease (increase) in accounts receivable	37,664,837	(11,621,866)	45,197,804	(15,805,738)
Increase in receivables from related parties	(38,899,330)	(24,149,337)	(46,679,196)	(32,843,098)
Decrease (increase) in prepayments and other current assets	(528,803)	3,719,585	(634,564)	5,058,636
Decrease in other assets	468,334	134,030	562,001	182,281
Increase (decrease) in accounts and notes payable	(5,929,957)	(14,094,144)	(7,115,948)	(19,168,036)
Increase in payables to related parties	42,629,614	36,004,407	51,155,537	48,965,994
Increase (decrease) in accrued expenses and other current liabilities	(3,513,246)	3,703,917	(4,215,895)	5,037,327
<b>Net cash provided by operating activities</b>	<b>31,538,669</b>	923,686	<b>37,846,403</b>	1,256,213
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Acquisition of furniture, fixtures and equipment	(32,905)	(580,333)	(39,486)	(789,253)
Decrease (increase) in deposit received	(10,000)	10,000	(12,000)	(13,600)
<b>Net cash used in investing activities</b>	<b>(42,905)</b>	(570,333)	<b>(51,486)</b>	(775,653)
Net increase in cash and cash in bank	31,495,764	353,353	37,794,917	NIL
Cash and cash in bank at beginning of year	696,778	343,425	836,134	467,058
<b>Cash and cash in bank at end of year</b>	<b>32,192,542</b>	696,778	<b>38,631,050</b>	947,618
Supplementary disclosures of cash flow information:				
Cash payments of interest	NIL	NIL	NIL	NIL
<b>Cash payments of income tax</b>	<b>3,875,996</b>	5,065,528	<b>4,651,195</b>	6,889,118

See accompanying notes to financial statements.

**Statements of Changes in Stockholder's Equity**  
**for the year ended December 31, 2007 and 2006**  
(expressed in New Taiwan dollars)

	Capital shares	Legal reserve	Retained earnings	Total
Balance at December 31, 2005	\$5,000,000		\$7,720,751	12,720,751
Legal reserve	NIL	\$772,075	(772,075)	NIL
Net income for the year ended 31-Dec-06	NIL	NIL	6,714,065	6,714,065
Balance at December 31, 2006	5,000,000	772,075	13,662,741	19,434,816
Legal reserve	NIL	671,407	(671,407)	NIL
Net loss for the year ended 31-Dec-07	NIL	NIL	(900,328)	<b>(900,328)</b>
<b>Balance at December 31, 2007</b>	<b>\$5,000,000</b>	<b>\$1,443,482</b>	<b>\$12,091,006</b>	<b>\$18,534,488</b>

See accompanying notes to financial statements.

**Notes to Financial Statements**  
**December 31, 2007 and 2006**  
**(ALL AMOUNTS EXPRESSED IN NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

**(1) ORGANIZATION AND BUSINESS SCOPE**

ADA Cellworks (Taiwan) Limited (the Company), a subsidiary of ADA Cellworks Sdn. Bhd, a Malaysia company, was established with the approval by the Ministry of Economic Affairs on June 30, 2005, under the Laws of the Republic of China. The principal activity of the Company is to provide specialized services for networking solutions. The Company filed application with Ministry of Economic Affairs to change from Limited to Corporate, Limited on January 23, 2006.

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

The Company prepares its financial statements in accordance with International Financial Reporting Standards. The financial statements of the Company have been prepared in the local currency.

**(a) Cash and cash in bank**

Cash and cash equivalent include cash on hand, savings and checking deposits.

**(b) Allowance for doubtful accounts**

Allowance for doubtful accounts is provided according to the aging analysis and the collectibles of each account.

**(c) Furniture, fixtures and equipment, and related depreciation and impairment**

Furniture, fixtures and equipment are stated at acquisition cost. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis ranging from 3 to 5 years.

Internal and external sources of information are reviewed at each balance sheet date to identify indications that long-lived assets may be impaired. If any such indications exist, the asset's recoverable amount is estimated. An impairment loss is recognized, whenever the carrying amount of an asset exceeds its recoverable amount.

**i) Calculation of recoverable amount**

The recoverable amount of an asset is the greater of its net selling price (less cost 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 value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

**ii) Reversal of impairment losses**

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment

loss been recognized in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognized.

**(d) Revenue recognition**

Revenues from providing network maintenance and design services for contract period exceeding one year are recognized by percentage of completion method provided that the contract price and related operating cost at year-end can be reasonable estimated.

**(e) Retirement benefits**

According to the Labor Pension Act (LPA), employers are required to make a monthly contribution of no less than 6% of employees' salaries to their individual pension fund accounts at the Bureau of Labor Insurance. The deposit amount is recognized as current-year expense.

**(f) Income tax**

Income taxes are accounted for under the asset and liability method. Deferred income tax is determined based on differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect during the years in which the differences are expected to reverse. The income tax effects resulting from temporary differences, loss carry forwards and income tax credits are recognized as deferred income tax. A valuation allowance is provided on the deferred income tax assets if it considered more likely than not that the asset will not be realized.

Classification of the deferred income tax assets or liabilities as current or concurrent is based on the classification of the related asset or liability. If the deferred income tax asset or liability is not directly related to a specific asset or liability, then the classification is based on the asset's or liability's expected realization date.

Adjustment of prior years' tax liabilities are added to or deducted from the current period's income tax expense.

Income tax (10%) on undistributed earnings is recorded as expense in the year the stockholders have effectively resolved that the earnings shall be retained.

**(3) CHANGES IN ACCOUNTING POLICIES**

None.

**(4) RELATED-PARTY TRANSACTIONS**

In the normal course of business, the Company conducts certain transactions with related parties. The party and related transactions were as below:

**(a) Names and relationships**

Names and relationships	Relationship to the Company Name
ADA Cellworks Sdn. Bhd (ADA Malaysia)	Ultimate parent company
Hongyi Wireless Network Co., Ltd. (Hongyi)	The company owned by the spouse of the Planning Manger of the Company
Sam Chang (Sam)	Planning Manager of the Company

**(b) Significant transactions**

**i) Financing**

i. For the year ended December 31, 2007 and 2006, the Company's loans (interest-free) to related parties were as follows:

	2007		2006		2007		2006	
	Maximum balance \$	Ending balance \$	Maximum balance \$	Ending balance \$	Maximum balance INR	Ending balance INR	Maximum balance INR	Ending balance INR
ADA Malaysia	63,048,667	63,048,667	20,803,830	20,669,337	75,658,400	75,658,400	28,293,209	28,110,298
Hongyi	3,630,000	NIL	5,580,000	3,480,000	4,356,000	NIL	7,588,800	4,732,800

- ii. For the year ended December 31, 2007 and 2006, the Company's loans (interest-free) from related parties were as follows:

	2007		2006		2007		2006	
	Maximum balance \$	Ending balance \$	Maximum balance \$	Ending balance \$	Maximum balance INR	Ending balance INR	Maximum balance INR	Ending balance INR
Sam	4,433,040	NIL	4,433,040	4,433,040	5,319,648	NIL	6,028,934	6,028,934
ADA Malaysia	2,963,065	2,918,700	NIL	NIL	3,555,678	3,502,440	NIL	NIL

ii) **Financing**

	December 31, 2007 \$	December 31, 2006 \$	December 31, 2007 INR	December 31, 2006 INR
ADA Malaysia	94,067,350	56,005,000	112,880,820	76,166,800
Hongyi	6,081,604	NIL	7,297,925	NIL

iii) **Consulting Fees**

Hongyi Wireless Network Co., Ltd. provided consulting services to the Company. For the year ended December 31, 2007 and 2006, the related expenses arising from above services were \$6,081,604 and 0, respectively.

vi) **Technical service royalties**

ADA Cellworks Sdn. Bhd provided technical services to the Company. For the year ended December 31, 2007 and 2006, the related expenses arising from the above service were \$39,446,000 and \$39,255,000, respectively.

(5) **ACCOUNTS RECEIVABLE**

	December 31, 2007 \$	December 31, 2006 \$	December 31, 2007 INR	December 31, 2006 INR
Accounts receivable	28,984,997	66,649,834	34,781,996	90,643,774
Less: allowance for doubtful accounts	NIL	NIL	NIL	NIL
	<u>28,984,997</u>	<u>66,649,834</u>	<u>34,781,996</u>	<u>90,643,774</u>

- (b) The differences between "expected" income tax expense and the actual income tax expense as reported in the accompanying financial statements were as below:

	December 31, 2007 \$	December 31, 2006 \$	December 31, 2007 INR	December 31, 2006 INR
Income tax expense calculated based on financial				
pretax income	169,160	\$2,582,986	202,992	3,512,861
10% surtax on undistributed earnings	604,319	849,283	725,183	1,155,025
Disallowed expense	790,207	585,611	948,248	796,431
Difference of estimated income tax in the prior year	53,282	NIL	63,938	NIL
Effective income tax expense	<u>\$1,616,968</u>	<u>\$4,017,880</u>	<u>1,940,362</u>	<u>5,464,317</u>

(6) **FURNITURE, FIXTURES AND EQUIPMENT**

	December 31, 2007 \$	December 31, 2006 \$	December 31, 2007 INR	December 31, 2006 INR
<b>Cost:</b>				
Office equipment	1,714,815	1,681,910	2,057,778	2,287,398
Less: accumulated depreciation	(1,155,789)	(608,241)	(1,386,947)	(827,208)
<b>Net furniture, fixtures and equipment</b>	<u>559,026</u>	<u>1,073,669</u>	<u>670,831</u>	<u>1,460,190</u>

(7) **INCOME TAX**

- (a) The Company's maximum income tax rate is 25%. The income tax expenses (benefits) were as follows:

	December 31, 2007 \$	December 31, 2006 \$	December 31, 2007 INR	December 31, 2006 INR
Current income tax expenses	1,099,852	3,883,850	1,319,822	5,282,036
Deferred income tax expense	463,834	134,030	556,601	182,281
Differences of estimated income tax in the prior year	53,282	NIL	63,938	NIL
<b>Income tax expense</b>	<u>1,616,968</u>	<u>4,017,880</u>	<u>1,940,362</u>	<u>5,464,317</u>

- (c) Key components of deferred income tax benefit were as bellow:

	December 31, 2007 \$	December 31, 2006 \$	December 31, 2007 INR	December 31, 2006 INR
Organization cost	165,337	165,337	198,404	224,858
Depreciation	(33,722)	(31,307)	(40,466)	(42,578)
Foreign exchange	332,219	NIL	398,663	NIL
<b>Income tax expense</b>	<u>463,834</u>	<u>134,030</u>	<u>556,601</u>	<u>182,281</u>

(d) The components of deferred income tax assets (liability) as of December 31, 2007 and 2006 were as follows:

	December 31, 2007 \$	December 31, 2006 \$	December 31, 2007 INR	December 31, 2006 INR
<b>NON-CURRENT</b>				
Organization cost	413,343	578,680	496,012	787,005
Depreciation	71,240	37,518	85,488	51,024
Foreign exchange	(332,219)	NIL	(398,663)	NIL
<b>Total non-current deferred income tax</b>	<b>152,364</b>	<b>616,198</b>	<b>182,837</b>	<b>838,029</b>
<b>Total deferred income tax</b>	<b>152,364</b>	<b>616,198</b>	<b>182,837</b>	<b>838,029</b>

(e) The components of income tax payable were as follows

	December 31, 2007 \$	December 31, 2006 \$	December 31, 2007 INR	December 31, 2006 INR
Current income tax expense	1,099,852	\$3,883,850	1,319,822	5,282,036
Prepayment and withholding on income tax	(1,624,719)	(1,689,442)	(1,949,663)	(2,297,641)
<b>Income tax (refund) payable</b>	<b>(524,867)</b>	<b>\$2,194,408</b>	<b>(629,840)</b>	<b>2,984,395</b>

According to the Income Tax Law, the income tax paid at the corporate level can be used to offset the ROC resident stockholders' individual income tax. The Company is required to establish an imputation credit account (ICA) to maintain a record of the corporate income taxes paid and stockholders is calculated by multiplying the dividend by the creditable ratio. The creditable ratio is calculated as the balance of the ICA divided by earnings retained.

As of December 31, 2007 and 2006, the information related to the ICA and creditable ratio was as follows:

	December 31, 2007 \$	December 31, 2006 \$	December 31, 2007 INR	December 31, 2006 INR
ICA balance	8,155,834	5,065,625	9,787,001	6,889,250
<b>Creditable ratio</b>	<b>40.87%</b>	<b>29.41%</b>	<b>40.87%</b>	<b>29.41%</b>

The information on retained earnings is summarized as follows:

	December 31, 2007 \$	December 31, 2006 \$	December 31, 2007 INR	December 31, 2006 INR
"Attributable to earnings subsegment to January 1, 1998"	<b>12,091,006</b>	<b>\$13,662,741</b>	<b>14,509,207</b>	<b>18,581,328</b>

#### 8) STOCKHOLDER'S EQUITY

##### (a) Appropriation of earnings

The Company's Articles of Incorporation provide that the following shall be appropriated from the annual net income after offsetting prior years' deficits:

- 10% thereof as legal reserve.
- Dividends to shareholders equal to 98% of the remainder.
- Bonus to employees equal to 1% of the remainder.
- Bonus to directors and supervisors equal to 1% of the remainder.

##### (b) Legal reserve

The ROC Company law stipulates that the Company must retain 10% of its annual earnings until the accumulated legal reserve equals total capital stock. The legal reserve can only be used to offset an accumulated deficit, and cannot be distributed as cash dividends.

#### (9) COMMITMENTS AND OTHER CONTINGENCIES

The Company entered into several lease agreements for its current office space and vehicles, with lease terms ranging from 1 to 2 years. Total lease expenses for 2007 and 2006 were \$4,094,886 and \$6,285,013, respectively. Guarantee deposits for the leases as December 31, 2007 and 2006 were \$285,000 and \$441,000, respectively.

#### (10) OTHERS

The components of labor and depreciation expenses, categorized by their respective functions, are summarized as follow:

Account	2007 \$			2006 \$			2007 INR			2006 INR		
	Operating cost	operating expense	Total	Operating cost	operating expense	Total	Operating cost	operating expense	Total	Operating cost	operating expense	Total
<b>LABOR EXPENSES:</b>												
Salary expense	NIL	39,110,448	39,110,448	NIL	28,535,511	28,535,511	0	46,932,538	46,932,538	0	38,808,295	106,380,419
Labor and health	NIL	1,998,037	1,998,037	NIL	1,206,956	1,206,956	0	2,397,644	2,397,644	0	1,641,460	5,434,661
Insurance expenses												
Pension expense	NIL	1,129,086	1,129,086	NIL	643,686	643,686	0	1,354,903	1,354,903	0	875,413	3,071,114
Other	NIL	385,002	385,002	NIL	636,541	636,541	0	462,002	462,002	0	865,696	1,047,205
Depreciation expenses	NIL	547,548	547,548	NIL	508,529	508,529	0	657,058	657,058	0	691,599	1,489,331

## DIRECTORS' REPORT

Your Directors present their report on the company for the financial year ended DECEMBER 31, 2007.

The name of the directors in office at any time during, or since the end of, the year are:

Ian Donald Vaskess  
Mirza Mahmood Ahmad  
Ping Yong Teoh  
Seh Hoong Ng  
Yong Siang Chin  
Eu Jin Lee

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The profit of the company for the financial year after providing for income tax and eliminating minority equity interests amounted to AUD80,383.

No significant changes in the state of affairs of the company occurred during the financial year.

The principal activity in the company during the financial year was providing telecommunication services.

No significant change in the nature of these activities occurred during the year.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

The operations of the company are not regulated by any significant environmental regulation under the law of the Commonwealth or of a state or territory.

No dividends have been paid or declared since the start of the financial year.

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or an auditor of the company.

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those.

The Company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 2.

Signed in accordance with a resolution of the Board of Directors:

Yong Siang Chin  
Director

March 7, 2008

## Income Statement for the year ended December 31, 2007

	Note	2007 AUD	2006 AUD	2007 INR	2006 INR
<b>Revenue</b>	2	615,058	1,055,794	21,351,738	36,947,511
Other income	2	1,469	830	50,996	29,046
Employee benefits expense		(434,154)	(596,911)	(15,071,656)	(20,888,900)
Other expenses		(67,185)	(283,735)	(2,332,327)	(9,929,306)
<b>Profit Before Income Tax</b>		<b>115,188</b>	175,978	<b>3,998,751</b>	6,158,350
Income tax expense	4	(34,556)	(57,118)	(1,199,612)	(1,998,844)
Over/(under) provision for tax last year		(249)	NIL	(8,644)	NIL
		<b>80,383</b>	118,860	<b>2,790,496</b>	4,159,506

The accompanying notes form part of these financial statements.

