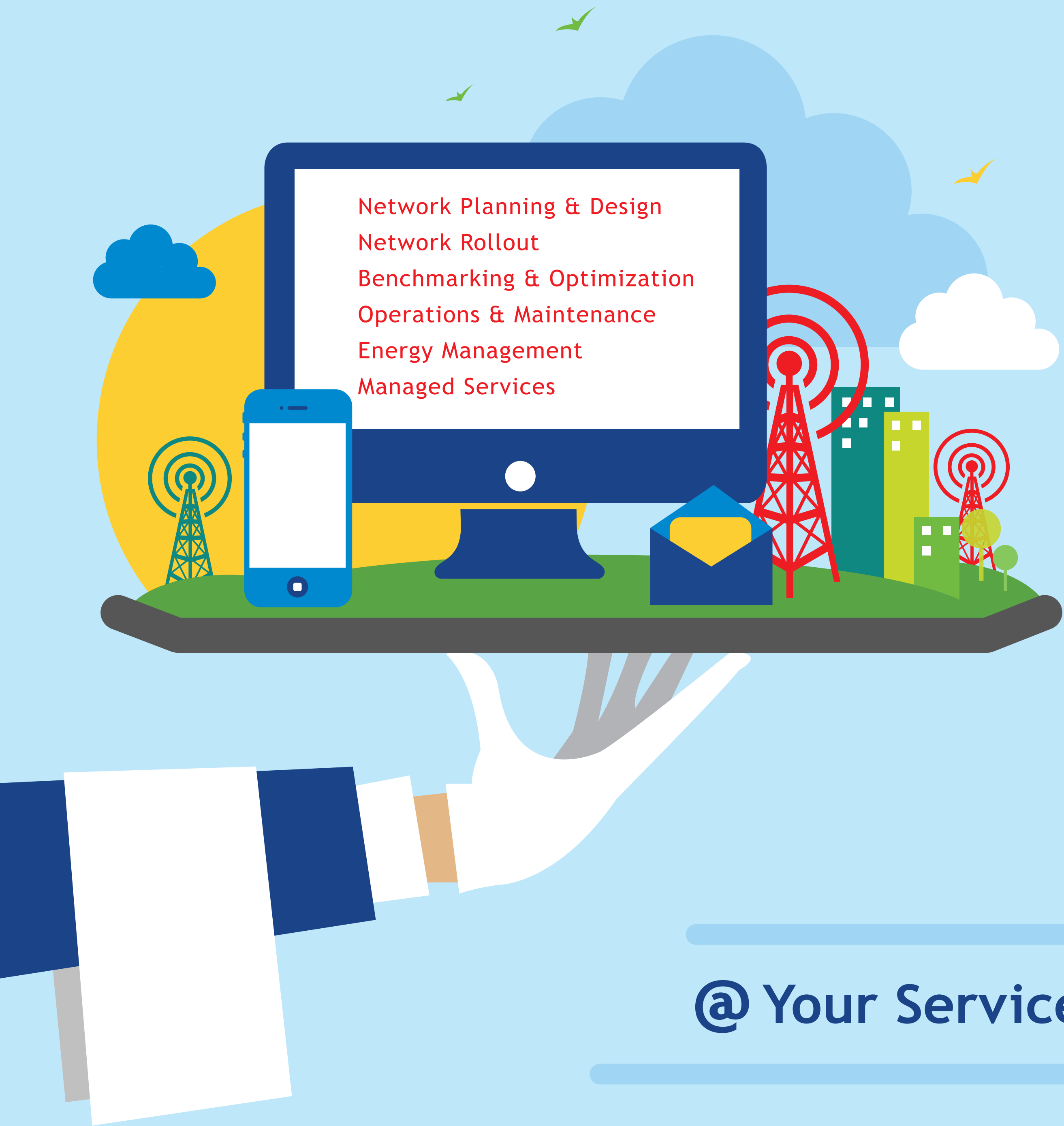
GLOBAL Group Enterprise



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GTL

27th ANNUAL REPORT 2014-15

(Subsidiaries Report)

CONTENTS

COMMENTARY OF THE DIRECTORS

The directors present their commentary together with the audited financial statements of INTERNATIONAL GLOBAL TELE–SYSTEMS LIMITED (the "Company") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company are to provide telecommunication network services and trading in telecommunication products.

RESULTS

The results for the year are shown in the statement of profit or loss and other comprehensive income.

DIRECTORS

The present membership of the Board is set out on page 2.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors have the following responsibilities in the preparation of financial statements of the Company:

- Selection of suitable accounting policies and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- To state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Preparation of the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

GOING CONCERN

The financial statements have been prepared on a going concern basis on the assumption of a continued financial support from its parent company. The management of the parent company is confident in overcoming the temporary financial difficulties currently being faced by the Company.

PLEDGE

GTL Limited, the shareholder of the Company in India, had filed a Corporate Debt Restructuring ("CDR") in India which was approved on 23 December 2011. As part of the approval, GTL Limited was required to create a pledge on all its existing investments as security for its debt restructuring in favour of IDBI Trusteeship Services Limited ("ITSL") as Security Trustee and/or IDBI Bank Limited ("IDBI"), the monitoring institution of the CDR arrangement. Pending lenders approval, the pledge of the share of the Company has not been created.

BORROWINGS

The directors wish to draw attention to the facts disclosed in Note 15 of these financial statements.

AMOUNT OWED ON CREDIT FACILITIES

As referred in Note 10(b), the Company has availed itself of secured credit facility from one of its bankers. The said facility was also covered under an insurance policy which has been assigned to the bank. As the customer and the insurance company have not settled dues/claims, the matter is sub–judice.

AUDITORS

The auditors, Accxperts Business Solutions Pte Ltd, Singapore; have indicated their willingness to continue in office until the next Annual Meeting.

Mr Milind Bapat
Director

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF INTERNATIONAL GLOBAL TELE–SYSTEMS LIMITED

We have carried out a special purpose audit on the accompanying financial statements of INTERNATIONAL GLOBAL TELE–SYSTEMS LIMITED (the "Company), which comprise of the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended as set out in pages 4 to 7, and a summary of significant accounting policies and other explanatory information as set out on pages 8 to 29.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and for designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material mis–statements, whether due to fraud or error. They are also responsible for keeping proper accounting records and selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with management requirements as this is a special audit. We comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

The auditors consider internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of the accounting estimates made by the 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 audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2014 and of its financial performance and cash flows for the year then ended.

Emphasis of matters

i Credit facilities and amount recoverable from a major client

As fully described in Notes 10(b) and 16, the Company has availed of secured credit facility from SBI (Mauritius) Limited ('The bank'), one of its bankers. The Company has not made full repayment in respect of the availed facility on the agreed due dates as one of its major client – 'the debtor', did not honour its commitment for the settlement of amount due to the Company on the agreed dates. It has repaid USD 1,059,500 which includes USD 610,000 repaid during 2013 and USD 100,000 in the year 2014 towards the said facility. The credit facility proceeds were covered by an insurance company with the underlying policy assigned in favour of the said Bank as security for the facility availed of. The Company has appointed an Arbitrator to resolve the issue between itself and the debtor in the collection of the amount due from the latter. The process of arbitration is still under progress. We have sought from the Company's legal advisors, their assessment of the possible outcomes of both the arbitration and of the lawsuit brought by the Bank against the Company and they have reckoned that the Company shall always have recourse to the customer to be able to repay its debts to the Bank. In their view, the Company is not likely to suffer any loss but as professionals they cannot give an opinion on the outcome of the arbitration and the said lawsuit. The process of the lawsuit between the Company and the Bank is still under progress. The directors are confident that the Company will recover the said debt and that no provision for impairment is required to be made in the financial statements. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in that respect.

ii **Inherent uncertainty regarding going concern**

As explained in Note 2(ii), the directors state the going concern basis is appropriate in the preparation of the financial statements on the basis that the Company has continued financial support of its shareholder until such time as it is able to function on a financially independent basis. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Other Matters

This report is made solely for the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in our auditors' report and for no other purpose. We do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

In forming our opinion, we report as follows:

- We have no relationship with, or any interest in, the Company other than in our capacity as auditors;
- We have obtained all the information and explanations that we required; and
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Sd/–
Priti Lakhpati

Accxperts Business Solutions Pte Ltd
Chartered Accountants

Date: 13 March 2015

Singapore

BALANCE SHEET AS AT 31ST DECEMBER, 2014

		As at 31st December 2014 USD	As at 31st December 2013 USD	As at 31st December 2014 INR	As at 31st December 2013 INR
I.	**EQUITY AND LIABILITIES**				
	SHAREHOLDER'S FUNDS				
	Share Capital	**71,762,615**	71,762,615	**4,542,932,343**	4,401,559,991
	Reserves and Surplus	**24,726,671**	54,115,826	**1,565,321,908**	3,319,194,188
		96,489,286	125,878,441	**6,108,254,250**	7,720,754,179
	NON–CURRENT LIABILITIES				
	Long–term borrowings	**20,968,775**	19,220,500	**1,327,428,301**	1,178,889,368
	Deferred tax liabilities (Net)	**–**	–	**–**	–
	Other Long term liabilities	**–**	–	**–**	–
	Long term provisions	**–**	–	**–**	–
		20,968,775	19,220,500	**1,327,428,301**	1,178,889,368
	CURRENT LIABILITIES				
	Short–term borrowings	**62,305,463**	63,901,868	**3,944,247,335**	3,919,421,074
	Trade payables (including Acceptances)	**315,900**	325,275	**19,998,050**	19,950,742
	Other current liabilities	**–**	–	**–**	–
	Short–term provisions	**11,605,387**	6,062,965	**734,679,024**	371,871,958
		74,226,750	70,290,108	**4,698,924,409**	4,311,243,774
	Total	**191,684,811**	215,389,049	**12,134,606,960**	13,210,887,320
II	**ASSETS**				
	NON–CURRENT ASSETS				
	Fixed assets				
	Tangible assets	**–**	–	**–**	–
	Intangible assets	**–**	–	**–**	–
	Capital work–in–progress	**10,180,000**	15,863,631	**644,444,900**	972,995,807
		10,180,000	15,863,631	**644,444,900**	972,995,807
	Intangible assets under development				
	Non–current investments				
	Deferred tax assets (net)	**–**	–	**–**	–
	Long term loans and advances	**100,177,633**	103,611,611	**6,341,745,057**	6,355,018,161
	Other non–current assets	**–**	–	**–**	–
		100,177,633	103,611,611	**6,341,745,057**	6,355,018,161
	CURRENT ASSETS				
	Current investments	**20,000,000**	20,000,000	**1,266,100,000**	1,226,700,000
	Inventories	**8,341,634**	10,441,634	**528,067,140**	640,437,621
	Trade receivables	**42,975,080**	55,461,673	**2,720,537,439**	3,401,741,713
	Cash and cash equivalents	**10,464**	10,500	**662,424**	644,018
	Short–term loans and advances	**10,000,000**	10,000,000	**633,050,000**	613,350,000
	Other current assets	**–**	–	**–**	–
		81,327,178	95,913,807	**5,148,417,003**	5,882,873,352
	Total	**191,684,811**	215,389,049	**12,134,606,960**	13,210,887,320

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD

	1–Jan–14 to 31–Dec–14 USD	1–Jan–13 to 31–Dec–13 USD	**1–Jan–14 to 31–Dec–14 INR**	1–Jan–13 to 31–Dec–13 INR
Revenue from operations	**–**	–	**–**	–
Less: Excise Duty, if any				
	–	–	**–**	–
Other Income	**–**	30,994	**–**	1,918,312
Total Revenue	**–**	30,994	**–**	1,918,312
Expenses:				
Cost of Purchases	**–**	–	**–**	–
Changes in inventories of finished goods, work–in–progress and Stock–in–Trade	**2,100,000**	–	**129,047,333**	–
Employee benefits expenses	**–**	–	**–**	–
Finance Costs	**5,583,423**	4,335,742	**343,107,547**	268,352,080
Foreign Exchange Loss / (Profit) (Net) on Borrowings & Preference Investments	**–**	–	**–**	–
Depreciation and amortization expense	**–**	–	**–**	–
Other expenses	**21,705,732**	32,181	**1,333,841,349**	1,991,779
Total Expenses	**29,389,155**	4,367,923	**1,805,996,229**	270,343,858
Profit before exceptional and extraordinary items and tax	**(29,389,155)**	(4,336,929)	**(1,805,996,229)**	(268,425,547)
Exceptional Items	**–**	–	**–**	–
Profit before extraordinary items and tax	**(29,389,155)**	(4,336,929)	**(1,805,996,229)**	(268,425,547)
Extraordinary Items				
Compensation tw Sale / Invocation of Investments				
Loss on Sale / Invocation of Investment				
Profit before tax	**(29,389,155)**	(4,336,929)	**(1,805,996,229)**	(268,425,547)
Tax expense:				
Current tax	**–**	–	**–**	–
Deferred tax Liability / (Asset)				
Profit / (Loss) from the period after Tax	**(29,389,155)**	(4,336,929)	**(1,805,996,229)**	(268,425,547)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	For the year ended 31 December 2014 USD	For the year ended 31 December 2013 USD	**For the year ended 31 December 2014 INR**	For the year ended 31 December 2013 INR
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	**(29,389,155)**	(4,336,929)	**(1,805,996,229)**	(268,425,547)
Adjustment for:				
Interest Income	**–**	(30,994)	**–**	(1,918,312)
Impairment loss	**23,786,421**	–	**1,461,702,000**	–
Operating loss before working capital changes	**(5,602,735)**	(4,367,923)	**(344,294,230)**	(270,343,858)
(Increase)/Decrease in trade and other receivables (net of write off)	**(1,748,275)**	(14,997,500)	**(107,443,441)**	(982,240,268)
Increase in trade and other payables	**7,450,974**	4,279,043	**457,870,631**	264,842,808
Net cash used in operating activities	**99,964**	(15,086,380)	**6,142,960**	(933,741,317)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	**–**	30,994	**–**	1,918,312
Net cash from investing activities	**–**	30,994	**–**	1,918,312
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of Credit facility	**–**	(510,000)	**–**	31,565,430
Borrowings received / (repaid)	**(100,000)**	14,997,500	**(6,145,111)**	928,240,268
Funds received from related companies	**–**	549,644	**–**	34,019,116
Net cash from financing activities	**(100,000)**	15,037,144	**(6,145,111)**	930,693,954
Net decrease in cash and cash equivalents	**(36)**	(18,242)	**(2,151)**	(1,129,052)
Foreign Exchange Variation	**–**	**–**	**20,557**	(5,859)
Cash and cash equivalents at beginning of the year/period	**10,500**	28,742	**644,108**	11,778,929
Cash and cash equivalents at end of year/period	**10,464**	10,500	**662,424**	644,018

The notes on pages 8 to 29 form an Integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Stated capital USD	**Retained earnings USD**	**Total equity USD**
At 1 January 2013	71,762,615	58,452,755	130,215,370
Total comprehensive loss for the period	–	(4,336,929)	(4,336,929)
At 31 December 2013	71,762,615	54,115,826	125,878,441
Total comprehensive loss for the year	–	(29,389,155)	(29,389,155)
At 31 December 2014	71,762,615	24,726,671	96,489,286

The notes on pages 8 to 29 form an Integral part of these financial statements.

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDING DECEMBER 31, 2014

	As at 31st December 2014 USD	As at 31st December 2013 USD	As at 31st December 2014 INR	As at 31st December 2013 INR
Share Capital				
Authorised				
2,762,615 Ordinary Shares of US 1 each	**2,762,615**	2,762,615	**174,887,343**	169,444,991
69,000,000 Preference Shares of US 1 each	**69,000,000**	69,000,000	**4,368,045,000**	4,232,115,000
Issued, subscribed and paid up:				
2,762,615 Ordinary Shares of US 1 each	**2,762,615**	2,762,615	**174,887,343**	169,444,991
69,000,000 Preference Shares of US 1 each	**69,000,000**	69,000,000	**4,368,045,000**	4,232,115,000
Total	**71,762,615**	71,762,615	**4,542,932,343**	4,401,559,991
Reserves and Surplus				
Translation Reserve			**54,543,956**	2,420,006
Profit & Loss Account :				
Surplus – Opening Balance	**54,115,826**	58,452,755	**3,316,774,181**	3,585,199,728
Add : Net profit after tax transferred from Statement of Profit and Loss	**(29,389,155)**	(4,336,929)	**(1,805,996,229)**	(268,425,547)
Amount available for appropriation	**24,726,671**	54,115,826	**1,510,777,952**	3,316,774,181
Appropriation :				
Surplus – Closing Balance	**24,726,671**	54,115,826	**1,510,777,952**	3,316,774,181
Total	**24,726,671**	54,115,826	**1,565,321,908**	3,319,194,188
Long Term Borrowings				
Term Loans :				
From Banks	**20,968,775**	19,220,500	**1,327,428,301**	1,178,889,368
Total of Secured Loan	**20,968,775**	19,220,500	**1,327,428,301**	1,178,889,368
Total of Long Term Borrowings	**20,968,775**	19,220,500	**1,327,428,301**	1,178,889,368
Short Term Borrowings				
Secured / Unsecured				
From Banks	**25,940,050**	26,040,050	**1,642,134,865**	1,597,166,467
Due to related parties	**36,365,413**	37,861,818	**2,302,112,470**	2,322,254,607
Total	**62,305,463**	63,901,868	**3,944,247,335**	3,919,421,074
Trade Payables				
Trade Payables	**315,900**	325,275	**19,998,050**	19,950,742
Total	**315,900**	325,275	**19,998,050**	19,950,742
Other Current Liabilities				
Interest accrued and due on borrowings	**11,600,387**	6,016,965	**734,362,499**	369,050,548
Provision for Expenses	**5,000**	46,000	**316,525**	2,821,410
Total	**11,605,387**	6,062,965	**734,679,024**	371,871,958

	As at 31st December 2014 USD	As at 31st December 2013 USD	As at 31st December 2014 INR	As at 31st December 2013 INR
Non current Investments	**–**	–	**–**	–
Non Current Investments	**20,000,000**	20,000,000	**1,266,100,000**	1,226,700,000
Total	**20,000,000**	20,000,000	**1,266,100,000**	1,226,700,000
Long term loans and advances				
Capital Advances				
Other Loans & Advances	**100,177,633**	103,611,611	**6,341,745,057**	6,355,018,161
Total	**100,177,633**	103,611,611	**6,341,745,057**	6,355,018,161
Inventories				
Inventories : (at lower of cost and net realizable value)	**–**	–	**–**	–
Finished Goods (other than acquired for trading)	**8,341,634**	10,441,634	**528,067,140**	640,437,621
Total	**8,341,634**	10,441,634	**528,067,140**	640,437,621
Trade Receivables				
Debts outstanding for a period exceeding six months				
Unsecured				
Considered good	**42,975,080**	55,461,673	**2,720,537,439**	3,401,741,713
Considered doubtful	**12,486,593**	–	**790,463,770**	–
	55,461,673	55,461,673	**3,511,001,209**	3,401,741,713
Less: Provision for doubtful debts	**12,486,593**	–	**790,463,770**	–
	42,975,080	55,461,673	**2,720,537,439**	3,401,741,713
Cash and cash equivalents				
Balances with Banks				
Balance in current account with a Non–Scheduled Bank	**10,464**	10,500	**662,424**	644,018
Total	**10,464**	10,500	**662,424**	644,018
Short Term Loan and Advances				
Advance Towards Preference Share Application Money	**10,000,000**	10,000,000	**633,050,000**	613,350,000
Total	**10,000,000**	10,000,000	**633,050,000**	613,350,000

	1–Jan–14 to 31–Dec–14 USD	1–Jan–13 to 31–Dec–13 USD	1–Jan–14 to 31–Dec–14 INR	1–Jan–13 to 31–Dec–13 INR
Other Income				
Interest – Bank Deposits	**–**	30,994	**–**	1,918,312
Total	**–**	30,994	**–**	1,918,312
Purchase of Stock in Trade				
Changes in inventories of finished goods, work–in–progress and Stock–in– trade				
Decrease / (Increase) in Inventory				
Finished Goods	**2,100,000**	–	**129,047,333**	–
Total	**2,100,000**	–	**129,047,333**	–
Finance Costs				
Interest Expense				
Interest on Borrowings	**5,583,423**	4,335,742	**343,107,547**	268,352,080
Total	**5,583,423**	4,335,742	**343,107,547**	268,352,080
Other Expenses				
Insurance	**5,000**		**307,256**	–
Legal and Professional Fees	**14,176**	32,144	**871,131**	1,989,489
Provision for Doubtful Debts & Advances	**12,486,593**	–	**767,315,014**	–
Prior Period Items	**9,199,828**	–	**565,339,643**	–
Other Expenses	**135**	37	**8,306**	2,290
Total	**21,705,732**	32,181	**1,333,841,349**	1,991,779

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. General information

The Company was incorporated in Mauritius on 10 July 1995 as a private company with limited liability. The Company held a Category 1 Global Business License and after conversion of the status on 16 February 2010, it now holds in Category 2 Global Business License issued by the Financial Services Commission. The Company's registered office is at 5th Floor, Barkly Wharf, Le Caudan Waterfront, Port Louis, Mauritius.

The principal activities of the Company are to provide telecommunication network services and also the trading of telecommunication products.

The financial statements of the Company are expressed in the United States dollar ("USD"). The Company's functional currency is the USD, the currency of the primary economic environment in which it operates.

2. Basis of preparation of financial statements

i *Statement of compliance*

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), which comprise of standard and interpretations approved by the International Accounting Standards Boards (IASB), and International Accounting Standards and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) approved by the International Accounting Standards Committee (IASC) that remain in effect. The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that could affect the reported amounts and disclosures in the financial statements. Actual result may differ from those estimates.

ii *Basis of preparation*

The financial statements have been prepared on a 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 support of the shareholder of the Company based on corporate guarantees granted on facilities taken by the Company. They therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

iii *Basis of accounting*

There is no statutory requirements for the Company to have an audit carried out on its financial statements. The financial statements have been prepared and audited solely for the purpose of consolidation by the holding company.

iv *Changes in accounting policies*

a Adoption of new and revised International Financial Reporting Standards (IFRS)

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting year beginning on or after 1 January 2014. The accounting policies are consistent with those of the previous financial year, except for the following new and amended IFRS:

Amendments to IAS 1 – The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in other comprehensive income section such that items of other comprehensive income are grouped into two categories (a) items that will not be reclassified subsequently to profit or loss when specific condition are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 have been applied retrospectively, and hence the presentation of items of the other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

b New standards, amendments and interpretations issued and adopted with no effect on financial statements.

IFRS9, 'Financial instruments'

IFRS 9, 'Financial instruments", address the classification, measurement and recognition of financial assets and financial liabilities, IFRS 9 was issued in November, 2009 and October, 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories namely those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the Company's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard remains most of the IAS 39 requirements. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to a Company's own credit risk is recorded in other comprehensive income rather than in the profit or loss, unless this creates an accounting mismatch. The amendment does not result in any significant effect to the Company's financial statement during the year.

IFRS 12. 'Disclosures of interest other entities'

IFRS 12, 'Disclosures of interests in other entities includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles, the amendment does not result in any significant effect to the Company's financial statements during the year.

IFRS 13, 'Fair value Measurement'

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for the use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The amendment does not result in any significant effect to the Company's financial statements during the year.

c New standards, amendments and interpretations issued and adopted with no effect on financial statements. (Continued)

The company has not applied the following new and revised IFRS that has been issued but is not yet effective:

IFRS 9 Financial Instruments

IFRS 9, issued in November, 2009, introduced new requirements for the classification and measurement of financial assets.

IFRS 9 was amended in October, 2010 to include requirement for the classification and measurement of financial liabilities and for derecognition.

Key requirement of IFRS 9:

All recognized financial assets that are within the scope of IAS 39 Financial Instruments Recognition and Measurement are required to be measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objectives is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised costs at the end of subsequent account periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

In addition, under IFRS 9. Entitles may make an irrevocable election to present subsequent changes in fair value of an equity investment (that is not held for trading), in other comprehensive income, with only dividend income generally recognized in profit or loss. With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributed to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effect of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

The directors of the Company anticipate that the application of IFRS 9 in the future may have a significant impact on accounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

3. Summary of accounting policies

The principal accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue and costs, if applicable, can be measured reliably. Revenue is recognized in the statement of comprehensive income as follows:

Revenue is recognized when the services are rendered to the customers which are taken to be the point in time when the customer has accepted the service and the related risks and reward of ownership. Revenue excludes goods and service or other sales taxes and is after deduction of any trade discounts and sales tax.

Dividend income is recognized when the right to receive the payment is established.

Interest income is accounted for on an accrual basis.

b Expenses recognition

All expenses of the Company are accounted for in the profit or loss on an accrual basis.

c Foreign currency transaction

i Functional and presentation currency

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which it operates ('the functional currency').

The financial statements are presented in USD, which is the Company's functional and presentation currency.

ii Transactions and balances

Foreign currency transactions are translated into the financial currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re–measured. Foreign exchange gains and losses resulting from the settlement of such transaction and for the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in the profit or loss within 'other (losses)/gains net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available–for–sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in other comprehensive income, and other changes in carrying amount are recognized in equity.

Translation differences on non–monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in other comprehensive income as part of the fair value gain or loss. Translation differences on non–monetary financial assets are included in equity under 'Translation reserve'.

d Financial instruments

Financial instruments are recognized on the statement of financial position when the Company has become a party to the contractual provisions of the instrument.

e Deposits

Deposits represent advances made for the purchase of capital equipment and are recognized at cost.

f Investment at fair values

Investments that the Company intends to hold for an indefinite period of time are classified as investment at fair values. These are included in non–current assets unless management has expressed its intention of holding the investment for less than twelve months form the reporting date, in which case they are included in current assets.

Management decides the appropriate classification of its investments at the time of the purchase and re–evaluates the classification on a regular basis.

All purchases and sales of investments are recognized on the trade date, which is the date that the Company commits to purchase or sell the assets. Cost of purchase includes transaction costs. From time to time, the directors may adjust the basis of the valuation of these investments if they consider such adjustments are required to reflect more fairly the value of the investments.

g Inventories

Inventories are valued at cost. 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.

h Trade and other receivables

Trade and other receivables are stated at the principal amount outstanding, net of any allowance of uncollectable amount.

i Related parties

Related parties are individuals and companies where the individuals or companies have 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 comprise of cash at banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

k Equity

Stated capital is determined using the nominal values of shares that have been disclosed in the profit or loss.

l Trade and other payables

Trade payables are obligations to pay for services that have been required in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business (if longer). If not, they are presented as non–current liabilities.

Trade payables are recognized at the invoiced amount of goods and services received by the company.

m Borrowings

Borrowings have been stated at net amount received and include all borrowing costs.

4. Critical accounting estimates and judgments

The following are the management judgments made in applying the accounting policies of the Company that have the most significant effects on the financial statements. Critical estimation uncertainties are described in Note 5.

i Determination of functional currency

The determination of financial currency of the Company is critical since recording of transactions and exchange differences arising there are dependent on the functional currency selected. As described in note 3c, the directors have considered those factors therein and have determined that the functional currency of the Company is the United States dollar (USD)

ii Relevance of the going concern assertion

The Company's activities have been curtailed significantly during the current period due to the adverse economic situation prevailing in the telecommunication sector. The parent company is, however, confident that based on the current indications that the business climate in the sector has stabilized and the Company's activities will gravitate to its normal level with consequent increase in future cash inflows.

iii Impairment of financial assets

Management assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets it deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be reliably estimated. Due to downturn in the telecom industry and the company's decision to postpone investment in energy saving equipment and systems there are indications of events having impact on future cash flows of the Company. Therefore, impairment provision has been made by the Company as the Company.

iv Inventories

The items held in stock are exclusively for projects identified by the Company but the projects have not fructified. Moreover the company's plan to invest in energy saving equipment and systems also got delayed. This has resulted into piling–up of inventory and also incurred cost for warehousing, inventory carrying cost and most importantly loss on account of damage of material and diminution in value of the material. Therefore, a conscious decision was taken for non–procurement of material and cancellation of the orders placed.