## AUDITORS' REPORT

I declare that, to the best of my knowledge and belief, during the year ended DECEMBER 31, 2007 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

BCS ASSURANCE PTY LIMITED  
Chartered Accountants

Sydney, Australia

RON PHIPPS-ELLIS  
Director

March 7, 2008

## Balance Sheet as at December 31, 2007

	Note	2007 AUD	2006 AUD	2007 INR	2006 INR
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	7	59,870	60,250	2,078,387	2,108,449
Trade and other receivables	8	207,087	612,172	7,189,025	21,422,959
Work in progress	9	36,593	7,865	1,270,326	275,236
Other current assets	10	NIL	976	NIL	34,155
<b>Total Current Assets</b>		<b>303,550</b>	681,263	<b>10,537,738</b>	23,840,799
<b>NON-CURRENT ASSETS</b>					
Trade and other receivables	8	NIL	NIL	NIL	NIL
Deferred tax assets	13	4,891	3,626	169,791	126,892
Intangible assets	11	645	860	22,391	30,096
Other non-current assets	10	NIL	NIL	NIL	NIL
		5,536	4,486	192,182	156,988
		<b>309,086</b>	685,749	<b>10,729,920</b>	23,997,786
<b>CURRENT LIABILITIES</b>					
Trade and other payables	12	85,326	506,046	2,962,092	17,709,080
Current tax liabilities	13	11,437	57,118	397,035	1,998,844
Short-term provisions	14	NIL	NIL	NIL	NIL
<b>Total Current Liabilities</b>		<b>96,763</b>	563,164	<b>3,359,127</b>	19,707,924
<b>NON-CURRENT LIABILITIES</b>					
Trade and other payables	12	NIL	NIL	NIL	NIL
Deferred tax liabilities	13	9,354	NIL	324,724	NIL
<b>Total Non-Current Liabilities</b>		<b>9,354</b>	NIL	<b>324,724</b>	NIL
<b>Total Liabilities</b>		<b>106,117</b>	563,164	<b>3,683,852</b>	19,707,924
<b>Net Assets</b>		<b>202,969</b>	122,585	<b>7,046,069</b>	4,289,862
<b>EQUITY</b>					
Issued capital	15	100	100	100	100
Retained earnings		202,869	122,485	7,042,597	4,286,363
<b>Total Equity</b>		<b>202,969</b>	122,585	<b>7,046,069</b>	4,289,862

The accompanying notes form part of these financial statements.



**Cash Flow Statement  
for the year ended December 31, 2007**

Note	2007 AUD	2006 AUD	2007 INR	2006 INR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	782,025	863,268	27,147,998	30,210,064
Payments to suppliers and employees	(663,749)	(804,018)	(23,042,047)	(28,136,610)
Income tax paid	(72,397)	NIL	(2,513,262)	NIL
Net cash provided by (used in) operating activities	17 <b>45,879</b>	59,250	<b>1,592,689</b>	2,073,454
<b>CASH FLOWS FROM FINANCIAL ACTIVITIES</b>				
Repayment of borrowings	(46,260)	NIL	(1,605,916)	NIL
Dividends paid	NIL	NIL	NIL	NIL
Net cash provided by (used in) financing activities	(46,260)	NIL	(1,605,916)	NIL
Net (decrease) increase in cash held	(381)	59,250	(13,226)	2,073,454
Cash at beginning of financial year	60,251	1,001	2,091,613	35,030
Cash at end of financial year	7 <b>59,870</b>	60,250	<b>2,078,387</b>	2,108,449

The accompanying notes form part of these financial statements.

**Notes to the Financial Statements  
for the Year Ended December 31, 2007**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporation Act 2001.

The financial report covers ADA CELLWORKS PTY LTD as an individual company. ADA CELLWORKS PTY LTD is a company limited by shares, incorporated and domiciled in Australia.

The financial report of ADA CELLWORKS PTY LTD complies with all equivalents to International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**BASIS OF PREPARATION**

**Reporting Basis and Conventions**

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets financial liabilities for which the fair value basis of accounting has been applied.

**ACCOUNTING POLICIES**

(a) **Income Tax**

The change for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items, it is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted by using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax

will be recognized from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or liability is settled. Deferred tax is credited in the income statement where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognized to the extent that it is probable that future tax profits will be available against which deductible temporary difference can be utilized.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realized and comply with the conditions of deductibility imposed by the law.

(b) **Financial Instruments**

**Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

**Financial assets at fair value through profit and loss**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB139. Financial instruments: Recognition and Measurement. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective rate method.

**Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

**Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**Impairment**

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(c) **Impairment of Assets**

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(d) **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each company is measured using the currency



of the primary environment in which that company operates. The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

#### Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

#### (e) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Employee benefits payable after later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

#### (f) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

#### (g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

#### (h) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

#### (i) Borrowing Costs

Borrowing cost directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare 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 of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

#### (j) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### NOTE 2 : REVENUE

	2007 AUD	2006 AUD	2007 INR	2006 INR
<b>SALES REVENUE</b>				
- sales of goods	615,058	1,055,794	21,351,738	36,947,511
<b>Total sales of revenue</b>	<b>615,058</b>	<b>1,055,794</b>	<b>21,351,738</b>	<b>36,947,511</b>
<b>Other income</b>				
- other income	1,469	830	50,996	29,046
- unrealized foreign exchange gain				
<b>Total other income</b>	<b>1,469</b>	<b>830</b>	<b>50,996</b>	<b>29,046</b>

#### NOTE 3 : PROFIT BEFORE INCOME TAX

	2007 AUD	2006 AUD	2007 INR	2006 INR
Expenses	481,597	708,122	16,718,640	24,780,729
Cost of sales				

#### NOTE 4 : INCOME TAX EXPENSE

	2007 AUD	2006 AUD	2007 INR	2006 INR
a) The components of tax expense comprise: B26				
Current tax	34,556	53,439	1,199,612	1,870,098
Under/(over) provision in respect to prior years	249		8,644	
	<b>34,805</b>	<b>53,439</b>	<b>1,208,256</b>	<b>1,870,098</b>
b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie tax payable on profit from ordinary activities before				
Income tax at 30% (2006: 30%)	34,556	52,793	1,199,612	1,847,491
Add:				
<b>Tax effect of:</b>				
- other non-allowable items	4,890	6,697	169,756	234,362
- other assessable income	2,373	NIL	82,379	NIL
	<b>41,819</b>	<b>59,491</b>	<b>1,451,747</b>	<b>2,081,888</b>
Less:				
<b>Tax effect of:</b>				
- Unearned income	8,913	2,124	309,415	74,329
- Other allowable items	5,750	NIL	199,611	NIL
- Other income items not assessable	441	249	15,309	8,714
	<b>26,716</b>	<b>57,118</b>	<b>927,446</b>	<b>1,998,844</b>
Income tax attributable to company				
The applicable weighted average effective tax rates are as follows	30%	32%		

#### NOTE 5 : KEY MANAGEMENT PERSONNEL COMPENSATION

	Short-term Benefits AUD	Post Employment Benefit AUD	Total
<b>2007</b>			
Total Compensation	NIL	NIL	NIL
<b>2008</b>			
Total Compensation	NIL	NIL	NIL

**NOTE 6 : AUDITORS' REMUNERATION**

	2007 AUD	2006 AUD	2007 INR	2006 INR
Remuneration of the auditor for :				
- auditing or reviewing the financial report	6,600	5,000	229,119	174,975
- taxation services	8,931	NIL	310,040	NIL
- taxation services provided by related practice of auditor	NIL	7,384	NIL	258,403

**NOTE 7 : CASH AND CASH EQUIVALENTS**

	2007 AUD	2006 AUD	2007 INR	2006 INR
Cash at bank and in hand	59,870	60,250	2,078,387	2,108,449
	<b>59,870</b>	<b>60,250</b>	<b>2,078,387</b>	<b>2,108,449</b>
Reconciliation of cash				
Cash at the end of the financial year as shown in the cash flow Statement is reconciled to items in the balance sheet as follows:				
Cash and cash equivalents	59,870	60,250	2,078,387	2,108,449
	<b>59,870</b>	<b>60,250</b>	<b>2,078,387</b>	<b>2,108,449</b>

**NOTE 8 : TRADE AND OTHER RECEIVABLES**

	Notes	2007 AUD	2006 AUD	2007 INR	2006 INR
<b>CURRENT</b>					
Trade receivable		57,530	162,991	1,997,154	5,703,870
		<b>57,530</b>	<b>162,991</b>	<b>1,997,154</b>	<b>5,703,870</b>
Amounts due from customers					
Other receivables		NIL	1,589	NIL	55,607
Other related parties	8(a)	149,557	447,592	5,191,871	15,663,482
		<b>207,087</b>	<b>612,172</b>	<b>7,189,025</b>	<b>21,422,959</b>
(a) Other related parties					
ADA Cellworks Sdn. Bhd.		149,557	447,592	5,191,871	15,663,482
		<b>149,557</b>	<b>447,592</b>	<b>5,191,871</b>	<b>15,663,482</b>

**NOTE 13 : TAX**
**(A) Liabilities**

	2007 AUD	2006 AUD	2007 INR	2006 INR
<b>CURRENT</b>				
Income tax	11,437	57,118	397,035	1,998,844
	<b>11,437</b>	<b>57,118</b>	<b>397,035</b>	<b>1,998,844</b>

**NOTE 9 : WORK IN PROGRESS**

	2007 AUD	2006 AUD	2007 INR	2006 INR
<b>CURRENT</b>				
at cost				
Work in Progress	36,593	7,865	1,270,326	275,236
	<b>36,593</b>	<b>7,865</b>	<b>1,270,326</b>	<b>275,236</b>

**NOTE 10 : OTHER ASSETS**

	2007 AUD	2006 AUD	2007 INR	2006 INR
<b>CURRENT</b>				
Prepayments	NIL	976	NIL	34,155
	<b>NIL</b>	<b>976</b>	<b>NIL</b>	<b>34,155</b>

**NOTE 11 : INTANGIBLE ASSETS**

	2007 AUD	2006 AUD	2007 INR	2006 INR
Formation cost	NIL	NIL	NIL	NIL
Formation expenses at cost	1,075	1,075	37,319	37,620
(Accumulated amortization)	(430)	(215)	(14,927)	(7,524)
	<b>645</b>	<b>860</b>	<b>22,391</b>	<b>30,096</b>

**NOTE 12 : TRADE AND OTHER PAYABLES**

	2007 AUD	2006 AUD	2007 INR	2006 INR
<b>CURRENT</b>				
Unsecured liabilities	20,814	NIL	722,558	NIL
Trade payables	47,495	144,850	1,648,789	5,069,026
Sundry payables and accrued expenses	NIL	NIL	NIL	NIL
Employed benefits				
Amounts payable to:				
- ultimate parent company	NIL	359,895	NIL	12,594,526
- ADA Cellworks Pty Ltd	1,227	1,301	42,595	45,528
- ADA Cellworks Indonesia	15,791	NIL	548,185	NIL
	<b>85,327</b>	<b>506,046</b>	<b>2,962,127</b>	<b>17,709,080</b>

NON-CURRENT	Opening Balance	Charged to Income	Charged directly to	Charges in Tax Rate	Exchange Differences	Closing Balance	Opening Balance	Charged to Income	Charged directly to	Charges in Tax Rate	Exchange Differences	Closing Balance
	AUD	AUD	AUD	AUD	AUD	AUD	INR	INR	INR	INR	INR	INR
Deferred Tax Liability												
Balance as at December 31, 2006	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Other	9,354	NIL	NIL	NIL	NIL	9,354	324,724	NIL	NIL	NIL	NIL	324,724
Balance as at DECEMBER 31, 2007	<b>9,354</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>9,354</b>	<b>324,724</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>324,724</b>

## (B) Asset

	Opening Balance AUD	Charged to Income AUD	Charged directly to AUD	Charges in Tax Rate AUD	Exchange Differences AUD	Closing Balance AUD	Opening Balance INR	Charged to Income INR	Charged directly to INR	Charges in Tax Rate INR	Exchange Differences INR	Closing Balance INR
<b>Deferred Tax Assets</b>												
Provisions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Property, Plant and Equipment Impairment	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Other	3,626	NIL	NIL	NIL	NIL	3,626	126,892	NIL	NIL	NIL	NIL	126,892
<b>Balance as at Dec. 31, 2006</b>	<b>3,626</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>3,626</b>	<b>126,892</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>126,892</b>
Other	4,891	NIL	NIL	NIL	NIL	4,891	169,791	NIL	NIL	NIL	NIL	169,791
<b>Balance as at Dec. 31, 2006</b>	<b>4,891</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>4,891</b>	<b>169,791</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>169,791</b>

Deferred tax asset not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(b) occur.

Temporarily difference AUD 26,133 (2006: AUD12,086)

**NOTE 14 : PROVISIONS****Current****Employee Benefits**

No annual leave has been provided for in the financial report as the directors believe that there is no liability arising from the contractual arrangement that has been made with the employees for overseas assignments and that these employees have been adequately compensated through higher wage rate provided under such contractual arrangements. The directors estimate that if liable, an amount of AUD6.031 would be payable as annual leave by the company as at DECEMBER 31, 2007.

**NOTE 15 : ISSUED CAPITAL**

	2007 AUD	2006 AUD
100% (2006: 100) fully paid ordinary shares	100	100
	<b>100</b>	<b>100</b>
Changes to Corporation Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore the company does not have a limited amount of authorised capital and issued shares do not have a par value.		
<b>(a) Ordinary Shares</b>		
	No.	No.
At the beginning of reporting period	100	100
Shares issued during year		
<b>At reporting date</b>	<b>100</b>	<b>100</b>
Ordinary shares participate in dividends and the proceeds on winding up of the Parent entity in proportion to the number of shares held		
At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.		
	<b>100</b>	<b>100</b>

**NOTE 16 : SEGMENT REPORTING**

The company operates predominantly in one business and geographical segment being the telecommunication industry throughout Australia.

**NOTE 17 : CASH FLOW INFORMATION**

	2007 AUD	2006 AUD	2007 INR	2006 INR
<b>(A) RECONCILIATION of Cash Flow from Operations with Profit after Income Tax</b>				
Profit after income tax	80,383	122,485	2,790,496	4,286,363
Non - cash flows in profit				
Depreciation				
Foreign exchange loss - unrealised	1,546	(830)	53,669	(29,046)
Formation expenses	215	215	7,464	7,524
Work in progress	(28,728)	(7,865)	(997,293)	(275,236)
Accrued expenses	NIL	5,000	NIL	174,975
Share of joint venture company net profit after income tax and dividends				
<b>CHARGES IN ASSETS AND LIABILITIES</b>				
(Increase)/decrease in trade and terms debtors	105,461	(172,287)	3,661,079	(6,029,184)
(Increase)/Decrease in other assets	1,134	(449,586)	39,367	(15,733,262)
Increase/(Decrease) in other liabilities	(97,355)	NIL	(3,379,679)	NIL
(Increase)/Decrease in inventories	NIL	NIL	NIL	NIL
Increase/(Decrease) in payables	20,814	508,626	722,558	17,799,367
Increase/(Decrease) in income taxes payable	(45,681)	57,118	(1,585,816)	1,998,844
(Increase)/Decrease in deferred tax assets	(1,265)	(3,626)	(43,914)	(126,892)
Increase/(Decrease) in deferred taxes liabilities	9,355	NIL	324,759	NIL
Increase/(Decrease) in provisions	<b>45,879</b>	<b>59,250</b>	<b>1,592,689</b>	<b>2,073,454</b>

**NOTE 18 : EVENTS AFTER THE BALANCESHEET DATE**

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

**NOTE 19 : RELATED PARTY TRANSACTIONS**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties

	2007 AUD	2006 AUD	2007 INR	2006 INR
(a) The company has trade receivable, payables and advances with its parent company ADA Cellworks Sdn Bhd during the year as follows:				
- Trade payables	296,301	NIL	10,286,089	NIL
- Trade receivables	72,237	NIL	2,507,707	NIL
- Loan	373,621	349,112	12,970,253	12,217,174
	149,557	349,112	5,191,871	12,217,174
(b) The company has trade payables with associates companies:				
ADA Cellworks Pte Ltd	1,227	NIL	42,595	NIL
ADA Cellworks Indonesia	15,791	NIL	548,185	NIL
	17,018	NIL	590,780	NIL

**NOTE 20 : ECONOMIC DEPENDENCE**

The company at present only has one customer and is dependent on the continuing relationship with that customer.