Over the years, due to changes in technology, obsolescence and as an abundant precaution, the Company has also provided for around 20% as a reduction in its value on account of the above. The management is of the opinion that this should be sufficient to cover for the obsolescence and technological advancements.

v Advances and deposits

The directors have demanded refund of advance given to the suppliers. But the suppliers agreed to pay in instalments in 3 years subject to the Company providing them with Bank Guarantee/ Standby Letter of Credit. The Company had earlier given Stand–By Letter of Credits (SBLCs) on the basis of which bank facilities were given to some of the vendors. These SBLCs were issued on the basis of bank guarantees given by GTL Limited, the holding company. On the due dates, since the SBLCs could not be settled by the vendors, the bank guarantees of GTL Limited were invoked. In such a case the Company has done a fair value of the advances as they believe there is a high risk involved in getting back the advances.

vi Outstanding balances

The directors confirmed that some of the deposits, advances on project and receivable balances appearing in the statement of financial position are long outstanding. And they are of the opinion that those amount are required to be impaired and to be shown at their fair values.

5. Estimation uncertainty

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual result may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results.

6. Deposits

Deposits amounting to USD 10,180,000 (2013: USD 15,863,631) represent advance made by the Company to suppliers of Capital Assets and Telecom Assets. The suppliers to whom the advances for Capital Assets were given had spent money on procurement of material, labour etc for these assets but the Company has decided not to buy the assets due to slowdown in telecom industry. The suppliers are now demanding compensation for the losses incurred by them. In view of the situation developed, the amount of USD 5,683,631 have been impaired considering the uncertainty in recovery.

7. Investment at fair values

The Investment represents investment in redeemable preference shares made by the Company in City Windsor Limited, a company incorporated under the laws of British Virgin Islands and which are redeemable at the option of the Company.

	2014	2013
	USD	USD
Redeemable preference shares	**20,000,000**	20,000,000

Fair value hierarchy

The financial instruments are measured in the statement of financial position at fair value. IFRS 13 requires disclosure of fair value measurements by levels of the following fair value measurement hierarchy.

Level 1: this category is used when quoted market price which is available in active markets for identical assets as of the reporting date are used to fair value quoted investments.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from Price) and used to fair value unquoted investments.

Level 3: this classification is used for unlisted securities where inputs for the asset that are not based on observable market data are used.

	2014 USD	2013 USD
Available–for Sale investment		
Level 1	**–**	–
Level 2	**–**	–
Level 3	**20,000,000**	20,000,000
	20,000,000	20,000,000

IThe Investment is in an unquoted company, for which there is currently no active market and hence have been shown at cost which approximate its fair values.

8. Share application monies

The Company had invested USD 10,000,000 (2013: USD 10,000,000) which represents application money in the preference shares of Global Infrastructure Services Ltd, a company incorporated under the laws of British Virgin Islands for which no allotment has been made by the latter company as of the reporting date.

9. Inventories

Inventories comprise mainly of telecommunication products which are held for sale by the Company and which have been stated at net realizable value. They are held in the custody of GTL Singapore, one of the related companies.

10 (a) Trade and other receivables

	2014 USD	2013 USD
Trade debtors	**42,000,000**	54,486,673
Dividend receivable	**975,000**	975,000
Level 3	**42,975,000**	55,461,673

The management believes that the amount owed by the trade debtors outstanding for a long period and it is likely to be delayed further as at the reporting date and, therefore, as a conservative accounting practice provision for impairment has been made amounting to US$ 12,486,593.

The management believes that trade and other receivables are approximate to their fair value. The ageing analysis of these receivables is as follows;

	2014 USD	2013 USD
Due for more than 1 year	**42,000,000**	54,486,673

(b) Bank credit facilities

	2014 USD	2013 USD
Due for more than 1 year	**42,000,000**	54,486,673

The company had availed of secured credit facility from one of its bankers. The Company had not made full repayment in respect of the availed facility on the agreed due dates as one of its major client – 'the debtor' did not honour its commitment for the settlement of amount due to the Company on agreed dates.

It has repaid USD 100,000 towards the said facility in the current year. The Credit facility proceeds were covered by an insurance company with the underlying policy assigned in favour of the said Bank as security for the facility availed of. The insurance company had also not settled the claim. The Company had appointed an Arbitrator to resolve the issues between itself and the debtor in the collection of the amount due from the latter. Pending the arbitration process, the management is confident that the Company will recover the totality of the said debt to honour its commitments to the Bank and, therefore, no provision for impairment is required to be made in the financial statements.

11. Advances on project

	2014 USD	2013 USD
Advances on project	**100,177,633**	103,611,611

The advances on the project represent payment made to suppliers of energy savings equipment which shall be delivered to the Company for its prospective telecommunication projects as per the terms of agreements with the suppliers.

Due to telecom slowdown and overall downgrade of India Economy, the projects under taken got delayed and cancelled and the Company has not been able to take delivery of the materials which were kept ready by the supplier. There was a dispute between both parties where the Company has requested for the refund of these advances along with interest from the supplier. Both the Company and supplier have agreed for an amicable settlement where the supplier has agreed to repay the balance of advance money to the Company within a period of three years as laid down in the agreement for settlement dated 11 December, 2014. Under these circumstances, the management believes that appropriate provision is required to be made.

12. Amount due to related companies

	2014 USD	2013 USD
Amount due to related companies	**36,365,413**	37,861,818

The amounts due to related companies are unsecured, interest free and are repayable on demand.

13. Share capital

	2014 USD	2013 USD
Issued and fully paid		
2,762,615 ordinary shares of USD 1 each	**27,62,615**	27,62,615
Cumulative Redeemable Preference shares (69,000,000 of USD 1 each)	**69,000,000**	69,000,000
	71,762,615	71,762,615

14. Trade and other payables

a Non–current liabilities

	2014 USD	2013 USD
Interest payable to banks	**11,600,387**	6,016,965
Other payables	**325,900**	325,275
	11,926,287	6,342,240

b Current liabilities

	2014 USD	2013 USD
Accruals	**5,000**	46,000
	5,000	46,000

15. Borrowings

This represents bank loan amounting to USD 20,968,775 (2013: USD 19,220,500) received by the Company from Bank of Baroda, Dubai and Hong Kong bank. The loan is partly secured by Corporate Guarantee from the holding Company GTL Limited.

16 Amount owed by debtor

As stated in Note 10(b) above, the Company is in arbitration with a customer who has delayed payment of due to the Company. Since these proceeds were also insured, the Company is also party to a litigation to recover these dues. When received, the said assets will be used to pay off the liability due from the customer to the Bank.

17. Financial instruments

Financial risk management objectives and policies

Fair values

The Company's financial assets and liabilities include advances on projects, investment, trade and other receivables, share application monies, cash and cash equivalents, trade and other payables, borrowings and amounts due to related companies. The carrying amounts of these assets and liabilities approximate their fair values.

The Company's activities expose it to a variety of financial risks, including;

Credit risk;

Interest rate risk;

Liquidity risk; and

Currency rist

A description of the significant risk factors is given together with the risk management policies applicable.

i Credit risk

The credit risk is primarily attributable to its receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current economic environment. The Company is exploring financial arrangement to realize the receivables.

ii Interest rate risk

The Company borrows at fixed interest rates. The fluctuations in the rates would not have any material impact 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. The Company is taking appropriate steps to realize its current assets to service the borrowings.

The Company has contractual maturities which are summarized below.

31 December, 2014	Within 1 Year USD	After more than1 year USD
Credit Facility	**25,940,050**	
Borrowings	**–**	20,968,775
Trade and other payables	**5,000**	11,916,287
Amount due in related companies	**–**	36,365,413
	25,945,050	69,250,475

31 December, 2013	Within 1 Year USD	After more than1 year USD
Credit Facility	**26,040,050**	–
Borrowings	**–**	19,220,500
Trade and other payables	**46,000**	6,342,240
Amount due in related companies	**37,861,818**	–
	63,947,868	25,562,740

iv Currency risk

The Company trade only in its functional currency that is, in USD and is not exposed to currency risk.

Currency Profile

The currency profile of the Company's Financial assets and liabilities is summarized as follows:

	Financial assets 2014 USD	**Financial liabilities 2014 USD**	Financial assets 2013 USD	Financial liabilities 2013 USD
United States dollar	**183,343,176**	**95,195,525**	204,947,415	89,510,608

Cash flow interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Company's income and operating cash flows are substantially independent of changes in interest rates. The Company's only significant interest earning financial asset is cash and cash equivalents. Interest income from cash at bank may fluctuate in amount, in particular due to changes in market interest rates.

The table below analyses the Company's interest rate risk exposure in terms of the remaining period to the next contractual repricing date or to the maturity date, whichever is the earlier. The floating rate column represents the financial assets and liabilities which have floating rate of interest that do not reprice at set date, but rather reprice whenever the underlying interest rate index changes.

31 December, 2014	**Floating USD**	**Within 1 Year USD**	**After more than1 year USD**
Financial assets			
Deposits	–	–	10,180,000
Advances on project	–	–	100,177,633
Investment	–	–	20,000,000
Share application monies	–	–	10,000,000
Trade and other receivables	10,464	–	42,975,080
Cash and cash equivalent	10,464	–	183,332,713
Financial liabilities			
Trade and other payables	–	5,000	11,916,287
Borrowings	–	–	20,968,775
Bank credit facilities	–	25,940,050	–
Amount due to related companies	–	–	36,365,413
	–	25,945,050	69,250,475

31 December, 2013	**Floating USD**	**Within 1 Year USD**	**After more than1 year USD**
Financial assets			
Deposits	–	–	15,863,631
Advances on project	–	–	103,611,611
Investment	–	–	20,000,000
Share application monies	–	–	10,000,000
Trade and other receivables	–	–	55,461,673
Cash and cash equivalent	10,500	–	–
	10,500	–	204,936,915

Financial liabilities			
Trade and other payables	–	–	6,388,240
Borrowings	–	–	19,220,500
Bank credit facilities	–	26,040,050	–
Amount due to related companies	–	–	37,861,818
	–	26,040,050	63,470,558

18. Inventories

	For year ended 31 December, 2014 USD	For year ended 31 December, 2013 USD
At start	10,441,634	10,441,634
Less Write down of inventories	(2,100,000)	–
At 31 December	8,341,634	10,441,634

19. Administrative and general expenses

	For year ended 31 December, 2014 USD	For year ended 31 December, 2013 USD
Audit fee	5,000	–
Professional fee	14,176	32,144

20. Finance costs

	For year ended 31 December, 2014 USD	For year ended 31 December, 2013 USD
Interest on loan	5,583,423	4,335,742
Bank charges	136	37
	5,583,559	**4,335,779**

21. Related party transactions

During the year ended 31 December 2014, the Company transacted with related companies. The nature, volume and type of transactions with the companies are as follows

Nature of related companies	**Nature of transaction**	**2013 USD**	**Movement during the year USD**	**2014 USD**	**Receivable (R) / Payable (P)**
GTL International Limited	Loan	2,155,214	123,651	2,278,865	P
GTL Limited	Loan	836,975	(843,167)	(6,192)	R
GTL Limited	Bank guarantee invocation	34,092,740	–	34,092,740	P

22. Holding and ultimate holding company

The Company is a wholly owned subsidiary of GTL Limited, a company incorporated in India and listed in the Bombay Stock Exchange. The directors report GTL Limited as the immediate and ultimate holding company.

23. Prior year adjustment

The prior year adjustment represents adjustments to prior year figures made by the Company to trade and other receivables, advances, trade and other payables and bank credit facilities amounts appearing in the statement of financial position.

24. Events after the reporting period

There have been no material events after the reporting date which would require disclosure or adjustment to the financial statement for the year ended 31 December 2014.

DIRECTORS' REPORT

For the year ended 31 December 2014

The Directors present their annual report together with the consolidated and the Company financial statements of GTL International Limited (the Company) and its Subsidiaries (collectively referred to as the Group) for the year ended 31 December 2014.

Review of the Group's activities and performance

The principal activities of the Company and its Subsidiaries are to provide network services and also trading in telecommunication products.

The Group has incurred a loss of USD 4,777,797 for the year before accounting for foreign currency translation adjustment loss of USD 12,781,642 under 'Other comprehensive income'.

Directors' responsibilities in respect of financial statements

The Directors are responsible for preparation of consolidated and the Company financial statements for each financial year, which present fairly the financial position, financial performance and cash flow of the Group and of the Company. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the consolidated and the Company financial statements. The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position, financial performance and cash flow of the Group and of the Company. They are also responsible for safeguarding the assets of the Group and of the Company, hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Events after the end of the reporting period

On February 9, 2015 a subsidiary, GTL (USA) Inc. has filed a petition for protection from its creditors under Chapter 11 of US Bankruptcy Code. The resolution of bankruptcy is subject to uncertainities, the outcome of which is presently unknown.

Ultimate Holding company

The share capital of USD 3,000,000 divided into 3,000,000 ordinary shares of USD 1 each is entirely held by GTL Limited, india. Consequently, the Company is a wholly–owned subsidiary of the GTL Limited, India (the Ultimate Holiding company).

Auditors

We propose the reappointment of M/s. Behl, Lad & Al Sayegh – Chartered Accountants as auditors of the Group and of the Company for the next year.

Approved on behalf of the Directors on 2 May 2015.

Vipulkumar Patel	Milind Vasant Bapat
Director	Director

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDER OF GTL International Limited

We have audited the accompanying financial statements of GTL International Limited (the Company), Bermuda and its subsidiaries (collectively, the Group), which comprises the consolidated and the Company statements of financial position as at 31 December 2014 and the consolidated and the Company statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 8 to 24.

Management's responsibility for the financial statements

The Company's Directors are responsible for the preparation and fair presentation of these consolidated and the Company financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated and the Company financial statements that are free from material misstatement, whether to due to fraud or error.

Auditors' responsibility

Our responsibilty is to express an opinion on these consolidated and the Company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and the Company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and the Company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and the Company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's and Company's preparation and fair presentation of the consolidated and the Company 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 Group and of the Company'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 consolidated and the Company financial statements.

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

Basis for Opinion

The previous year's audit report dated 8 May 2014 issued by an independent auditor contained a qualified opinion with respect to the consolidation being based on the unaudited management accounts of GTL Network Services Malaysia Sdn. Bhd. And GTL Taiwan Co. Ltd. This matter has remained unresolved in the current year also; however, since these companies are under liquidation and their figures are not material in relation to the overall consolidated financial statements, the audit report for the current year is not qualified.

Opinion

In our opinion, the consolidated and the Company financial statements present fairly, in all material respects, the financial position of **GTL International Limited and its subsidiaries** and of **the Company** as of **31 December 2014** and of their respective financial performance and their respective cash flows for the year then ended in accordance with International Financial Reporting Standards.

Behl, Lad & Al Sayegh
Signed by:
Vasant Lad
Partner
Registration No. 299
Dubai, United Arab Emirates
2–May–15

BALANCE SHEET AS AT 31ST DECEMBER, 2014

		As at 31st December 2014 USD	As at 31st December 2013 USD	As at 31st December 2014 INR	As at 31st December 2013 INR
I.	**EQUITY AND LIABILITIES**				
	SHAREHOLDER'S FUNDS				
	Share Capital	**8,000,000**	8,000,000	**506,440,000**	490,680,000
	Reserves and Surplus	**3,124,178**	30,977,920	**197,776,088**	1,900,030,723
		11,124,178	38,977,920	**704,216,088**	2,390,710,723
	NON–CURRENT LIABILITIES				
	Long–term borrowings	**22,364,000**	27,844,697	**1,415,753,020**	1,707,854,490
	Deferred tax liabilities (Net)	**–**	–	**–**	–
	Other Long term liabilities	**–**	–	**–**	–
	Long term provisions	**–**	–	**–**	–
		22,364,000	27,844,697	**1,415,753,020**	1,707,854,490
	CURRENT LIABILITIES				
	Short–term borrowings	**–**	–	**–**	–
	Trade payables (including Acceptances)	**4,884,100**	3,413,122	**309,187,951**	209,343,838
	Other current liabilities	**37,735,503**	35,993,553	**2,388,846,017**	2,207,664,573
	Short–term provisions	**–**	43,750	**–**	2,683,406
		42,619,603	39,450,425	**2,698,033,968**	2,419,691,817
	Total	**76,107,781**	106,273,042	**4,818,003,076**	6,518,257,031
II.	**ASSETS**				
	NON–CURRENT ASSETS				
	Fixed assets				
	Tangible assets	**–**	–	**–**	–
	Intangible assets	**–**	–	**–**	–
	Capital work–in–progress	**–**	–	**–**	–
		–	–	**–**	–
	Intangible assets under development				
	Non–current investments	**50,234,210**	70,787,507	**3,180,076,664**	4,341,751,742
	Deferred tax assets (net)	**–**	–	**–**	–
	Long term loans and advances	**24,730,536**	26,939,773	**1,565,566,581**	1,652,350,977
	Other non–current assets				
		74,964,746	97,727,280	**4,745,643,246**	5,994,102,719
	CURRENT ASSETS				
	Current investments	**–**	–	**–**	–
	Inventories	**–**	–	**–**	–
	Trade receivables	**–**	7,980,000	**–**	489,453,300
	Cash and cash equivalents	**1,143,035**	565,762	**72,359,831**	34,701,012
	Short–term loans and advances	**–**	–	**–**	–
	Other current assets	**–**	–	**–**	–
		1,143,035	8,545,762	**72,359,831**	524,154,312
	Total	**76,107,781**	106,273,042	**4,818,003,076**	6,518,257,031

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD 31 DECEMBER 2014

	1–Jan–14 to 31–Dec–14 USD	1–Jan–13 to 31–Dec–13 USD	**1–Jan–14 to 31–Dec–14 INR**	1–Jan–13 to 31–Dec–13 INR
Revenue from operations	**1,360,642**	2,193,002	**83,612,963**	135,731,473
Less: Excise Duty, if any				
	1,360,642	2,193,002	**83,612,963**	135,731,473
Other Income	**6,078,257**	3,196	**373,515,646**	197,810
Total Revenue	**7,438,899**	2,196,198	**457,128,609**	135,929,283
Expenses:				
Cost of Purchases	**–**	–	**–**	–
Changes in inventories of finished goods, work–in–progress and Stock–in–Trade	**–**	–	**–**	–
Employee benefits expenses	**–**	–	**–**	–
Finance Costs	**1,692,241**	1,721,175	**103,990,090**	106,528,684
Foreign Exchange Loss /(Profit) (Net) on Borrowings & Preference Investments	**–**	–	**–**	–
Impairment loss on investments in subsidiaries	**20,567,047**	–	**1,263,867,890**	–
Depreciation and amortization expense	**–**	–	**–**	–
Other expenses	**13,033,353**	6,557,483	**800,914,023**	405,862,295
Total Expenses	**35,292,641**	8,278,658	**2,168,772,003**	512,390,980
Profit before tax	**(27,853,742)**	(6,082,460)	**(1,711,643,395)**	(376,461,697)
Profit / (Loss) from the period after Tax	**(27,853,742)**	(6,082,460)	**(1,711,643,395)**	(376,461,697)

CONSOLIDATED AND THE COMPANY STATEMENTS OF CASH FLOWS YEAR ENDED 31 DECEMBER 2014

		The Group		The Company		The Group		The Company	
	Note	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
		USD	USD	**USD**	USD	**INR**	INR	**INR**	INR
Cash flows from operating activities									
Loss for the year		**(4,324,861)**	(7,005,259)	**(27,853,742)**	(6,082,460)	**(265,767,033)**	(433,576,495)	**(1,711,640,300)**	(376,461,697)
Adjustments for:									
Written off of slow moving inventories	6	**187,391**	–	**–**	–	**11,515,364**	–	**–**	–
Dividend income	7	**–**	–	**(5,000,000)**	–	**–**	–	**(307,255,000)**	–
Bad debts written off	10	**658,394**	–	**–**	–	**40,458,970**	–	**–**	–
Provision for doubtful debts	10	**11,480,000**	–	**–**	5,429,367	**705,457,480**	–	**–**	336,039,812
Credit balances written back	7	**(6,163,818)**		**(1,078,257)**		**(378,772,780)**	–	**(66,259,971)**	–
Depreciation of property and equipment	13	**1,291,858**	1,256,770	**–**	–	**79,385,966**	77,785,266	**–**	–
Property and equipment written off	13	**1,292,064**	737,212	**–**	–	**79,398,625**	45,628,262	**–**	–
Ammortisation of intangible asset	14	**1,000,000**	1,000,000	**–**	–	**61,451,000**	61,893,000	**–**	–
Impairment loss on investment in subsidiaries	15	**–**	–	**20,567,047**	–	**–**	–	**1,263,865,605**	–
Interest income		**(57,274)**	–	**–**	–	**(3,519,545)**	–	**–**	–
Interest expenses (net)	11	**2,518,089**	2,436,720	**1,694,880**	1,730,468	**154,739,087**	150,815,911	**104,152,071**	107,103,856
Operating profit/(loss) before changes in		**7,881,843**	(1,574,557)	**(11,670,072)**	1,077,375	**484,347,134**	(97,454,056)	**(717,137,594)**	66,681,971
operating assets and liabilities									
Decrease in inventories		**1,972,554**	9,428,719	**–**	438,597	**124,872,531**	578,310,480	**–**	26,901,347
Decrease in receivables and prepayments		**778,048**	881,034	**10,323,627**	–	**49,254,329**	54,038,220	**653,537,207**	–
Increase/(decrease) in trade and other payables		**8,752,118**	(7,356,203)	**2,505,485**	1,909,632	**554,052,830**	(451,192,711)	**158,609,728**	117,127,279
Increase/(decrease) in provisions for employee benefits		**103,560**	(114,662)	**–**	–	**6,555,866**	(7,032,794)	**–**	–
Cash generated from operations		**19,488,123**	1,264,331	**1,159,040**	3,425,604	**1,219,082,690**	76,669,139	**95,009,341**	210,710,597
Income taxes paid		**(1,010,168)**	(574,603)	**–**	–	**(62,075,834)**	(35,563,903)	**–**	–
Finance costs paid		**(1,024,122)**	(513,078)	**(1,694,880)**	(1,730,468)	**(62,933,321)**	(31,755,937)	**(104,152,071)**	(107,103,856)
Net cash from/(used in) operating activities (A)		**17,453,833**	176,650	**(535,840)**	1,695,136	**1,094,073,535**	9,349,299	**(9,142,730)**	103,606,741
Cash flows from investing activities									
Additions to property, plant and equipment		**(1,179,601)**	(783,624)	**–**	–	**(74,674,641)**	(48,063,578)	**–**	–
Investment in non–current financial assets		**(1,440,668)**	–	**–**	–	**(91,201,488)**	–	**–**	–
Other non–current asses		**25,156**	(150,093)	**–**	–	**1,592,501**	(9,205,954)	**–**	–
Investments in subsidiaries		**–**	–	**(13,750)**	–	**–**	–	**(870,444)**	–
Interest received		**57,274**	–	**–**	–	**3,625,731**	–	**–**	–
Net cash used in investing activities (B)		**(2,537,839)**	(933,717)	**(13,750)**	–	**(160,657,898)**	(57,269,532)	**(870,444)**	–
Cash flows from financing activities									
(Repayment of)/proceeds from bank borrowings excluding bank overdrafts		**(553,428)**	1,679,383	**220,697**	–	**(35,034,760)**	103,004,956	**13,971,224**	–
Receipts from/(payments to) related parties (net)		**1,088,250**	(1,101,674)	**906,166**	(1,199,093)	**68,891,666**	(67,571,175)	**57,364,839**	(73,546,369)
Net cash (used in)/from financing activities (C)		**534,822**	577,709	**1,126,863**	(1,199,093)	**33,856,907**	35,433,782	**71,336,062**	(73,546,369)
Net effect of foreign currency translation (D)		**(13,333,789)**	2,516,504	**–**	–	**(823,454,558)**	155,835,286	**(23,664,067)**	364,426
Net increase in cash and cash equivalents (A+B+C+D)		**2,117,027**	2,337,146	**577,273**	496,043	**143,817,985**	143,348,834	**37,658,821**	30,424,797
Cash and cash equivalents at beginning of the year		**4,974,362**	2,637,216	**565,762**	69,719	**305,102,478**	161,753,643	**34,701,012**	4,276,215
Cash and cash equivalents at end of the year	19 (b)	**7,091,389**	4,974,362	**1,143,035**	565,762	**448,920,463**	305,102,478	**72,359,833**	34,701,012

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014

The Group	Attributable to the Ultimate Holding company						
	Share capital	Foreign currency translation deficit {Note 2 (b)}	Statutory reserve	Retained earnings	Total	Non–controlling interests	Total equity
	USD	USD	USD	USD	USD	USD	USD
As at 1 January 2013	8,000,000	(11,682,585)	163,750	39,000,673	35,481,838	140,268	35,622,106
Total comprehensive loss for the year	–	3,003,833	–	(6,828,672)	(3,824,839)	(53,748)	(3,878,587)
At 31 December 2013	8,000,000	(8,678,752)	163,750	32,172,001	31,656,999	86,520	31,743,519
Total comprehensive loss for the year	–	(12,752,482)	–	(4,714,903)	(17,467,385)	(92,054)	(17,559,439)
Contra for impairment loss on investment in subsidiaries (Note 15)	–	20,567,047	–	(20,567,047)	–	–	–
At 31 December 2014	8,000,000	(864,187)	163,750	6,890,051	14,189,614	(5,534)	14,184,080

The Company	Share capital	Retained earnings	Total equity
	USD	USD	USD
As at 1 January 2013	8,000,000	37,060,380	45,060,380
Total comprehensive loss for the year	–	(6,082,460)	(6,082,460)
At 31 December 2013	8,000,000	30,977,920	38,977,920
Total comprehensive loss for the year	–	(27,853,742)	(27,853,742)
At 31 December 2014	8,000,000	3,124,178	11,124,178

The accompanying notes on pages 8 to 24 form an integral part of these financial statements.

The Independent Auditor's report is set forth on page 3.