**NOTE 21: FINANCIAL INSTRUMENTS**
**(a) FINANCIAL RISK MANAGEMENT**

The company's financial instruments consist mainly of deposits with banks and accounts receivables

The company does not have any derivative instruments at DECEMBER 31, 2007.

**Foreign currency risk**

The company is not exposed to fluctuations in foreign currencies.

**Liquidity risk**

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

**Credit risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

**Price risk**

The company is not exposed to any material commodity price risk.

**(b) INTEREST RATE RISK**

The company is not exposed to interest rate risk (which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities.)

**(c) NET FAIR VALUES**

The company has no listed investments during 2007. For other assets and other liabilities the net fair value approximately their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments, maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.

	2007		2006		2007		2006	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	AUD	AUD	AUD	AUD	INR	INR	INR	INR
<b>FINANCIAL ASSETS</b>								
Available for sale financial assets at fair value								
Loans and receivables	207,087	207,087	548,148	548,148	7,189,025	7,189,025	19,182,439	19,182,439
	207,087	207,087	548,148	548,148	7,189,025	7,189,025	19,182,439	19,182,439
<b>FINANCIAL LIABILITIES</b>								
Trade and other payables	85,326	85,326	495,262	495,262	2,962,092	2,962,092	17,331,694	17,331,694
	85,326	85,326	495,262	495,262	2,962,092	2,962,092	17,331,694	17,331,694

**NOTE 22 : CHANGE IN ACCOUNTING POLICY**

- (a) There has been no change to the company's accounting policy for the financial year ending DECEMBER 31, 2007

**NOTE 23 : COMPANY DETAILS**

The registered office of the company is:

ADA CELLWORKS PTY LTD  
C/- Kreston Dormers  
1049 Victoria Road  
West Ryde NSW 2114 Australia

The principle place of business is:

ADA CELLWORKS PTY LTD  
3A08 Block F Phileo Damansara I  
No 9 Jalan 16/11 Off Jalan Damansara  
46350 Pataling Jaya Selangor Malaysia

**ADA CELLWORKS PTY LTD ABN: 83 116 972 297  
DIRECTORS' DECLARATION**

The Directors of the Company declare that:

The financial statements and notes, as set out on pages 3 to 14, are in accordance with the Corporations Act 2001:

- (a) comply with Accounting Standards and the Corporations Regulations 2001; and
- (b) give a true and fair view of the financial position as at 31 December 2007 and of the performance for the year ended on that date of the company.

In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debt as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors

Yong Siang Chin  
Director

March 7, 2008

**ADA CELLWORKS PTY LTD  
ABN: 83 116 972 297  
INDEPENDENT AUDITOR'S REPORT**

**REPORT ON THE FINANCIAL REPORT**

We have audited the accompanying financial report of ADA Cellworks Pty Ltd, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

**THE RESPONSIBILITY OF DIRECTORS' FOR THE FINANCIAL REPORT**

The directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in circumstances.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 the directors, as well as evaluating the overall presentation of the financial report.

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

**AUDITOR'S OPINION**

In our opinion, the financial report gives a true and fair view of the financial position of ADA Cellworks Pty Ltd as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)

**EMPHASIS OF MATTER**

Without qualification to the audit opinion expressed above, attention is drawn to the following matter. As disclosed in Note 14 to the financial report as at 31 December 2007, the company has not made a provision for annual leave to the extent of AUD6,031. The directors believe that no provision for annual leave is necessary as there is no liability arising from the contractual arrangement that has been made with the employees for overseas assignments and that these employees have been adequately compensated though higher wage rate provided under such contractual arrangements.

Name of firm: BCS Assurance Pty Ltd

Name of Partner: Ronald John Phipps-Ellis

March 7, 2008

Address: Level 2, 123 Clarence Street, Sydney, NSW 2000

March 7, 2008

**SHARE CAPITAL**

Note	Ordinary	Party paid Ordinary shares	Earnings (Accumulated Losses)	Asset Revaluation Reserve	Financial Assets Differences	General Reserves	Total
	AUD	AUD	AUD	AUD	AUD	AUD	AUD
<b>Balance at 1 January 2006</b>	<b>100</b>	NIL	NIL	NIL	NIL	NIL	<b>100</b>
Retrospective adjustment upon change in accounting policy	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Profit attributable to equity shareholders	NIL	NIL	122,486	NIL	NIL	NIL	122,486
Sub-total	100	NIL	122,486	NIL	NIL	NIL	122,586
Divident paid or provided for							
<b>Balance as at 31 December 2006</b>	<b>100</b>	<b>NIL</b>	<b>122,486</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>122,586</b>
Shares issued during the year	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Profit attributable to equity shareholders	NIL	NIL	80,383	NIL	NIL	NIL	80,383
Revaluation increment / (decrement)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total;	100	NIL	202,869	NIL	NIL	NIL	202,969
Dividends paid or provided for							NIL
<b>Balance at 31 December 2007</b>	<b>100</b>	<b>NIL</b>	<b>202,869</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>202,969</b>

**SHARE CAPITAL**

Note	Ordinary	Party paid Ordinary shares	Earnings (Accumulated Losses)	Asset Revaluation Reserve	Financial Assets Differences	General Reserves	Total
	INR	INR	INR	INR	INR	INR	INR
<b>Balance at 1 January 2006</b>	<b>100</b>	NIL	NIL	NIL	NIL	NIL	<b>100</b>
Retrospective adjustment upon change in accounting policy	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Profit attributable to equity shareholders	NIL	NIL	4,252,101	NIL	NIL	NIL	4,252,101
Sub-total	100	NIL	4,252,101	NIL	NIL	NIL	4,255,573
Divident paid or provided for							
<b>Balance as at 31 December 2006</b>	<b>100</b>	<b>NIL</b>	<b>4,252,101</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>4,255,573</b>
Shares issued during the year	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Profit attributable to equity shareholders	NIL	NIL	2,790,496	NIL	NIL	NIL	2,790,496
Revaluation increment / (decrement)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total;	100	NIL	7,042,597	NIL	NIL	NIL	7,046,069
Dividends paid or provided for							-
<b>Balance at 31 December 2007</b>	<b>100</b>	<b>NIL</b>	<b>7,042,597</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>7,046,069</b>

The accompanying notes form part of these financial statements.

**AUDITORS' REPORT****To The Board of Directors**

Strategic Communications Services, LLC  
(a Wholly-owned Subsidiary of GTL USA, Inc.)  
Lewisberry, Pennsylvania

We have reviewed the accompanying balance sheet of Strategic Communications Services, LLC (a wholly-owned subsidiary of GTL USA, Inc.) as of March 31, 2008, and the related statements of operations, member's deficit, and cash flows for the period December 1, 2007 to March 31, 2008, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Strategic Communications Services, LLC.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

ISRAELOFF, TRATTNER AND CO.PC.

Garden City, New York

April 10, 2008

**Balance Sheet**  
**March 31, 2008**

	USD	INR
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	60,692	2,419,790
Short-term investments	1,156,279	46,100,844
Trade accounts receivable	3,341,138	133,211,172
Inventory	211,915	8,449,051
Prepaid expenses and other current assets	24,210	965,253
<b>Total Current Assets</b>	<b>4,794,234</b>	<b>191,146,110</b>
PROPERTY, PLANT, AND EQUIPMENT, at cost, less		
accumulated depreciation of \$401,699 (INR 16,015,739)	198,262	7,904,706
<b>Other Assets</b>	<b>13,120</b>	<b>523,094</b>
<b>Total Assets</b>	<b>5,005,616</b>	<b>199,573,910</b>
<b>LIABILITIES AND MEMBER'S DEFICIT</b>		
<b>Current Liabilities</b>		
Note payable – bank	979,000	39,032,730
Notes payable – parent	4,424,088	176,388,389
Trade accounts payable and accrued expenses	880,225	35,094,571
Accrued payroll and related taxes	141,862	5,656,038
Due to parent	40,461	1,613,180
<b>Total Current Liabilities</b>	<b>6,465,636</b>	<b>257,784,907</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>Member's Deficit</b>	<b>(1,460,020)</b>	<b>(58,210,997)</b>
<b>Total Liabilities And Member's Deficit</b>	<b>5,005,616</b>	<b>199,573,910</b>

**Profit and Loss Account**  
**for the period December 1, 2007 to March 31, 2008**

	USD	INR
<b>REVENUES</b>		
Professional services	1,856,562	74,021,127
Network deployment	1,082,059	43,141,692
Interest	56,793	2,264,337
<b>Total Revenue</b>	<b>2,995,414</b>	<b>119,427,156</b>
Cost of services provided	2,216,185	88,359,296
<b>Gross Profit</b>	<b>779,229</b>	<b>31,067,860</b>
<b>EXPENSES</b>		
Sales salaries and other expenses	109,265	4,356,396
Office salaries and benefits	46,911	1,870,342
Payroll taxes	15,339	611,566
Sales and marketing	74,473	2,969,239
Depreciation and amortization	14,699	586,049
Insurance	25,387	1,012,180
Interest	127,206	5,071,703
Occupancy	22,239	886,669
Professional fees	36,576	1,458,285
Telephone	9,116	363,455
Travel	22,069	879,891
Other operating expenses	36,227	1,444,370
<b>Total Expenses</b>	<b>539,507</b>	<b>21,510,144</b>
Income before other income and expenses	239,722	9,557,716
<b>OTHER INCOME AND EXPENSES</b>		
Gain on sale of assets	3,505	139,744
<b>Net Income</b>	<b>243,227</b>	<b>9,697,460</b>

**Statement of Member's Deficit**  
**for the period December 1, 2007 to March 31, 2008**

	USD Member's Deficit	INR Member's Deficit
Balance, December 1, 2007	(1,703,247)	(67,908,458)
Net Income for the period December 1, 2007 to March 31, 2008	243,227	9,697,460
<b>Balance, March 31, 2008</b>	<b>(1,460,020)</b>	<b>(58,210,997)</b>



**Statement of Cash Flows  
for the period December 1, 2007 to March 31, 2008**

	USD	INR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	243,227	9,697,460
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation and amortization	14,699	586,049
Gain on sale of property and equipment	(3,505)	(139,744)
Changes in assets and liabilities:		
Trade accounts receivable	(245,425)	(9,785,095)
Inventories	(158,260)	(6,309,826)
Prepaid expenses	123,343	4,917,685
Trade accounts payable and accrued expenses	(413,981)	(16,505,422)
Other long term assets	124,527	4,964,891
Payroll liabilities	(36,375)	(1,450,271)
<b>Total adjustments</b>	<b>(594,977)</b>	<b>(23,721,733)</b>
<b>Net cash used by operating activities</b>	<b>(351,750)</b>	<b>(14,024,273)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property and equipment	3,505	139,744
Acquisition of property, plant and equipment	(138,693)	(5,529,690)
<b>Net cash used by investing activities</b>	<b>(135,188)</b>	<b>(5,389,946)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Re-payment of note payable -bank	(77,741)	(3,099,534)
Change in due to parent	40,461	1,613,180
Borrowings net of repayments on notes payable – parent	357,410	14,249,937
<b>Net cash provided by financing activities</b>	<b>320,130</b>	<b>12,763,583</b>
<b>NET DECREASE IN CASH</b>	<b>(166,808)</b>	<b>(6,650,635)</b>
<b>CASH – beginning</b>	<b>227,500</b>	<b>9,070,425</b>
<b>CASH – end</b>	<b>60,692</b>	<b>2,419,790</b>
<b>Supplemental cash flow information</b>		
<b>Cash paid for interest during the period</b>	<b>127,206</b>	<b>5,071,703</b>

**Notes to Financial Statements  
for the Period December 1, 2007 to March 31, 2008**

**1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

On March 30, 2000, Strategic Communications Services, Inc. ("SCS, Inc.") was incorporated in the state of North Carolina. The Company provides engineering, property management, construction management and equipment installation services to many of the large wireless telecommunication companies including, but not exclusively, Verizon Wireless, Cingular Wireless, and T-Mobile. All services are provided under contract or upon issuance of the customer's purchase order.

On April 1, 2006, SCS, Inc. was sold to Cannonball Investments, a single-member, Delaware formed Limited Liability Company. On May 25, 2006, SCS, Inc. was merged into Strategic Communications Services, LLC ("SCS, LLC"), a single-member LLC formed on February 27, 2006 in the state of Delaware and owned 100% by Cannonball Investments. SCS, LLC was formed to continue to carry on the operations of the former SCS, Inc.

On December 1, 2007, SCS, LLC was acquired by GTL International Limited.

In March 2008, GTL USA, Inc. was formed in the state of Delaware by GTL International Limited as a wholly-owned subsidiary. GTL International Limited transferred its ownership interest in SCS LLC to GTL USA, Inc. through a stock swap transaction. As such, effective March 2008, SCS LLC became a wholly-owned subsidiary of GTL USA, Inc.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

**Trade Accounts Receivable**

All services are provided under contract or upon issuance of the customer's purchase order. The Company records a receivable upon providing services to its customers. The Company does not maintain an allowance for doubtful accounts, as it has not experienced any bad debts.

**Inventories**

The Company's inventory consists primarily of equipment used on customer jobs and is valued at the lower of cost or market.

**Property and Equipment**

Property and equipment are carried at cost. Depreciation of property and equipment is provided using the straight-line method.

Expenditures for major renewals or betterments that extend the useful lives of the property are capitalized. Expenditures for maintenance and repairs are charged to expense, as incurred.

**Income Taxes**

SCS, Inc. had elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code (S-Corp.). Under those provisions, the Company is not subject to income taxes and is not allowed a net operating loss carryover or carryback as a deduction. Instead, the shareholders include their respective shares of the Company's net operating income or loss on their individual income tax returns. Effective April 1, 2006, SCS, Inc. lost its S-Corp. status due to its sale to a foreign company. Subsequently, SCS, Inc. merged into SCS, LLC, a single-member LLC disregarded for income tax purposes. As such, SCS, LLC is not subject to income taxes, as its income or losses are combined with its parent's income or losses and reported on its parent's tax return.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Recent Accounting Pronouncements**

The Financial Accounting Standards Board (FASB) has issued several accounting pronouncements, including those related to "uncertainty in income taxes" and "fair value measures", which are not yet effective for the Company's financial statements. The Company has not completed evaluating the impact of these pronouncements on its financial statements, but does not believe the effects, if any, will be material.

**2. PROPERTY AND EQUIPMENT**

Property and equipment are summarized by major classifications as follows:

		USD	INR
	Estimated useful life		
Machinery and equipment	5	74,865	2,984,868
Computer equipment	3	38,943	1,552,657
Automobiles	5	79,140	3,155,312
Furniture and fixtures	7	52,454	2,091,341
Leasehold improvements	5	5,368	214,022
Software	3	25,870	1,031,437
Developed software	3	323,321	12,890,808
<b>Total Property and Equipment</b>		<b>599,961</b>	<b>23,920,445</b>
Less: Accumulated depreciation		401,699	16,015,739
<b>Net Property and Equipment</b>		<b>198,262</b>	<b>7,904,706</b>

Total depreciation expense was \$14,699 (INR 5,86,049) for the period December 1, 2007 to March 31, 2008.

**3. NOTE PAYABLE – BANK**

The Company has a \$1,085,000 (INR 432,58,950) (working capital line of credit with a bank. The line of credit is secured by short-term investments

consisting of a certificate of deposit for \$1,100,000 (INR 43,857,000). The line of credit is subject to interest at the prime rate, minus 0.25%. The line is subject to various covenants, including a prohibition against incurring further indebtedness, changes in ownership, and the transfer, sale, or lease of significant assets. As of March 31, 2008, a demand note of \$979,000 (INR 39,032,730) was outstanding under the line of credit. Interest expense for the period December 1, 2007 to March 31, 2008 was \$16,378 (INR 652,991).

#### 4. NOTES PAYABLE – PARENT

Cannonball Investments, LLC advanced \$1,200,000 (INR 47,844,000) during 2006, 2007 and 2008. These funds were contributed as convertible debt and could have been converted to equity at the option of Cannonball Investments, LLC. The initial advance of \$1,100,000 (INR 43,857,000) was made on April 10, 2006 and immediately invested in a certificate of deposit with a bank to secure the line of credit. The remaining balance was funded in 2006 and 2007 for operational expenses. The advance is due on demand and is not subject to interest. As a result of the acquisition of SCS, LLC by GTL on December 1, 2007 (see Note 1) the note was transferred from Cannonball Investments, LLC to GTL International Limited.