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDING DECEMBER 31,2014

	As at 31st December 2014 USD	As at 31st December 2013 USD	As at 31st December 2014 INR	As at 31st December 2013 INR
Share Capital				
Authorised				
76,000,000 Equity Shares of USD 1 each	**76,000,000**	76,000,000	**4,811,180,000**	4,661,460,000
120,000,000 Preference Shares of USD 1 each	**120,000,000**	120,000,000	**7,596,600,000**	7,360,200,000
Issued, subscribed and paid up:				
3,000,000 Equity Shares fully paid–up of USD 1 each	**3,000,000**	3,000,000	**189,915,000**	184,005,000
5,000,000 3.5% Convertible Preference Shares of USD 1 each	**5,000,000**	5,000,000	**316,525,000**	306,675,000
Total	**8,000,000**	8,000,000	**506,440,000**	490,680,000
Reserves and Surplus				
General Reserve				
Opening balance	**–**	–	**–**	–
Add: Transferred from Profit & Loss Account	**–**	–	**–**	–
Closing Balance	**–**	–	**–**	–
Translation Reserve	**–**	–	**12,782,772**	3,394,013
Profit & Loss Account :				
Surplus – Opening Balance	**30,977,920**	37,060,380	**1,896,636,711**	2,273,098,407
Add : Net profit after tax transferred from Statement of Profit and L	**(27,853,742)**	(6,082,460)	**(1,711,643,395)**	(376,461,697)
Dividend Distribution Tax on Excess Provision of Dividend of Last Yea	**–**	–	**–**	–
Amount available for appropriation	**3,124,178**	30,977,920	**184,993,316**	1,896,636,711
Appropriation :				
Transfer to Debenture Redemption Reserve	**–**	–	**–**	–
Surplus – Closing Balance	**3,124,178**	30,977,920	**184,993,316**	1,896,636,711
Total	**3,124,178**	30,977,920	**197,776,088**	1,900,030,723
Long Term Borrowings				
Term Loans :				
From Banks	**22,364,000**	22,584,697	**1,415,753,020**	1,385,232,390
Total of Secured Loan	**22,364,000**	22,584,697	**1,415,753,020**	1,385,232,390
Unsecured Borrowings				
Debentures:				
8% Rated Redeemable Unsecured Rupee Non–convertible Debentures (NCD'	**–**	5,260,000	**–**	322,622,100
Total	**–**	5,260,000	**–**	322,622,100
Total of Long Term Borrowings	**22,364,000**	27,844,697	**1,415,753,020**	1,707,854,490
Trade Payables				
Trade Payables	**4,884,100**	3,413,122	**309,187,951**	209,343,838
Total	**4,884,100**	3,413,122	**309,187,951**	209,343,838

	As at 31st December 2014 USD	As at 31st December 2013 USD	**As at 31st December 2014 INR**	As at 31st December 2013 INR
Other Current Liabilities				
Current maturities of Term Loan from Bank	**5,811,697**	5,370,303	**367,909,479**	329,387,535
Current maturities of convertible debentures	**12,260,000**	7,000,000	**776,119,300**	429,345,000
Dues to related parties	**19,663,806**	23,623,250	**1,244,817,239**	1,448,932,039
Total	**37,735,503**	35,993,553	**2,388,846,017**	2,207,664,573
Short Term Provisions				
Proposed Dividend	**–**	43,750	**–**	2,683,406
Total	**–**	43,750	**–**	2,683,406
Non current Investments				
Non Current Investments	**50,234,210**	70,787,507	**3,180,076,664**	4,341,751,742
Total	**50,234,210**	70,787,507	**3,180,076,664**	4,341,751,742
Long term loans and advances				
Loans & Advances to Related Parties	**13,290,383**	13,155,993	**841,347,696**	806,922,831
Other Loans & Advances (net of provisions)	**11,440,153**	13,783,780	**724,218,886**	845,428,146
Total	**24,730,536**	26,939,773	**1,565,566,581**	1,652,350,977
Trade Receivables				
Debts outstanding for a period exceeding six months				
Unsecured				
Considered good	**–**	7,980,000	**–**	489,453,300
Considered doubtful	**7,980,000**	–	**505,173,900**	–
	7,980,000	7,980,000	**505,173,900**	489,453,300
Less: Provision for doubtful debts	**7,980,000**	–	**505,173,900**	–
	–	7,980,000	**–**	489,453,300
Total	**–**	7,980,000	**–**	489,453,300
Cash and cash equivalents				
Balances with Banks				
Balance in current account with a Non–Scheduled Bank	**1,143,035**	565,762	**72,359,831**	34,701,012
Total	**1,143,035**	565,762	**72,359,831**	34,701,012
Revenue from Operations				
Revenue from Turnkey Projects	**–**	–	**–**	–
Other Operating Revenues	**1,360,642**	2,193,002	**83,612,963**	135,731,473
Total	**1,360,642**	2,193,002	**83,612,963**	135,731,473
Other Income				
Dividend	**–**	–	**–**	–
– from investments in Subsidiary Companies	**5,000,000**	–	**307,255,556**	–
Other Non–Operating Income	**1,078,257**	3,196	**66,260,091**	197,810
Total	**6,078,257**	3,196	**373,515,646**	197,810

	As at 31st December 2014 USD	As at 31st December 2013 USD	As at 31st December 2014 INR	As at 31st December 2013 INR
Finance Costs				
Interest Expense				
Interest on Borrowings	**1,692,241**	1,721,175	**103,990,090**	106,528,684
Total	**1,692,241**	1,721,175	**103,990,090**	106,528,684
Other Expenses				
Business Promotion Expenses	**384,193**	271,550	**23,609,087**	16,807,044
Rent	**–**	2,105	**–**	130,285
Legal and Professional Fees	**527,373**	434,676	**32,407,657**	26,903,402
Travelling & Conveyance Expenses	**–**	5,640	**–**	349,077
Provision for Doubtful Debts & Advances	**12,118,792**	5,429,367	**744,713,234**	336,039,812
Net (Gain)/Loss on Foreign Currency Transactions	**356**	350,885	**21,877**	21,717,325
Other Expenses	**2,639**	63,260	**162,169**	3,915,351
Extraordinary Expenditure (to be identified seperately)	**–**	–	**–**	–
Total	**13,033,353**	6,557,483	**800,914,023**	405,862,295

NOTES TO THE CONSOLIDATED AND THE COMPANY FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2014

1 Legal status and business activities

a) These financial statements include the consolidated financial statements of **GTL International Limited** (the Company) and its **wholly–owned subsidiaries** and the stand–alone financial statements of the **Company**. The Company was incorporated in Bermuda on 16 May 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.

b) The Company is a wholly–owned subsidiary of **GTL Limited, India (**the **Ultimate Holding company)**. The registered office of the Ultimate Holding company is Global Vision, Electronic Sadan No. 2, MIDC, TTC Industrial Area, Mahape, Navi Mumbai, Maharashtra, India 400 710.

c) The principal activities of the Company and its subsidiaries are to provide network services and also the trading of telecommunication products.

d) The details of the subsidiaries of the Company are as follows:

Name of subsidiary	Country of incorporation	% holdings	At cost 2014 USD	2013 USD
GTL Network Services Malaysia Sdn. Bhd.	Malaysia	100	**19,325,637**	19,325,637
GTL (USA) Inc.	USA	100	**5,000,000**	5,000,000
GTL (Singapore) Pte Ltd.	Singapore	100	**26,544,034**	26,544,034
GTL Saudi Arabia Company Limited	KSA	90	**968,400**	968,400
GTL Overseas Middle East FZ–LLC	UAE	100	**9,147,896**	9,147,896
GTL Overseas (Middle East) JLT	UAE	100	**13,750**	–
GTL International Nigeria Limited	Nigeria	100	**64,260**	64,260
GTL Europe Limited	UK	100	**9,542,280**	9,542,280
GTL International Sri Lanka Ltd.	Sri Lanka	100	**145,000**	145,000
GTL International Kenya	Kenya	100	**25,000**	25,000
GTL Tanzania Ltd.	Tanzania	100	**25,000**	25,000
(Refer Note 15)			**70,801,257**	70,787,507

The following companies are the step–subsidiaries in the Group

Name of step–subsidiary	Country of incorporation	% holdings	Subsidiary of
PT GTL (Indonesia) Ltd.	Indonesia	100	GTL (Singapore) Pte Ltd.
GTL Nepal Private Limited	Nepal	100	GTL (Singapore) Pte Ltd.
GTL China Limited	China	100	GTL Network Services Malaysia Sdn Bhd
IGTL Network Services Philippines Inc.	Philippines	100	GTL Network Services Malaysia Sdn Bhd
GTL Taiwan Co. Ltd.	Taiwan	100	GTL Network Services Malaysia Sdn Bhd
GTL Canada Inc.	Canada	100	GTL (USA) Inc
GTL International Bangladesh Pvt. Ltd.	Bangladesh	100	GTL Europe Limited
IGTL Myanmar Limited	Myanmar	99	GTL (Singapore) Pte Ltd.
		1	GTL Europe Limited

2 Basis of preparation

a) Statement of compliance

These consolidated and of the Company financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) {Note 2 (e)}.

b) Presentation currency

These consolidated and the Company financial statements have been presented in USD (US Dollar), being the currency of the primary economic environment in which is the Group and the Company operate.

The figures of the subsidiaries and step–subsidiaries of the Company have been converted into USD (US Dollar) at the average rate for the balances in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position. The differences arising are accounted through the other comprehensive income in the 'Foreign currency translation reserve' in the consolidated statement of changes in equity. As at the end of the reporting period the average rate for balances conversion to 1 USD as follows:

	2014 USD	2013 USD
Bangladeshi Taka	**76.5988**	76.6810
Myanmar Kyat	**1,014.4500**	–
Chinese Yuan	**–**	6.2970
Great Britain Pound Sterling (GBP)	**1.6164**	1.6038
Indonesian Rupiah	**12,048.9900**	12,026.9700
Kenyan Shilling	**89.0462**	84.6700
Malaysian Ringit	**3.4981**	3.2900
Nepalese Rupee	**100.7690**	97.9288

Philippine Peso	**44.6834**	44.2748
Saudi Riyal	**3.7500**	3.7500
South African Rand	**11.6017**	–
Sri Lankan Rupee	**130.4026**	121.5592
Tanzanian Shilling	**1,700.9700**	1,575.0000
UAE Dirhams	**3.6500**	3.6500

The figures have been rounded off to the nearest US Dollar.

c) Use of significant estimates, assumptions and judgements

In preparing the consolidated and the Company financial statements, based on the historical experience and reasonable expectations of future events, the management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and disclosure of contingencies and commitments. These relate to lives of items of property and equipment and their residual values, write–down of the value of inventories and provision for doubtful trade receivables and dues from related parties and impairment in the carrying values of the subsidiaries in the stand–alone financial statements of the Company.

Impairment of assets

Financial assets are assessed at each reporting date to determine whether there is any evidence of impairment which is judged by default or delinquency by a debtor, the age of the debts, management experience and assessed creditworthiness of the debtor.

In the case of non–financial assets a review is made to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. An impairment loss is recognised in the profit or loss, if the carrying amount of the asset exceeds it recoverable amount.

d) New and amended standards

i) Mandatorily applicable from the current year

– Offsetting Financial Assets and Financial Liabilities (Amendment to IAS 32 – 'Financial Instruments: Presentation', on Asset and Liability Offsetting) – These amendments are to the application guidance in IAS 32, 'Financial instruments': Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position – No such items.

– Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) – IFRS 10 introduces an exception from the requirements to consolidate subsidiaries for an investment entity which would be required to measure its interests in subsidiaries at fair value through profit or loss. However, this exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities – Not applicable to the Group or to the Company.

– IFRIC 21 Levies – Not applicable to the Group or to the Company.

– Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 30) – Not applicable to the Group or to the Company.

– Recoverable Amount of Disclosures for Non–Financial Assets – Not applicable to the Group or to the Company.

ii) Forthcoming requirements available for early adoption in 2014

Effective date: 1 July 2014

– Defined Benefit Plans: Employee Contributions (Amendments to IAS 19).

– Annual Improvements to IFRSs 2010–2012 Cycle.

– Annual Improvements to IFRSs 2011–2013 Cycle.

Effective date: 1 January 2015

– IFRS 9 (as revised in 2010) – 'Financial Instruments' – This new standard is ultimately intended to replace IAS 39 in its entirety in three phases: Phase 1 – Classification and measurement of financial assets and financial liabilities; Phase 2 – Impairment methodology and Phase 3 – Hedge accounting. The standard establishes two categories for financial assets i.e. amortized cost and fair value.

Effective date: 1 January 2016

– Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) – These amendments require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of IAS 16 – Property, Plant and Equipment, instead of IAS 41 – Agriculture – Not applicable to the Group or to the Company.

– IFRS 14 – Regulatory Deferral Accounts – No such items.

– Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) – Not applicable to the Group or to the Company.

– Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 &41).

Effective date: 1 January 2017

– IFRS 15 – Revenue from Contracts with Customers – This establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 – revenue, IAS 11 – Construction Contracts and IFIRC 13 – Customer Loyalty Programmes.

Effective date: 1 January 2018

– IFRS 9 Financial Instruments – This standard published in July 2014 replaces the existing guidance in IAS 39 – Financial Instruments, Recognition and Measurements. This includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39 – Not relevant to the Group or the Company.

The Group has not early–adopted these standards in the current year.

e) Basis of consolidation

i) The consolidated financial statements include the financial statements of the Company and its Subsidiaries (collectively, the Group) on the basis of the audited financial statements of the wholly–owned subsidiaries and step subsidiaries, with the exception of GTL Network Services Malaysia Sdn. Bhd., GTL Tanzania Ltd, GTL China Ltd., PT GTL (Indonesia) Ltd, GTL Taiwan Co. Ltd, the dormant subsidiaries which have presented unaudited management accounts for the year ended 31 December, 2014.

ii) A company is a subsidiary, if the Company has the power over the investee, is exposed or has rights to variable returns from its involvement with the investee; and has the ability to use its power to effect its returns.

iii) The like items of assets, liabilities, equity, income and expenses and cash flows of the all the subsidiaries of the Group are combined. Intra–Group transactions, balances and profits/losses on transactions are eliminated on consolidation and all figures relate to external transactions and balances only.

iv) The reporting dates of all the subsidiaries mentioned in {Note 1 (d)} above are co–terminus with that of the Company except GTL Saudi Arabia Company Limited, KSA, in which case additional financial information of the intervening period is obtained and adjusted in the consolidation so that the figures of this subsidiary are co–terminus with the Group financial statements.

v) Non–controlling interests represent the share of the non–controlling Shareholders in the share capital of the subsidiaries, their reserves and profits less dividends paid and each component of other comprehensive income.

3 Summary of significant accounting policies

The significant accounting policies adopted and which have been consistently applied are as follows:

a) Revenue and direct costs recognition

– Revenue

Sales represents the amount invoiced for goods delivered and services rendered during the year, net of discounts and returns. Sale of goods is recognised when significant risks and rewards relating to the ownership of goods concerned are transferred to the customer. Revenue from services is recognised by reference to the stage of completion. Stage of completion is measured with reference to surveys of work performed. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

– Dividend income

Dividend income from investee companies is recognized in the year in which the Company's right to receive is established.

– Cost of revenue

Direct costs of purchases includes costs of direct materials, direct labour and other direct costs which are directly identifiable with the costs of revenue generated.

b) Borrowing costs

Borrowing costs incurred on funds obtained from banks is accrued and expensed out on period basis.

c) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows which can be clearly distinguished from the rest of the Group and which:

– represents a separate major line of business or geographical area of operations:

– is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or

– is a subsidiary acquired exclusively with a view to re–sale.

Classification as discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held–for–sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re–presented as if the operation had been discontinued from the start of the comparative year.

d) Leases

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to the statement of profit or loss on a straight–line basis over the period of the lease.

e) Foreign currency transactions and balances

Transactions in foreign currencies are translated into US Dollar (USD) at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into US Dollar (USD) at the rate of exchange ruling at the end of the reporting period. Non–monetary items that are measured at historical cost in a foreign currency are not translated. These items that are measured at a fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Gains or losses resulting from settlement of foreign currency transactions and from the translation at the year–end exchange rates of monetary assets and liabilities are recognized in the statement of profit or loss on net basis as either foreign exchange gains or foreign exchange losses and included in other operating income or other expenses respectively.

f) Property and equipment

Recognition and measurement

Items of property and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses.

Gains/losses on disposal are determined by reference to their carrying amount and are included in profit or loss.

An assessment of residual values is undertaken at each end of the reporting period and if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Depreciation

The cost of plant and equipment, furniture and fittings, office equipment, computer equipment and motor vehicles less estimated residual value, where material, is depreciated using the straight–line method from the date of acquisition to the estimated useful lives are as follows:

Plant and equipment	5
Furniture and fittings	2 – 10 years
Office equipment	2 – 10 years
Computer equipment	5 – 10 years
Motor vehicles	4 years

Impairment

At each end of the reporting period, management assesses the property and equipment to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

g) Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition and is tested annually for impairment and carried at cost less accumulated impairment losses.

h) Subsidiaries

In the stand–alone financial statements of the Company, the subsidiaries are stated at cost less impairment loss, if any.

i) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the First–In–First–Out (FIFO) method and comprises invoice value plus applicable landing charges. In the work–in progress the cost includes direct costs plus attributable overhead expenses without any element of profit. Net realizable value is based on estimated selling price less any estimated selling expenses and cost of completion and disposal.

Estimate for inventory write–down and reversals

Based on an annual review of the Group's inventories the management assesses the likely realization proceeds by taking into account the purchase and replacement prices of goods, technological changes, age, likely obsolescence and physical damage to the goods and the price at which they are being invoiced to estimate the write–down required.

Inventory write–downs or reversals of write–downs are included in 'Cost of sales'.

j) **Cash and cash equivalents**

Cash and cash equivalents comprise cash, balances in bank current accounts and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit.

k) **Current and deferred income tax**

The Company is not liable to income tax as there is no corporate taxation in Bermuda where the Company is based.

The tax expense for the year which relate to the Subsidiaries' operations comprises of current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to item recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor table profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settle.

Deferred income tax assets are recognised only 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 is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

l) **Convertible debentures**

Convertible debentures are stated at net amount received.

m) **Borrowings**

Borrowings have been stated at net amount received and exclude all borrowing costs.

n) **Trade payables, provisions and accruals**

Liabilities are recognized for amounts to be paid in future for goods and services rendered, whether or not billed to the Group.

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

o) **Staff end–of–service benefits**

Provision is made for end–of–service benefits payable to the staff at the end of the reporting period in accordance with the labour laws prevailing in the respective jurisdictions where the Group entities are based assuming that all employees were to leave as at the end of the reporting period (Note 24).

p) **Statement of cash flows**

Statement of cash flows is prepared segregating the cash flows from operating, investing and financing activities based on the nature of items. Cash flows under the operating activities are reported using the indirect method, whereby profit/(loss) is adjusted for the effects of transactions of non–cash nature, any deferrals or accruals of past or future of cash receipts and payments and for items of income and expenses which are reflected in investing or financial activities.

q) **Non–derivative financial assets and liabilities**

Receivables

Trade receivables represent amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets otherwise as non–current assets. These are carried at the invoiced amounts less an estimate of provision for doubtful receivables based on a review of all outstanding amounts at the year–end. Bad debts are written off when identified.

Non–derivative financial liabilities

The non–derivative financial liabilities comprise bank borrowings, payables and accruals and related party payables.

Derecognition of financial assets and liabilities

The Group derecognizes a financial asset when its contractual rights to cash flows from the assets cease and any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4 **Risk management**

The Group's activities expose it to a variety of financial risks such as credit risk, market prices risk and liquidity risks as follows:

a) **Credit risk**

This is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's customers, related parties and banks.

The credit risk, where relevant is explained in the notes on the related account balances, namely trade receivables {Note 18 (c)}, dues from related parties (Note 27) and bank balances {Notes 16 & 19 (a)}.

b) **Market price risk**

These are the risks arising from changes in market prices, such as foreign exchange rates and interest rates which would affect the Group's income or the value of its holdings of financial instruments. The management strives to manage market risk exposures within acceptable parameters, while optimising the return.

– Currency risk

The currency risk, where relevant is explained in the note on the related account balances, namely trade receivables {Note 18 (d)}.

c) **Liquidity risk**

This is the risk where the Company may encounter difficulty in meeting its financial liabilities that are either settled in cash or exchange of another financial asset.

Management monitors its cash requirements to ensure adequacy of funding from the Parent Company. If necessary, funds are arranged from the Shareholders/related parties to ensure that the payment obligations are met on time. For the purpose of effective management of the working capital, the

Company strives to strike a balance between the credit period allowed by its suppliers with that allowed to its customers and the inventory holding levels are also kept under constant review to ensure their optimum levels.

5 **Capital management**

Capital of Group consists of share capital, convertible preference shares, retained earning net of foreign currency adjustment and non–controlling interests in the Group which aggregated to a equity of USD 14,184,080 for the Group and USD 11,124,178 for the Company, as at the end of the reporting period. The Capital is managed with an objective to ensure that adequate funds are available to the Group and the Company on an on–going basis to operate them as going concerns.

		The Group		The Company	
		2014	2013	2014	2013
		USD	USD	USD	USD
6	**Cost of revenue**				
	Opening inventories	**8,851,876**	9,732,910	**–**	–
	Add: Purchases during the year	**–**	320,626	**–**	–
	Less: closing inventories	**(6,691,931)**	(8,851,876)	**–**	–
	Less: Slow–moving inventories written off	**(187,391)**	–	**–**	–
	Cost of inventories consumed	**1,972,554**	1,201,660	**–**	–
	Turnkey project costs	**11,600,078**	15,801,425	**–**	–
	Subcontracting charges	**8,071,476**	4,505,606	**–**	–
	Spares consumed	**679,937**	328,490	**–**	–
	Freight and clearing charges	**67,308**	19,706	**–**	–
	Vehicle hiring charges	**3,949,670**	4,641,475	**–**	–
	Delivery staff salaries	**11,737,672**	13,630,894	**–**	–
	Delivery staff expenses	**1,676,191**	2,220,346	**–**	–
	Others	**11,980,352**	7,899,848	**–**	–
		51,735,238	50,249,450	**–**	–
7	**Other income**				
	Foreign exchange gains (net)	**4,152**	–	**–**	–
	Dividend income	**–**	–	**5,000,000**	–
	Credit balances written back	**6,163,818**	–	**1,078,257**	–
	Miscellaneous income	**–**	170,056	**–**	3,196
		6,167,970	170,056	**6,078,257**	3,196
8	**Selling expenses**				
	S & M staff salaries	**4,192,072**	4,728,317	**–**	–
	S & M staff expenses	**107,082**	194,047	**–**	–
	Business promotion expenses	**1,279,840**	1,435,898	**384,193**	271,550
	Travelling and vehicle charges	**404,290**	618,751	**–**	–
	Others	**1,035,588**	324,650	**–**	–
		7,018,872	7,301,663	**384,193**	271,550
9	**Administrative expenses**				
	Support staff salaries	**562,665**	1,610,543	**–**	–
	Support staff expenses	**133,151**	306,886	**–**	–
	Rent, rates and taxes	**101,538**	563,845	**–**	2,105
	Utilities	**1,357**	88,121	**–**	–

	The Group		The Company	
	2014	2013	2014	2013
	USD	USD	USD	USD
Legal and professional charges	**521,324**	930,032	**527,373**	434,676
Travelling and vehicle charges	**107,859**	302,852	**–**	5,640
Communication expenses	**27,461**	209,597	**–**	–
Repairs and maintenance charges	**36,271**	120,725	**–**	–
Others	**90,021**	255,423	**–**	53,967
	1,581,647	4,388,024	**527,373**	496,388
10 **Other expenses**				
Bad debts written off	**658,394**	–	**–**	–
Assets written off during the year	**1,292,064**	737,212	**–**	–
Provision for doubtful debts:				
– Trade receivables	**7,980,000**	–	**7,980,000**	–
– Advances to suppliers	**3,500,000**	–	**3,500,000**	–
– Due from related parties	**–**	–	**638,792**	5,429,367
Foreign exchange losses (net)	**–**	991,382	**356**	350,885
	13,430,458	1,728,594	**12,119,148**	5,780,252
11 **Finance costs**				
Interest charges on bank borrowings	**2,039,046**	1,782,344	**1,692,241**	1,721,175
Bank charges	**479,043**	654,376	**2,639**	9,293
	2,518,089	2,436,720	**1,694,880**	1,730,468
12 **Net impact of discontinued operations**				
Revenue	**1,376,749**	–	**–**	–
Expenses	**(1,754,568)**	–	**–**	–
Gross loss	**(377,819)**	–	**–**	–
Other items (net)	**4,260,671**	–	**–**	–
Profit for the year	**3,882,852**	–	**–**	–

13 **Property plant and equipment – Group only**

	Plant and equipment USD	Furniture and fittings USD	Office equipment USD	Computer equipment USD	Motor vehicles USD	Total USD
Net book values						
As at 31 December 2014						
Cost	3,787,537	702,832	440,100	1,159,726	15,890	6,106,085
Accumulated depreciation	(2,644,404)	(520,358)	(333,408)	(84,997)	(10,588)	(3,593,755)
Net book value	1,143,133	182,474	106,692	1,074,729	5,302	2,512,330
As at 31 December 2013						
Cost	4,966,753	687,872	2,560,176	2,925,156	224,465	11,364,422
Accumulated depreciation	(4,732,083)	(651,890)	(352,162)	(2,111,593)	(152,190)	(7,999,918)
Net book value	234,670	35,982	2,208,014	813,563	72,275	3,364,504

	Plant and equipment USD	Furniture and fittings USD	Office equipment USD	Computer equipment USD	Motor vehicles USD	Total USD
Reconciliation of net book values						
As at 1 January 2013	1,221,507	108,944	2,270,267	3,431,914	101,790	7,134,422
Additions during the year	545,530	21,977	40,666	175,451	–	783,624
Prior year adjustment (net)	–	–	–	(3,046,884)	–	(3,046,884)
Disposals during the year (net)	(709,389)	–	–	–	(27,823)	(737,212)
Depreciation for the year	(673,863)	(137,394)	(42,932)	(390,240)	(12,341)	(1,256,770)
Foreign currency translation reserve {Note 2 (b)}	(149,115)	42,455	(59,987)	643,322	10,649	487,324
As at 31 December 2013	234,670	35,982	2,208,014	813,563	72,275	3,364,504
Additions during the year	1,122,516	14,959	–	42,126	–	1,179,601
Disposals during the year						
– Cost	(2,301,731)	–	(2,120,077)	(1,807,555)	(208,575)	(6,437,938)
– Accumulated depreciation	2,163,410	128,288	24,274	2,693,677	136,225	5,145,874
Depreciation for the year	(402,335)	(41,749)	(29,826)	(812,821)	(5,127)	(1,291,858)
Foreign currency translation reserve {Note 2 (b)}	326,603	44,994	24,307	145,739	10,504	552,147
As at 31 December 2014	1,143,133	182,474	106,692	1,074,729	5,302	2,512,330

		The Group		The Company	
		2014	2013	2014	2013
		USD	USD	USD	USD
14	**Intangible asset**				
	Goodwill				
	– Cost	**45,535,162**	45,535,162	**–**	–
	– Accumulated ammortisation	**(7,250,000)**	(6,250,000)	**–**	–
		38,285,162	39,285,162	**–**	–
	Reconciliation of net book values				
	Opening balance	**39,285,162**	40,285,162	**–**	–
	Ammortisation for the year (Page 4)	**(1,000,000)**	(1,000,000)	**–**	–
	Closing balances	**38,285,162**	39,285,162	**–**	–
15	**Investments in subsidiaries**				
	Investments in subsidiaries {Note 1 (d)}	**–**	–	**70,801,257**	70,787,507
	Impairment loss on investments	**–**	–	**(20,567,047)**	–
		–	–	**50,234,210**	70,787,507
	Movements in investments				
	Opening balance	**–**	–	**70,787,507**	70,787,507
	Add: Investment made during the year	**–**	–	**13,750**	–
	Less: Impairment on investments	**–**	–	**(20,567,047)**	–
	Closing balance	**–**	–	**50,234,210**	70,787,507
16	**Non–current financial assets**				
	Fixed deposit with a bank	**1,440,668**	–	**–**	–
	Fixed deposit is kept with reputed bank and is under lien as security for bank borrowings {Note 22 (a)}.				
17	**Inventories**				
	Goods held for consumption	**6,691,931**	8,851,876	**–**	–
	In the opinion of the management, the inventories would fetch at least their carrying values on sale.				