As of March 31, 2008, \$3,224,088 (INR 128,544,389) was advanced by GTL International Limited to fund the undertaking of large projects by SCS, LLC. The arrangement with the third party provides for financing of up to \$5 million (INR 199 million), subject to interest of 8% per annum and secured by the receivables of SCS, LLC. Interest expense for the period December 1, 2007 to March 31, 2008 was \$85,776 (INR 3,419,889)

In addition, as of March 31, 2008, \$40,461 (INR 1,613,180) was due to GTL International Limited. Balance is due on demand and is not subject to interest.

#### 5. COMMITMENTS AND CONTINGENCIES

The Company currently operates its business from its headquarters in Camp Hill, Pennsylvania. The lease is for two years and calls for monthly payments of \$2,187.50 (INR 87,216).

The Company occupied space in Lewisberry, Pennsylvania through March 31, 2008 and moved its headquarters to Camp Hill at the end of its lease, at March 31, 2008.

Rent expense for the period December 1, 2007 to March 31, 2008 was \$22,239 (INR 886,669)

In addition to the facility lease noted above, the Company has several non-cancelable vehicle and equipment operating leases.

The following are the minimum lease payments due for the calendar years ended December 31,

	USD	INR
2008	37,818	1,507,804
2009	38,400	1,531,008
2010	4,500	179,415
<b>TOTAL</b>	<b>80,718</b>	<b>3,218,227</b>

#### 6. SALES AND MARKETING

SCS incurs advertising costs to promote the Company and solicit new customers; these costs include marketing logos, marketing business consultants and trade shows. The Company expenses sales and marketing costs when incurred. Total sales and marketing expense was \$74,473 (INR 2,969,239) for the period December 1, 2007 to March 31, 2008.

#### 7. DEFINED CONTRIBUTION PLAN

The Company offers a 401(k) Profit Sharing Plan for its employees. The plan allows employees to save for retirement on a tax-deferred basis. Employees are eligible to participate in the plan after one month of service. The Company has no matching requirements, but can make discretionary contributions to the plan in accordance with management recommendations. The Company did not make a contribution for the period December 1, 2007 to March 31, 2008.

#### 8. MAJOR CUSTOMERS AND RELATED PARTY ACTIVITIES

On March 31, 2008, one customer, Nokia Siemens Network, accounted for 61% of the gross revenue of the Company for the period December 1, 2007 to March 31, 2008 and 60% of trade accounts receivable balance. Services rendered to this customer were through a contract held by a related company (Genesis USA).

## DIRECTORS' REPORT

The directors present their report and the financial statements of the company for the period from January 7, 2008 to March 31, 2008.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company was incorporated on January 7, 2008. The company did not commence trading during the period.

The principal activity of the company is the provision of Telecommunications Infrastructure services.

### RESULTS

The company made a loss of £72,410 (INR 5,759,124) in the period. The directors do not recommend payment of a dividend.

### DIRECTORS

The directors who served the company during the period were as follows:

Mr Chandrashekhar Kane (appointed January 7, 2008)  
Mr G F Misquitta (appointed January 7, 2008)

The directors do not have any beneficial interest in the shares of the company.

### DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### AUDITOR

Kajaine Limited was appointed as auditor during the period.

A resolution to re-appoint Kajaine Limited as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

### SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:  
Genesis House  
Spitfire Close  
Ermine Business Park  
Huntingdon  
Cambridge  
PE29 6YA

**Signed by order of the directors**

**MR V S VISHWANATH**  
Company Secretary

April 07, 2008

## INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of GTL Managed Services ( UK ) Limited for the period from January 7, 2008 to March 31, 2008 on pages 7 to 11, which have been prepared on the basis of the accounting policies set out on pages 9 to 10.

This report is made solely to the company's shareholder, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at March 31, 2008 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

**KAJAIN LIMITED**  
Chartered Accountants  
& Registered Auditors

1st Floor  
Alpine House Unit 2  
Honeyput Lane  
London  
NW9 9RX

April 07, 2008

### Balance Sheet March 31, 2008

Note	Mar 31, 08 GBP	Mar 31, 08 INR
<b>CREDITORS: Amounts falling due within one year</b>	72,409	5,759,044
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>(72,409)</b>	<b>(5,759,044)</b>
<b>CAPITAL AND RESERVES</b>		
Called-up equity share capital	1	80
Profit and loss account	(72,410)	(5,759,124)
<b>EQUITY SHAREHOLDER'S DEFICIT</b>	<b>(72,409)</b>	<b>(5,759,044)</b>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors and authorised for issue on April 07, 2008, and are signed on their behalf by:

Chandrashekhhar Kane  
Director

### Profit and Loss Account period from January 7, 2008 to March 31, 2008

Note	Jan 7, 08 to Mar 31, 08 GBP	Jan 7, 08 to Mar 31, 08 INR
<b>TURNOVER</b>	NIL	NIL
Administrative expenses	72,410	5,759,124
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>(72,410)</b>	<b>(5,759,124)</b>
Tax on loss on ordinary activities	3	NIL
<b>LOSS FOR THE FINANCIAL PERIOD</b>	<b>(72,410)</b>	<b>(5,759,124)</b>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

### Notes to the Financial Statements period from January 7, 2008 to March 31, 2008

#### 1. ACCOUNTING POLICIES

##### Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

##### Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

##### Fundamental Accounting Concept

The company is dependent on continuing finance being made available by its ultimate parent undertaking to enable it to continue operating and to meet its debts as they fall due. The parent company has agreed to provide sufficient funds for these purposes for at least 12 months from the date that these accounts are approved by the directors. The directors believe it is therefore appropriate to prepare the financial statements on a going concern basis.

##### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

##### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or 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.

#### 2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging:

	Period from 7 Jan 08 to Mar 31, 08 GBP	Period from 7 Jan 08 to Mar 31, 08 INR
Directors' emoluments	NIL	NIL
Auditor's fees	1,500	119,302

#### 3. TAX ON LOSS ON ORDINARY ACTIVITIES

##### (a) Factors affecting current tax charge

	Period from Jan 7, 2008 to March 31, 2008 GBP	Period from Jan 7, 2008 to March 31, 2008 INR
Loss on ordinary activities before taxation	(72,410)	(5,759,124)
Loss on ordinary activities multiplied by rate of tax – 30%	(21,723)	(1,727,737)
Expenses not deductible for tax purposes	159	12,646
Losses carried forward	21,564	1,715,091
<b>TOTAL CURRENT TAX</b>	<b>NIL</b>	<b>NIL</b>

#### 4. CREDITORS: Amounts falling due within one year

	Mar 31, 08 GBP	Mar 31, 08 INR
Amounts owed to group undertaking	52,160	4,148,542
Accruals	20,249	1,610,503
	<b>72,409</b>	<b>5,759,044</b>

**5. RELATED PARTY TRANSACTIONS**

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

**6. SHARE CAPITAL**

Authorised share capital:

	Mar 31, 08 GBP	Mar 31, 08 INR
1,000,000 Ordinary shares of £1 each	1,000,000	79,534,925

Allotted, called up and fully paid:	No	GBP	INR
Ordinary shares of £1 each	1	1	80

**7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT**

	Mar 31, 08 GBP	Mar 31, 08 INR
Loss for the financial period	(72,410)	(5,759,124)
New ordinary share capital subscribed	1	80
Net reduction to shareholder's funds	(72,409)	(5,759,044)
Closing shareholder's deficit	(72,409)	(5,759,044)

**8. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent undertaking is GTL International Limited, a company incorporated in Bermuda.

The ultimate parent undertaking and controlling party is GTL Limited, a company incorporated in India, which is also the parent undertaking of the smallest and largest group of undertakings to which the company belongs and which draws up consolidated accounts.

The following do not form part of the statutory financial statements which are the subject of the independent auditor's report

**Detailed Profit and Loss Account**  
period from January 7, 2008 to March 31, 2008

	7 Jan 08 to Mar 31, 08 GBP	7 Jan 08 to Mar 31, 08 INR
OVERHEADS		
Administrative expenses	72,410	5,759,124
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAX</b>	<b>(72,410)</b>	<b>(5,759,124)</b>

**Notes to the Detailed Profit and Loss Account**  
period from January 7, 2008 to March 31, 2008

	Jan 7, 08 to Mar 31, 08 GBP	Jan 7, 08 to Mar 31, 08 INR
<b>ADMINISTRATIVE EXPENSES</b>		
<b>Personnel costs</b>		
Staff costs recharged	67,227	5,346,894
<b>Establishment expenses</b>		
Rent	1,258	100,055
<b>General expenses</b>		
Travel and subsistence	1,800	143,163
Telephone	32	2,545
Printing, stationery and postage	13	1,034
Miscellaneous	50	3,977
Entertaining	530	42,154
Auditors remuneration	1,500	119,302
	<b>3,925</b>	<b>312,175</b>
	<b>72,410</b>	<b>5,759,124</b>

## DIRECTORS' REPORT

To The Members,

Your Directors' take pleasure in presenting their Fourth Annual Report together with the audited accounts for the period **April 1, 2007 to March 31, 2008**.

### 1. PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activities of the Company revolve around Network Engineering.

During the year under review, the Company continued its major activities in Turnkey projects for Ericsson Telecommunications Lanka (Private) Limited. Company added few more Telcos & OEMs such as Lanka Bell Pvt Limited, Tigo, Suntel, SLT, Bharti Airtel, ZTE Corporation, Hutchison Telecommunications Lanka (Pvt) Ltd & Huawei Technologies Lanka Co. (Pvt) Ltd, to its service portfolio.

### 2. FINANCIAL RESULTS

Particulars	2007 – 08 LKR	2007 – 08 INR
Total Revenue	371,633,568	137,504,420
Profit Before Tax	29,665,098	10,976,086
Income Tax Expense	9,406,887	3,480,548
Profit After Tax	20,258,211	7,495,538

### 3. RESULTS OF OPERATIONS

The year under review is the fourth financial year of the company in Sri Lanka. This year is very significant year for IGTL Solutions Lanka (Pvt) Limited and has extended its services to many more customers & successfully achieving ambitious targets set by them. Company recorded 90% growth on YOY basis. The company secured and deployed various landmark Projects from CARRIERS viz, Lanka Bell (Pvt) Limited, SUNTEL Pvt Limited, TIGO, Dialog Telecom Limited, Hutchison Telecommunications Lanka (Pvt) Limited and the 5th operator BHARATI AIRTEL Lanka (Pvt) Ltd and OEM's viz, Huawei, Ericsson, Alcatel – Lucent, ZTE, etc for rolling out 1200 plus sites for deployment to engineered various technologies and solutions like GSM, CDMA, NGN, SDH and DSLAM. Company was involved in Network infrastructure deployment for Carriers including supply and implementation of major products viz Towers of various heights, Telecom Shelters, Air-conditioners, Earthing materials etc. Company has provided high-end RF services to Dialog Telecom Limited. Company has associated with Huawei Technologies for RF and Transmission planning and surveys for Bharati AIRTEL. Company has also associated with ALCATEL – LUCENT for TIGO project for RF pre and post drive test and optimization and with ERICSSON Telecommunications Lanka (Pvt) Limited for Transmission planning and survey related services.

IGTL Sri Lanka had last year completed the Purchase Orders of Ericsson, Australia for providing offshore Engineering Documentation services. The deal is strategic in nature, as it offers scope for providing a new range of services to OEM's and helps IGTL in deepening its service portfolio. As part of the contract, IGTL has deployed a team of technically trained engineering resources both on onsite and offsite (Melbourne and Colombo) for implementing the project. This year, Company has strategically sourced products from suppliers in CHINA and UAE for telecom Towers and Shelters respectively, which has made the company more competitive and improved its market addressability. This has also helped the parent Company in INDIA (GTL Limited and GTL Infrastructure Limited) to cater to huge requirements of such products in booming TELECOM industry in INDIA.

### 4. DIVIDEND

The Directors have declared 200% Dividend for the financial year ended March 31, 2008. Total cash outflow on account of this is LKR 9,700,000.00 (INR 3,589,000) which includes 10% Dividend Tax.

### 5. CHANGES IN PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment during the period are set out in Note 02 to the financial statements.

### 6. SHARE CAPITAL

During the year under review, there has been no further capital issued. The company's share capital continued to remain fully subscribed to, by the parent Company, GTL Limited, India.

### 7. DIRECTORS

During the year under review, Mr. Gerard Francis Misquitta and Mr. Jeevan Umesh Rai, continue on the Board of Directors. The three new directors namely Mr. Sanjay Madhusudan Hatekar (Director), Mr. Sukanta Kumar Roy and Mr. Anurag Vashista were appointed during the year 2007-08. Mr. Gerard Francis Misquitta and Mr. Jeevan Umesh Rai retired by rotation at the forth Annual General Meeting and being eligible, offer themselves for re-appointment.

### 8. DIRECTORS INTEREST IN SHARES OF THE COMPANY

The Directors do not have any interest in the shares of the Company other than the two shares subscribed for the purpose of formation of the Company.

### 9. DIRECTORS INTERESTS IN CONTRACTS

The Directors do not have any interest in contracts of the Company.

### 10. EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred since Balance Sheet date, which would require adjustments to, or disclosure in the financial statements.

### 11. AUDITORS

Rodrigo Associates (Chartered Accountants) have expressed their willingness to continue in office as Auditors of IGTL Solutions Lanka (Private) Limited for the year ending March 31, 2008. A resolution pertaining to their re-appointment and authorizing the Directors to determine their remuneration will be proposed at the Annual General Meeting.

### 12. GENERAL

Notes forming part of the accounts are self explanatory.

### 13. ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation and acknowledge the support and co-operation extended by the clients, vendors and bank and look forward to their continued support. Your Directors also thank the employees at all levels, who through their dedication, co-operation, support and hard work, have enabled the Company to achieve the results. Your Directors also wish to thank the continued support of GTL Limited.

For and on behalf of the Board,

Sanjay Madhusudan Hatekar      Jeevan Umesh Rai      Gerard Francis Misquitta  
Director                                  Director                                  Director

April 7, 2008.

## AUDITOR'S REPORT

To

**The Shareholders of Igtl Solutions Lanka (Pvt) Limited**

We have audited the accompanying financial statements of IGTL Solutions Lanka (Pvt) Limited, which comprise the balance sheet as at March 31, 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **SCOPE OF AUDIT AND BASIS OF OPINION**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

### **OPINION**

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the period ended March 31, 2008 and the financial statements give a true and fair view of the Company's state of affairs as at March 31, 2008 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### **Report on Other Legal and Regulatory Requirements**

These financial statements also comply with the requirements of section 151 (2) of the Companies Act No.07 of 2007.

**Rodrigo Associates**  
(Chartered Accountants)  
Colombo

April 7, 2008



**Balance Sheet**  
**as at March 31, 2008**

Notes	As at March 31, 08 LKR	As at March 31, 07 LKR	As at March 31, 08 INR	As at March 31, 07 INR
<b>ASSETS</b>				
<b>Non Current Assets</b>				
Property and Equipment	02	10,507,783	2,120,918	3,887,880
<b>Current Assets</b>				
Inventories	03	19,501,403	12,558,040	7,215,519
Loans and Advances		1,643,386	270,000	608,053
Other Receivables		6,674,698	1,742,487	2,469,638
Withholding Tax		567,177	505,521	209,856
Account Receivables	04	197,691,840	109,815,906	73,145,981
Deposits and Prepayment		6,252,898	1,970,290	2,313,572
Cash at Bank	05	71,098,839	7,019,804	26,306,570
Cash in Hand		988,723	514,999	365,828
<b>Total Current Assets</b>		<b>304,418,965</b>	<b>112,635,017</b>	<b>53,758,819</b>
<b>Total Assets</b>		<b>314,926,748</b>	<b>116,522,897</b>	<b>54,607,186</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<b>Authorised Share Capital</b>				
5,000,000 Equity Shares of LKR 10.00 each		50,000,000	18,500,000	20,000,000
<b>Issued and Fully Paid-up Shares</b>				
485,000 Equity Shares of LKR 10.00 each		4,850,000	1,794,500	1,940,000
Retained Profit		43,688,782	16,164,849	16,995,302
<b>Current Liabilities</b>				
Short Term Loan	06	53,774,159	7,500,000	19,896,439
Related Party Payable	07	925,596	1,016,068	342,470
Accounts Payable	08	132,370,899	67,363,755	48,977,232
Advances from Customer		33,801,513	1,678,045	12,506,560
VAT Payable		20,787,505	5,075,380	7,691,377
Provision for Taxation		3,134,386	127,853	1,159,723
Other Payables	09	11,893,909	2,891,337	4,400,746
Current Year Dividend		9,700,000	3,527,273	3,589,000
<b>Total Current Liabilities</b>		<b>266,387,966</b>	<b>89,179,710</b>	<b>35,671,884</b>
<b>Total Equity And Liabilities</b>		<b>314,926,748</b>	<b>116,522,897</b>	<b>54,607,186</b>
The Accounting Policies and Notes annexed form an integral part of these financial statements.	01			

The Directors are responsible for the preparation of these financial statements.