		The Group		The Company	
		2014	2013	2014	2013
		USD	USD	USD	USD
18	**Receivables and prepayments**				
	Trade receivables (a) & {(e) (i) & (ii)}	**23,095,995**	34,380,234	**–**	7,980,000
	Advance to suppliers (b) & {(e) (i) & (ii)}	**10,698,719**	14,092,892	**11,440,153**	13,783,780
	Deposits	**1,202,427**	307,015	**–**	–
	Prepayments	**2,812,353**	1,287,401	**–**	–
		37,809,494	50,067,542	**11,440,153**	21,763,780

a) Trade receivables are net of provision for doubtful debts of USD 8,524,024 {(e) (ii)}.

b) The advances to suppliers are net of provision for doubtful advances of USD 3,500,000 {(e) (ii)}.

c) **Credit risk**

The customers are internationally reputed telecommunicating services–providing companies. The management regularly monitors the outstanding amounts and follows up for recovery with periodic calls and visits to the customers.

d) **Currency risk**

Included in the trade receivables are balances denominated in currencies other than US Dollars are as follows:

		The Group		The Company	
		2014	2013	2014	2013
		USD	USD	USD	USD
	Saudi Riyal	**5,421,406**	6,491,691	**–**	–
	Nepalese Rupee	**4,617,395**	2,964,755	**–**	–
	Great Britain Pound Sterling (GBP)	**2,231,867**	4,335,712	**–**	–
	UAE Dirhams	**1,788,160**	2,444,727	**–**	–
	Nigerian Naira	**819,986**	1,358,220	**–**	–
	Bangladeshi Taka	**484,436**	891,070	**–**	–
	Burmese Kyat	**429,522**	–	**–**	–
	Sri lankan Rupee	**267,916**	704,052	**–**	–
	Philippine Peso	**225,913**	204,230	**–**	–
	Tanzanian Shilling	**12,983**	14,022	**–**	–
	Kenyan Shilling	**–**	449,949	**–**	–
	South african Rand	**–**	309,054	**–**	–
	Malaysian Ringgit	**–**	39,441	**–**	–
	Indonesian Rupiah	**–**	101,848	**–**	–
		16,299,584	20,308,771	**–**	–
e)	**Impairment**				
i)	The age analysis of total trade receivables receivables was as follows:				
	Less than one year	**18,766,524**	34,924,258	**–**	–
	Over one year	**12,853,495**	–	**7,980,000**	7,980,000
	Total	**31,620,019**	34,924,258	**7,980,000**	7,980,000
ii)	The movement in provision for doubtful debts and advances during the year was as follows:				
	Opening balance	**544,024**	544,024	**–**	–
	Provision made during the year	**11,480,000**	–	**11,480,000**	–
	Closing balance	**12,024,024**	544,024	**11,480,000**	–
	The closing balance comprises as follows:				
	Provision against trade receivables	**8,524,024**	544,024	**7,980,000**	–
	Provision against advance to suppliers	**3,500,000**	–	**3,500,000**	–
		12,024,024	544,024	**11,480,000**	–

		The Group		The Company	
		2014	2013	2014	2013
		USD	USD	USD	USD
19	**Cash and cash equivalents**				
	Cash in hand	**47,066**	79,168	**–**	–
	Cash at bank and cash in hand	**11,898,387**	6,737,591	**1,143,035**	565,762
		11,945,453	6,816,759	**1,143,035**	565,762
	a) The bank accounts are placed with reputed banks.				
	b) For the purpose of the statement of cash flows, the cash and cash equivalents have been arrived as below:				
	Cash and cash equivalents as above	**11,945,453**	6,816,759	**1,143,035**	565,762
	Less: Bank overdraft	**(4,854,064)**	(1,842,397)	**–**	–
		7,091,389	4,974,362	**1,143,035**	565,762
20	**Capital and reserve**				
	a. Share capital				
	Authorised				
	76,000,000 ordinary shares of USD 1 each	**76,000,000**	76,000,000	**76,000,000**	76,000,000
	120,000,000 preference shares of USD 1 each	**120,000,000**	120,000,000	**120,000,000**	120,000,000
		196,000,000	196,000,000	**196,000,000**	196,000,000
	Issued and fully paid				
	3,000,000 ordinary shares of USD 1 each	**3,000,000**	3,000,000	**3,000,000**	3,000,000
	5,000,000, 3.5% convertible preference shares of USD 1 each	**5,000,000**	5,000,000	**5,000,000**	5,000,000
		8,000,000	8,000,000	**8,000,000**	8,000,000

The ordinary shares are entitled to voting rights and to dividends subject to solvency test and other legal requirements. The preference shares are convertible at the option of the Company.

b. Statutory reserve

This is in respect of a subsidiary in the Kingdom of Saudi Arabia and created by appropriating 10% of the profit of the subsidiary as required by the local commercial companies law. The balance is not available for distribution except as provided in the law. No such transfer was made during the year as the subsidiary has incurred a loss.

		The Group 2014 USD	The Group 2013 USD
21	**Non–controlling interest**		
	Opening balance – Credit	**86,520**	140,268
	Share of losses for the year	**(62,894)**	(53,748)
	Foreign currency translation difference	**(29,160)**	–
	Closing balance – (Debit)/Credit	**(5,534)**	86,520

22 Convertible debentures

This represents convertible debentures issued by the Company, due for redemption as follows:

	The Group 2014 USD	The Group 2013 USD	The Company 2014 USD	The Company 2013 USD
Non–current				
23 June 2015	**–**	3,500,000	**–**	3,500,000
23 December 2015	**–**	1,760,000	**–**	1,760,000
	–	5,260,000	**–**	5,260,000
Current				
23 June 2014	**3,500,000**	3,500,000	**3,500,000**	3,500,000
23 December 2014	**3,500,000**	3,500,000	**3,500,000**	3,500,000
23 June 2015	**3,500,000**	–	**3,500,000**	–
23 December 2015	**1,760,000**	–	**1,760,000**	–
	12,260,000	7,000,000	**12,260,000**	7,000,000

The holder of the convertible debentures, Alpha Impex Limited, has the option to convert those debentures into equity shares if the Company fails to redeem them on the due dates.

	The Group		The Company	
	2014	2013	2014	2013
	USD	USD	USD	USD
23 Borrowings				
Non–current				
Bank term loans	**23,289,645**	24,284,467	**22,364,000**	22,584,697
Current				
Bank overdrafts	**4,854,064**	1,842,397	**–**	–
Bank term loans	**5,811,697**	5,370,303	**5,811,697**	5,370,303
	10,665,761	7,212,700	**5,811,697**	5,370,303

a) Bank borrowings are secured against:
- First charge on all book debts, operating cash flows, receivables (including all receivables arising out of operations including dividend from subsidiary companies), commissions, revenue from subsidiaries, present and future.
- First charge on Escrow account, debt service reserve account, other reserve and other bank accounts maintained by the Company.
- Escrow of revenue/receivables of identified subsidiaries.
- Pledge over 74% shares of identified subsidiaries.
- PUT option for facility on GTL limited.
- Debt service reserve account comprising 6 millions of principal and interest servicing of FCTL facility.
- Lien over fixed deposit (Note 16).

b) The bank loans are repayable as follows:
- USD 28,175,697 in half yearly installments of USD 1,397,750 which is already due, USD 4,413,947 in 2015, USD 6,289,875 in 2016, USD 7,687,625 in 2017 and USD 8,386,500 in 2018.
- USD 925,645 secured against fixed deposit (Note 16) and payable after one year from the date of the financial statement.

	The Group 2014 USD	The Group 2013 USD	The Company 2014 USD	The Company 2013 USD
24 Employee benefits provisions				
Opening balance	**682,391**	797,053	**–**	–
Add: Provision for the year (Note 10)	**103,560**	–	**–**	–
Less: Payment made during the year	**–**	(114,662)	**–**	–
Closing balance	**785,951**	682,391	**–**	–

These represent provisions made for leave encashment and gratuity for employees of the Group.

25 Taxation

Income tax

As per existing tax regulations in Bermuda no tax is payable on the income of the Company and accordingly no tax provision has been made at the reporting date. The subsidiaries are liable to income tax according to the legislation of the countries in which they operate.

	The Group 2014 USD	The Group 2013 USD	The Company 2014 USD	The Company 2013 USD
Income tax expenses (net)				
Income tax expense	**1,010,168**	574,604	**–**	–
Deferred tax	**(557,232)**	(697,443)	**–**	–
	452,936	(122,839)	**–**	–
Deferred tax asset				
Opening balance	**2,592,943**	1,895,500	**–**	–
Movements during the year	**557,232**	697,443	**–**	–
Closing balance	**3,150,175**	2,592,943	**–**	–
26 Trade and other payables				
Trade payables	**22,218,995**	18,840,988	**242,525**	265,514
Advances from customers	**585,527**	963,162	**–**	–
Accrued interest	**4,641,575**	3,147,608	**–**	–
Sundry creditors & accruals	**1,513,812**	1,882,134	**4,641,575**	3,147,608
	28,959,909	24,833,892	**4,884,100**	3,413,122

27 Related parties

Related parties comprise companies under common ownership and common management control. At the end of the reporting period significant balances with related parties were as follows:

Companies under common ownership and management control

Disclosed as due from related parties:				
– Parent company	**1,166,012**	767,359	**767,359**	767,359
– Related parties	**3,385,834**	3,087,029	**12,523,024**	12,388,634
	4,551,846	3,854,388	**13,290,383**	13,155,993

In the opinion of the management, all these related party balances are fully recoverable.

Disclosed as dues to related parties:				
– Parent company	**16,296,642**	10,719,281	**11,312,770**	10,719,281
– Related parties	**102,372**	3,235,631	**8,351,036**	12,903,969
	16,399,014	13,954,912	**19,663,806**	23,623,250

All the above balances are interest–free and payable on demand, hence classified as current assets and current liabilities as applicable.

Significant transactions with related parties during the year were as follows:

Companies under common ownership and management control (Company only)				
Sales	**–**	–	**–**	263,809
Purchases	**–**	–	**–**	(1,622,843)
Marketing fees	**–**	–	**1,360,642**	1,703,356
Administrative expenses	**–**	–	**486,404**	767,359
Interest recharge	**–**	–	**343,135**	2,092,503

28 Fair values of financial instruments

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of the financial assets and financial liabilities which are required to be carried at cost or at amortised cost approximates to their carrying values.

29 Subsequent events

Subsequent to the end of the reporting period, on February 9, 2015 a subsidiary, GTL (USA) Inc. has filed a petition for protection from its creditors under Chapter 11 of US Bankruptcy Code. The resolution of bankruptcy is subject to uncertainties, the outcome of which is presently unknown.

30 Approval of financial statements

These financial statements were approved by the Directors on 2 May 2015.

Vipulkumar Patel
Director

Milind Vasant Bapat
Director

DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited financial statements of the Company for the financial year ended 31 December 2014.

1. DIRECTORS

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

Sukanta Kumar Roy

Milind Vasant Bapat

Mayekar Shivani Shailesh (Appointed on 11 March 2014)

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' INTERESTS IN SHARES OR DEBENTURES

The directors holding office at the end of the financial year and their interests in the shares of the Company and related corporations 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	Holding in the name of the Directors Ordinary Shares	
	At beginning of year	At end of year
Ultimate Holding Company – GTL Limited		
Sukanta Kumar Roy	594	594
Milind Vasant Bapat	15,100	15,100

By virtue of Section 7 of the Companies Act, the above directors with shareholdings are deemed to have an interest in the Company and in all the related corporation of the Company.

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (except as disclosed in the financial statements and in this 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 year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year 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 year.

6. AUDITORS

The auditors, Messrs. Rohan Mah & Partners, Certified Public Accountants, have expressed their willingness to accept re–appointment.

ON BEHALF OF THE BOARD

Milind Vasant Bapat
Director

Mayekar Shivani Shailesh
Director

Singapore,
10 April 2015

STATEMENT BY DIRECTORS

In the opinion of the directors, the accompanying financial statements together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2014 and of the results of the business, 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.

Milind Vasant Bapat
Director

Mayekar Shivani Shailesh
Director

Singapore,
10 April 2015

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of GTL (Singapore) Pte. Ltd. ("the Company''), which comprise the balance sheet as at 31 December 2014, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap 50 ("the Act") and Singapore Financial Reporting Standards, and for 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 31 December 2014 and the results, changes in equity and cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

ROHAN MAH & PARTNERS
Public Accountants and
Chartered Accountants

Singapore,
10 April 2015

BALANCE SHEET AS AT 31ST DECEMBER, 2014

	As at 31st December 2014 USD	As at 31st December 2013 USD	As at 31st December 2014 INR	As at 31st December 2013 INR
I. EQUITY AND LIABILITIES				
SHAREHOLDER'S FUNDS				
Share Capital	**300,883**	300,883	**19,047,398**	18,454,659
Reserves and Surplus	**1,011,919**	4,521,129	**64,059,532**	277,303,447
	1,312,802	4,822,012	**83,106,931**	295,758,106
NON–CURRENT LIABILITIES				
Long–term borrowings	**–**	–	**–**	–
Deferred tax liabilities (Net)	**–**	–	**–**	–
Other Long term liabilities	**–**	–	**–**	–
Long term provisions	**–**	–	**–**	–
	–	–	**–**	–
CURRENT LIABILITIES				
Short–term borrowings	**–**	–	**–**	–
Trade payables (including Acceptances)t	**329,327**	338,508	**20,848,046**	20,762,388
Other current liabilities	**–**	–	**–**	–
Short–term provisions	**–**	–	**–**	–
	329,327	338,508	**20,848,046**	20,762,388
Total	**1,642,129**	5,160,520	**103,954,976**	316,520,494
II. ASSETS				
NON–CURRENT ASSETS				
Fixed assets				
Tangible assets	**232,339**	285,252	**14,708,220**	17,495,931
Intangible assets	**–**	–	**–**	–
Capital work–in–progress	**–**	–	**–**	–
	232,339	285,252	**14,708,220**	17,495,931
Intangible assets under development				
Non–current investments	**199,999**	150,000	**12,660,937**	9,200,250
Deferred tax assets (net)			**–**	–
Long term loans and advances	**–**	–	**–**	–
Other non–current assets				
	199,999	150,000	**12,660,937**	9,200,250
CURRENT ASSETS				
Current investments	**–**	–	**–**	–
Inventories	**–**	–	**–**	–
Trade receivables	**916,732**	3,919,401	**58,033,719**	240,396,460
Cash and cash equivalents	**293,059**	802,579	**18,552,100**	49,226,183
Short–term loans and advances	**–**	3,288	**–**	201,669
Other current assets	**–**	–	**–**	–
	1,209,791	4,725,268	**76,585,819**	289,824,313
Total	**1,642,129**	5,160,520	**103,954,976**	316,520,494

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD

	1–Jan–14 to 31–Dec–14 USD	1–Jan–13 to 31–Dec–13 USD	1–Jan–14 to 31–Dec–14 INR	1–Jan–13 to 31–Dec–13 INR
Revenue from operations	**85,860**	74,545	**5,276,192**	4,613,814
Less: Excise Duty, if any				
	85,860	74,545	**5,276,192**	4,613,814
Other Income	**1,625,885**	1,332,931	**99,912,440**	82,499,098
Total Revenue	**1,711,745**	1,407,476	**105,188,632**	87,112,912
Expenses:				
Cost of Purchases	**85,140**	–	**5,231,948**	–
Changes in inventories of finished goods, work–in–progress and Stock–in–Trade	**–**	–	**–**	–
Employee benefits expenses	**30,886**	256,772	**1,897,979**	15,892,389
Finance Costs	**–**	–	**–**	–
Foreign Exchange Loss /(Profit) (Net) on Borrowings & Preference Investments	**–**	–	**–**	–
Depreciation and amortization expense	**52,913**	64,963	**3,251,563**	4,020,755
Other expenses	**52,016**	157,929	**3,196,441**	9,774,700
Total Expenses	**220,955**	479,664	**13,577,930**	29,687,844
Profit before exceptional and extraordinary items and tax	**1,490,790**	927,812	**91,610,702**	57,425,068
Exceptional Items				
Profit before extraordinary items and tax	**1,490,790**	927,812	**91,610,702**	57,425,068
Extraordinary Items				
Compensation tw Sale/Invocation of Investments				
Loss on Sale / Invocation of Investment				
Profit before tax	**1,490,790**	927,812	**91,610,702**	57,425,068
Tax expense:				
Current tax	**–**	–	**–**	–
Deferred tax Liability / (Asset)				
Profit / (Loss) from the period after Tax	**1,490,790**	927,812	**91,610,702**	57,425,068

STATEMENT OF CASH FLOW FOR YEAR ENDED

	31.12.14 USD	31.12.13 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**1,490,790**	927,812
Adjustments for:		
Depreciation of property, plant and equipment	**52,913**	64,963
Operating profit before working capital changes	**1,543,703**	992,775
Trade and other receivables	**1,055,455**	10,916
Trade and other payables	**(9,181)**	(78,893)
Net cash used in operating activities	**2,589,977**	924,798
CASH FLOWS FROM INVESTING ACTIVITIES		
Amount due from immediate holding company – non trade	**1,950,502**	(868,537)
Amount due from subsidiaries – non trade	**–**	733,438
Investment in subsidiary	**49,999**	–
Net cash generated from investing activities	**1,900,503**	(135,099)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount due to immediate holding company	**–**	2,132
Dividends	**(5,000,000)**	–
Net cash generated from/(used in) financing activities	**(5,000,000)**	2,132
Net increase/(decrease) in cash and cash equivalents	**(509,520)**	791,831
Cash and cash equivalents at beginning of year	**802,579**	10,748
Cash and cash equivalents at end of year (Note 7)	**293,059**	802,579

The accompanying notes form an integral part of these financial statements.

NOTES ON THE ACCOUNTS FOR THE PERIOD

	As at 31st December 2014 USD	As at 31st December 2013 USD	**As at 31st December 2014 INR**	As at 31st December 2013 INR
Share Capital				
Issued, subscribed and paid up:				
500,000 Common Shares fully paid–up of SGD 1 each	**300,883**	300,883	**19,047,398**	18,454,659
Total	**300,883**	300,883	**19,047,398**	18,454,659
Reserves and Surplus				
Translation Reserve	**–**	–	**1,883,220**	(517,719)
Profit & Loss Account :				
Surplus – Opening Balance	**4,521,129**	3,593,317	**277,821,166**	220,396,098
Add : Net profit after tax transferred from Statement of Profit and L	**1,490,790**	927,812	**91,610,702**	57,425,068
Dividend Distribution Tax on Excess Provision of Dividend of Last Yea				
Amount available for appropriation	**6,011,919**	4,521,129	**369,431,868**	277,821,166
Appropriation :				
Final Dividend	**5,000,000**	–	**307,255,556**	–
Surplus – Closing Balance	**1,011,919**	4,521,129	**62,176,313**	277,821,166
Total	**1,011,919**	4,521,129	**64,059,532**	277,303,447
Trade Payables				
Trade Payables	**329,327**	338,508	**20,848,046**	20,762,388
Total	**329,327**	338,508	**20,848,046**	20,762,388
Non current Investments				
Non Current Investments	**199,999**	150,000	**12,660,937**	9,200,250
Total	**199,999**	150,000	**12,660,937**	9,200,250
Trade Receivables				
Debts outstanding for a period exceeding six months				
Other debts				
Unsecured	**–**	–	**–**	–
Considered good	**916,732**	3,919,401	**58,033,719**	240,396,460
Considered doubtful				
	916,732	3,919,401	**58,033,719**	240,396,460
Total	**916,732**	3,919,401	**58,033,719**	240,396,460
Cash and cash equivalents				
Balances with Banks				
Balance in current account with a Non–Scheduled Bank	**293,059**	802,579	**18,552,100**	49,226,183
Balances with Bank held as margin money	**–**	–	**–**	–
Total	**293,059**	802,579	**18,552,100**	49,226,183
Short Term Loans and Advances				
Others				
Deposits	**–**	3,288	**–**	201,669
Total	**–**	3,288	**–**	201,669

	1–Jan–14 to 31–Dec–14 USD	1–Jan–13 to 31–Dec–13 USD	1–Jan–14 to 31–Dec–14 INR	1–Jan–13 to 31–Dec–13 INR
Revenue from Operations				
Sale of Services				
Telecom Services	**85,860**	74,545	**5,276,192**	4,613,814
Other Operating Revenues				
Total	**85,860**	74,545	**5,276,192**	4,613,814
Other Income				
Dividend				
– from investments in Subsidiary Companies	**1,436,861**	1,267,100	**88,296,705**	78,424,620
Other Non–Operating Income	**189,024**	65,831	**11,615,735**	4,074,478
Total	**1,625,885**	1,332,931	**99,912,440**	82,499,098
Purchase of Material (Non – trade) & Services				
Sub Contractor Charges	**85,140**	–	**5,231,948**	–
Total of Purchase of Material (Non – trade) & Services	**85,140**	–	**5,231,948**	–
Total of Purchases	**85,140**	–	**5,231,948**	–
Employee Benefit Expense				
Salaries	**23,560**	255,479	**1,447,788**	15,812,362
Staff Welfare Expenses	**7,326**	1,293	**450,191**	80,028
Total	**30,886**	256,772	**1,897,979**	15,892,389
Other Expenses				
Communication Expenses	**4,229**	11,875	**259,877**	734,979
Business Promotion Expenses	**–**	17,245	**–**	1,067,345
Rent	**10,973**	50,008	**674,303**	3,095,145
Electricity Charges	**–**	948	**–**	58,675
Insurance	**–**	4,797	**–**	296,901
Legal and Professional Fees	**6,785**	(771)	**416,946**	(47,720)
Travelling & Conveyance Expenses	**5,209**	41,108	**320,099**	2,544,297
Director’s Sitting Fees	**14,130**		**868,304**	–
Auditor’s Remuneration	**7,000**	7,000	**430,158**	433,251
Repairs & Maintenance – Others	**2,093**	3,724	**128,617**	230,490
Net (Gain)/Loss on Foreign Currency Transactions	**172**	15,129	**10,570**	936,379
Other Expenses	**1,425**	6,866	**87,568**	424,957
Extraordinary Expenditure (to be identified seperately)	**–**	–	**–**	–
Total	**52,016**	157,929	**3,196,441**	9,774,700

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDING MARCH 31, 2014

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. CORPORATE INFORMATION

GTL (Singapore) Pte Ltd is a limited liability company incorporated in Singapore with its registered office at 78 Shenton Way #26–02A, Singapore 079120 and the principal place of business at 371 Beach Road #02–21, Keypoint, Singapore 199597.

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 is a wholly–owned subsidiary of GTL International Limited, incorporated in Bermuda. The ultimate holding company is GTL Limited, a company incorporated in India. Related corporations in these financial statements refer to members of ultimate holding company's group of companies.

The financial statements of the Company for the period ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 10 April 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis Of Preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements, expressed in United States Dollar (USD or US$) are prepared based 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 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 ultimately differ from those estimates. There are no critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity except as disclosed in Note 19.

In the current financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

The adoption of the above FRSs did not result in 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 results of current or prior years.

2.2 Plant And Equipment

2.2.1 Measurement

Items of plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

2.2.2 Components Of Costs

The cost of an item of plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2.2.3 Depreciation

Depreciation is provided on the reducing balance method so as to write off the cost of property, plant and equipment over their estimated useful lives as follows:

	Years
Renovation	3
Furniture and fittings	10
Office equipment	5
Computers	5

The useful lives of plant and equipment are reviewed and adjusted as appropriate at each balance sheet date.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Capital work–in–progress is not depreciated as the asset is not yet available for use.

2.2.4 Subsequent Expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in the Statement of comprehensive income during the financial year in which it is incurred.

2.2.5 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 Statement of comprehensive income.

2.3 Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Company has power to govern the financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiaries is accounted for at cost less any impairment losses.

Consolidated financial statements have not been prepared as the Company is itself a wholly–owned subsidiary of GTL International Limited, incorporated in Bermuda. 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.

2.4 Impairment of Non–Financial Assets

2.4.1 Investment in Subsidiaries

Investment in subsidiary is stated at cost less accumulated impairment losses in the Company's balance sheet. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

On disposal of an investment in subsidiary, the difference between net disposal proceeds and its carrying amount is taken to the statement of comprehensive income.

2.4.2 Plant And Equipment

Plant and equipment 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 assets, 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 Unit to which the asset belongs to.

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 other than goodwill 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 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.

2.5 Financial Assets

2.5.1 Initial Recognition and Measurement

Financial assets are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured as fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2.5.2 Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Company has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Loans and receivables

Non–derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Held–to–maturity investments

Non–derivative financial assets with fixed or determinable payments and fixed maturity are classified as held–to–maturity when the Company has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held–to–maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held–to–maturity investments are derecognised or impaired, and through the amortisation process.

(iv) Available–for–sale financial assets

Available for–sale financial assets include equity and debts securities. Equity investments classified as available–for–sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available–for–sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2.5.3 Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.6 Impairment of Financial Assets

The Company assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

2.6.1 Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has 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 discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.6.2 Financial Assets Carried at Cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost 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 discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.6.3 Available–For–Sale Financial Assets

In the case of equity investments classified as available–for–sale, objective evidence of impairment include

(i) significant financial difficulty of the issuer or obligor,

(ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and

(iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available–for–sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available–for–sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.7 Financial Liabilities

2.7.1 Initial Recognition and Measurement

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. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

2.7.2 Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Company has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(ii) Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortization process.

2.7.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.8 Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

For raw material, cost comprises of raw material purchase cost. For finished goods and work–in–progress, cost comprises of raw material cost, direct labour cost and a proportion of production overheads based on normal operating capacity but excludes borrowing costs.

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.

2.9 Foreign Currency

2.9.1 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.

2.9.2 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 United States Dollar at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the Statement of comprehensive income.

2.10 Related Parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or and associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post–employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and short–term, highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Company's cash management.

2.12 Fair Value Estimation

The fair values of financial instruments traded in active markets are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Company are the current bid prices; the appropriate quoted market prices for financial liabilities are the current ask prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used where appropriate. Other techniques, such as estimated discounted cash flows, are also used to determine the fair values of the financial instruments.

The carrying amounts of current receivables and payables are assumed to approximate their fair values. The fair values of non–current receivables for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Company for similar financial instruments.

2.13 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.

2.14 Provisions

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 embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre–tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.15 Leases

2.15.1 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 statement of comprehensive income 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.

2.15.2 Finance Leases

Leases of assets in which the Company assumes substantially the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is taken to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.16 Finance Costs

Interest expense and similar charges are expensed in the profit and loss account in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the statement of comprehensive income using the effective interest rate method.

2.17 Interest–Bearing Loans And Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

2.18 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 statement of comprehensive incomes as follows:

2.18.1 Sale Of Goods

Revenue is recognised when goods are delivered at the customers' premise 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.

2.18.2 Servicing Income

Revenue is recognised when the services are rendered.

2.18.3 Dividend income

Dividend is recorded at gross on the date the amount is received by the Company.

2.19 Employee Benefits

2.19.1 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, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Company's contribution to defined contribution plans are recognised in the financial year to which they relate.

2.19.2 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.

2.20 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 statement of comprehensive income for the period, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax on temporary differences arising from the revaluation gains and losses on land and buildings, fair value gains and losses on available–for–sale financial assets and cash flow hedges, and the liability component of convertible debts are charged or credited directly to equity in the same period the temporary differences arise. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.21 Government Grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

Jobs credit grants, which are government grants given to match staff and business costs, are recognised in the month of payment only as certain conditions have to be fulfilled before payment.

3. **PLANT AND EQUIPMENT**

31.12.14	Computers	Total
Cost	**US$**	**US$**
At beginning and end of year	**821,324**	**821,324**
Accumulated Depreciation		
At beginning of year	**536,072**	**536,072**
Depreciation	**52,913**	**52,913**
At end of year	**588,985**	**588,985**
Carrying Amount		
At end of year	**232,339**	**232,339**

31.12.13	Computers	Total
Cost	US$	US$
At beginning and end of year	821,324	821,324
Accumulated Depreciation		
At beginning of year	471,109	471,109
Depreciation	64,963	64,963
At end of period	536,072	536,072
Carrying Amount		
At end of year	285,252	285,252

4. **INVESTMENT IN SUBSIDIARIES**

	31.12.14 US$	31.12.13 US$
Unquoted shares, at cost	**375,000**	375,000
Add: Additions during the year	**49,999**	
Less: Provision for impairment		
Balance at beginning of year	**(225,000)**	(425,000)
Provision during the year	**–**	200,000
Balance at end of year	**(225,000)**	(225,000)
	199,999	150,000

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 31.12.14	31.12.13
PT IGTL Solutions Indonesia #	Indonesia	Management consulting services in telecommunication and system	**100**	100
GTL Nepal Pvt Limited *	Nepal	Management consulting services in telecommunication and system	**100**	100
iGTL Myanmar Limited ^	Myanmar	Consultancy, project management, supervision, operations and maintenance services associated with network services	**100**	–

As at the balance sheet date, investments in PT. IGTL Solutions Indonesia have been fully impaired.