For and on behalf of the Board,

Gerard Francis Misquitta  
Director

Jeevan Umesh Rai  
Director

Sanjay Madhusudan Hatekar  
Director

April 07, 2008

**Profit and Loss Account  
for the period ended March 31, 2008**

	Notes	2008 LKR	2007 LKR	2008 INR	2007 INR
<b>INCOME</b>					
Sales and Services		371,179,503	195,333,432	137,336,416	78,133,373
Interest & Other Income		454,065	904,527	168,004	361,811
<b>Total Income</b>		<b>371,633,568</b>	<b>196,237,959</b>	<b>137,504,420</b>	<b>78,495,184</b>
Less:					
Direct Expenses		218,848,700	122,375,314	80,974,019	48,950,125
<b>Gross Profit/(Loss)</b>		<b>152,784,868</b>	<b>73,862,645</b>	<b>56,530,401</b>	<b>29,545,059</b>
Less:					
Administration and Establishment Expenses	10	110,581,219	54,238,538	40,915,051	21,695,415
Selling and Distribution Expenses	11	1,803,602	1,278,506	667,333	511,402
Finance and Other Expenses	12	10,734,949	3,789,806	3,971,931	1,515,922
		<b>123,119,770</b>	<b>59,306,850</b>	<b>45,554,315</b>	<b>23,722,739</b>
<b>Net Profit/(Loss) For The Period</b>		<b>29,665,098</b>	<b>14,555,796</b>	<b>10,976,086</b>	<b>5,822,320</b>
Income Tax Expense	17	9,406,887	4,830,036	3,480,548	1,932,014
<b>Net Profit/(Loss) After Tax For The Period</b>		<b>20,258,211</b>	<b>9,725,759</b>	<b>7,495,538</b>	<b>3,890,306</b>
Profit and Loss Brought Forward		42,488,255	41,130,130	15,720,654	16,452,052
Less: Prior Period items - Tax Liability of FY 2003-04		9,357,684	607,635	3,462,343	243,054
<b>Net Profit/(Loss) available for Appropriation</b>		<b>53,388,782</b>	<b>50,248,254</b>	<b>19,753,849</b>	<b>20,099,304</b>
<b>APPROPRIATIONS:</b>					
200% Dividend Proposed (Gross)	13	9,700,000	7,760,000	3,589,000	3,104,000
<b>Retained Profit Carried Forward to Balance Sheet</b>		<b>43,688,782</b>	<b>42,488,254</b>	<b>16,164,849</b>	<b>16,995,304</b>
<b>Earning Per Share</b>	<b>14</b>	<b>41.77</b>	<b>20.05</b>	<b>15.45</b>	<b>8.02</b>
The Accounting Policies and Notes annexed form an integral part of these financial statements.	01				

The Directors are responsible for the preparation of these financial statements.

**Gerard Francis Misquitta**  
Director

**Jeevan Umesh Rai**  
Director

**For and on behalf of the Board,**  
**Sanjay Madhusudan Hatekar**  
Director

April 07, 2008

**Cash Flow Statement**  
**for the Period ended March 31, 2008**

Notes	2008 LKR	2007 LKR	2008 INR	2007 INR
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit/(Loss) Before Taxation	29,665,098	14,555,796	10,976,086	5,822,320
<b>Adjustment for</b>				
Depreciation	1,785,565	691,097	660,659	276,439
	<b>31,450,663</b>	<b>15,246,893</b>	<b>11,636,745</b>	<b>6,098,757</b>
Changes in Working Capital				
Decrease/(Increase) in Accounts Receivable	(92,808,146)	(64,137,598)	(34,339,014)	(25,655,039)
Decrease/(Increase) in Inventories	(6,943,363)	(9,532,942)	(2,569,044)	(3,813,177)
Decrease/(Increase) in Loans and Advances	(1,373,386)	974,171	(508,153)	389,669
Decrease/(Increase) in Deposits and Prepayments	(4,344,264)	14,015,690	(1,607,378)	5,606,276
(Decrease)/Increase In Advances	32,123,468	1,678,045	11,885,683	671,218
(Decrease)/Increase in Inter Company Payables	(90,473)	(6,675,576)	(33,475)	(2,670,230)
(Decrease)/Increase in Accounts Payable	65,007,143	31,143,996	24,052,643	12,457,599
(Decrease)/Increase in Provision for Taxation	(18,403,492)	(9,938,513)	(6,809,292)	(3,975,405)
(Decrease)/Increase in Other Payables	24,714,697	(5,051,885)	9,144,438	(2,020,754)
<b>Cash Generated From Operations</b>	<b>(2,117,815)</b>	<b>(47,524,611)</b>	<b>(783,592)</b>	<b>(19,009,845)</b>
(After working capital adjustment)				
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Net Proceeds from Sale of Fixed Assets	NIL	6,875	NIL	2,750
Acquisition of Fixed Assets	(10,172,430)	(1,982,632)	(3,763,799)	(793,053)
	<b>(10,172,430)</b>	<b>(1,975,757)</b>	<b>(3,763,799)</b>	<b>(790,303)</b>
Cash flow from Financing Activities				
Short Term Loan	46,274,159	7,500,000	17,121,439	3,000,000
Dividends Paid	(881,818)	(8,112,727)	(326,273)	(3,245,091)
Share Capital	NIL	NIL	NIL	NIL
	<b>45,392,341</b>	<b>(612,727)</b>	<b>16,795,166</b>	<b>(245,091)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>64,552,758</b>	<b>(34,866,203)</b>	<b>23,884,521</b>	<b>(13,946,481)</b>
<b>Cash and Cash Equivalents (Opening)</b>	<b>7,534,804</b>	<b>42,401,006</b>	<b>2,787,877</b>	<b>16,960,403</b>
<b>Cash and Cash Equivalents (Closing)</b>	<b>72,087,562</b>	<b>7,534,804</b>	<b>26,672,398</b>	<b>3,013,922</b>
<b>Analysis of the Cash Equivalent shown in the Balance Sheet</b>				
In Current Accounts				
- Sampath Bank Limited	67,516,040	6,057,189	24,980,935	2,422,876
- HSBC	3,443,148	726,998	1,273,965	290,799
- Standard Chartered	112,469	208,435	41,613	83,374
In FCBU Account				
- Sampath Bank Limited	NIL	NIL	NIL	NIL
In SIERA Account				
- Sampath Bank Limited	27,183	27,183	10,058	10,873
Petty Cash	988,723	514,999	365,828	206,000
<b>Cash And Cash Equivalents At The End Of The Year</b>	<b>72,087,562</b>	<b>7,534,804</b>	<b>26,672,398</b>	<b>3,013,922</b>

The Accounting Policies and Notes annexed form an integral part of these financial statements.01  
The Directors are responsible for the preparation of these financial statements.

**Gerard Francis Misquitta**  
Director

**Jeevan Umesh Rai**  
Director

**For and on behalf of the Board,**  
**Sanjay Madhusudan Hatekar**  
Director

April 07, 2008

## Notes to the Financial Statements

### NOTE 1

#### 1. CORPORATE INFORMATION

##### 1.1 DOMICILE AND LEGAL FORM

IGTL Solutions Lanka (Private) Limited is a private company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at Colombo and the provincial place of business is situated at Unit 1A, Level 12, East Tower, World Trade Center, Echelon Square, Colombo 01, Sri Lanka.

##### 1.2 PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

Company provides network services in telecom domain which includes professional and turnkey solutions. During the period, the Company continued to remain focused on providing services in GSM & CDMA technology in telecom sector to OEMs and Telcos in the island.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 GENERAL

###### 2.1.1 Basis Of Preparation

The Balance Sheet, Profit and Loss Account, Cash flow Statement and the accounting policies and notes thereto have been prepared and presented in accordance with Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka (ICASL). The financial statements of the Company are prepared in Lankan Rupees.

###### 2.1.2 Events occurring after the Balance Sheet date

No material events occurred after the Balance Sheet date, which requires adjustment to the financial statements.

###### 2.1.3 Foreign Currency Translations

All foreign exchange transactions are converted at the rate of exchange prevailing at the time the transactions were effected. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The resulting gain and losses are accounted for in the Profit and Loss Account.

#### 2.2 VALUATION OF ASSETS

##### 2.2.1 Inventories

Inventories are valued at lower of cost and estimated net realization value. Net realization value is the price at which inventories can be sold in the normal course of business after allowing for cost of realization from their existing state to suitable condition. The cost of inventory is determined on the First-in First-out basis.

#### 2.2.2 Trade and Other Receivables

Trade receivables are stated at the amount they are estimated to realize and other receivables and dues from related parties are recognized at cost.

#### 2.2.3 Work-in-progress

Work-in-progress represents the actual expenses incurred on incomplete project sites as at the end of the period.

#### 2.2.4 Property, Plant and Equipment

##### (A) Cost

Property, Plant and Equipment are recorded at cost of acquisition less accumulated depreciation. The cost of property, plant and equipment includes all identifiable expenditure incurred to bring the same to its present condition and location for intended use.

##### (B) Depreciation

The provision for depreciation is calculated using straight-line method on the cost or valuation of all Property, Plant and Equipment in order to write-off such amounts over their following estimated useful lives:

Asset	Economic Useful Life (Periods)
Furniture and Fixtures	5
Office Equipments	5
Tool Kit	1 to 2

The depreciation is charged proportionately in the year of purchase and in the year of disposal.

#### 2.3 INCOME STATEMENT

##### 2.3.1 Revenue

Revenue represents the amounts derived from the sale of goods and services which fall within the Company's ordinary activities, net of taxes.

##### 2.3.2 Revenue Recognition

Revenue is recognized in full for the sites, which have been completed as on the date of the Balance Sheet. Revenue from incomplete sites, as on the date of the Balance Sheet, has been recognized using stage of completion method.

##### 2.3.3 Expenditure Recognition

All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to revenue in arriving at the profit for the period.

### NOTE 02: PROPERTY, PLANT AND EQUIPMENT

Tangible Freehold Assets	"Balance as at April 01, 2007"	"Additions for the year"	"Disposals / Transfers during the year"	"Balance as at March 31, 2008"	"Balance as at April 01, 2007"	"Additions for the year"	"Disposals / Transfers during the year"	"Balance as at March 31, 2008"
	LKR	LKR	LKR	LKR	INR	INR	INR	INR
Computers & Accessories	NIL	4,554,202	NIL	4,554,202	NIL	1,685,055	NIL	1,685,055
Furniture and Fixtures	682,344	586,306	NIL	1,268,651	272,938	216,933	NIL	469,400
Office Equipments	2,012,786	1,966,924	NIL	3,979,710	805,114	727,762	NIL	1,472,493
Tool Kits	725,566	3,064,998	NIL	3,790,564	290,226	1,134,049	NIL	1,402,508
<b>Totals</b>	<b>3,420,697</b>	<b>10,172,430</b>	<b>N IL</b>	<b>13,593,126</b>	<b>1,368,279</b>	<b>3,763,799</b>	<b>N IL</b>	<b>5,029,457</b>
<b>Depreciation</b>	<b>"Balance as at April 01, 2007"</b>	<b>"Charged for the year"</b>	<b>"Disposals / Transfers during the year"</b>	<b>"Balance as at March 31, 2008"</b>	<b>"Balance as at April 01, 2007"</b>	<b>"Charged for the year"</b>	<b>"Disposals / Transfers during the year"</b>	<b>"Balance as at March 31, 2008"</b>
Computers & Accessories	NIL	491,347	NIL	491,347	NIL	181,799	NIL	181,799
Furniture and Fixtures	380,592	185,687	NIL	566,280	152,237	68,704	NIL	209,523
Office Equipments	328,810	307,710	NIL	636,520	131,524	113,853	NIL	235,513
Tool Kits	590,377	800,820	NIL	1,391,196	236,151	296,303	NIL	514,742
<b>Totals</b>	<b>1,299,779</b>	<b>1,785,565</b>	<b>NIL</b>	<b>3,085,343</b>	<b>519,912</b>	<b>660,659</b>	<b>NIL</b>	<b>1,141,577</b>
<b>Written Down Value (WDV)</b>	<b>2,120,918</b>	<b>N IL</b>	<b>N IL</b>	<b>10,507,783</b>	<b>848,367</b>	<b>N IL</b>	<b>N IL</b>	<b>3,887,880</b>

## IGTL SOLUTIONS LANKA (PRIVATE) LIMITED

## NOTE 03: INVENTORIES

	2007 - 08 LKR	2006 - 07 LKR	2007 - 08 INR	2006 - 07 INR
Work-in-progress	9,404,973	8,713,915	3,479,840	3,485,566
Stores and Spares	10,096,431	3,844,125	3,735,679	1,537,650
<b>TOTAL</b>	<b>19,501,403</b>	<b>12,558,040</b>	<b>7,215,519</b>	<b>5,023,216</b>

## NOTE 04: ACCOUNT RECEIVABLES

	2007 - 08 LKR	2006 - 07 LKR	2007 - 08 INR	2006 - 07 INR
Accrued Income	83,495,045	82,847,023	30,893,167	33,138,809
Account Receivables	114,196,795	26,968,882	42,252,814	10,787,553
<b>TOTAL</b>	<b>197,691,840</b>	<b>109,815,906</b>	<b>73,145,981</b>	<b>43,926,362</b>

## NOTE 05: CASH AT BANK

	2007 - 08 LKR	2006 - 07 LKR	2007 - 08 INR	2006 - 07 INR
In Current Account				
- Sampath Bank Limited	67,516,040	6,057,189	24,980,935	2,422,876
- HSBC	3,443,148	726,998	1,273,965	290,799
- Standard Chartered Bank	112,469	208,435	41,613	83,374
In SIERA Account				
- Sampath Bank Limited	27,183	27,183	10,058	10,873
<b>TOTAL</b>	<b>71,098,839</b>	<b>7,019,804</b>	<b>26,306,570</b>	<b>2,807,922</b>

## NOTE 06: GTL INTERNATIONAL LTD, SINGAPORE

	2007 - 08 LKR	2006 - 07 LKR	2007 - 08 INR	2006 - 07 INR
- Short Term Loan (USD 500,000)	53,774,159	NIL	19,896,439	NIL
<b>TOTAL</b>	<b>53,774,159</b>	<b>NIL</b>	<b>19,896,439</b>	<b>NIL</b>

## NOTE 07: RELATED PARTY PAYABLES

	2007 - 08 LKR	2006 - 07 LKR	2007 - 08 INR	2006 - 07 INR
GTL Limited, India	1,312,896	987,801	485,771	395,121
IGTL Solutions Middle East FZ-LLC	(387,300)	28,267	(143,301)	11,307
<b>TOTAL</b>	<b>925,596</b>	<b>1,016,068</b>	<b>342,470</b>	<b>406,427</b>

## NOTE 7.1:

	2007 - 08 LKR	2006 - 07 LKR	2007 - 08 INR	2006 - 07 INR
<b>GTL Limited, India</b>				
- Reimbursement of expenses	1,312,896	987,801	485,771	395,121
- Remittance	NIL	NIL	NIL	NIL
- Staff Mobilisation	NIL	NIL	NIL	NIL
- Purchase of goods	NIL	NIL	NIL	NIL
<b>TOTAL</b>	<b>1,312,896</b>	<b>987,801</b>	<b>485,771</b>	<b>395,121</b>