Audited by Gatot Victor, Indonesia

* Audited by Joshi & Bhandary, Nepal

^ Audited by Win Thin & Associates, Myanmar

5. **TRADE AND OTHER RECEIVABLES**

	31.12.14 US$	31.12.13 US$
Trade receivables		
–ultimate holding company	**55**	55
–immediate holding company	**–**	1,965,200
–subsidiaries	**172,261**	–
–third parties	**81,899**	59,043
	254,215	2,024,298
Less: Allowance for doubtful debts		
Balance at beginning and end of year	**(55,399)**	(55,399)
	198,816	1,968,899

	31.12.14 US$	31.12.13 US$
Other receivables		
–immediate holding company	**717,916**	1,950,502
–subsidiaries	**–**	–
–other receivables and deposits (Note 6)	**–**	3,288
	717,916	1,953,790
Less: Allowance for doubtful debts		
Balance at beginning of year	**–**	–
Allowance during the year	**–**	–
Balance at end of year	**–**	–
	717,916	1,953,790
Total trade and other receivables	**916,732**	3,922,689

Trade receivables are non–interest bearing and are generally on 60 to 180 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The maximum exposure of credit risk for trade receivables at the reporting date is US$ 198,816 (2013: US$2,024,298).

The aging of trade receivables at the reporting date is:

	Gross	Impairment losses	Gross	Impairment losses
	31.12.14 US$	**31.12.14 US$**	31.12.13 US$	31.12.13 US$
Past due 0 – 30 days	**48,760**	**–**	3,644	–
Past due 31 – 120 days	**150,000**	**–**	–	–
Over 120 days	**55,455**	**55,399**	2,020,654	55,399
	254,215	**55,399**	2,024,298	55,399

The non–trade portion of the amount due from immediate holding company and related companies are unsecured, non–interest bearing and repayable on demand.

The amounts due from related companies are supported by financial support from the ultimate holding company.

Trade and other receivables are denominated in the following currencies:

	31.12.14 US$	31.12.13 US$
United States Dollar	**916,732**	3,919399
Singapore Dollar	**–**	3,290
	916,732	3,922,689

6. OTHER RECEIVABLES AND DEPOSITS

	31.12.14 US$	31.12.13 US$
Deposits	**–**	3,288

7. CASH AND CASH EQUIVALENTS

	31.12.14 US$	31.12.13 US$
Cash and bank balances	**293,059**	802,579

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Cash and cash equivalents are denominated in the following currencies:

Cash and bank balances	**31.12.14 US$**	31.12.13 US$
United States Dollar	**185,309**	778,550
Singapore Dollar	**107,750**	24,029
	293,059	802,579

8. TRADE AND OTHER PAYABLES

	31.12.14 US$	31.12.13 US$
Trade payables	**99,450**	137,474
Amounts due to ultimate company	**3,221**	3,221
Accruals	**7,001**	55,920
Amount due to subsidiary	**81,765**	141,893
Security deposits from customers	**137,890**	–
	329,327	338,508

These amounts are non–interest bearing. Trade payables are normally settled on 60–day terms while other payables have an average term of six months.

The carrying amounts of trade and other payables approximate their fair values and are denominated in the following currencies:

	31.12.14 US$	31.12.13 US$
United States Dollar	**306,941**	299,708
Singapore Dollar	**22,386**	38,800
	329,327	338,508

9. SHARE CAPITAL

	31.12.14		31.012.13	
	No of shares	**US$**	No of shares	US$
Ordinary shares issued and fully paid				
At beginning and end of the year	**500,000**	**300,883**	500,000	300,883

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 restriction and have no par value.

10 REVENUE

Revenue represents the sales value of goods supplied to customers and revenue from servicing. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	31.12.14 US$	31.12.13 US$
Product sales	**–**	1,750
Service income	**63,600**	**72,795**
Turnkey product sale	**22,260**	–
	85,860	74,545

11 OTHER INCOME

	31.12.14 US$	31.12.13 US$
Bad debts recovered	**–**	50,091
Dividend income	**1,436,861**	1,267,100
IRAS Tax refund	**–**	4,346
Waiver of payable	**–**	11,394
Sundry income	**2,211**	–
Provision written back	**186,813**	–
	1,625,885	1,332,931

12 STAFF COSTS

	31.12.14 US$	31.12.13 US$
Staff costs		
Salaries, bonus and other related costs	**18,245**	233,942
Defined contribution pension costs	**5,315**	21,537
	23,560	255,479

13 OTHER OPERATING EXPENSES

Other operating expenses include:

	31.12.14 US$	31.12.13 US$
Exchange loss, net	**172**	15,129
Office expense	**6,599**	–
Postage and courier	**2,434**	3,216
Rental of office premises	**10,973**	36,950

14 TAXATION

Major components of income tax expense are as follows:

	31.12.14 US$	31.12.13 US$
Current year	**–**	–

A reconciliation between the tax expense and the product of accounting profit and loss multiplied by the applicable tax rate are as follows:

	31.12.14 US$	31.12.13 US$
Profit before taxation	**1,490,790**	927,812
Income tax on profit before tax at 17%	**253,434**	157,728
Adjustments:		
Non–deductible expenses	**8,826**	8,826
Income not subjected to tax	**(750)**	(750)
Utilisation of capital allowances	**(243,602)**	(165,804)
Unutilised tax losses	**(17,908)**	–
Tax expense	**–**	–

Unrecognised deferred tax assets:

Deferred tax assets in respect of the following items have not been recognised in the financial statements as the probability of future taxable profits being available to utilise such benefits cannot be reliably established:

	31.12.14 US$	31.12.13 US$
Differences in tax written down value and net book value of plant and equipment	**(39,498)**	(204,088)
Unutilised capital allowances	**–**	77,797
Unutilised tax losses	**166,010**	183,918
	126,512	57,627

The company's unutilised capital allowances and tax losses are available for offset against future taxable profits subject to the agreement of the tax authorities and compliance with certain provisions of the Singapore Income Tax Act, Cap.134.

15 SIGNIFICANT RELATED PARTIES TRANSACTIONS

Significant related parties transactions on terms agreed between the Company and its related parties are as follows:

	31.12.14 US$	31.12.13 US$
Holding company		
Expenses paid on behalf and reimbursed from related parties	**416,510**	1,677,491
Management fees of subsidiaries transferred	**–**	–
Subsidiary		
Services rendered to	**–**	72,545

Balances with related parties at the balance sheet date are set out in Note 5 and 8.

Key management personnel compensation for the financial year is as follows:

	31.12.14 US$	31.12.13 US$
Directors of the company:		
Salaries, bonus and other related costs	**6,917**	82,283
CPF contributions	**2,231**	7,678
Other short–terms benefits	**7,182**	–
	16,330	89,961

16 OPERATING LEASE COMMITMENTS

Rental expenses for the year ended 31 December 2014 are US$14,347 (2013: US$50,008). Future minimum rental under non–cancellable leases as at 31 December are as follows:

	31.12.14 US$	31.12.13 US$
Within 1 year	**–**	–
After 1 year but within 5 years	**–**	–
	–	–

The lease was terminated on 31 March 2014.

17 DIVIDEND

Declared and paid during the financial year:

	31.12.14 US$	31.12.13 US$
Dividend on ordinary shares: Tax exempt (one–tier) interim dividend for the financial year 31 December 2014 at USD 10 per share	**5,000,000**	–

18 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The carrying amounts presented in the balance sheet relate to the following categories of financial assets and financial liabilities:

	31.12.14 US$	31.12.13 US$
Financial assets		
Loans and receivables:		
Trade and other receivables	**916,732**	3,922,689
Cash and cash equivalents	**293,059**	802,579
	1,209,791	4,725,268
Financial liabilities		
Financial liabilities measured at amortised cost:		
Trade and other payables	**329,327**	348,445

Financial Risk Management Objectives and Policies

The main risks arising from the Company's financial instruments are credit, foreign currency, interest rate and liquidity risks. The policies of managing each of these risks are summarised below:

Credit Risk

The 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. The aggregate amount of its trade and other receivables and bank balance represents the Company maximum exposure to credit risk.

Cash and bank balances are placed with reputable local financial institutions. Therefore, credit risk arises mainly from the inability of the Company's customers to make payments when due. The amounts presented in the balance sheet are net of allowances for impairment of trade receivables, estimated by management based on prior experience and the current economic environment.

Information regarding financial assets that are either past due or impaired is disclosed in Note 5 (Trade and Other Receivables).

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.

The Company's exposure to foreign currency is as follows:

	Singapore Dollar
31.12.2014	
Cash and cash equivalents	107,750
Trade and other payables	(22,386)
	85,364
31.12.13	
Trade and other receivables	3,290
Cash and cash equivalents	24,029
Trade and other payables	(38,800)
	(11,481)

Sensitivity analysis

A 5% strengthening of United States Dollar against the following currencies at the reporting date would increase/(decrease) profit or loss (before tax) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Statement of Comprehensive Income US$
31.12.14	
Singapore Dollar	(4,268)
31.12.13	
Singapore Dollar	574

A 5% weakening of United States Dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above , on the basis that all other variables remain constant.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risks arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand–by credit facilities.

To manage liquidity risk, the Company monitors its net operating cash flow and maintains an adequate level of cash and cash equivalent.

The table below summarises the maturity profile of the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obilgations.

31.12.14	Within 1 year US$	Within 2 to 5 years US$	More than 5 years US$	Total US$
Financial Assets				
Trade and other receivables	916,732	–	–	916,732
Cash and cash equivalents	293,059	–	–	293,059
Total undiscounted financial assets	1,209,791	–	–	1,209,791
Financial liabilities				
Trade and other payables	329,327	–	–	329,327
Total undiscounted financial liabilities	329,327	–	–	329,327
Total net undiscounted financial assets/ (liabilities)	880,464	–	–	880,464
31.12.13				
Financial Assets				
Trade and other receivables	3,922,689	–	–	3,922,689
Cash and cash equivalents	802,579	–	–	802,579
Total undiscounted financial assets	4,725,268	–	–	4,725,268
Financial liabilities				
Trade and other payables	338,508	–	–	338,508
Total undiscounted financial liabilities	338,508	–	–	338,508
Total net undiscounted financial assets/ (liabilities)	4,386,760	–	–	4,386,760

Fair Value of Financial Instruments

As at the end of the financial year, the Company has no financial assets or financial liabilities that are carried at fair value measurements.

The carrying amounts of financial assets and financial liabilities of the Company recorded at amortised cost in the financial statements approximate their fair values due to their short term nature.

19 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Allowance for doubtful debts

Allowance for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The indication of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimates has been changed.

Estimated useful life for plant and equipment

Estimated useful life for plant and equipment is based on the Company's assessment of the expected usage of the asset and expect wear and tear of the asset. The depreciation is charged against the fixed assets to show utilisation of the assets. The estimation of depreciation and useful life requires use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of plant and equipment and depreciation expenses in the period in which such estimates has been changed.

Depreciation of plant and equipment

Plant, property and equipment are depreciated on a straight–line basis over their estimated useful lives. Management estimates the useful lives of plant, property and equipment to be within 3 to 10 years. The carrying amount of the Company's plant, property and equipment as at 31 December 2014 is US$232,339 (2013: US$285,252). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual lives of these assets, therefore future depreciation charges could be revised.

20 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to maximize shareholder's value.

The Company manages its capital structure and make adjustments to it, in light of changes in the working capital requirements, business performance and economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 31 December 2014.

The Company will be guided by prudent financial policies of which gearing is an important aspect. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	31.12.14 US$	31.12.13 US$
Net debts	**36,268**	–
Total equity	**1,312,802**	4,822,012
Total capital	**1,349,070**	4,822,012
Gearing ratio	**2.7%**	–

The Company does not have any externally imposed capital requirements for the financial year ended 31 December 2014 and 31 December 2013.

STRATEGIC REPORT FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014

Strategic Report for the Period from 1 January 2014 to 31 December 2014

The directors present their strategic report for the period from 1 January 2014 to 31 December 2014.

Business review Fair review of the business

During the year, the company adapted very well to the ever changing market realities, it has focussed the growth of the business in specific areas. It converted resource based projects into long term annuity based managed service projects. In the year, it was awarded Nokia Project Delivery & Support Services (PDSS), the largest project awarded by Nokia with an estimated income of more than £13m. This involved work with O2, MBNL & EE. Nokia is now the main customer in the UK with other customers being EE and Ericsson amongst many others. Its relationship with Ericsson is at growth level and looking good for the future.

Marketplace Overview

There is slow take up on LTE technology roll out in the United Kingdom, though over the past few months, this take up has started to gain momentum. GTL has now put in place tie–ups with a software company to have tools in place which provide a value add / an edge over competitors in the market.

Market Risks

The main risks facing the company are:

- The extended payment terms introduced by customers
- Up front investment required from OEM to Operators
- More contracts are service based focus and consolidation of Contracts based on SLA & LD models

Strategy

In the subsequent years the company will focus on stability, growth and innovation on a strategic level as follows:

Stability

The company aims to:

- Ensure security of existing projects.
- Combine managed services for economies of scale and for improving profitability, while having the security of long–term contracts.
- Improve Delivery & Support functions

Growth

The company aims to:

- Convert any Resource based engagement into Managed Service
- Sell similar services to other customers
- Expand on current projects
- Focus on high–end services in Network Planning Design & Optimisation
- Tie–ups in pipeline with Application Providers

Innovation

The company aims to:

- Identify Synergies and Consolidate Managed Services
- Position new offerings in Optimisation, Benchmarking and Customer Experience Management space

Principal risks and uncertainties

The directors monitor performance through the production of management accounts on a monthly basis. Additionally, the directors monitor key performance indicators on a monthly basis to ensure they are within acceptable parameters. These include gross margins, operating profits, earnings before interest, tax, working capital, customer service and cash flows from operating activities.
Approved by the Board on 28 April 2015 and signed on its behalf by:

Mr Neeraj Satpall
Director

DIRECTORS' REPORT FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014

The directors present their report and the financial statements for the period from 1 January 2014 to 31 December 2014.

Directors of the company

The directors who held office during the period were as follows:

Mr Retassh Arvind Bhansali (resigned 10 January 2014)

Mr Neeraj Satpall

Mr Pinakin Gandhi

Principal activity

The principal activity of the company is telecommunication engineering services and consultancy.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Approved by the Board on 28 April 2015 and signed on its behalf by:

Mr Neeraj Satpall
Director

STATEMENT OF 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 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.

INDEPENDENT AUDITORS' REPORT

To the Members of GTL Europe Limited

We have audited the revised financial statements of GTL Europe Limited for the period from 1 January 2014 to 31 December 2014, set out on pages 8 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). These revised financial statements replace the original financial statements approved by the directors on 24th March 2015 and have been prepared under The Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved. This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' Responsibilities (set out on page 5), the directors are responsible for the preparation of the revised financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the revised financial statements in accordance with applicable law as it has effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the revised financial statements sufficient to give reasonable assurance that the revised financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the revised financial statements. In addition, we read all the financial and non–financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited revised financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of Companies Act 2006 in the respect identified by the directors.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view seen as at the date the original financial statements were approved of the state of the company's affairs as at 31 December 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as they have affect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008; and
- the original financial statements for the period ended 31st December 2014 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in the statement contained in note 13 and 14 to these revised financial statements.

Emphasis of matter – Revision of Debtors and Creditors note

In forming our opinion on the revised financial statement, which is not qualified, we have considered the adequacy of the disclosures made in note 13 and 14 to these revised financial statements concerning the need to revise the Debtors and Creditors note. The original financial statements were approved on 24th March 2015 and our previous report was signed on that date. We have not performed a subsequent event review for the period from the date of our previous report to the date of this report.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the revised financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the revised financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

AMANJIT SINGH FCA
(Senior Statutory Auditor)

For and on behalf of
Kajaine Limited,
Statutory Auditor
Kajaine House
57–67 High Street
Edgware, HA8 7DD

28 April 2015

BALANCE SHEET AS AT DECEMBER 31, 2014

		As at December 31, 2014 GBP	As at December 31, 2013 GBP	As at December 31, 2014 INR	As at December 31, 2013 INR
I.	**EQUITY AND LIABILITIES**				
	SHAREHOLDER'S FUNDS				
	Share Capital	**500,000**	500,000	**49,267,352**	51,041,771
	Reserves and Surplus	**907,679**	48,809	**89,437,881**	4,982,596
		1,407,679	548,809	**138,705,233**	56,024,366
	NON–CURRENT LIABILITIES				
	Long–term borrowings	–	–	–	–
	Deferred tax liabilities (Net)	–	–	–	–
	Other Long term liabilities	–	–	–	–
	Long term provisions	–	–	–	–
	CURRENT LIABILITIES				
	Short–term borrowings	–	1,018,000	–	103,921,045
	Trade payables (including Acceptances)	**1,256,154**	233,714	**123,774,762**	23,858,353
	Other current liabilities	–	–	–	–
	Short–term provisions	**4,227,449**	1,534,020	**416,550,434**	156,598,195
		5,483,603	2,785,734	**540,325,196**	284,377,593
	Total	**6,891,282**	3,334,543	**679,030,429**	340,401,959
II.	**ASSETS**				
	NON–CURRENT ASSETS				
	Fixed assets				
	Tangible assets	**15,047**	6,287	**1,482,652**	641,799
	Intangible assets	–	–	–	–
	Capital work–in–progress	–	–	–	–
		15,047	6,287	**1,482,652**	641,799
	Intangible assets under development				
	Non–current investments				
	Deferred tax assets (net)				
	Long term loans and advances	–	–	–	–
	Other non–current assets	**2**	1	**197**	102
		2	1	**197**	102
	CURRENT ASSETS				
	Current investments	–	–	–	–
	Inventories	**6,348**	32,303	**625,498**	3,297,605
	Trade receivables	**919,620**	2,152,955	**90,614,484**	219,781,271
	Cash and cash equivalents	**5,424,943**	690,982	**534,545,150**	70,537,890
	Short–term loans and advances	**525,322**	452,015	**51,762,448**	46,143,292
	Other current assets	–	–	–	–
		6,876,233	3,328,255	**677,547,580**	339,760,058
	Total	**6,891,282**	3,334,543	**679,030,429**	340,401,959

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING DECEMBER 31, 2014

	1–Jan–14 to 31–Dec–14 GBP	1–Apr–13 to 31–Dec–13 GBP	**1–Jan–14 to 31–Dec–14 INR**	1–Apr–13 to 31–Dec–13 INR
Revenue from operations	**15,265,937**	8,348,789	**1,516,393,007**	828,742,618
Less: Excise Duty, if any				
	15,265,937	8,348,789	**1,516,393,007**	828,742,618
Other Income	**75**	103,552	**7,450**	10,279,090
Total Revenue	**15,266,012**	8,452,341	**1,516,400,457**	839,021,708
Expenses:				
Cost of Purchases	**8,486,835**	2,916,890	**843,012,600**	289,545,113
Changes in inventories of finished goods, work–in–progress and Stock–in–Trade	**25,955**	(5,654)	**2,578,157**	(561,244)
Employee benefits expenses	**3,828,783**	4,186,317	**380,319,909**	415,554,796
Finance Costs	**250,873**	225,614	**24,919,667**	22,395,576
Foreign Exchange Loss /(Profit) (Net) on Borrowings & Preference Investments			**–**	–
Depreciation and amortization expense	**11,122**	22,263	**1,104,768**	2,209,937
Other expenses	**1,624,071**	1,445,897	**161,321,896**	143,526,979
Total Expenses	**14,227,639**	8,791,327	**1,413,256,998**	872,671,157
Profit before exceptional and extraordinary items and tax	**1,038,373**	(338,986)	**103,143,460**	(33,649,448)
Exceptional Items				
Profit before extraordinary items and tax	**1,038,373**	(338,986)	**103,143,460**	(33,649,448)
Extraordinary Items				
Compensation tw Sale/Invocation of Investments		36,268		3,600,143
Loss on Sale / Invocation of Investment				
Profit before tax	**1,038,373**	(375,254)	**103,143,460**	(37,249,592)
Tax expense:				
Current tax	**179,503**	–	**17,830,356**	–
Deferred tax Liability / (Asset)				
Profit / (Loss) from the period after Tax	**858,870**	(375,254)	**85,313,103**	(37,249,592)

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2014

	As at December 31, 2014 GBP	As at December 31, 2013 GBP	As at December 31, 2014 INR	As at December 31, 2013 INR
Share Capital				
Issued, subscribed and paid up:				
500,000 Ordinary Shares fully paid–up of £1 each	**500,000**	500,000	**49,267,352**	51,041,771
Total	**500,000**	500,000	**49,267,352**	51,041,771
Reserves and Surplus				
General Reserve				
Opening balance	**–**		**–**	–
Add: Transferred from Profit & Loss Account	**–**	–		
Closing Balance	**–**	–	**–**	–
Translation Reserve			**(1,915,483)**	(1,057,666)
Profit & Loss Account :				
Surplus – Opening Balance	**48,809**	424,063	**6,040,261**	43,289,853
Add : Net profit after tax transferred from Statement of Profit and L	**858,870**	(375,254)	**85,313,103**	(37,249,592)
Dividend Distribution Tax on Excess Provision of Dividend of Last Yea				
Amount available for appropriation	**907,679**	48,809	**91,353,365**	6,040,261
Appropriation :				
Transfer to Debenture Redemption Reserve				
Surplus – Closing Balance	**907,679**	48,809	**91,353,365**	6,040,261
Total	**907,679**	48,809	**89,437,881**	4,982,596
Short Term Borrowings				
Secured / Unsecured				
Other loans and advances		1,018,000		103,921,045
Total	**–**	1,018,000	**–**	103,921,045
Trade Payables				
Trade Payables	**1,256,154**	233,714	**123,774,762**	23,858,353
Total	**1,256,154**	233,714	**123,774,762**	23,858,353
Other Current Liabilities				
Other Liabilities	**4,227,449**	1,534,020	**416,550,434**	156,598,195
Total	**4,227,449**	1,534,020	**416,550,434**	156,598,195
Inventories				
Inventories : (at lower of cost and net realizable value)			**–**	–
Finished Goods (other than acquired for trading)	**6,348**	32,303	**625,498**	3,297,605
Total	**6,348**	32,303	**625,498**	3,297,605
Trade Receivables				
Debts outstanding for a period exceeding six months				
Unsecured				
Considered good			**–**	–
Considered doubtful			**–**	–
Other debts				
Unsecured			**–**	–
Considered good	**919,620**	2,152,955	**90,614,484**	219,781,271
Considered doubtful				
	919,620	2,152,955	**90,614,484**	219,781,271
Total	**919,620**	2,152,955	**90,614,484**	219,781,271
Cash and cash equivalents				
Balances with Banks				
Balance in current account with a Non–Scheduled Bank	**5,424,943**	690,982	**534,545,150**	70,537,890
Balances with Bank held as margin money			**–**	–
Total	**5,424,943**	690,982	**534,545,150**	70,537,890
Short Term Loans and Advances				
Advance recoverable in cash or in kind or for value to be received	**525,322**	452,015	**51,762,448**	46,143,292
Total	**525,322**	452,015	**51,762,448**	46,143,292

	1-Jan-14 to 31-Dec-14 GBP	1-Apr-13 to 31-Dec-13 GBP	1-Jan-14 to 31-Dec-14 INR	1-Apr-13 to 31-Dec-13 INR
Revenue from Operations				
Sale of Services				
Telecom Services	**15,265,937**	8,348,789	**1,516,393,007**	828,742,618
Power Management Services				
Other Operating Revenues				
Total	**15,265,937**	8,348,789	**1,516,393,007**	828,742,618
Other Income				
Interest Income			**–**	–
Interest – Bank Deposits	**75**	200	**7,450**	19,853
Dividend			**–**	–
– from investments in Subsidiary Companies		50,144	**–**	4,977,545
Lease & Rent Income		14,600	**–**	1,449,269
Other Non–Operating Income		38,608	**–**	3,832,423
Total	**75**	103,552	**7,450**	10,279,090
Purchase of Stock in Trade				
Telecom Products	**70,736**	155,560	**7,026,334**	15,441,665
Total of Purchase of Stock in Trade	**70,736**	155,560	**7,026,334**	15,441,665
Purchase of Material (Non – trade) & Services				
Sub Contractor Charges	**8,416,099**	2,761,330	**835,986,266**	274,103,448
Total of Purchase of Material (Non – trade) & Services	**8,416,099**	2,761,330	**835,986,266**	274,103,448
Total of Purchases	**8,486,835**	2,916,890	**843,012,600**	289,545,113
Changes in inventories of finished goods, work–in–progress and Stock–in– trade				
Decrease / (Increase) in Inventory				
Finished Goods	**25,955**	(5,654)	**2,578,157**	(561,244)
Total	**25,955**	(5,654)	**2,578,157**	(561,244)
Employee Benefit Expense				
Salaries	**3,430,673**	3,767,751	**340,774,926**	374,005,838
Contribution to Provident and Other Funds	**384,181**	396,234	**38,161,390**	39,332,172
Staff Welfare Expenses	**13,929**	22,332	**1,383,593**	2,216,786
Total	**3,828,783**	4,186,317	**380,319,909**	415,554,796
Finance Costs				
Interest Expense				
Interest on Borrowings	**214,737**	18,578	**21,330,213**	1,844,145
Other Borrowing costs	**36,136**	201,221	**3,589,454**	19,974,204
Interest – Exchange (Gain) / Loss on Foreign Currency Borrowings	**–**	5,815	**–**	577,226
Total	**250,873**	225,614	**24,919,667**	22,395,576
Other Expenses				
Communication Expenses	**95,982**	61,711	**9,534,065**	6,125,743
Rates & Taxes [include Wealth tax]	**28,604**	19,705	**2,841,287**	1,956,017
Rent	**79,178**	156,418	**7,864,893**	15,526,834
Electricity Charges	**12,125**	13,853	**1,204,398**	1,375,118
Insurance	**64,110**	51,200	**6,368,162**	5,082,368
Legal and Professional Fees	**394,278**	208,581	**39,164,344**	20,704,795
Travelling & Conveyance Expenses	**761,269**	630,247	**75,618,220**	62,561,474
Auditor's Remuneration	**19,262**	24,995	**1,913,329**	2,481,129
Repairs & Maintenance – Others	**32,984**	37,906	**3,276,360**	3,762,739
Other Expenses	**136,279**	241,281	**13,536,838**	23,950,761
Total	**1,624,071**	1,445,897	**161,321,896**	143,526,979
Tax Expense				
Current Tax	**179,503**		**17,830,356**	–
Net Current Income Tax	**179,503**	–	**17,830,356**	–
Total	**179,503**	–	**17,830,356**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

1. **Accounting policies**

Basis of preparation

The financial statements have been prepared under the historical cost convention.

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.

Exemption from preparing group accounts

The Company was, at the end of the year, a wholly–owned subsidiary of another company incorporated outside the EEA and in accordance with Section 401 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year exclusive of Value Added Tax. Revenue from services rendered is recognised as the service is performed. Income from Turnkey projects is recognised 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 recognised based on delivery at site to the customers. In case of fixed–price contracts, revenue is recognised based on the milestones achieved as specified in the contracts.