## NOTE 7.2:

	2007 - 08 LKR	2006 - 07 LKR	2007 - 08 INR	2006 - 07 INR
IGTL Solutions Middle East FZ-LLC				
- Funds received/ remitted on account of working capital	NIL	28,267	NIL	11,307
- Reimbursement of expenses	(387,300)	NIL	(143,301)	NIL
- BOI registration fees	NIL	NIL	NIL	NIL
- Company formation fees	NIL	NIL	NIL	NIL
- Staff Mobilisation	NIL	NIL	NIL	NIL
<b>TOTAL</b>	<b>(387,300)</b>	<b>28,267</b>	<b>(143,301)</b>	<b>11,307</b>

## NOTE 08: ACCOUNT PAYABLES

	2007 - 08 LKR	2006 - 07 LKR	2007 - 08 INR	2006 - 07 INR
Provisions	90,991,581	39,172,759	33,666,885	15,669,103
Trade Creditors	41,379,318	28,190,997	15,310,348	11,276,399
<b>TOTAL</b>	<b>132,370,899</b>	<b>67,363,755</b>	<b>48,977,232</b>	<b>26,945,502</b>

## NOTE 09: OTHER PAYABLES

	2007 - 08 LKR	2006 - 07 LKR	2007 - 08 INR	2006 - 07 INR
Salary Payable	1,645,263	1,432,229	608,747	572,892
With Holding tax	566,914	161,508	209,758	64,603
Payables				
Other Payable	9,681,733	1,297,600	3,582,241	519,040
<b>TOTAL</b>	<b>11,893,909</b>	<b>2,891,337</b>	<b>4,400,746</b>	<b>1,156,535</b>

## NOTE 10: ADMINISTRATION AND ESTABLISHMENT EXPENSES

	2007 - 08 LKR	2006 - 07 LKR	2007 - 08 INR	2006 - 07 INR
Auditors' Remuneration	1,320,000	1,320,000	488,400	528,000
Books and Periodicals	NIL	NIL	NIL	NIL
Communication Expenses	4,096,283	2,269,805	1,515,625	907,922
Conveyance	20,837,101	7,244,733	7,709,727	2,897,893
Depreciation	1,785,565	691,097	660,659	276,439
Donation	NIL	51,500	NIL	20,600
Fines & Surcharges	NIL	9,576	NIL	3,830
Electricity Charges	1,051,450	382,741	389,037	153,096
Insurance Charges	383,678	458,294	141,961	183,318
Legal Charges	116,350	40,850	43,050	16,340
BOI Secratarial Expenses	NIL	NIL	NIL	NIL
Miscellaneous Expenses	254,409	16,095	94,131	6,438
Postage and Courier Charges	NIL	61,826	NIL	24,730
Printing and Stationery	1,093,096	216,517	404,446	86,607
Professional and Consultancy Charges	14,646,588	6,816,830	5,419,238	2,726,732
Rent	11,344,889	3,196,202	4,197,609	1,278,481
Repairs & Maintenance	476,378	219,523	176,260	87,809
Staff Cost	32,216,728	21,763,006	11,920,189	8,705,203
Subscription & Membership Fees	25,500	92,521	9,435	37,008
Vehicle Expenses	1,315,431	581,091	486,710	232,436
Vehicle Hire Charges	18,685,993	8,123,890	6,913,817	3,249,556
Visa & Work Permit Charges	689,788	447,751	255,222	179,100
Stock Write off	NIL	32,070	NIL	12,828
Water Charges	241,991	202,619	89,537	81,048
<b>TOTAL</b>	<b>110,581,219</b>	<b>54,238,538</b>	<b>40,915,051</b>	<b>21,695,415</b>

**NOTE 11: SELLING AND DISTRIBUTION EXPENSES**

	2007 - 08 LKR	2006 - 07 LKR	2007 - 08 INR	2006 - 07 INR
Advertisement Expenses	218,261	35,100	80,757	14,040
Customs Duty	NIL	884	NIL	354
Business Promotion Expense	1,272,654	470,494	470,882	188,198
Entertainment Expenses	176,253	265,252	65,214	106,101
Freight Charges	NIL	5,021	NIL	2,008
Discounts & Commission	NIL	NIL	NIL	NIL
Gifts & Presentations	136,435	501,755	50,481	200,702
<b>TOTAL</b>	<b>1,803,602</b>	<b>1,278,506</b>	<b>667,333</b>	<b>511,402</b>

**NOTE 12: FINANCE AND OTHER EXPENSES**

	2007 - 08 LKR	2006 - 07 LKR	2007 - 08 INR	2006 - 07 INR
Bank Charges	2,465,347	1,021,468	912,178	408,587
Interest Expense	6,662,953	682,446	2,465,293	272,979
Exchange Gain/ (Loss)- On Repayment of Working Capital Loan	1,606,648	2,085,891	594,460	834,357
<b>TOTAL</b>	<b>10,734,949</b>	<b>3,789,806</b>	<b>3,971,931</b>	<b>1,515,922</b>

**NOTE 13: PROPOSED DIVIDEND**

	2007 - 08 LKR	2006 - 07 LKR	2007 - 08 INR	2006 - 07 INR
Dividend				
Net Dividend to shareholders	8,818,182	7,054,545	3,262,727	2,821,818
Tax Deducted at source	881,818	705,455	326,273	282,182
<b>TOTAL</b>	<b>9,700,000</b>	<b>7,760,000</b>	<b>3,589,000</b>	<b>3,104,000</b>

**NOTE 14: EARNING PER SHARE**

The calculation of earning per share is based on the profit attributable to shareholders' i.e. Profit after tax, divided by the number of shares outstanding at the financial year ended March 31, 2008.

**NOTE 15: CONTINGENT LIABILITY**

There were bank guarantees outstanding as at March 31, 2008 amounting to LKR 73,166,300 (INR 27,071,531)

**NOTE 16: CAPITAL COMMITMENTS**

There were no capital commitments outstanding as at March 31, 2008.

**Computation Of Tax Assessment Year 2007-08**
**NOTE 17**
**INCOME TAX FILE NO : 114348970 0000**

	LKR	LKR	INR	INR
Net Profit for the Year		29,665,098	NIL	10,976,086
Add : Disallowable Expenses				
1) Depreciation	1,785,565		660,659	NIL
2) Entertainment Expense	176,253		65,214	NIL
3) Fines & Surcharges	6,289	1,968,107	2,327	728,199
		31,633,205	NIL	11,704,286
Less : Capital Allowance - (Annexure 01)		(2,654,579)	NIL	(982,194)
<b>ADJUSTED TAXABLE PROFIT FOR THE YEAR</b>		<b>28,978,626</b>		<b>10,722,092</b>
Interest Income for the Year (A)		49,629	NIL	18,363
Balance Adjusted Taxable Profit for the Year (B)		28,928,997	NIL	10,703,729
Tax on Interest Income (A) @ 10%	4,963		1,836	NIL
Tax on Balance Adjusted Taxable Profit for the Year (B) @ 32.50%	9,401,924		3,478,712	NIL
<b>TOTAL INCOME TAX EXPENSE FOR THE YEAR</b>		<b>9,406,887</b>		<b>3,480,548</b>
<b>INCOME TAX PROVIDED &amp; PAID DURING THE YEAR.</b>				
Period	LKR	LKR	INR	INR
01/04/2007 to 30/06/2007	170,337		63,025	NIL
01/07/2007 to 30/09/2007	232,539		86,039	NIL
01/10/2007 to 31/12/2007	566,207	<b>969,083</b>	209,496	<b>358,561</b>
Tax Credit for the Year				
Economic Service Charge	3,716,408		1,375,071	NIL
Withholding Tax	1,587,010	5,303,418	587,194	1,962,265
<b>PROVISION FOR THE QUARTER ENDING MARCH 31, 2008</b>		<b>3,134,386</b>		<b>1,159,723</b>

## Annexure 01 - Capital Allowance Computation (Assessment Year 2007-08)

Assets	Cost	Rate	Accumulated Depreciation Allowance	Depreciation Allowance for 2007-08	Depreciation Allowance to be Claimed	Cost	Rate	Accumulated Depreciation Allowance	Depreciation Allowance for 2007-08	Depreciation Allowance to be Claimed
	LKR		LKR	LKR	LKR	INR		INR	INR	INR
<b>PURCHASED DURING 2003-04</b>										
Furniture & Fittings	382,442	25%	382,442	NIL	NIL	141,504	25%	141,504	NIL	NIL
Computer Accessories	86,000	100%	86,000	NIL	NIL	31,820	100%	31,820	NIL	NIL
Software	67,050	100%	67,050	NIL	NIL	24,809	100%	24,809	NIL	NIL
Toolkit	5,373	50%	5,373	NIL	NIL	1,988	50%	1,988	NIL	NIL
Tools - Site Survey	27,000	50%	27,000	NIL	NIL	9,990	50%	9,990	NIL	NIL
<b>PURCHASED DURING 2004-05</b>										
Office Equipments	8,350	20%	4,035	1,670	2,645	3,090	20%	1,493	618	979
Furniture & Fittings	83,612	20%	40,412	16,722	26,478	30,937	20%	14,952	6,187	9,797
Computer Accessories	30,350	25%	18,336	7,588	4,427	11,230	25%	6,784	2,807	1,638
Software	15,000	25%	9,062	3,750	2,188	5,550	25%	3,353	1,388	810
Toolkit	3,770	12.50%	1,139	471	2,160	1,395	12.50%	421	174	799
Tools - Site Survey	3,450	12.50%	1,042	431	1,977	1,277	12.50%	385	160	732
<b>PURCHASED DURING 2005-06</b>										
Office Equipments	31,095	20%	12,438	6,219	12,438	11,505	20%	4,602	2,301	4,602
Furniture & Fittings	91,462	20%	36,585	18,292	36,585	33,841	20%	13,536	6,768	13,536
Computer Accessories	159,350	25%	79,675	39,838	39,838	58,960	25%	29,480	14,740	14,740
Software	106,529	25%	30,382	26,632	49,515	39,416	25%	11,241	9,854	18,320
Toolkit	250,011	12.50%	44,567	31,251	174,192	92,504	12.50%	16,490	11,563	64,451
Tools - Site Survey	87,220	12.50%	42,154	10,903	34,164	32,272	12.50%	15,597	4,034	12,641
<b>PURCHASE DURING 2006/2007</b>										
Office Equipments	12,999	20%	2,600	2,600	1,197	4,810	20%	962	962	443
Furniture & Fittings	124,828	20%	24,966	24,966	124,166	46,186	20%	9,237	9,237	45,942
Computer Accessories	21,100	25%	5,275	5,275	10,359	7,807	25%	1,952	1,952	3,833
Toolkit	242,213	12.50%	30,277	30,277	41,118	89,619	12.50%	11,202	11,202	15,214
Computers & Softwares	1,581,492	25%	395,373	395,373	469,650	585,152	25%	146,288	146,288	173,771
<b>PURCHASE DURING 2007/2008</b>										
Office Equipments	1,966,924	20%	NIL	393,385	1,573,539	727,762	20%	NIL	145,552	582,209
Furniture & Fittings	586,306	20%	NIL	117,261	469,045	216,933	20%	NIL	43,387	173,547
Computer Accessories	116,702	25%	NIL	29,176	87,527	43,180	25%	NIL	10,795	32,385
Toolkit	3,064,998	12.50%	NIL	383,125	2,681,873	1,134,049	12.50%	NIL	141,756	992,293
Computers & Softwares	4,437,500	25%	NIL	1,109,375	3,328,125	1,641,875	25%	NIL	410,469	1,231,406
<b>TOTAL</b>	<b>13,593,126</b>		<b>1,346,181</b>	<b>2,654,579</b>	<b>9,173,205</b>	<b>5,029,457</b>		<b>498,087</b>	<b>982,194</b>	<b>3,394,086</b>



## DIRECTORS' REPORT

To,

The Members,

Your Directors are pleased to present their Eighth Annual Report together with the Audited Accounts for the financial year ended March 31, 2008.

### 1. **FINANCIAL RESULTS**

The Company has registered Income of Rs 316.54 Lacs for the current financial year. The Company has suffered Net Loss of Rs. 184.21 Lacs mainly on account of finance charges and depreciation. Your Company has ventured in to ITeS business from November 2007 and is exploring various business options to leverage the relationship with GTL Limited and other group companies for improving its business potential.

### 2. **BUSINESS OVERVIEW**

While the business opportunity for ITeS is huge and India dominates the substantial share in the world, the advantages go far beyond labour cost to the time advantages and language skills.

To capture a share of this growth and provide a focused approach to the Application Management & KPO business, your Company decided to venture into the said business and in November 2007 took over the Application Management & KPO business from GTL Limited. Accordingly, all related assets, of the said division were transferred from GTL Limited to your Company.

As a consequence, the name of the Company was changed from India E-Secure Limited to Global ProServ Ltd. effective December 31, 2007. Now, your Company is a service provider in the process management space (Knowledge Process Outsourcing/Business Process Outsourcing and Application Management) to Telecom Operators, Technology OEM's & Enterprises in BFSI across North America, Europe & India with focus on providing knowledge based and value added back office services.

During the previous year, your Company, has also built several new practices which include HRMS & Payroll, Document Management Services, Accounts Payable, Finance and Accountings Services, Legal Documentation Processing, Telecom Project Management and Technical Helpdesk. To augment these service offerings the Company has invested in HRMS & Payroll Solution as well as a Document Management System to facilitate digitization of documents for corporate.

These services will help augment back office processing services for the domestic market as well as create new globally scalable business models. Your Company is committed to practice quality service delivery mechanism through COPC : 2000 & Six Sigma Methodology.

### 3. **DIVIDEND**

In view of the net loss incurred during the financial period, your Directors do not recommend any dividend.

### 4. **FIXED DEPOSITS**

The Company has not invited or accepted any deposit during the year under review from the public.

### 5. **DIRECTORS**

The Board of Directors appointed Mr. Vinay Baporikar, Mr. Abhay Bidaye and Mr. Sanjay Lodaya as Additional Directors of the Company at its meeting held on January 2, 2008. Accordingly, they will hold office upto the date of the ensuing Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956, in respect of each Director, proposing their appointment as Director, liable to retire by rotation.

Further, Mr. Gajanan V. Desai and Mr. Ravi Pandit, Directors of the Company relinquished office as Directors on January 2, 2008 and Mr. Vidyadhar Apte relinquished office as Director on January 18, 2008. The Board sincerely appreciates with gratitude, the valued services and guidance received from them during their tenure.

### 6. **AUDIT COMMITTEE**

Since the Company has three Directors, all the Board Members constitute an Audit Committee, which meets regularly to review the accounts of the Company.

### 7. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.**

The Company is engaged in providing services in the process management space (Knowledge Process Outsourcing / Business Process Outsourcing and

Application Management) and has no activity pertaining to manufacturing. Hence, furnishing of details pertaining to conservation of energy is not applicable.

During the year under review, the Company has not absorbed and adopted any technology. It has also not carried out R&D activity.

The particulars of foreign exchange earnings during the year of Rs. 197,27,835/- and foreign expenditure incurred during this year amounting to Rs. 6,20,976/- are appearing in Note No.2 of Notes to Accounts.

### 8. **AUDITORS**

M/s. P. Parekh & Associates, Chartered Accountants were appointed as the auditors of the Company at the Seventh Annual General Meeting to hold office from the conclusion of the said meeting till the conclusion of the next Annual General Meeting. The Company has received a Certificate from the Auditors stating that they are qualified under Section 224(1B) of the Companies Act, 1956, to act as the Auditors of the Company, if re-appointed.

### 9. **PARTICULARS OF EMPLOYEES**

The particulars of an employee covered under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended are enclosed

### 10. **CHANGE OF NAME**

During the year under review the name of the Company was changed from India E-Secure Limited to Global ProServ Limited and obtained the Fresh Certificate of Incorporation consequent on Change of Name dated December 31, 2007 obtained.

### 11. **SHARE CAPITAL**

During the year under review, the Authorised Share Capital of the Company was enhanced from Rs. 8,50,00,000/- divided into 85,00,000 Equity shares of Rs.10/- each to Rs.85,00,00,000/- divided into 2,50,00,000 Equity shares of Rs.10/- each and 60,00,000 Preference shares of Rs.100/- each.

During the year under review, the Company had issued 1,69,68,000 Equity shares of Rs.10/- each and 0.01% - 50,00,000 Cumulative Redeemable Preference shares of Rs.100/- each. Thereby, the total paid-up equity capital has gone up from Rs. 8,03,20,000/- to Rs.25,00,00,000/- and Preference share capital has gone up from Rs. Nil to Rs.500,000,000/-.

### 12. **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of the provisions of Section 217(2AA) of the Companies Act, 1956, we the Directors of Global ProServ Limited, in respect of the financial year ended March 31, 2008 state that:

1. In the preparation of the annual accounts the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the loss of the Company for that period;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the annual accounts on a going concern basis.