Depreciation

The carrying values of fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

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:

Asset class	**Depreciation method and rate**
Fixtures, fittings and equipment	50% Straight line basis
Office Equipment	50% Straight line basis

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Deferred tax

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 currency

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

2 **Turnover**

An analysis of turnover by geographical location is given below:

	1 January 2014 to December 31, 2014 £	1 January 2013 to December 31, 2013 £
Sales – UK	**1,598,929**	5,487,070
Sales – Europe	**13,667,008**	2,861,719
	15,265,937	8,348,789

3 **Operating (loss) / profit**

Operating (loss) / profit is stated after charging:

	1 January 2014 to December 31, 2014 £	1 January 2013 to December 31, 2013 £
Operating leases – plant and machinery	**70,595**	16,541
Operating leases – other assets	**79,178**	156,418
Auditor's remuneration – audit of the company's annual accounts	**15,500**	17,940
Foreign currency losses/(gains)	**–**	5,815
Depreciation of owned assets	**11,122**	22,263

4 **Auditors Remuneration**

	1 January 2014 to December 31, 2014 £	1 January 2013 to December 31, 2013 £
Audit of financial statements	**15,500**	17,940
Fees payble to company's auditors and to it's associate for other services		
Taxation compliance services	**500**	500
Other services	**3,262**	6,555
	3,762	7,055
	19,262	24,995

5 **Exceptional items**

	1 January 2014 to December 31, 2014 £	1 January 2013 to December 31, 2013 £
Amounts owed by subsidiary undertaking written off	**–**	196,587

GTL Ireland Telecommunication Ltd ceased trading and therefore the inter company debt was written off as unrecoverable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

6 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	1 January 2014 to December 31, 2014 £	1 January 2013 to December 31, 2013 £
Support staff	**13**	9
Production staff	**62**	77
Sales staff	**3**	6
	78	92

The aggregate payroll costs were as follows:

	1 January 2014 to December 31, 2014 £	1 January 2013 to December 31, 2013 £
Wages and salaries	**3,430,673**	3,767,751
Social security costs	**360,432**	368,267
Staff pension costs	**23,749**	27,967
	3,814,854	4,163,985

7 Directors' remuneration

The directors' remuneration for the period was as follows:

	1 January 2014 to December 31, 2014 £	1 January 2013 to December 31, 2013 £
Remuneration	**123,479**	114,654

8 Interest payable and similar charges

	1 January 2014 to December 31, 2014 £	1 January 2013 to December 31, 2013 £
Interest on other loans	**214,737**	18,578
	214,737	18,578

9 Taxation

Tax on (loss)/profit on ordinary activities

	1 January 2014 to December 31, 2014 £	1 January 2013 to December 31, 2013 £
Current tax		
Corporation Tax charge	**179,503**	–

Factors affecting current tax charge for the year

Tax on profits (loss) on ordinary activities for the year is lower than (2013–higher than) the standard rate of corporation tax in UK of 21% (2013–20%). The differences are reconciled below:

	1 January 2014 to December 31, 2014 £	1 January 2013 to December 31, 2013 £
(Loss)/profit on ordinary activities before taxation	**1,038,373**	(375,254)
Corporation tax at standard rate	**218,058**	(75,051)
Capital allowances for period in excess of depreciation	**(5,533)**	(5,881)
(Income)/Expenses not deductible for tax purposes	**7,651**	55,559
Utilisation of tax losses	**(44,814)**	25,373
Others	**4,119**	–
Total current tax	**179,481**	–

10 Tangible fixed assets

	Fixtures, fittings & equipment £	**Office equipment £**	**Total £**
Cost or valuation			
At January 1, 2014	**58,545**	**–**	58,545
Additions	**18,100**	**1,782**	19,882
At December 31, 2014	**76,645**	**1,782**	78,427
Depreciation			
At January 1, 2014	**52,258**	**–**	52,258
Charge for the year	**10,602**	**520**	11,122
At December 31, 2014	**62,860**	**520**	63,380
Net book value			
At December 31, 2014	**13,785**	**1,262**	15,047
At December 31, 2013	**6,287**	**–**	6,287

11 Investments held as fixed assets

	December 31, 2014 £	December 31, 2013 £
Shares in group undertakings and participating interests	**1**	1
Other Investments	**1**	–
Total	**2**	1

The company owns 100% of the issued Ordinary share capital of the following company:

GTL International Bangladesh Private Ltd	**December 31, 2014**	December 31, 2013
Aggregate Capital and Reserves	**(870,590)**	(405,371)
Profit and (Loss) for the period	**(425,191)**	(382,187)

Under the provision of S401 of the Companies Act 2006, the Company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

Other investments

	Utilised investments £	Total £
Cost	–	–
Additions	1	1
At 31 December 2014	1	1
Net Book Value		
At 31 December 2014	1	1

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

12 Stocks

	December 31, 2014 £	December 31, 2013 £
Raw materials	**6,348**	32,303

13 Debtors

	December 31, 2014 £	December 31, 2013 £
Trade debtors	**919,620**	2,152,955
Amounts owed by group undertakings	**11,041**	–
Other debtors	**194,134**	98,456
Directors' current accounts	**18,000**	–
Prepayments and accrued income	**302,147**	353,559
	1,444,942	2,604,970

14 Creditors: Amounts falling due within one year

	December 31, 2014 £	December 31, 2013 £
Trade creditors	**1,256,154**	233,714
Bank loans and overdrafts	**2,370,000**	–
Owed by/(from) group undertakings (see note 21 below)	**–**	526,193
Corporation tax	**224,503**	
Other taxes and social security	**103,449**	373,965
Other creditors	**45,311**	3,574
Accruals and deferred income	**1,484,186**	630,288
	5,483,603	1,767,734

The amounts due to invoice discounting of £ 5,483,565 in the original financial statements has been offset against trade debtors. The trade debtors in the original financial statements has been reduced from £ 6,763,185 to £ 919,620. The adjustment has been made to provide a fair representation of the financial arrangement between the customer and its Supply–Chain Finance Program with Santander Factoring Confirming SA EFC.

15 Creditors: Amounts falling due after more than one year

	December 31, 2014 £	December 31, 2013 £
Other loans	**–**	**1,000,000**

16 Called up share capital

Allotted, called up and fully paid shares

	December 31, 2014		December 31, 2013	
	No.	£	No.	£
Ordinary shares of £1 each	500,000	500,000	500,000	500,000

17 Reserves

	Profit and loss account £
At January 1, 2014	48,809
Profit for the year	858,870
At December 31, 2014	907,679

18 Reconciliation of movement in shareholders' funds

	1 January 2014 to December 31, 2014 £	1 January 2013 to December 31, 2013 £
(Loss)/profit attributable to the members of the company	**858,870**	(375,254)
Net (reduction) / addition to shareholders' funds	**858,870**	(375,254)
Shareholders' funds at start of period	**548,809**	924,063
Shareholders' funds at end of period	**1,407,679**	548,809

19 Pension schemes

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £ 23,749 (2013 – £ 27,967).

20 Commitments

Operating lease commitments

As at December 31, 2014 the company had annual commitments under non–cancellable operating leases as follows:

Operating leases which expire:

	December 31, 2014 £	December 31, 2013 £
Land and buildings		
Within two and five years	**45,000**	65,316
Equipment		
Within two and five years	**63,852**	31,920

The above lease for the property occupied by the company is subject to three yearly rent reviews.

21 Related party transactions

The company has taken advantage of the exemption available in accordance with FRS 8 'Related Party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions. Amounts owed to fellow group undertakings.

GTL International Limited

(Immediate parent company)

At the balance sheet date the amount due from / (to) GTL International Limited was £ 11,041 (2013 – (£ 366,277)).

GTL Overseas (Middle East) FZ LLC

(Fellow group undertakings)

At the balance sheet date the amount due from / (to) GTL Overseas (Middle East) FZ LLC was nil (2013 – (£ 155,478)).

GTL International Lanka Pvt. Ltd

(Fellow group undertakings)

At the balance sheet date the amount due from / (to) GTL International Lanka Pvt. Ltd was nil (2013 – (£ 4,437)).

22 Control

The company is controlled by GTL Limited. The company's 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.

The smallest group of which the company is a member is that group headed by GTL International Limited.

The largest group of which the company is a member and for which consolidated financial statements are prepared, is that group GTL Limited. GTL Limited is a fully listed company, with its shares traded on the Mumbai and National Stock Exchange in India. Copies of these accounts are available from the company's registered office situated at:
Global Vision
Electronic Sadan–II, MIDC TTC Industrial Area,
Mahape, Navi Mumbai – 400710.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

GTL (USA) Inc. and Subsidiary

(A Wholly Owned Subsidiary of GTL International Limited.)

We have audited the accompanying consolidated financial statements of GTL (USA) Inc. and Subsidiary (a wholly owned subsidiary of GTL International Limited), which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations and comprehensive income, shareholder's deficit, and cash flows for the years then ended related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of GTL (USA) Inc. and Subsidiary as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years than ended in accordance with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that GTL (USA) Inc. will continue as a going concern. As set forth in the accompanying financial statements GTL (USA) Inc. has suffered recurring losses from operations and as discussed in Note 8 to the financial statements, on February 9, 2015, GTL (USA) Inc. filed a petition for protection from creditors under Chapter 11 of the U.S. Bankruptcy Code. The resolution of the bankruptcy is subject to uncertainties, the outcome of which is presently unknown. The uncertainties raise doubt about GTL (USA) Inc.'s ability to continue as a going concern. Management's plans in regard to these matters are described in Note 9. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Garden City, New York
April 30, 2015

BALANCE SHEET AS AT 31ST DECEMBER, 2014

		As at 31st December 2014 USD	As at 31st December 2013 USD	As at 31st December 2014 INR	As at 31st December 2013 INR
I.	**EQUITY AND LIABILITIES**				
	SHAREHOLDER'S FUNDS				
	Share Capital	**3,100,100**	3,100,100	**196,267,331**	190,160,134
	Reserves and Surplus	**(7,264,046)**	(6,044,570)	**(459,886,721)**	(370,773,924)
		(4,163,946)	(2,944,470)	**(263,619,390)**	(180,613,790)
	NON–CURRENT LIABILITIES				
	Long–term borrowings	**7,386,052**	6,737,643	**467,610,952**	413,287,022
	Deferred tax liabilities (Net)	**188,606**	347,828	**11,940,646**	21,335,769.52
	Other Long term liabilities	**–**	5,411	**–**	331,911
	Long term provisions	**–**	–	**–**	–
		7,574,658	7,090,882	**479,551,598**	434,954,702
	CURRENT LIABILITIES				
	Short–term borrowings	**376,621**	645,922	**23,843,876**	39,620,855
	Trade payables (including Acceptances)	**8,550,511**	5,239,988	**541,332,851**	321,420,864
	Other current liabilities	**865,566**	701,699	**–**	–
	Short–term provisions	**–**	–	**54,798,983**	43,042,217
		9,792,698	6,587,609	**619,975,710**	404,083,936
	Difference Adjustments for Rate differential for INR conversion				
	Total	**13,203,410**	10,734,021	**835,907,918**	658,424,848
II.	**ASSETS**				
	NON–CURRENT ASSETS				
	Fixed assets				
	Tangible assets	**1,362,318**	961,296	**86,248,353**	58,965,897
	Intangible assets	**–**	–	**–**	–
	Capital work–in–progress	**–**	–	**–**	–
		1,362,318	961,296	**86,248,353**	58,965,897
	Intangible assets under development				
	Non–current investments				
	Deferred tax assets (net)	**3,191,167**	2,634,731	**202,032,783**	161,614,400
	Long term loans and advances	**–**	–	**–**	–
	Other non–current assets	**150,360**	139,193	**9,519,292**	8,538,099
		3,341,527	2,773,924	**211,552,074**	170,152,498
	CURRENT ASSETS				
	Current investments	**–**	–	**–**	–
	Inventories	**–**	–	**–**	–
	Trade receivables	**6,769,125**	6,087,819	**428,553,304**	373,426,817
	Cash and cash equivalents	**879,140**	653,321	**55,658,353**	40,074,710
	Short–term loans and advances	**836,415**	243,832	**52,953,465**	14,956,655
	Other current assets	**14,885**	13,829	**942,369**	848,271
		8,499,565	6,998,801	**538,107,491**	429,306,453
	Total	**13,203,410**	10,734,021	**835,907,918**	658,424,848

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD

	1–Jan–14 to 31–Dec–14 USD	1–Jan–13 to 31–Dec–13 USD	**1–Jan–14 to 31–Dec–14 INR**	1–Jan–13 to 31–Dec–13 INR
Revenue from operations	**17,941,344**	20,651,179	**1,102,495,589**	1,278,101,468
Less: Excise Duty, if any				
	17,941,344	20,651,179	**1,102,495,589**	1,278,101,468
Other Income	**–**	8,515	**–**	526,993
Total Revenue	**17,941,344**	20,659,694	**1,102,495,589**	1,278,628,462
Expenses:				
Cost of Purchases	**15,857,971**	18,743,876	**974,472,318**	1,160,058,486
Changes in inventories of finished goods, work–in–progress and Stock–in–Trade	**–**	–	**–**	–
Employee benefits expenses	**1,186,535**	903,142	**72,912,576**	55,895,458
Finance Costs	**354,917**	424,125	**21,809,650**	26,249,096
Foreign Exchange Loss /(Profit) (Net) on Borrowings & Preference Investments	**–**	–	**–**	–
Depreciation and amortization expense	**763,621**	732,624	**46,924,510**	45,342,099
Other expenses	**1,657,803**	1,946,362	**101,871,994**	70,616,119
Total Expenses	**19,820,847**	22,750,129	**1,217,991,048**	1,358,161,258
Profit before exceptional and extraordinary items and tax	**(1,879,503)**	(2,090,435)	**(115,495,459)**	(79,532,797)
Exceptional Items				
Profit before extraordinary items and tax	**(1,879,503)**	(2,090,435)	**(115,495,459)**	(79,532,797)
Extraordinary Items	**–**	–	**–**	–
Compensation tw Sale/Invocation of Investments	**–**	–	**–**	–
Loss on Sale / Invocation of Investment	**–**	–	**–**	–
Profit before tax	**(1,879,503)**	(2,090,435)	**(115,495,459)**	(79,532,797)
Tax expense:				
Current tax	**(660,027)**	(641,535)	**(40,558,659)**	(39,704,601)
Deferred tax Liability / (Asset)				
Profit / (Loss) from the period after Tax	**(1,219,476)**	(1,448,900)	**(74,936,800)**	(39,828,195)

STATEMENT OF CASH FLOW AS AT DECEMBER 31, 2014

	As at December 31, 2014 (US$)	As at December 31, 2013 (US$)	**As at December 31, 2014 INR**	As at December 31, 2013 INR
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	**(1,251,775)**	(1,459,152)	**(79,249,875)**	(89,504,384)
Adjustments to reconcile net loss to net cash				
used by operating activities:				
Depreciation and amortization	**763,620**	732,624	**48,344,782**	44,939,156
Gain on sale of assets	**–**	(8,334)	**–**	(511,208)
Deferred income taxes	**(715,658)**	(609,676)	**(45,308,308)**	(37,397,526)
Changes in assets and liabilities:	**–**	–	**–**	–
Contracts and accrued receivable	**(681,306)**	1,289,424	**(43,133,483)**	79,093,268
Prepaid expenses and other current assets	**(592,583)**	259,603	**(37,516,430)**	15,924,048
Inventory	**–**	27,042	**–**	1,658,756
Other assets	**(11,167)**	(137,068)	**(706,983)**	(8,407,751)
Trade accounts payable and accrued expenses	**3,310,523**	(548,116)	**209,589,211**	(33,621,435)
Accrued interest due to parent	**345,243**	201,569	**21,857,334**	12,364,242
Deferred revenues	**22,256**	16,751	**1,409,027**	1,027,506
Total adjustments	**2,440,928**	1,223,819	**154,535,152**	75,069,057
Net cash used by operating activities	**1,189,153**	(235,333)	**75,285,276**	(14,435,326)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment	**(1,164,642)**	(473,100)	**(73,733,485)**	(29,019,954)
Net cash used by investing activities	**(1,164,642)**	(473,100)	**(73,733,485)**	(29,019,954)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net borrowings from parent	**648,409**	483,903	**41,050,774**	29,682,610
Capital lease repayments	**(209,043)**	(315,341)	**(13,234,512)**	(19,343,017)
Net changes in due to related parties	**(270,357)**	133,535	**(17,116,302)**	8,191,037
Net cash provided by financing activities	**169,009**	302,097	**10,699,960**	18,530,630
Effect of foreign exchange rate changes on cash	**32,299**	10,252	**2,044,850**	628,858
NET DECREASE IN CASH	**225,819**	(396,084)	**14,296,601**	(24,295,793)
CASH – beginning	**653,321**	1,049,405	**41,361,753**	64,370,503
CASH – end	**879,140**	653,321	**55,658,353**	40,074,710
SUPPLEMENTAL CASH FLOW INFORMATION				
Cash paid for income taxes during the period	**158,563**	–	**10,038,624**	–
Cash paid for interest during the period	**–**	–	**–**	–

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDING DECEMBER 31, 2014

	As at December 31, 2014 (US$)	As at December 31, 2013 (US$)	**As at December 31, 2014 INR**	As at December 31, 2013 INR
Share Capital				
Issued, subscribed and paid up:				
100 Common Stock issued and outstanding of USD $1 each	**100**	100	**6,331**	6,134
3,100,000 Preference Stock board approved issued and outstanding of UDS $1 each	**3,100,000**	3,100,000	**196,261,000**	190,154,000
Total	**3,100,100**	3,100,100	**196,267,331**	190,160,134
Reserves and Surplus				
Translation Reserve			**(63,223,328)**	(49,047,331)
Profit & Loss Account :				
Surplus – Opening Balance	**(6,044,570)**	(4,595,670)	**(321,726,593)**	(281,898,398)
Add : Net profit after tax transferred from Statement of Profit and Loss	**(1,219,476)**	(1,448,900)	**(74,936,800)**	(39,828,195)
Amount available for appropriation	**(7,264,046)**	(6,044,570)	**(396,663,393)**	(321,726,593)
Appropriation :				
Surplus – Closing Balance	**(7,264,046)**	(6,044,570)	**(396,663,393)**	(321,726,593)
Total	**(7,264,046)**	(6,044,570)	**(459,886,721)**	(370,773,924)
Unsecured Borrowings				
Loans & Advances from Related Parties	**7,386,052**	6,737,643	**467,610,952**	413,287,022
Total	**7,386,052**	6,737,643	**467,610,952**	413,287,022
Total of Long Term Borrowings	**7,386,052**	6,737,643	**467,610,952**	413,287,022
Deferred Taxes				
Deferred Tax Liabilities / (Assets) :	**–**	–	**–**	–
Related to Fixed Assets				
Deferred Income Taxes	**188,606**	347,828	**11,940,646**	21,335,770
Total	**188,606**	347,828	**11,940,646**	21,335,770
Other Long Term Liabilities				
Trade payables	**–**	5,411	**–**	331,911
Total	**–**	5,411	**–**	331,911
Short Term Borrowings				
Due to related parties	**376,621**	645,922	**23,843,876**	39,620,855
Total	**376,621**	645,922	**23,843,876**	39,620,855
Trade Payables				
Trade Payables	**8,550,511**	5,239,988	**541,332,851**	321,420,864
Total	**8,550,511**	5,239,988	**541,332,851**	321,420,864
Other Current Liabilities				
Current maturities of Term Loan from Bank				
Interest accrued but not due on borrowings	**749,215**	403,972	**47,432,802**	24,779,642
Capex Creditors	**4,991**	208,623	**315,980**	12,796,935
Unearned Revenue	**111,360**	89,104	**7,050,202**	5,465,639

	As at December 31, 2014 (US$)	As at December 31, 2013 (US$)	As at December 31, 2014 INR	As at December 31, 2013 INR
Total	**865,566**	701,699	**54,798,983**	43,042,217
Trade Receivables				
Considered good	**6,769,125**	6,087,819	**428,553,304**	373,426,817
Considered doubtful				
	6,769,125	6,087,819	**428,553,304**	373,426,817
Total	**6,769,125**	6,087,819	**428,553,304**	373,426,817
Cash and cash equivalents				
Balances with Banks				
Balance in current account with a Scheduled Bank	**879,140**	653,321	**55,658,353**	40,074,710
Total	**879,140**	653,321	**55,658,353**	40,074,710
Short Term Loans and Advances				
Others				
Deposits	**480,416**	118,262	**30,415,144**	7,254,191
Prepaid Expenses	**350,999**	53,095	**22,221,761**	3,256,847
Advance to Suppliers	**5,000**	5,000	**316,559**	306,700
Loans & Advances to employees		67,475	**–**	4,138,917
Total	**836,415**	243,832	**52,953,465**	14,956,655
Other Current Assets				
Unbilled Revenue				
Receivable on account of Assignment				
Compensation twds Sale/Invocation of Investment				
Others – Due from related parties	**14,885**	13,829	**942,369**	848,271
Total	**14,885**	13,829	**942,369**	848,271

	1–Jan–14 to 31–Dec–14 USD	1–Jan–13 to 31–Dec–13 USD	1–Jan–14 to 31–Dec–14 INR	1–Jan–13 to 31–Dec–13 INR
Revenue from Operations				
Sale of Services				
Telecom Services	**17,941,344**	20,651,179	**1,102,495,589**	1,278,101,468
Total	**17,941,344**	20,651,179	**1,102,495,589**	1,278,101,468
Other Income				
Interest Income	**–**	181	**–**	11,202
Net Amount		8,334	**–**	515,791
Total	**–**	8,515	**–**	526,993
Purchase of Material (Non – trade) & Services				
Sub Contractor Charges / Cost of Revenue	**15,857,971**	18,743,876	**974,472,318**	1,160,058,486
Total of Purchase of Material (Non – trade) & Services	**15,857,971**	18,743,876	**974,472,318**	1,160,058,486
Total of Purchases	**15,857,971**	18,743,876	**974,472,318**	1,160,058,486
Employee Benefit Expense				

	As at December 31, 2014 (US$)	As at December 31, 2013 (US$)	As at December 31, 2014 INR	As at December 31, 2013 INR
Salaries	**1,186,535**	903,142	**72,912,576**	55,895,458
Total	**1,186,535**	903,142	**72,912,576**	55,895,458
Finance Costs				
Interest Expense				
Other Borrowing costs	**387,216**	434,377	**23,794,423**	26,883,593
Interest – Exchange (Gain) / Loss on Foreign Currency Borrowings	**(32,299)**	(10,252)	**(1,984,774)**	(634,496)
Total	**354,917**	424,125	**21,809,650**	26,249,096
Other Expenses				
Communication Expenses	**34,043**	144,202	**2,091,942**	8,924,662
Business Promotion Expenses	**113,278**	98,062	**6,960,933**	6,069,057
Rent	**32,700**	75,676	**2,009,415**	4,683,588
Legal and Professional Fees	**752,008**	449,498	**46,210,892**	27,819,431
Travelling & Conveyance Expenses	**143,465**	197,711	**8,815,924**	12,236,334
Repairs & Maintenance – Others	**15,385**	64,849	**945,408**	4,013,505
Other Expenses	**96,176**	110,996	**5,910,015**	6,869,542
Management Fee	**470,748**	805,368	**28,927,465**	–
Total	**1,657,803**	1,946,362	**101,871,994**	70,616,119
Tax Expense				
Current Tax	**(660,027)**	(641,535)	**(40,558,659)**	(39,704,601)
Net Current Income Tax	**(660,027)**	(641,535)	**(40,558,659)**	(39,704,601)
Total	**(660,027)**	(641,535)	**(40,558,659)**	(39,704,601)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

GTL (USA) Inc., (the "Company"), a wholly–owned subsidiary of GTL International Limited ("International"), was formed in March 2008 in the state of Delaware. International is a wholly–owned subsidiary of GTL Limited ("Limited") the ultimate parent. The Company provides consulting and engineering services in the telecommunications services industry in the United States of America. The Company owns 100% of GTL (Canada), Inc. ("Canada") which provides consulting and engineering services in the telecommunications services industry in Canada and Mexico.

On February 9, 2015, the Company filed a petition for protection from creditors under Chapter 11 of the U.S. Bankruptcy Code (See Notes 8 and 9).

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of GTL (USA) Inc. and Subsidiary include the accounts of the parent company, GTL (USA) Inc. and its wholly owned subsidiary, GTL (Canada), Inc. All material intercompany accounts and transactions have been eliminated.

REVENUE RECOGNITION

The Company recognizes revenue when there is persuasive evidence that an arrangement exists, services have been rendered or delivery has occurred, the price is fixed or determinable, and collection is reasonably assured.

Cost of revenue includes all direct labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, and repairs. General and administrative costs are charged to expense as incurred.

FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, contract accounts receivables and payables, due to and from related parties and notes payable to the parent for which carrying values approximate fair values due to the short maturities of those instruments.

FOREIGN CURRENCY TRANSLATION

For the Company's Canadian operations whose functional currency is not the U.S. Dollar, balance sheet accounts are translated at exchange rates in effect at year–end and income statement accounts are translated at the average exchange rates for the years ended December 31, 2014 and 2013. Resulting translation adjustments are reflected as other comprehensive income (loss).

CASH AND CASH EQUIVALENTS

For financial statement purposes, the Company considers all short–term debt securities purchased with a maturity of three months or less to be cash equivalents. The Company maintains its cash in bank deposit accounts which, at times, may exceed insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

CONTRACTS AND ACCRUED RECEIVABLES

Contracts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. At December 31, 2014 and 2013, an allowance for doubtful accounts has not been provided, based on management's evaluation of collectability.

INVENTORY

Inventory consists of supplies to be used by the Company at various project sites and is stated at the lower of costs or market on a first–in, first–out basis. At December 31, 2013, the Company determined that its inventory was fully impaired and recorded an impairment allowance of $27,042. Inventory value at December 31, 2014 is immaterial and has not been recorded.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost. Major expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains and losses are included in income. Depreciation is provided by the straight–line method over the estimated useful life of the assets. Accelerated methods of depreciation are used for tax purposes.

The Company follows the applicable accounting standards with respect to impairment or disposal of long–lived assets. This accounting policy requires that long–lived assets and certain identifiable intangibles be reviewed for impairment whenever events of 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 an asset to future net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be sold or disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There were no impairments recorded during the year ended December 31, 2014 and to December 31, 2013.

INCOME TAXES

The Company follows applicable guidance with respect to uncertainty in income taxes. This guidance imposes a threshold for determining when an income tax benefit can be recognized for financial statement purposes. The threshold imposed for financial statement reporting generally is higher than the threshold imposed for claiming deductions in income tax returns. Under the current guidance, the tax benefit from an uncertain tax position can be recognized for financial statement purposes only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities including the resolution of appeals or litigation processes, if any. The revised rules also provide guidance on classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and income tax disclosures. Management believes there were no material uncertain tax positions at December 31, 2014 and 2013

The Company and its Canadian subsidiary file U.S. and Canadian federal income tax returns. In addition, the Company files separate state and local income tax returns in various states in the United States of America. Returns filed in these jurisdictions are subject to examination by the relevant taxing authorities. The Company provides deferred income taxes resulting from temporary differences between the financial statement and tax bases of assets and liabilities. Deferred tax assets or liabilities at the end of each period are determined using the tax rate expected to be in effect when taxes are actually paid or recovered. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Temporary differences result principally from net operating loss carry–forwards and the use of accelerated depreciation methods.

At December 31, 2014 and 2013, the Company has recognized deferred tax assets of $3,191,167 and $2,634,731, respectively, a substantial portion of which relate to the estimated future benefit of net operating loss carry–forwards. The amount of such deductible tax loss carry–forwards is subject to significant reduction in connection with a company emerging from a Chapter 11 proceeding. Such possible future reduction is not presently determinable and no adjustment therefore has been made in the accompanying financial statements.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

As of December 31, 2014, all the Company's accrued and unpaid liabilities that were not paid as on February 9, 2015 are treated as pre–petition liabilities and may be subject to adjustment and only paid upon court approval.

RECENT ACCOUNTING PRONOUNCEMENTS

Through 2015 the FASB issued various updates ("ASU") to the ASC. The Company did not adopt any new accounting pronouncements during the year ended December 31, 2014 that had a material effect on its financial statements. ASU 2014–09, which amends existing accounting standards for revenue recognition, is generally effective for non–public entities for annual period beginning after December 15, 2017. The Company is currently evaluating the impact of the adoption of the ASU on its financial statements, but does not expect the impact to be material. In addition, the management believes that other ASUs that have a prospective effective date after December 31, 2014, will not have a material impact on its financial statements.

EXPENSE RECLASSIFICATIONS

Certain 2013 expenses have been reclassified to conform with the 2014 presentation. This reclassification had no effect on the Company's net loss for the year ended December 31, 2013.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 30, 2015, the date the financial statements were available for issuance. (See Note 8 and 9).

2. PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of the following:

	Estimated useful life – years	December 31, 2014	December 31, 2013
Software	3	2,204,928	1,563,179
Machinery and equipment	5	1,871,622	1,390,855
Computer equipment	3	612,808	570,682
Automobiles	5	59,809	59,809
Furniture and fixtures	7	97,485	97,485
Leasehold improvement	5	5,369	5,369
Total property and equipment		4,852,021	3,687,379
Less: Accumulated depreciation and amortisation		3,489,703	2,726,083
Net property and equipment		1,326,318	961,296

Depreciation and amortization expense was $763,621 and $ 732,624 for the years ended December 31, 2014 and 2013, respectively.

3. ADVANCES PAYABLE TO PARENT

At December 31, 2014 and 2013, outstanding loan and advances payable of $5,890,493 and $5,612,893 respectively, excluding accrued interest, were due to GTL

International Limited. Interest expense at the rate of 7% per annum charged on loans given for the years ended December 31, 2014 and December 31, 2013 was $345,243 and $201,568 respectively. Accrued interest due to parent was $749,215 and $403,792 at December 31, 2014 and 2013.

In addition, $1,495,559 and $1,124,750 in management fees charged by GTL International Limited were outstanding at December 31, 2014 and 2013 respectively, which are due on demand and are not subject to interest.

4. RELATED PARTY TRANSACTIONS

At December 31, 2014 and 2013, the Company has amounts due to and from other related parties, all of which are affiliates or subsidiaries of its parent company. All balances are due on demand and are not subject to interest.

Related party transactions for the year ended December 31, 2014 were as follows:

	January 1, 2014	**Additions**	**Payments**	**December 31, 2014**
Due from				
IGTL Philippines	**–**	728	–	**728**
Global E Secure	**–**	328	–	**328**
ADA Cellworks Sdn Bhd	**13,829**	–	–	**13,829**
	13,829	1,056	–	**14,885**
Due to:				
GTL Singapore	**277,600**	–	277,600	**–**
GTL Limited	**253,825**	17,159	–	**270,984**
ADA India	**3,760**	–	–	**3,760**
Global E Secure	**110,737**	–	8,860	**101,877**
	645,922	17,159	286,460	**376,621**

Related party transactions for the year ended December 31, 2013 were as follows:

	January 1, 2013	Additions	Payments	**December 31, 2013**
Due from				
ADA Cellworks Sdn Bhd	13,829	–	–	**13,829**
Global E Secure	–	–	–	**–**
	13,829	–	–	**13,829**
Due to:				
GTL Singapore	277,600	–	–	**277,600**
GTL Limited	112,892	140,933	**–**	**253,825**
ADA India	3,760	–	**–**	**3,760**
Global E Secure	118,135	–	7,398	**110,737**
	512,387	140,933	7,398	**645,922**

In addition, the Company was charged $470,748 and $805,368 for the years ending December 31, 2014 and 2013, respectively by its parent, GTL International Limited, for various overhead expenses incurred by the parent on behalf of the Company.

5. RETIREMENT PLAN

The Company sponsors 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. The Company did not make a contribution for the years ended December 31, 2014 and 2013.

6. INCOME TAXES

The Company has a deferred tax asset balance at December 31, 2014 and 2013 of $3,191,167 and $2,634,731 respectively. Such assets relate to the expected future tax benefits of net operating loss carry–forwards of approximately $7,978,000 and $6,587,000, due to expire beginning 2028. Deferred tax liabilities were $188,606 and $347,828, related to accelerated depreciation taken on fixed assets. The Company has not provided a valuation allowance against the deferred tax asset balance as of December 31, 2014, as management believes that it is more likely than not that the entire carry–forward will be utilized prior to its expiration. In addition, the Company is disputing an $80,000 penalty with the Internal Revenue Service relating to late filing of a tax return in 2010. The Company has not accrued for this liability as it expects that the dispute will be resolved in its favour. The outcome of the dispute is unknown at the date of these financial statements.

Components of income tax expense (credit) for the years ended December 31, 2014 and 2013:

	December 31, 2014	December 31, 2013
Current		
U.S. and Canada	**29,869**	14,594
State	**25,762**	–
Total current	**55,631**	14,594
Deferred		
U.S.	**(553,008)**	(557,709)
State	**(162,650)**	(98,420)
Total Deferred	**(715,658)**	(656,129)
Total Income tax credit	**$ (660,027)**	$ (641,535)

7. MAJOR CUSTOMERS

For the years ended December 31, 2014 and 2013, two customers accounted for 97% and 94% of the gross revenue of the Company and 99% and 92% of the contracts account receivable balance, respectively.

8. COMMITMENTS AND CONTINGENCIES

OBLIGATIONS UNDER CAPITAL LEASES

The Company is obligated under various capital leases for computer equipment and software that expire at various dates through 2015.

Minimum future lease payments under capitalized assets as of December 31, 2014 are:

Year ending December 31,	
2015	$ 4,991

The Company also leases office space in Plano, Texas. The minimum lease commitments as of December 31, 2014 are as follows:

2015	$ 39,198
2016	$ 22,500
	$ 61,698

LITIGATION

As of December 31, 2014, the Company and its Parent remain involved in litigation with a former vendor. The dispute involves amounts invoiced to the Company for software claimed to have been provided by the vendor to the Company for which the Company has no record of ever ordering or receiving and for which the vendor has not furnished any supporting documentation.

Although a prior garnishment has been quashed, the vendor has continued to seek payment through the courts, despite being unable to provide supporting documentation for the amounts billed. The outcome of this matter is presently undeterminable.

In an effort to resolve this matter under a suitable jurisdiction given the large range of possible outcomes, the Company filed for protection from creditors under Chapter 11 of the United States Bankruptcy Code on February 9, 2015.

In a separate action the Company is pursuing remedies against two former offices in connection with previously discovered irregularities in the Company's accounting records.

9. SUBSEQUENT EVENTS AND GOING CONCERN CONSIDERATIONS

The accompanying financial statements have been prepared assuming that GTL (USA) Inc. will continue as a going concern. As set forth in the accompanying financial statements, GTL (USA) Inc. and Subsidiary have incurred comprehensive losses of $1,219,476 and $1,448,900 for the years ended December 31, 2014 and 2013, respectively.

In light of the ongoing dispute discussed in Note 8, on February 9, 2015, GTL (USA) Inc. filed a petition for protection from creditors under Chapter 11 of the United States Bankruptcy Code. The resolution for bankruptcy, including the disputed amount claimed by the former vendor, is subject to uncertainties, the outcome of which is presently unknown. The financial statements have not taken into account the resolution of these matters.

The ability of GTL (USA) Inc. to continue operations relies, to a substantial extent, on generating sufficient cash flows to support operating costs and the reduction of liabilities. To accomplish these objectives, management's plan is to emerge from bankruptcy with the court's approval and to resume normal operations as soon as possible. However, there can be no assurance that the management's plans will be achieved.

AUDITORS' REPORT

AUDITORS' REPORT TO THE PARTNERS OF

GTL Saudi Arabia Company Limited

Scope of audit:

We have audited the accompanying balance sheet of GTL Saudi Arabia Company Limited (the Company) as at 31 March 2015 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 31 March 2015 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

Waleed G. Tawfiq
Certified Public Accountant
Registration No. 437
Riyadh: 22 Sha'aban 1436H
(9 June 2015)

BALANCE SHEET AS AT 31ST MARCH, 2015

	As at 31st March 2015 SAR	As at 31st March 2014 SAR	As at 31st March 2015 INR	As at 31st March 2014 INR
I. EQUITY AND LIABILITIES				
SHAREHOLDER'S FUNDS				
Share Capital	**2,000,000**	2,000,000	**33,378,600**	32,045,400
Reserves and Surplus	**102,646**	29,218	**1,713,094**	468,151
	2,102,646	2,029,218	**35,091,694**	32,513,551
NON–CURRENT LIABILITIES				
Long–term borrowings	**–**	–	**–**	–
Deferred tax liabilities (Net)	**–**	–	**–**	–
Other Long term liabilities	**–**	–	**–**	–
Long term provisions	**1,200,571**	1,482,809	**20,036,686**	23,758,604
	1,200,571	1,482,809	**20,036,686**	23,758,604
CURRENT LIABILITIES				
Short–term borrowings	**9,206,266**	16,875,804	**153,646,141**	270,395,941
Trade payables (including Acceptances)	**1,440,057**	1,596,197	**24,033,548**	25,575,386
Other current liabilities	**–**	3,284,231	**–**	–
Short–term provisions	**4,986,549**	–	**83,222,008**	52,622,248
	15,632,872	21,756,232	**260,901,697**	348,593,575
Total	**18,936,089**	25,268,259	**316,030,077**	404,865,730
II. ASSETS				
NON–CURRENT ASSETS				
Fixed assets				
Tangible assets	**646,875**	721,098	**10,795,890**	11,553,929
Intangible assets	**–**	2,184	**–**	34,994
Capital work–in–progress	**–**	–	**–**	–
	646,875	723,282	**10,795,890**	11,588,923
Intangible assets under development				
Non–current investments				
Deferred tax assets (net)	**–**	–	**–**	–
Long term loans and advances	**–**	–	**–**	–
Other non–current assets	**–**	–	**–**	–
	–	–	**–**	–
CURRENT ASSETS				
Current investments	**–**	–	**–**	–
Inventories	**–**	709,156	**–**	11,362,586
Trade receivables	**9,286,033**	14,424,628	**154,977,382**	231,121,483
Cash and cash equivalents	**962,534**	2,544,147	**16,064,012**	40,764,112
Short–term loans and advances	**1,177,934**	986,890	**19,658,897**	15,812,642
Other current assets	**6,862,714**	5,880,157	**114,533,896**	94,215,985
	18,289,215	24,544,977	**305,234,188**	393,276,807
Total	**18,936,089**	25,268,259	**316,030,077**	404,865,730

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD

	1–Apr–14 to 31–Mar–15	1–Apr–13 to 31–Mar–14	**1–Apr–14 to 31–Mar–15**	1–Apr–13 to 31–Mar–14
	SAR	SAR	**INR**	INR
Revenue from operations	**24,507,126**	21,601,618	**403,335,837**	355,534,547
Less: Excise Duty, if any				
	24,507,126	21,601,618	**403,335,837**	355,534,547
Other Income	**6,381,249**	332,409	**105,021,958**	5,471,024
Total Revenue	**30,888,375**	21,934,027	**508,357,795**	361,005,572
Expenses:				
Cost of Purchases	**7,456,550**	4,506,792	**122,719,159**	74,175,931
Changes in inventories of finished goods, work–in–progress and Stock–in–Trade	**709,156**	249,780	**11,671,219**	4,111,054
Employee benefits expenses	**14,850,806**	13,832,091	**244,413,073**	227,658,233
Finance Costs	**236,197**	500,423	**3,887,311**	8,236,315
Foreign Exchange Loss /(Profit) (Net) on Borrowings & Preference Investments			**–**	–
Depreciation and amortization expense	**313,013**	329,229	**5,151,530**	5,418,686
Other expenses	**7,224,880**	4,592,031	**118,906,344**	75,578,869
Total Expenses	**30,790,601**	24,010,346	**506,748,637**	395,179,087
Profit before exceptional and extraordinary items and tax	**97,774**	(2,076,319)	**1,609,158**	(34,173,516)
Exceptional Items				
Profit before extraordinary items and tax	**97,774**	(2,076,319)	**1,609,158**	(34,173,516)
Extraordinary Items				
Compensation tw Sale/Invocation of Investments	**–**	–	**–**	–
Loss on Sale / Invocation of Investment	**–**	–	**–**	–
Profit before tax	**97,774**	(2,076,319)	**1,609,158**	(34,173,516)
Tax expense:				
Current tax	**24,346**	46,589	**400,684**	766,794
Deferred tax Liability / (Asset)	**–**	–	**–**	–
Profit / (Loss) from the period after Tax	**73,428**	(2,122,908)	**1,208,474**	(34,940,310)

STATEMENT OF CASH FLOW STATEMENT

	2015 SAR	2014 SAR
OPERATING ACTIVITIES		
Net loss for the year	**(5,760,216)**	(2,076,319)
Adjustments for:		
Depreciation	**313,011**	329,230
Employees' terminal benefits, net	**(282,238)**	336,493
Gain on disposal of furniture and equipment	**(1,500)**	(5,447)
Liability no longer payable	**(334,660)**	(319,812)
	(6,065,603)	(1,735,855)
Changes in operating assets and liabilities		
Accounts receivable and prepayments	**5,013,699**	2,446,840
Inventories	**709,156**	249,780
Accounts payable and accruals	**58,946**	(3,473,855)
Cash used in operations	**(283,802)**	(2,513,090)
Zakat and income tax paid	**(10,690)**	(14,400)
Net cash used in operating activities	**(294,492)**	(2,527,490)
INVESTING ACTIVITIES		
Purchase of furniture and equipment	**(236,606)**	(102,793)
Proceeds for disposal of fixed assets	**1,500**	6,520
Net cash used in investing activities	**(235,106)**	(96,273)
DECREASE IN BANK BALANCES AND CASH	**(529,598)**	(2,623,763)
Bank balances and cash at the beginning of the year	**1,348,504**	3,972,267
BANK BALANCES AND CASH AT THE END OF THE YEAR	**818,906**	1,348,504
NON–CASH TRANSACTIONS		
Loss absorbed by partner (note 7)	**6,000,000**	–

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDING MARCH 31, 2015

	As at 31st March 2015 SAR	As at 31st March 2014 SAR	**As at 31st March 2015 INR**	As at 31st March 2014 INR
Share Capital				
Issued, subscribed and paid up:				
2000 Common Shares fully paid–up of SAR1000 each	**2,000,000**	2,000,000	**33,378,600**	32,045,400
Total	**2,000,000**	2,000,000	**33,378,600**	32,045,400
Reserves and Surplus				
Opening balance	**614,061**	614,061	**10,248,248**	9,838,915
Add: Transferred from Profit & Loss Account	**–**	–	**–**	–
Closing Balance	**614,061**	614,061	**10,248,248**	9,838,915
Translation Reserve	**–**	–	**552,723**	925,586
Profit & Loss Account :				
Surplus – Opening Balance	**(584,843)**	1,538,065	**(10,296,350)**	24,643,960
Add : Net profit after tax transferred from Statement of Profit and L	**73,428**	(2,122,908)	**1,208,474**	(34,940,310)
Amount available for appropriation	**(511,415)**	(584,843)	**(9,087,876)**	(10,296,350)
Appropriation :				
Surplus – Closing Balance	**(511,415)**	(584,843)	**(9,087,876)**	(10,296,350)
Total	**102,646**	29,218	**1,713,094**	468,151
Long Term Provisions				
Provision for employee benefits	**1,200,571**	1,482,809	**20,036,686**	23,758,604
Total	**1,200,571**	1,482,809	**20,036,686**	23,758,604
Short Term Borrowings				
Due to related parties	**9,206,266**	16,875,804	**153,646,141**	270,395,941
Total	**9,206,266**	16,875,804	**153,646,141**	270,395,941
Trade Payables				
Trade Payables	**1,440,057**	1,596,197	**24,033,548**	25,575,386
Total	**1,440,057**	1,596,197	**24,033,548**	25,575,386
Other Current Liabilities				
Provision for Expenses	**2,879,479**	1,878,301	**48,056,490**	30,095,454
Accrued salaries & benefits	**1,856,653**	1,177,769	**30,986,236**	18,871,045
Statutory Dues Payable	**24,590**	28,161	**410,383**	451,209
Other Liabilities	**225,827**	200,000	**3,768,899**	3,204,540
Total	**4,986,549**	3,284,231	**83,222,008**	52,622,248
Inventories				
Inventories : (at lower of cost and net realizable value)				
Finished Goods (other than acquired for trading)	**–**	709,156	**–**	11,362,586
Total	**–**	709,156	**–**	11,362,586

	As at 31st March 2015 SAR	As at 31st March 2014 SAR	As at 31st March 2015 INR	As at 31st March 2014 INR
Trade Receivables				
Debts outstanding for a period exceeding six months				
Unsecured				
Considered good	**4,403,341**	10,611,496	**73,488,682**	170,024,817
Considered doubtful	**–**	–	**–**	–
	4,403,341	10,611,496	**73,488,682**	170,024,817
Less: Provision for doubtful debts	**1,619,777**	2,040,089	**27,032,939**	32,687,729
	2,783,565	8,571,407	**46,455,743**	137,337,088
Other debts				
Unsecured	**–**	–	**–**	–
Considered good	**6,502,468**	5,853,220	**108,521,639**	93,784,395
Considered doubtful	**–**	–	**–**	–
	6,502,468	5,853,220	**108,521,639**	93,784,395
Total	**9,286,033**	14,424,628	**154,977,382**	231,121,483
Cash and cash equivalents				
Balances with Banks				
Balance in current account with a Non–Scheduled Bank	**212,980**	1,114,458	**3,554,488**	17,856,623
Cash on Hand	**98,682**	28,818	**1,646,928**	461,739
Balances with Bank held as margin money	**650,872**	1,400,872	**10,862,596**	22,445,750
Total	**962,534**	2,544,147	**16,064,012**	40,764,112
Short Term Loans and Advances				
Deposits	**19,640**	117,642	**327,778**	1,884,942
Prepaid Expenses	**462,354**	364,695	**7,716,362**	5,843,391
Advance to Suppliers	**63,026**	–	**1,051,860**	–
Loans & Advances to employees	**632,914**	373,231	**10,562,897**	5,980,176
Others	**–**	131,322	**–**	2,104,133
Total	**1,177,934**	986,890	**19,658,897**	15,812,642
Other Current Assets				
Unbilled Revenue	**6,862,714**	5,880,157	**114,533,896**	94,215,985
Total	**6,862,714**	5,880,157	**114,533,896**	94,215,985

	1–Apr–14 to 31–Mar–15 SAR	1–Apr–13 to 31–Mar–14 SAR	1–Apr–14 to 31–Mar–15 INR	1–Apr–13 to 31–Mar–14 INR
Revenue from Operations				
Sale of Services				
Telecom Services	**24,507,126**	21,596,420	**403,335,837**	355,449,003
Telecom Projects	**–**	5,198	**–**	85,544
Total	**24,507,126**	21,601,618	**403,335,837**	355,534,547
Other Income				
Profit on Sale of Fixed Assets	**1,500**	5,447	**24,687**	89,651
Other Non–Operating Income	**6,379,749**	326,962	**104,997,271**	5,381,374
Total	**6,381,249**	332,409	**105,021,958**	5,471,024
Purchase of Material (Non – trade) & Services				
Sub Contractor Charges	**5,572,393**	2,611,677	**91,709,883**	42,984,807
Vehicle Hire Charges – Projects	**1,884,158**	1,895,115	**31,009,276**	31,191,123
Total of Purchase of Material (Non – trade) & Services	**7,456,550**	4,506,792	**122,719,159**	74,175,931
Total of Purchases	**7,456,550**	4,506,792	**122,719,159**	74,175,931
Changes in inventories of finished goods, work–in–progress and Stock–in– trade				
Decrease / (Increase) in Inventory				
Finished Goods	**709,156**	249,780	**11,671,219**	4,111,054
Total	**709,156**	249,780	**11,671,219**	4,111,054
Employee Benefit Expense				
Salaries	**14,447,976**	13,343,967	**237,783,336**	219,624,346
Contribution to Provident and Other Funds	**366,394**	462,073	**6,030,082**	7,605,122
Staff Welfare Expenses	**36,436**	26,051	**599,655**	428,766
Total	**14,850,806**	13,832,091	**244,413,073**	227,658,233
Finance Costs				
Interest Expense				
Interest on Borrowings	**236,197**	500,423	**3,887,311**	8,236,315
Total	**236,197**	500,423	**3,887,311**	8,236,315
Other Expenses				
Communication Expenses	**151,258**	101,815	**2,489,391**	1,675,748
Rates & Taxes [include Wealth tax]	**26,459**	9,107	**435,460**	149,889
Rent	**960,954**	1,022,254	**15,815,279**	16,824,974
Electricity Charges	**24,651**	20,871	**405,706**	343,501
Insurance	**58,378**	29,334	**960,779**	482,793
Travelling & Conveyance Expenses	**1,469,717**	1,616,016	**24,188,457**	26,597,525
Outsourced Manpower Cost	**570,276**	508,187	**9,385,548**	8,364,100
Auditor's Remuneration	**114,000**	114,000	**1,876,201**	1,876,292
Repairs & Maintenance – Plant & Machinery	**–**	17,669	**–**	290,806
Repairs & Maintenance – Others	**178,668**	106,222	**2,940,500**	1,748,270
Provision for Doubtful Debts & Advances	**1,619,778**	–	**26,658,144**	–
Net (Gain)/Loss on Foreign Currency Transactions	**37,950**	37,742	**624,581**	621,192
Other Expenses	**2,012,790**	1,008,815	**33,126,298**	16,603,778
Total	**7,224,880**	4,592,031	**118,906,344**	75,578,869
Tax Expense				
Current Tax	**24,346**	46,589	**400,684**	766,794
Net Current Income Tax	**24,346**	46,589	**400,684**	766,794
Total	**24,346**	46,589	**400,684**	766,794

NOTES TO THE FINANCIAL STATEMENT

1 ACTIVITIES

GTL Saudi Arabia Company Limited is a Limited Liability Company registered in the Kingdom of Saudi Arabia under Commercial Registration numbered 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 telecommunications networks and computer system network as well as all the technical services pertaining thereto. It is owned 10% by Saudi and 90% by nonSaudi partners.

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.

Use of estimate

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Furniture and equipment

Furniture and equipment is stated at cost less accumulated depreciation and any impairment in value. 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.

The carrying values of furniture and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure for repair and maintenance are charged to statement of income. Betterments that increase the value or materially extend the life of the related assets are capitalized.

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 is provided for in accordance with Saudi Arabian fiscal regulations. The provision 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.

Statutory reserve

As required by Saudi Arabian Regulations for Companies, 10% of the income for the year has to be transferred to the statutory reserve till the reserve totals 50% of the capital. In view of the losses during the year, no such transfer has been made. The reserve is not available for distribution.

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 by the Company during the year, net of trade and quantity discounts and is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably normally on delivery to the customer.

Other income is recorded when earned.

Foreign currencies

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.

Expenses

Selling and distribution expenses are those that specifically relate to sales staff. All other expenses are classified as general and administration expenses.

3 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2015	2014
	SAR	SAR
Trade accounts receivable – net	**8,281,257**	11,911,303
Unbilled revenue	**6,862,711**	5,876,394
Retention receivable	**765,168**	1,996,316
Margin deposits	**670,512**	1,400,872
Prepaid expenses	**462,355**	364,695
Amounts due from affiliates (note 7)	**233,375**	577,904
Other receivables	**131,902**	356,521
Advance to suppliers	**63,026**	–
Zakat and income tax receivable (note 8)	**–**	131,322
	17,470,306	22,615,327

As at 31 March, the ageing of unimpaired trade accounts receivables is as follows:

		Past due but not impaired					
	Total	**< 30 days**	**31 –90 days**	**91 –180 days**	**181 –360 days**	**361 –720 days**	**> 720 days**
	SAR	**SAR**	**SAR**	**SAR**	**SAR**	**SAR**	**SAR**
2015	**8,281,257**	**6,273,063**	**202,708**	**26,697**	**21,378**	**1,329,360**	**428,051**
2014	11,911,303	6,568,862	610,055	171,125	300,912	3,622,485	637,864

Unimpaired trade accounts receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over trade accounts receivables and therefore these are unsecured.

The movement in the provision for doubtful accounts was as follows:

	2015	2014
	SAR	SAR
At the beginning of the year	**2,040,089**	2,040,089
Write off during the year	**(2,040,089)**	–
Charge for the year (note 11)	**913,067**	–
At the end of the year	**913,067**	2,040,089

4 INVENTORIES

	2015	2014
	SAR	SAR
Raw materials	**709,156**	709,156
Less: Provision for slow moving inventory	**(709,156)**	–
	–	709,156

5 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 SAR	Equipment SAR	Total 2015 SAR	Total 2014 SAR
Cost				
At the beginning of the year	482,480	3,621,733	4,104,213	4,119,179
Additions	12,890	223,716	236,606	102,793
Disposals	–	(14,170)	(14,170)	(117,759)
At the end of the year	495,370	3,831,279	4,326,649	4,104,213
Depreciation				
At the beginning of the year	336,497	3,044,435	3,380,932	3,168,388
Charge for the year	33,122	279,889	313,011	329,230
Disposals	–	(14,170)	(14,170)	(116,686)
At the end of the year	369,619	3,310,154	3,679,773	3,380,932
Net book amounts:				
At 31 March 2015	**125,751**	**521,125**	**646,876**	
At 31 March 2014	145,983	577,298		723,281

6 ACCOUNTS PAYABLE AND ACCRUALS

	2015 SAR	2014 SAR
Amounts due to affiliates (note 7)	**9,555,058**	9,406,883
Accrued expenses	**1,992,132**	1,878,301
Trade accounts and notes payable	**928,217**	1,057,414
Amounts due to partners (note 7)	**563,939**	7,536,049
Retentions payable	**422,072**	599,664
Other payables	**2,147,109**	1,405,930
	15,608,527	21,884,241

7 RELATED PARTY TRANSACTIONS

Related party	Nature of transaction	Amount of transaction **2015 SAR**	2014 SAR
Partners	Loans repayment	**2,627,800**	3,190,710
	Loans received	**748,668**	–
	Loss absorbed	**6,000,000**	–
	Payment against services (local partner)	**–**	1,210,000
	Services provided by partner	**–**	1,032,176
	Expenses incurred on behalf of company	**–**	12,492
	Financial charges (note 12)	**236,197**	500,423
Affiliates	Expenses incurred on behalf of company	**345,872**	396,095
	Payment against service/expenses	**434,529**	–
	Expenses incurred on behalf of affiliates	**–**	94,500
	Services provided by affiliates	**–**	7,298
	Services provided to affiliates	**90,000**	11,819

Amounts due from affiliates are shown in note 3. Amounts due to partners and affiliates are shown in note 6.

Amounts due to partners carry commercial charges at commercial rates.

8 ZAKAT AND INCOME TAX

a) ZAKAT

Charge for the year

The zakat (reversal) provision of SAR 34,836 (31 March 2014: SAR 46,589) consists of current year charge.

	2015 SAR	2014 SAR
Provided during the year	**24,346**	46,589
Reversed during the year	**(59,182)**	–
	–	–
At the end of the year (note 3)	**(34,836)**	46,589

The zakat provision is based on the following:

	2015 SAR	2014 SAR
Equity	**2,000,000**	200,000
Opening provisions, retained earnings and other adjustments	**9,146,082**	1,920,421
Book value of long term assets	**(1,225,607)**	(129,977)
	9,920,475	1,990,344
Adjusted loss for the year	**(182,227)**	(126,781)
Zakat base	**9,738,248**	1,863,563
Saudi Partner's share of zakat base at 10%	**973,825**	1,863,563

The differences between the financial and the zakatable results are mainly due to provisions which are not allowed in the calculation of zakatable income.

Movements in provision during the year

The movement in the zakat provision for the year was as follows:

	2015 SAR	2014 SAR
At the beginning of the year	**69,872**	37,683
(Reversal) / provided during the year	**(34,836)**	46,589
Payments during the year	**(10,690)**	(14,400)
At the end of the year (note 3)	**24,346**	69,872

b) INCOME TAX

Charge for the year

No provision for income tax has been made during the year and the previous year as the Company incurred a taxable loss.