### 13. **ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation and acknowledge with gratitude the support and co-operation extended by Bankers, Alliance Partners, Shareholders and Employees at all levels of the Company and look forward to their continued support in future.

On behalf of the Board of Directors,

**Vinay Baporikar**      **Abhay Bidaye**  
Director                      Director

Mumbai,  
April 11, 2008

Information under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended March 31, 2008.

Names / Designation	Gross Remuneration (Rupees)	Qualification	Experience in years	Date of commencement of employment and Age	Last Employment before joining Company, Designation, No of Years.
Mayur Taday *	1,211,523	B.E., M.B.A	15 years	November 1, 2007.	GTL limited, Business Head
Business Head				39 years	12 Years

Notes: Gross Remuneration comprises of salary, allowance, Company's contribution to Provident Fund and taxable value of other perquisites.

\* is in the employment for the part of the period.

On behalf of the Board of Directors,

**Vinay Baporikar**      **Abhay Bidaye**  
*Director*                      *Director*

Mumbai,  
April 11, 2008

## AUDITORS' REPORT

To

The Shareholders,

1. We have audited the attached Balance Sheet of GLOBAL PROSERV LIMITED (Formerly known as INDIA E-SECURE LIMITED) as at 31st March 2008, the Profit and Loss Account and also the Cash Flow Statement for the period ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) order, 2003, issued by the Central Government of India in terms of Section 227(4a) of the Companies Act, 1956, we give in Annexure, a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books.

- (c) The Balance Sheet, the Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3c) of Section 211 of the Companies Act, 1956.
- (e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:
  - i) in case of the Balance Sheet, of the state of affairs of the company as at 31st March 2008,
  - ii) in case of Profit and Loss Account, of the Loss for the period ended on that date; and
  - iii) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Mumbai  
April 11, 2008

**For P. Parekh & Associates**

**Vijay M. Vij**  
*Chartered Accountant*  
M. No. 49997

**Annexure to Auditor's Report**  
(Referred to in paragraph 3 of our report of even date)

**Annexure to the Auditors Report of Global Proserv Limited (Formerly known as India E-Secure Limited) as at 31st March ,2008.**

[Referred to in paragraph (3) thereof]

**1. IN RESPECT OF ITS FIXED ASSETS**

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As explained to us, the management at regular intervals has physically verified all the fixed assets. Having regard to the size of Company and nature of its assets, we are of the opinion that frequency of physical verification of the fixed assets carried out by the management is reasonable. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) The Company has not disposed off any substantial part of Fixed Assets.

**2. IN RESPECT OF ITS INVENTORY**

- a) The inventory has been verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
3. The Company has neither taken nor granted any loans, secured or unsecured, to any of the parties covered in the register maintained under section 301 of the Companies Act, 1956. in view of this clause (iii) (b) , (iii) (c) and clause (iii) (d) of para 4 of the Order are not applicable to the Company.
  4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets. Further, on the basis of our examination and information and according to the explanations given to us, we have neither come across nor have we been informed of any instances of major weakness in the aforesaid internal control procedures and continuing failure to correct major weaknesses in internal control procedures.
  5. In respect of transactions covered under section 301 of the companies Act 1956:
    - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
    - b. In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the period to Rs 5,00,000/- (Five Lac) or more in respect of any party.
  6. The company has not accepted deposits from the public and therefore the question of compliance with the provision of section 58A and 58AA of the Companies Act, 1956 and rules made there under for the deposits accepted from the public does not arise.
  7. Internal audit function of the Company have been carried out by the internal audit department of it's Holding Company. In our opinion the same are commensurate with the size of the Company and nature of its business.
  8. The maintenance of cost records has not been prescribed by the Central Govt. u/s 209(1)(d) of the Companies Act,1956.

9. According to information and explanations given to us and the records examined by us:
  - a. The Company has been regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Employees state insurance, Service Tax and Income Tax, as applicable during the period.
  - b. According to information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
10. The Company has accumulated losses at end of financial period which are not less than fifty percent of its net worth and has not incurred cash losses during the financial period covered by our audit and has incurred cash losses in the immediately preceding financial period.
11. The company has taken loan from a Bank of India. In our opinion and according to information and explanation given to us, the company has not defaulted in repayment of dues to the bank. As the company has not issued debentures the question of any default in repayment to debenture holders does not arise.
12. Based on our examination of the records and the information and explanations given to us, the company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund, Society are not applicable to the Company.
14. The nature of Company's business/activities during the year does not include dealing in Shares, Securities, debentures or other investments; hence Clause (xiv) of para 4 of the order is not applicable to the Company for the period.
15. According to information and explanation given to us, the Company has not given any guarantees for loans taken by other from bank or financial institutions.
16. The Company has availed term loan during the period and the same was utilized for the purpose for which it is obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds have been raised on short term basis for deployment on long term investment. No long term funds have been used to finance short term assets.
18. The company has not made any preferential allotment of shares during the period. Hence Clause (xviii) of para 4 of the order is not applicable to the Company for the period.
19. The company has not issued any secured debentures during the period. Hence Clause (xix) of para 4 of the order is not applicable to the Company for the period.
20. The company has not raised any money by public issues during the period Hence Clause (xx) of para 4 of the order is not applicable to the Company for the period.
21. During the course of examination of Books of Accounts carried out in accordance with the auditing standards generally accepted in India and according to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period nor have we been informed of such case by the management.

Mumbai  
April 11, 2008

**For P. Parekh & Associates**  
Chartered Accountants

**Vijay M. Vij**  
Partner  
M. No. 49997

**Balance Sheet  
as at March 31, 2008**

	Schedule		As at March 2008 Rupees	As at March 2007 Rupees
	Number	Rupees		
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital	1		750,000,000	80,320,000
<b>Loan Funds</b>				
Secured Loans	2	2,265,338,575		
Unsecured Loans	3	NIL		NIL
			2,265,338,575	
			<b>3,015,338,575</b>	<b>80,320,000</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>	4			
Gross Block		119,609,999		2,228,246
Less : Depreciation		12,004,188		2,216,635
Net Block		107,605,811		11,611
Capital Work-in- Progress		2,749,504,007		NIL
			2,857,109,818	11,611
<b>Investments</b>	5		8,235	8,235
<b>Deferred Tax Assets</b>			6,901,133	NIL
<b>Current Assets, Loans and Advances</b>				
a) Inventories	6	878,948,623		NIL
b) Sundry Debtors	7	19,039,939		7,964,279
c) Cash and Bank Balances	8	138,884,383		261,535
d) Loans and Advances	9	170,075,309		1,148,854
		1,206,948,254		9,374,668
<b>Less : Current Liabilities and Provisions</b>				
a) Liabilities	10	1,184,228,994		35,883,933
b) Provisions	11	971,048		57,000
		1,185,199,992		35,940,933
<b>Net Current Assets</b>			21,748,263	(26,566,265)
<b>Miscellaneous Expenditure</b>	12		4,284,000	NIL
(To the extent not written off or adjusted)				
<b>Profit &amp; Loss Debit Balance</b>			125,287,127	106,866,419
			<b>3,015,338,575</b>	<b>80,320,000</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS</b>	18			

As per our attached report of even date

**For P. Parekh & Associates**  
Chartered Accountants

**For Global ProServ Ltd**

**Vijay Vij**  
Partner  
M No:- 49997

**Vinay Baporikar**  
Director

**Abhay Bidaye**  
Director

**Sanjay Lodaya**  
Director

April 11, 2008

**Profit and Loss Account**  
**for the period April 1, 2007 to March 31, 2008**

	Schedule Number	For the period April 2007 to March 2008 Rupees	For the period July 2006 to March 2007 Rupees
<b>INCOME</b>			
Service Income - Domestic		8,251,037	<b>NIL</b>
Service Income - Export		19,727,835	<b>NIL</b>
Other Income	13	809,927	47,116
		<b>28,788,799</b>	<b>47,116</b>
<b>EXPENDITURE</b>			
Cost of Delivery	14	13,803,752	NIL
Payments to and Provision for Employees	15	3,157,211	158,664
Administrative and Other Expenses	16	4,084,581	74,706
Finance Cost	17	152,46,192	476,120
Preliminary Expenses Written off		1,071,000	NIL
Depreciation		9,787,553	102,219
		<b>47,150,289</b>	<b>811,709</b>
Profit / (Loss) before taxes		(18,361,490)	(764,593)
Less:- Fringe Benefit Tax		59,218	0
<b>Profit / (Loss) after taxes</b>		<b>(18,420,708)</b>	<b>(764,593)</b>
Loss brought forward from previous period		(106,866,418)	(106,101,826)
<b>Loss carried to Balance Sheet</b>		<b>(125,287,127)</b>	<b>(106,866,419)</b>
Earnings Per Share (Basic and Diluted)		(1.50)	(0.10)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS	18		
As per our attached report of even date			

**As per our attached report of even date**

**For P. Parekh & Associates**  
Chartered Accountants

**For Global ProServ Ltd**

**Vijay Vij**  
Partner  
M No:- 49997

**Vinay Baporikar**  
Director

**Abhay Bidaye**  
Director

**Sanjay Lodaya**  
Director

April 11, 2008

**Schedules Forming  
part of Balance Sheet As At March 31, 2008**

**SCHEDULE 1 : SHARE CAPITAL**

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
<b>AUTHORISED:</b>		
2,50,00,000(85,00,000) Equity shares of Rs. 10/- Each	250,000,000	85,000,000
60,00,000(Nil) Preference shares of Rs. 100/- Each	600,000,000	NIL
<b>ISSUED, SUBSCRIBED AND PAID UP:</b>		
25,00,000 Equity shares of Rs.10/- each fully paid up (22,250,000 Equity Shares are held by GTL Ltd, the holding company)	250,000,000	80,320,000
0.01% - 50,00,000 Cumulative Redeemable Preference shares of Rs.100/- each fully paid up (Redeemable at the end of 5 years ie 31st December 2012)	500,000,000	NIL
<b>TOTAL</b>	<b>750,000,000</b>	<b>80,320,000</b>

**SCHEDULE 2 : SECURED LOANS**

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
<b>OTHER LOANS AND ADVANCES:</b>		
Term Loans - Bank	2,265,338,575	NIL
<b>TOTAL</b>	<b>2,265,338,575</b>	<b>NIL</b>

Re-payable within 1 year - NIL (Previous year Rs. NIL)

Secured by hypothecation of Fixed Assets

**SCHEDULE 3 : UNSECURED LOANS**

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
Loans from Companies	NIL	NIL
<b>TOTAL</b>	<b>NIL</b>	<b>NIL</b>

**SCHEDULE 4 : FIXED ASSETS**

Asset Type	Opening Gross Block as at 01.04.2007	Additions during the period	Deductions during the period	Gross Block As at 31-Mar-08	Depreciation as on 01.04.2007	Depreciation for the period	Depreciation Written Back	Depreciation Upto 31-Mar-08	Net Block As at 31-Mar-08	Net Block As at 31-Mar-07
Furniture & Fixtures	NIL	4,954,995	NIL	4,954,995	NIL	412,690	NIL	412,690	4,542,305	NIL
Data Processing Machines	594,641		NIL	594,641	594,641		NIL	594,641	NIL	NIL
Office Equipments	1,633,605	6,499,260	NIL	8,132,865	1,621,994	552,919	NIL	2,174,913	5,957,952	11,611
Vehicle	NIL	155,183	NIL	155,183	NIL	12,925	NIL	12,925	142,258	NIL
Computers	NIL	9,047,769	NIL	9,047,769	NIL	753,568	NIL	753,568	8,294,201	NIL
Electrical Fittings	NIL	277,665	NIL	277,665	NIL	23,126	NIL	23,126	254,539	NIL
Networking Assets	NIL	90,569,471	NIL	90,569,471	NIL	7,543,320	NIL	7,543,320	83,026,151	NIL
Plant and Equipments	NIL	5,844,130	NIL	5,844,130	NIL	486,744	NIL	486,744	5,357,386	NIL
Software Rights	NIL	33,280	NIL	33,280	NIL	2,261	NIL	2,261	31,019	NIL
<b>Total</b>	<b>2,228,246</b>	<b>117,381,753</b>	<b>NIL</b>	<b>119,609,999</b>	<b>2,216,635</b>	<b>9,787,553</b>	<b>NIL</b>	<b>12,004,188</b>	<b>107,605,811</b>	<b>11,611</b>
<b>Capital Work - in - Progress</b>	<b>NIL</b>	<b>2,749,504,007</b>	<b>NIL</b>	<b>2,749,504,007</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>2,749,504,007</b>	<b>NIL</b>
<b>Grand Total</b>	<b>2,228,246</b>	<b>2,866,885,760</b>	<b>NIL</b>	<b>2,869,114,006</b>	<b>2,216,635</b>	<b>9,787,553</b>	<b>NIL</b>	<b>12,004,188</b>	<b>2,857,109,818</b>	<b>11,611</b>
Previous Year	2,228,246	NIL	NIL	2,228,246	2,114,416	102,219	NIL	2,216,635	11,611	113,830

**SCHEDULE 5 : LONG TERM INVESTMENTS AT COST**

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
<b>Investment in shares of company - Not Quoted</b>		
Global E-secure Inc -USA, (wholly owned subsidiary)		
100(100) Equity shares of US \$1 each fully paid up	4,455	4,455
Global E-secure Inc -Canada, (wholly owned subsidiary)		
100 (100) Equity shares of CND \$1 each fully paid up	3,780	3,780
<b>TOTAL</b>	<b>8,235</b>	<b>8,235</b>

**SCHEDULE 6 : INVENTORIES**

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
Work-In-Progress	878,948,623	NIL
<b>TOTAL</b>	<b>878,948,623</b>	<b>NIL</b>

**SCHEDULE 7 : SUNDRY DEBTORS**

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
<b>(Unsecured, considered good)</b>		
Debts outstanding for a period exceeding six months		
Considered Good	7,961,285	7,964,279
Considered Doubtful	1,907,339	1,907,339
Less- Provision for Doubtful Debts	(1,907,339)	(1,907,339)
	7,961,285	7,964,279
Others	11,078,654	NIL
<b>TOTAL</b>	<b>19,039,939</b>	<b>7,964,279</b>

**SCHEDULE 8 : CASH AND BANK BALANCES**

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
Cash on Hand	18,433	2,627
Balance with Scheduled Banks		
in Current Accounts	42,027,787	258,908
in Fixed Deposit ( loan to Bank of India against Secured Loan)	96,838,164	NIL
<b>TOTAL</b>	<b>138,884,383</b>	<b>261,535</b>

**SCHEDULE 9 : LOANS AND ADVANCES (CONSIDERED GOOD)**

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
Advances recoverable in cash or in kind, or for value to be received	168,558,657	292,306
Deposits	192,731	85,231
Advance payment of taxes	1,323,920	771,317
<b>TOTAL</b>	<b>170,075,309</b>	<b>1,148,854</b>

**SCHEDULE 10 : LIABILITIES**

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
Sundry Creditors	974,316,934	35,883,933
LC Payable	198,775,596	NIL
Other Liabilities	11,136,414	NIL
<b>TOTAL</b>	<b>1,184,228,944</b>	<b>35,883,933</b>

**SCHEDULE 11 : PROVISIONS**

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
Provision for Gratuity	27,000	27,000
Provision for Leave Encashment	944,048	30,000
<b>TOTAL</b>	<b>971,048</b>	<b>57,000</b>

**SCHEDULE 12 : MISCELLANEOUS EXPENDITURE**

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
(To the extent not written off or adjusted)		
<b>Preliminary Expenses</b>		
Opening Balance	NIL	
Add:- Addition during the period	5,355,000	NIL
<b>Total</b>	<b>5,355,000</b>	<b>NIL</b>
Less:- Written off during the period	1,071,000	NIL
	4,284,000	NIL

**Schedules Forming Part of Profit And Loss Account  
For The Period April 1, 2007 To March 31, 2008**
**SCHEDULE 13 : OTHER INCOME**

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
Provision and balances written back	808,827	NIL
Misc Income	1,100	47,116
<b>TOTAL</b>	<b>809,927</b>	<b>47,116</b>

**SCHEDULE 14 : COST OF DELIVERY**

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
Salaries	10,702,017	NIL
Contribution to Provident Fund & other Funds	629,619	NIL
Connectivity Charges	782,872	NIL
Staff Welfare Expenses	1,316,348	NIL
Staff Training and Recruitment Expenses	372,896	NIL
<b>TOTAL</b>	<b>13,803,752</b>	<b>NIL</b>

**SCHEDULE 15 : PAYMENTS TO AND PROVISION FOR EMPLOYEES**

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
Salaries	2,688,617	150,341
Contribution to provident and other funds	111,179	8,308
Staff welfare Expenses	274,694	15
Provision for Gratuity	82,721	NIL
<b>TOTAL</b>	<b>3,157,211</b>	<b>158,664</b>



**SCHEDULE 16 : ADMINISTRATIVE AND OTHER EXPENSES**

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
Rent, rates & taxes	1,538,156	9,000
Printing and Stationery	37,269	NIL
Travelling and Conveyance Expenses	393,351	620
Electricity Charges & Water Charges	715,108	NIL
Communication Expenses	117,334	1,850
Auditors' Remuneration	35,000	16,836
Office Upkeep and Maintenance	237,689	NIL
Insurance	39,600	NIL
Legal and Professional Fees	489,722	41,000
Repairs & Maintenance	434,380	NIL
Brokerage & Commission	8,000	NIL
Sub-Lease Consideration w/off	38,904	NIL
Miscellaneous expenses	68	5,400
<b>TOTAL</b>	<b>4,084,581</b>	<b>74,706</b>

**SCHEDULE 17 : FINANCE COST**

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
<b>Interest Income</b>		
Interest received on Bank Deposits (TDS 4,93,052/- (NIL))	2,393,460	NIL
<b>Interest Expenses &amp; Finance Charges</b>		
Interest - Term Loan	3,310,964	NIL
Finance Charges	14,800,667	475,627
<b>Total Interest and Finance Charges</b>	<b>18,111,631</b>	<b>475,627</b>
<b>Net Interest and Finance Charges</b>	<b>15,718,171</b>	<b>475,627</b>
Exchange (Gain)/Loss	(471,979)	493
<b>Finance Cost</b>	<b>15,246,192</b>	<b>476,120</b>

**SCHEDULE 18 :**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of Accounting**

The financial statements are prepared on historical cost basis of accounting.

**2. Use of Estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognized in the period in which the results are known/ materialized.

**3. Revenue Recognition**

The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis. The principles of revenue recognition are given below:

- Sale of hardware and software products is recognized on delivery and / or installation basis.
- Revenue from services rendered is recognized when the service is performed.
- Revenue is recognized only when it is reasonably certain that the ultimate collection will be made.

**4. Foreign Currency Transactions**

- Transactions in foreign currencies are recorded at the exchange rate prevailing at the time of occurrence of the transactions.
- Monetary items denominated in foreign currency remaining unsettled at the end of the year are translated at the closing rates as at the last day of the year.
- Any gains or losses on account of exchange difference either on settlement or translation are recognized in Profit and Loss Account except in case where it relates to the acquisition of fixed asset from a country outside India in which case it is adjusted to the carrying cost of such asset.

**5. FIXED ASSETS**

- Fixed assets are recorded at the cost of acquisition. Cost includes all identifiable expenditure incurred to bring the asset to its present condition and location.
- When facts and circumstances indicate that the carrying value of assets may be impaired, an evaluation of recoverability is performed by comparing the carrying value of the assets to the projected future cash flows to be generated by such assets. If it appears that the carrying value of assets is not recoverable, then impairment loss is recognized as a charge against results of operations.

**6. DEPRECIATION**

**i) On Tangible Assets:**

The depreciation on fixed assets is provided using the straight-line method based on the useful lives as estimated by the management which are higher than the rates specified in Schedule XIV to the Companies Act, 1956. Individual assets costing less than Rs. 5,000/ are depreciated in full, in the year of purchase. The management's estimate of useful lives for all the fixed assets viz., Furniture & Fixtures, Data Processing Machines, Office Equipments, Vehicle is five years.

**ii) On Intangible Assets:**

Intangible Assets are amortised over their useful life, not exceeding ten years, on a Straight Line Method.

**7. RETIREMENT BENEFITS**

**i) Provident Fund:**

Contribution as required by the statute, made to the Government Provident Fund is charged to revenue.

**ii) Gratuity:**

Liability for gratuity provided on the basis of actuarial valuation is charged to revenue.

**iii) Leave Encashment:**

Liability for leave encashment provided on the basis of actuarial valuation is charged to revenue.

**8. TREATMENT OF CONTINGENT LIABILITIES**

Contingent Liabilities are disclosed by way of notes in the Balance Sheet. Provision is made in accounts for those liabilities, which are likely to materialize after the year-end and having effect on the position stated in Balance Sheet as at the year-end.

**9. VALUATION OF INVESTMENTS**

- Long term Investments are stated at cost and provision for decline in value, other than temporary, is made in the accounts.
- Investment in shares of companies registered outside India are stated at cost by converting at the rate of exchange prevalent at the time of acquisition there of.
- Current investments are stated at cost or net realizable value which ever is lower.

**10. TAXES ON INCOME**

Deferred tax is recognized, subject to the consideration of prudence, in respect of deferred tax assets on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Changes in deferred tax assets / liabilities on account of changes in effective tax rates are given effect to in the Profit and Loss Account.

**11. BORROWING COSTS**

Interest and other costs in connection with the borrowing of the funds to the extent related/ attributed to the acquisition / construction of qualifying fixed assets are capitalized up to the date when such assets are ready for its intended use and all other borrowing costs are recognized as expenses in the period in which they are incurred.

**12. Material known liabilities are provided for on the basis of available information and/or estimates.**
**13. LEASES**

Assets acquired on leases where a significant portion of risks and rewards incidental to ownership are retained by the lessors are classified as operating lease. Lease rentals are charged to Profit and Loss Account on accrual basis.

**14. INVENTORIES**

Inventories (including Work- in - process) is valued at lower of cost (determined on first in, first out basis) or net realisable value.

**B. NOTES ON ACCOUNTS**
**1. Contingent Liability In Respect Of:**

Guarantees given by Bank on behalf the Company – Nil (Previous Year Nil)

**2. Additional information pursuant to the provisions of paragraphs 3 and 4D of part II of Schedule VI to the Companies Act, 1956 to the extent applicable is given below;**

i) Inview of the nature of business having heterogeneity of the items involved, the itemwise details of quantities and values are not furnished.

ii) *Expenditure in Foreign Currency (on accrual basis):*

(Rupees)

On Account of	Current Year (12 months)	Previous Year (9 months)
Traveling Expenses	88,000	Nil
Salaries & other expenses to employees on deputation	5,32,976	Nil

iii) *Earnings in Foreign Currency (on accrual basis)*

(Rupees)

On Account of	Current Year (12 months)	Previous Year (9 months)
Services	1,97,27,835	Nil

**3. AUDITOR'S REMUNERATION (INCLUDES SERVICE TAX WHERE APPLICABLE)**

(Rupees)

On Account of	Current Year (12 months)	Previous Year (9 months)
As Auditors	35,000	15,000
In any other capacity, in respect of certification	Nil	Nil
<b>Service Tax on above</b>	<b>4,326</b>	<b>1,836</b>
<b>Total</b>	<b>39,326</b>	<b>16,836</b>

4. The company has taken some office and residential premises under operating lease. These are generally cancelable and range between 12 months and 3 years under leave and license agreements and are renewable by mutual consent on mutually agreeable terms. Lease payments recognized in the statement of Profit and Loss account under "Rent, Rates and Taxes" in Schedule 16 is Rs.15,38,156/-(Previous Year 9,000/-). During the year company has paid sub lease consideration of Rs.10 lakhs to Surat Special Economic Zone for allotment of plot for a period of 15 years, with a provision to renewed in blocks of 15 years or part thereof till 2085. Management has decided to write off the said sub lease consideration over the initial period of 15 years on proportionate basis. Accordingly Amount of Rs.38,904/- (Nil) has been charged to Profit & Loss account.

**5. CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE**

Particulars	As at 31.03.2008	As At 31.03.2007
a) Face Value of the shares (Rs.)	10	10
b) No. of Equity Shares (Nos.)	25,000,000	8,032,000
c) Weighted Average no. of shares (Nos.)	12,262,378	8,032,000
d) Net Loss for the year attributable to equity shareholders (Rs.)	18,420,708	764,593
e) Basic and Diluted Earnings Per Share (Rs.) (d/c)	(1.50)	(0.10)

**6. SEGMENT INFORMATION**

The Company is engaged in the business of providing KPO Services and Information Technology Enable Services. The Company has considered entire business activity as one business segment for disclosure in the context of Accounting Standard (AS)-17 on "Segment Reporting", issued by the Institute of Chartered Accountants of India.

Geographical Segment	31st March, 2008	31st March, 2007
India	82,51,037	Nil
Europe	1,69,09,811	Nil
USA	28,18,024	Nil
<b>Total</b>	<b>2,79,78,872</b>	<b>Nil</b>

**7. RELATED PARTY TRANSACTIONS**

Related party disclosures required by AS-18 on "Related Party Disclosures" are given below;

**(A) List of Related Parties and nature of relationship**

No.	Name of the Party	Nature of Relationship
1	GTL Ltd.	Holding Company
2	Global E-Secure Inc., Canada	Subsidiary
3	Global E-Secure Inc., USA	Subsidiary
4	IGTL Solutions (USA) Inc.	Fellow Subsidiary
5	IGTL Solutions (UK) Inc.	Fellow Subsidiary

**(B) RELATED PARTY TRANSACTIONS**

(Rupees)

	Transaction	Holding Company	Fellow Subsidiaries		Subsidiaries		Total
		GTL Limited	IGTL Solution (USA) Inc	IGTL Solution (UK)	Global E-Secure Inc. USA	Global E-Secure Inc. Canada	
Income	Sales of Services	9,199,304	2,818,024	NIL	NIL	NIL	12,017,328
		(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)
	Reimbursement of expenses	294,742	NIL	NIL	NIL	NIL	294,742
		(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)
Expenses	Business Transfer	2,175,000,000	NIL	NIL	NIL	NIL	2,175,000,000
		(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)
	Inventory	890,481,237	NIL	NIL	NIL	NIL	890,481,237
		(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)
	Interest paid	488,575	NIL	NIL	NIL	NIL	488,575
		(472,933)	NIL	NIL	NIL	NIL	(472,933)
	Reimbursement of exp	1,514,500	1,043,000	NIL	NIL	NIL	2,557,500
		(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)
Finance	Shares / Preference share	669,680,000	NIL	NIL	NIL	NIL	669,680,000
		(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)
	Advances Recd	45,771,739	NIL	NIL	NIL	NIL	45,771,739
		(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)
	Advances Paid	NIL	NIL	NIL	NIL	NIL	NIL
		(10,00,000)	NIL	NIL	NIL	NIL	(10,00,000)
	Guarantees & Collaterals	2,250,000,000	NIL	NIL	NIL	NIL	2,250,000,000
		(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)
Balance	Payable	957,375,409	NIL	1,233,071	NIL	4,174,826	962,783,305
		(29,603,682)	NIL	NIL	NIL	(4,174,826)	(33,778,508)
	Receivables	NIL	4,557,970	NIL	5,893,681	NIL	10,451,651
		(NIL)	(NIL)	(NIL)	(5,893,681)	(NIL)	(NIL)

Note: Figures in brackets are in respect of previous period for 9 months.

**8. DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES**

The unpaid overdue amounts as at March 31, 2008 due to Small-scale and Medium Enterprises is Rs. Nil (Previous Rs. Nil)

This information has been compiled in respect of parties to the extent they could be identified as Micro, Small-scale and Medium Enterprises on the basis of information available. This has been relied upon by the Auditors.

9. Deferred tax assets are not recognized in the books of accounts based on principles of prudence except to the extent of Rs.69,01,133/- which was transferred from the holding company on account of purchase of business under slump sale as per income tax act.

10. Debtors, creditors and loans and advances are subject to confirmation.

11. Figures of the previous year have been regrouped to make them comparable with those of the current year.

12. Figures in the brackets relate to the previous year unless otherwise stated.

**For P. Parekh & Associates**  
Chartered Accountants

**Vijay Vij**  
Partner  
M No:- 49997

April 11, 2008  
Mumbai

**For Global ProServ Ltd**

**Vinay Baporikar**  
Director

**Abhay Bidaye**  
Director

**Sanjay Lodaya**  
Director

**Cash Flow Statement Annex to Balance Sheet for the year ended March 31,2008**

	April 2007 to March 2008 Rupees	July 2006 to March 2007 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net (Loss) before tax	(18,361,490)	(764,593)
Adjustments for :		
Depreciation	9,787,553	102,219
Preliminary Expenses written off	1,071,000	NIL
Loss/(Profit) on Exchange Fluctuation	(471,979)	493
Interest income	(2,393,460)	NIL
<b>Operating profit before working capital changes</b>	(10,368,376)	(661,881)
Adjustments for :		
Inventories	(878,948,623)	NIL
Receivables	(11,075,660)	NIL
Loans & Advances	(168,926,455)	729,521
Current Liabilities and Provisions	1,176,229,841	813,023
<b>Cash Generated from Operations</b>	106,910,727	880,663
Interest & Finance Charges	18,111,631	475,627
<b>Net Cash flow from Operating Activities Total (A)</b>	125,022,358	1,356,290
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2,873,786,893)	NIL
Sale of Investments	NIL	NIL
Dividend received	NIL	NIL
Investment in shares	NIL	NIL
Interest Received	2,393,460	NIL
<b>Net Cash flow from Investing Activities Total (B)</b>	(2,871,393,433)	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in share capital	NIL	NIL
Proceeds form issue of Shares (net of Preliminary Exp)	664,325,000	NIL
Loans ( Net )	2,238,308,575	(1,000,000)
Gain on Exchange Variation	471,979	(493)
Interest & Finance Charges	(18,111,631)	(475,627)
<b>Net Cash flow from financing activities Total (C )</b>	2,884,993,923	(1,476,120)
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	138,622,848	(119,830)
Cash and Cash Equivalents (Opening )	261,535	381,365
Cash and Cash Equivalents (Closing)	<b>138,884,383</b>	261,535

**Note:** The above Cash Flow Statement has been prepared under the "Indirect Method", set out in Accounting Standard (AS-3) "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.

**As per our attached report of even date**

**For P. Parekh & Associates**  
Chartered Accountants

Vijay Vij  
Partner  
M No:- 49997  
April 11, 2008  
Mumbai

**For Global ProServ Ltd**

Vinay Baporikar  
Director

Abhay Bidaye  
Director

Sanjay Lodaya  
Director

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>I REGISTRATION DETAILS</b>			
Registration No.	U99999MH2000 PLC126777	State Code	11
Balance Sheet Date	March 31, 2008		
<b>II CAPITAL RAISED DURING THE PERIOD (AMOUNT IN RS. THOUSANDS)</b>			
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
<b>III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)</b>			
Total Liabilities	3,015,338	Total Assets	3,015,338
<b>SOURCE OF FUNDS</b>			
Paid-up Capital	750,000	Reserves & Surplus	NIL
Secured Loans	NIL	Unsecured Loans	NIL
<b>APPLICATION OF FUNDS</b>			
Net Fixed Assets	2,857,110	Investments	8
Net Current Asset	21,748	Miscellaneous Expenditure	4,284
Accumulated Losses	125,287	Deferred Tax Asset	6,901
<b>IV PERFORMANCE OF THE COMPANY (AMOUNT IN RS. THOUSANDS)</b>			
Total Income	28,789	Total Expenditure	47,150
Profit Before Tax	(18,361)	Profit After Tax	(18,421)
Earnings per share (Basic & Diluted)	(1.50)	Dividend Rate %	NIL
<b>V GENERAL NAMES OF THREE PRINCIPLE PRODUCT/SERVICES OF COMPANY (AS PRE MONETARY TERMS)</b>			
Product/Service Description	Item Code No.		
Network Engineering Service	852510		
Call Centre Service	847100		

## NOTES



America	South Asia	Europe	Africa	Eurasia	Middle East	Far East Asia	Asia-Pacific
US Caribbean Islands	India Nepal Bhutan Maldives Sri Lanka Bangladesh	UK France Turkey Ireland Sweden Switzerland	Nigeria Guinea Conakry	Russia	UAE KSA Oman Qatar Kuwait Iran	Japan China Taiwan Vietnam	Malayasia Thailand Mauritius Indonesia Australia Singapore Philippines New Zealand

For More Details Contact [gtilservices@gtlimited.com](mailto:gtilservices@gtlimited.com)





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