Movements in provision during the year

The movement in the tax provision for the year was as follows:

	2015 SAR	2014 SAR
At the beginning of the year	**(201,194)**	(201,194)
Refundable income tax written off during the year	**201,194**	–
At the end of the year (note 3)	**–**	(201,194)

Status of assessments

Zakat and income tax assessments have been agreed with the Department of Zakat and Income Tax (the "DZIT") up to 2003. Zakat and income tax returns have been filed with the DZIT for the years up to 2003.

9 CAPITAL

Capital is divided into 2,000 shares of SAR 1,000 each (31 March 2014: 2,000 shares).

The accumulated losses of the Company at the balance sheet date exceeded half of the capital. The majority partner has decided to continue with the operations of the Company and have absorbed the losses thereon.

10 SELLING AND DISTRIBUTION EXPENSES

	2015 SAR	2014 SAR
Consultancy	**515,600**	508,187
Employee costs	**324,844**	290,779
Travel	**87,238**	121,011
Others	**17,415**	970
	945,097	920,947

11 GENERAL AND ADMINISTRATION EXPENSES

	2015 SAR	2014 SAR
Employee costs	**1,461,043**	1,380,263
Provision for bad debts (note 3)	**913,067**	–
Inventory write off	**709,156**	–
Provision for retention receivable	**706,711**	–
Depreciation (note 5)	**313,013**	329,229
Rent	**286,797**	269,361
Legal and professional	**191,960**	121,407
Travel and entertainment	**105,745**	64,676
Provision for deposits	**98,002**	–
Insurance	**58,378**	29,334
Postage, telephone and telegram	**56,354**	31,258
Printing and stationery	**25,509**	28,372
Others	**70,616**	136,661
	4,996,351	2,390,560

12 OTHER INCOME

	2015 SAR	2014 SAR
Liability no longer payable	**334,660**	319,812
Gain on disposal of furniture and equipment	**1,500**	5,447
Others	**45,089**	34,150
	381,249	359,409

13 FINANCIAL CHARGES

	2015 SAR	2014 SAR
Loan from partners (note 7)	**236,198**	500,423
Other	**37,950**	37,743
	274,148	538,166

14 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 bank balances, accounts receivable and due from related parties, its financial liabilities consist of accounts payable and accruals.

The fair values of financial instruments are not materially different from their carrying values.

15 RISK MANAGEMENT

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Company is subject to interest rate risk on its interest bearing liabilities, including amounts due to a partner.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. At the balance sheet date, no significant concentrations of credit risk were identified by management.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Company limits its liquidity risk by ensuring that 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.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 March, based on contractual payment dates and current market interest rates.

Year ended 31 March 2015	**3 to 12 months**
	SAR
Accounts payable and accruals	**15,608,527**
Total	**15,608,527**

Year ended 31 March 2014	3 to 12 months
	SAR
Accounts payable and accruals	**21,884,241**
Total	**21,884,241**

Currency risk

The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake transactions in currencies other than Saudi Riyals and US Dollars, during the year. As the Saudi Riyal is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.

16 CONTINGENT LIABILITIES

The Company's bankers have issued, on its behalf in the normal course of business, guarantees amounting to SAR 650,872 (2014: SAR 1,400,872), in respect of contract performance.

17 KEY SOURCES OF ESTIMATION UNCERTAINTY

Impairment of accounts receivable

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the balance sheet date, gross trade accounts receivable were SAR 9,194,324 (31 March 2014: SAR 13,951,392), and the allowance for doubtful debts was SAR 913,067 (31 March 2014: SAR 2,040,089). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the income statement.

Impairment of inventories

Inventories are held at the lower of cost and market value. When inventories become old or obsolete, an estimate is made of their market value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

DIRECTORS' REPORT YEAR ENDED 31 DECEMBER 2014

The Directors present their annual report together with the financial statements of GTL Overseas (Middle East) FZ–LLC (the "Company") (under liqudation) for the year ended 31 December 2014.

Principal activities

The Company was engaged in the business of software development, network engineering and IT services and providing solutions to networking problems which were ceased on 31 May 2014. On this date, it transferred all its assets and liabilities as at 31 May 2014 at their book values and the business operations of the Company to GTL Overseas (Middle East) JLT. Presently, it is in process of liquidation.

Business review

For the year under review, the Company earned a revenue of AED 2.43 million as compared to AED 14.7 million in previous year and due to incurrance of huge project costs of AED 3.84 million and overhead expenses of AED 1.17 million, the Company incurred a loss of AED 2,552,220.

Directors' responsibilities in respect of financial statements

The Directors are responsible to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flow of the Company. In preparing those financial statements, the Directors are required to:

– select suitable accounting policies and then apply them consistently;

– make judgments and estimates that are reasonable and prudent;

– state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

– prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position, financial performance and cash flow 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.

Events after the end of the reporting period

There have been no material events after the reporting date that would affect the financial position of the Company.

Holding company

Detail of the shareholding of the Company at the end of the year was as follows:

Name of Shareholder	Country of Incorporation	Number of shares	Percentage holding
GTL International Limited	Bermuda	500	100%

Approved on behalf of the Board of the Directors on 1 March 2015 and signed on its behalf by:

Vipulkumar Patel
Director

Pinakin Gandhi
Director

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of **GTL Overseas Middle East FZ–LLC** (the Company), Dubai, UAE, which comprises the statement of financial position as at 31 December 2014 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 3 to 15.

Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Company'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 Company'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 present fairly, in all material respects, the financial position of **GTL Overseas Middle East FZ–LLC** (Under liquidation), as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Also we further confirm that we have obtained all the information and explanations necessary for our audit, proper books of account have been kept by the Company and the contents of the report of the Directors relating to these financial statements are in agreement with the books of account. To the best of our knowledge and belief no violations of the Dubai Technology and Media Free Zone Licencing Regulations 2003 or the Memorandum of Association of the Company have occurred during the year, which would have had a material effect on the business of the Company or on its financial position.

Other matter

As stated in Note 1 (d), the Company is under liquidation and its commercial Licence expired on 31 May 2014.

Behl, Lad & Al Sayegh
Signed by:
Vasant Lad
Partner
Registration No. 299
Dubai, United Arab Emirates
1 March 2015

BALANCE SHEET AS AT 31ST DECEMBER, 2014

	As at 31st December 2014 AED	As at 31st December 2013 AED	As at 31st December 2014 INR	As at 31st December 2013 INR
I. EQUITY AND LIABILITIES				
SHAREHOLDER'S FUNDS				
Share Capital	**500,000**	500,000	**8,671,918**	8,402,055
Reserves and Surplus	**47,858,510**	50,410,729	**830,050,130**	847,107,415
	48,358,510	50,910,729	**838,722,048**	855,509,470
NON–CURRENT LIABILITIES				
Long–term borrowings	**–**	–	**–**	–
Deferred tax liabilities (Net)	**–**	–	**–**	–
Other Long term liabilities	**–**	–	**–**	–
Long term provisions	**–**	129,411	**–**	2,174,637
	–	129,411	**–**	2,174,637
CURRENT LIABILITIES				
Short–term borrowings	**–**	1,404,434	**–**	23,600,263
Trade payables (including Acceptances)	**15,000**	4,800,625	**260,158**	80,670,229
Other current liabilities	**–**	–	**–**	–
Short–term provisions	**–**	–	**–**	–
	15,000	6,205,059	**260,158**	104,270,491
Total	**48,373,510**	57,245,199	**838,982,206**	961,954,598
	–			
II. ASSETS				
NON–CURRENT ASSETS				
Fixed assets				
Tangible assets	**–**	124,940	**–**	2,099,506
Intangible assets	**–**	–	**–**	–
Capital work–in–progress	**–**	–	**–**	–
	–	124,940	**–**	2,099,506
Intangible assets under development				
Non–current investments				
Deferred tax assets (net)	**–**	–	**–**	–
Long term loans and advances	**–**	126,000	**–**	2,117,318
Other non–current assets	**–**		**–**	
	–	126,000	**–**	2,117,318
CURRENT ASSETS				
Current investments	**–**	–	**–**	–
Inventories	**–**	84,135	**–**	1,413,814
Trade receivables	**1,408,382**	4,476,793	**24,426,746**	75,228,520
Cash and cash equivalents	**15,168**	838,189	**263,071**	14,085,020
Short–term loans and advances	**46,919,960**	51,515,142	**813,772,073**	865,666,092
Other current assets	**30,000**	80,000	**520,315**	1,344,329
	48,373,510	56,994,259	**838,982,206**	957,737,774
Total	**48,373,510**	57,245,199	**838,982,206**	961,954,598

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD

	1–Jan–14 to 31–Dec–14 AED	1–Jan–13 to 31–Dec–13 AED	1–Jan–14 to 31–Dec–14 INR	1–Jan–13 to 31–Dec–13 INR
Revenue from operations	**2,427,972**	14,696,516	**40,877,144**	249,208,620
Less: Excise Duty, if any				
	2,427,972	14,696,516	**40,877,144**	249,208,620
Other Income	**34,184**	8,718	**575,519**	147,831
Total Revenue	**2,462,156**	14,705,234	**41,452,664**	249,356,451
Expenses:				
Cost of Purchases	**3,841,233**	12,136,461	**64,670,695**	205,797,803
Changes in inventories of finished goods, work–in–progress and Stock–in–Trade	**–**	–	**–**	–
Employee benefits expenses	**268,410**	830,556	**4,518,930**	14,083,727
Finance Costs	**–**	–	**–**	–
Foreign Exchange Loss /(Profit) (Net) on Borrowings & Preference Investments	**–**	–	**–**	–
Depreciation and amortization expense	**54,604**	246,839	**919,309**	4,185,646
Other expenses	**850,128**	3,026,792	**14,312,688**	51,325,270
Total Expenses	**5,014,375**	16,240,648	**84,421,621**	275,392,446
Profit before exceptional and extraordinary items and tax	**(2,552,219)**	(1,535,414)	**(42,968,957)**	(26,035,994)
Exceptional Items				
Profit before extraordinary items and tax	**(2,552,219)**	(1,535,414)	**(42,968,957)**	(26,035,994)
Extraordinary Items				
Compensation tw Sale/Invocation of Investments	**–**	–	**–**	–
Loss on Sale / Invocation of Investment	**–**	–	**–**	–
Profit before tax	**(2,552,219)**	(1,535,414)	**(42,968,957)**	(26,035,994)
Tax expense:				
Current tax	**–**	439,706	**–**	7,456,089
Deferred tax Liability / (Asset)	**–**	–	**–**	–
Profit / (Loss) from the period after Tax	**(2,552,219)**	(1,975,120)	**(42,968,957)**	(33,492,083)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	As at 31st December 2014 AED	As at 31st December 2013 AED	As at 31st December 2014 INR	As at 31st December 2013 INR
Share Capital				
Issued, subscribed and paid up:				
500 Common Shares fully paid–up of AED 1000 each	**500,000**	500,000	**8,671,918**	8,402,055
Total	**500,000**	500,000	**8,671,918**	8,402,055
Reserves and Surplus				
General Reserve	**–**	–	**–**	–
Opening balance	**–**	–	**–**	–
Add: Transferred from Profit & Loss Account	**–**	–		
Closing Balance	**–**	–	**–**	–
Translation Reserve	**–**	–	**26,213,623**	301,950
Profit & Loss Account :				
Surplus – Opening Balance	**50,410,729**	52,385,849	**846,805,465**	880,297,548
Add : Net profit after tax transferred from Statement of Profit and L	**(2,552,219)**	(1,975,120)	**(42,968,957)**	(33,492,083)
Dividend Distribution Tax on Excess Provision of Dividend of Last Yea	**–**	–	**–**	–
Amount available for appropriation	**47,858,510**	50,410,729	**803,836,508**	846,805,465
Appropriation :				
Transfer to Debenture Redemption Reserve				
Surplus – Closing Balance	**47,858,510**	50,410,729	**803,836,508**	846,805,465
Total	**47,858,510**	50,410,729	**830,050,130**	847,107,415
Long Term Provisions				
Provision for employee benefits				
Provision for Gratuity	**–**	129,411	**–**	2,174,637
Total	**–**	129,411	**–**	2,174,637
Short Term Borrowings				
Due to related parties	**–**	1,404,434	**–**	23,600,263
Total	**–**	1,404,434	**–**	23,600,263
Trade Payables				
Trade Payables	**15,000**	4,800,625	**260,158**	80,670,229
Total	**15,000**	4,800,625	**260,158**	80,670,229
Long term loans and advances				
Other Loans & Advances	**–**	126,000	**–**	2,117,318
Total	**–**	126,000	**–**	2,117,318

	As at 31st December 2014 AED	As at 31st December 2013 AED	As at 31st December 2014 INR	As at 31st December 2013 INR
Inventories				
Inventories : (at lower of cost and net realizable value)	–	–	–	–
Finished Goods (other than acquired for trading)	–	84,135	–	1,413,814
Total	–	84,135	–	1,413,814
Trade Receivables				
Debts outstanding for a period exceeding six months				
Unsecured				
Considered good	–	4,476,793	–	75,228,520
Considered doubtful			–	–
	–	4,476,793	–	75,228,520
Less: Provision for doubtful debts	–	–	–	–
	–	4,476,793	–	75,228,520
Other debts				
Unsecured	–	–	–	–
Considered good	1,408,382	–	24,426,746	–
Considered doubtful				
	1,408,382	–	24,426,746	–
Total	1,408,382	4,476,793	24,426,746	75,228,520
Cash and cash equivalents				
Balances with Banks				
Balance in current account with a Scheduled Bank	–	–	–	–
Balance in current account with a Non–Scheduled Bank	168	832,445	2,914	13,988,497
Cash on Hand	15,000	5,744	260,158	96,523
Balances with Bank held as margin money	–	–	–	–
Total	15,168	838,189	263,071	14,085,020
Short Term Loans and Advances				
Deposits	–	85,356	–	1,434,332
Prepaid Expenses	–	154,416	–	2,594,823
Loans & Advances to employees	–	167,174	–	2,809,210
Others	–	4,193,929	–	70,475,243
Advance to related parties	46,919,960	46,914,267	813,772,073	788,352,484
Total	46,919,960	51,515,142	813,772,073	865,666,092
Other Current Assets				
Others	30,000	80,000	520,315	1,344,329
Total	30,000	80,000	520,315	1,344,329

	1–Jan–14 to 31–Dec–14 AED	1–Jan–13 to 31–Dec–13 AED	1–Jan–14 to 31–Dec–14 INR	1–Jan–13 to 31–Dec–13 INR
Revenue from Operations				
Sale of Services				
Telecom Services	**2,427,972**	14,696,516	**40,877,144**	249,208,620
Other Operating Revenues				
Total	**2,427,972**	14,696,516	**40,877,144**	249,208,620
Other Income				
Interest Income			**–**	–
Interest – Bank Deposits		8,718	**–**	147,831
Other Non–Operating Income	**34,184**	–	**575,519**	–
Total	**34,184**	8,718	**575,519**	147,831
Purchase of Material (Non – trade) & Services				
Sub Contractor Charges	**2,945,648**	9,603,050	**49,592,697**	162,838,787
Vehicle Hire Charges – Projects	**895,585**	2,533,411	**15,077,998**	42,959,016
Total of Purchase of Material (Non – trade) & Services	**3,841,233**	12,136,461	**64,670,695**	205,797,803
Total of Purchases	**3,841,233**	12,136,461	**64,670,695**	205,797,803
Employee Benefit Expense				
Salaries	**268,410**	830,556	**4,518,930**	14,083,727
Total	**268,410**	830,556	**4,518,930**	14,083,727
Other Expenses				
Communication Expenses	**25,919**	49,458	**436,370**	838,659
Rent	**64,447**	67,733	**1,085,025**	1,148,548
Other Expenses	**759,762**	2,909,601	**12,791,293**	49,338,064
Total	**850,128**	3,026,792	**14,312,688**	51,325,270
Tax Expense				
Current Tax	**–**	–	**–**	–
Income Tax [MAT , if any]	**–**	439,706	**–**	7,456,089
Net Current Income Tax	**–**	439,706	**–**	7,456,089
Deferred taxes	**–**	–	**–**	–
Total	**–**	439,706	**–**	7,456,089

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	As at December 31, 2014 AED	As at December 31, 2013 AED
Cash flows from operating activities			
Loss for the year before income–tax		**(25,52,220)**	(15,35,414)
Adjustments for:			
Depreciation of property and equipment	7	**54,604**	2,46,839
Bad debts written off	9	**–**	51,514
Operating loss before changes in operating assets and liabilities		**(24,97,616)**	(12,37,061)
Decrease in inventories		**–**	2,14,071
Increase in trade and other receivables		**(22,57,094)**	(28,03,097)
(Increase)/decrease in prepayments		**(80,255)**	4,99,399
Increase in trade and other payables		**11,66,926**	3,76,953
(Decrease)/increase in staff end–of–service gratuity provision (net)		**(59,231)**	10,042
Net cash used in operating activities (A)		**(37,27,270)**	(29,39,693)
Cash flows from investing activities			
Purchase of property and equipment		**(4,725)**	(23,919)
Decrease in term deposits with a bank		**1,76,000**	9,81,500
Net cash from investing activities (B)		**1,71,275**	9,57,581
Cash flows from financing activities			
Receipts from related parties (net)		**27,32,973**	16,52,256
Net cash from financing activities (C)		**27,32,973**	16,52,256
Net decrease in cash and cash equivalents (A+B+C)		**(8,23,022)**	(3,29,856)
Cash and cash equivalents at beginning of the year	15	**8,38,189**	11,68,045
Cash and cash equivalents at end of the year		**15,167**	**8,38,189**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014

	Share capital AED	Accumulated AED	Total AED
At 31 December 2012	5,00,000	5,23,85,849	5,28,85,849
Loss for the year	–	(19,75,120)	(19,75,120)
At 31 December 2013	5,00,000	5,04,10,729	5,09,10,729
Loss for the year	–	(25,52,220)	(25,52,220)
At 31 December 2014	**5,00,000**	**4,78,58,509**	**4,83,58,509**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

1 Legal status and business activities

a GTL Overseas Middle East FZ LLC (Under liquidation) – (the Company) is a limited liability company registered in Dubai Internet City as a free zone company with Dubai Technology and Media Free Zone Authority on 6 May 2003, in accordance with the provisions of Dubai Technology and Media Free Zone Licencing Regulations 2003. The registered office of the Company is Office No. 313, Building No. 2, Dubai Internet city, Dubai, UAE.

b The Company's principal activities are software development, network engineering, IT services and providing solutions to networking problems.

c The Company is a wholly–owned subsidiary of GTL International Limited, registered in Bermuda.

d The Company's Commercial Licence expired on 31 May 2014 and on that date, it transferred assets and liabilities at their book values and the business operations of the Company to GTL Overseas (Middle East) JLT (a fellow subsidiary), a limited liability company registered in Office No. 2405, Mazaya Business Avenue, Plot No. BB1, Jumeirah Lakes Towers, Dubai, UAE and a related party as follows:

		AED
Assets		
Property, plant and equipment (net) – (Note 10)		75,061
Inventories (Note 12)		84,135
Trade and other receivables (Note 13)		97,71,964
Prepayments (Note 14)		2,34,671
Dues from related parties (Note 20)		1,36,07,588
Total	(A)	2,37,73,419
Liabilities		
Provision for staff end–of–service gratuity (Note 18)		70,180
Trade and other payables (Note 19)		59,52,551
Dues to related parties (Note 20)		15,52,496
Total	(B)	75,75,227
Net assets transferred (Note 20)	(A–B)	1,61,98,192
Presently, the Company is under liquidation.		16,198,192

In the opinion of the management, the above values represented the fair values of the assets and liabilities on the date of acquisition

2 Basis of preparation

a) Statement of compliance

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and the requirements of Dubai Technology and Media Free Zone Licencing Regulations 2003.

b) Presentation currency

These financial statements have been presented in UAE Dirham (AED), being the currency of the primary economic environment in which is the Company operates.

The figures have been rounded off to the nearest UAE Dirham.

c) Discontinuance of operations

As stated in Note 1 (d), the Company discontinued its commercial operations with effect from 31 May 2014 and all the assets and liabilities anf business operations were transferred to a fellow subsidiary. Accordingly, these financial statements have been prepared on a 'discontinuous basis' and a provision for liquidation expenses has been made and all the remaining assets and liabilities have been classified as current. The Parent company has undertaken to provide continuing financial support to the Company to enable it to meet its payment obligations until it is fully liquidated.

d) New and amended standards

i) Mandatorily applicable from the current year

– Offsetting Financial Assets and Financial Liabilities (Amendment to IAS 32 – 'Financial Instruments: Presentation', on Asset and Liability Offsetting) – These amendments are to the application guidance in IAS 32, 'Financial instruments': Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. – No such items.

– Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) – IFRS 10 introduces an exception from the requirements to consolidate subsidiaries for an investment entity which would be required to measure its interests in subsidiaries at fair value through profit or loss. However, this exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities – Not applicable to the Company.

– IFRIC 21 Levies – Not applicable to the Company.

– Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 30) – Not applicable to the Company.

– Recoverable Amount of Disclosures for Non–Financial Assets – Not applicable to the Company.

ii) Forthcoming requirements available for early adoption in 2014

Effective date: 1 July 2014

– Defined Benefit Plans: Employee Contributions (Amendments to IAS 19).

– Annual Improvements to IFRSs 2010–2012 Cycle.

– Annual Improvements to IFRSs 2011–2013 Cycle.

Effective date: 1 January 2015

– IFRS 9 (as revised in 2010) – 'Financial Instruments' – This new standard is ultimately intended to replace IAS 39 in its entirety in three phases: Phase 1 – Classification and measurement of financial assets and financial liabilities; Phase 2 – Impairment methodology and Phase 3 – Hedge accounting. The standard establishes two categories for financial assets i.e. amortized cost and fair value.

Effective date: 1 January 2016

– Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) – These amendments require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of IAS 16 – Property, Plant and Equipment, instead of IAS 41 – Agriculture. – Not applicable to the Company.

– IFRS 14 – Regulatory Deferral Accounts – No such items.

– Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) – Not applicable to the Company.

– Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 41)

Effective date: 1 January 2017

– IFRS 15 – Revenue from Contracts with Customers – This establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 – revenue, IAS 11 – Construction Contracts and IFIRC 13 – Customer Loyalty Programmes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Effective date: 1 January 2018

– IFRS 9 Financial Instruments – This standard published in July 2014 replaces the existing guidance in IAS 39 – Financial Instruments, Recognition and Measurements. This includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39 – Not relevant to the Company.

3 Summary of significant accounting policies

The significant accounting policies adopted and which have been consistently applied are as follows:

a) Revenue and direct costs recognition

– Revenue

Sales represents the amount invoiced for goods delivered and services rendered during the year, net of discounts and returns. Sale of goods is recognised when significant risks and rewards relating to the ownership of goods concerned are transferred to the customer. Revenue from services is recognised by reference to the stage of completion. Stage of completion is measured with reference to surveys of work performed. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

– Direct costs

Direct costs of purchases includes costs of direct materials, direct labour and other direct costs which are directly identifiable with the costs of contracts revenue generated and interest element in respect of usance letters of credit relating to the purchases, which is directly identifiable.

b) Leases

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to the statement of profit or loss on a straight–line basis over the period of the lease.

c) Foreign currency transactions

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirham at the rate of exchange ruling at the end of the reporting period. Non–monetary items that are measured at historical cost in a foreign currency are not translated. These items that are measured at a fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Gains or losses resulting from settlement of foreign currency transactions and from the translation at the year–end exchange rates of monetary assets and liabilities are recognized in the statement of profit or loss on net basis as either foreign exchange gains or foreign exchange losses and included in other operating income or other expenses respectively.

d) Property and equipment

Recognition and measurement

Items of property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Gains/losses on disposal are determined by reference to their carrying amount and are included in the statement of profit or loss.

An assessment of residual values is undertaken at each end of the reporting period and if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Depreciation

The cost less estimated residual value, where material, is depreciated using the straight–line method from the date of acquisition to the estimated useful lives of property and equipments are as follows:

Furniture, fixtures and fittings	1 to 4	years
Office equipment	3 to 4	years
Motor vehicles	4	years

e) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the First–In–First–Out (FIFO) method and comprises invoice value plus applicable landing charges. Net realizable value is based on estimated selling price less any estimated selling expenses and cost of completion and disposal.

Estimate for inventory write down and reversals

Based on an annual review of the Company's inventories the management assesses the likely realization proceeds by taking into account the purchase and replacement prices of goods, technological changes, age, likely obsolescence and physical damage to the goods and the price at which they are being invoiced to estimate the write–down required.

Inventory write–downs or reversals of write–downs are included in 'Cost of revenue'.

f) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets otherwise as non–current assets. Trade receivables are carried at the invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year–end. Bad debts are written off when identified.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash, balances in bank current accounts and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit.

h) Trade payables, provisions and accruals

Liabilities are recognized for amounts to be paid in future for goods and services rendered, whether or not billed to the Company.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

i) Statement of cash flows

Statement of cash flows is prepared segregating the cash flows from operating, investing and financing activities based on the nature of items. Cash flows under the operating activities are reported using the indirect method, whereby profit/(loss) is adjusted for the effects of transactions of non–cash nature, any deferrals or accruals of past or future of cash receipts and payments and for items of income and expenses which are reflected in investing or financial activities.

4 Risk management

The Company's activities expose it to a variety of financial risks such as credit risk and liquidity risks as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

a) Credit risk

This is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's related parties and banks.

The credit risk, where relevant is explained in the notes on the related account balances, namely dues from related parties (Note 20) and cash and bank (Notes 15 & 16).

b) Liquidity risk

This is the risk where the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management monitors its cash flows to determine its cash requirements to meet its payment obligations on time. If necessary, funds are arranged from the Shareholder and related parties to ensure that the payment obligations are met on time.

		2014 AED	2013 AED
5.	**Cost of revenue**		
	Inventories, beginning of the year	–	3,61,796
	Add: Purchases (including direct expenses)	7,99,356	19,05,073
	Less: Transferred to a related party/Inventories, end of the year (Note 12)	(84,135)	(84,135)
	Raw materials consumed	7,15,221	21,82,734
	Direct labour costs (Note 8)	17,89,399	58,03,334
	Rent	2,18,750	7,18,720
	Travelling expenses	2,02,068	1,01,258
	Communication expenses	–	58,925
	Vehicle rental charges	8,95,585	25,33,411
	Other direct costs	20,210	7,38,079
		38,41,233	1,21,36,461
6	**Selling expenses**		
	Staff salaries and benefits (Note 8)	1,78,940	5,82,366
	Business promotion expenses	19,419	–
	Travelling expenses	1,27,370	1,05,454
	Entertainment expenses	–	25,170
	Communication expenses	–	5,987
		3,25,729	7,18,977
7	**Administrative expenses**		
	Staff salaries and benefits (Note 8)	2,68,410	8,30,556
	Rent	64,447	67,733
	Depreciation of property and equipment (Note 10)	54,604	2,46,839
	Communication expenses	25,919	49,458
	Group administrative overhead expenses (allocated) – (Note 20)	–	17,59,486
	Other administrative expenses	4,33,134	2,35,798
		8,46,514	31,89,870
8	**Staff costs**		
	Staff salaries and benefits	22,36,749	71,75,770
	Staff end–of–service gratuity (Note 18)	–	40,486
		22,36,749	72,16,256
	Included under:		
	Cost of revenue (Note 5)	17,89,399	58,03,334
	Selling expenses (Note 6)	1,78,940	5,82,366
	Administrative expenses (Note 7)	2,68,410	8,30,556
		22,36,749	72,16,256

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

		2014 AED	2013 AED
9	**Other operating expenses**		
	Foreign exchange losses (net)	–	1,43,826
	Bad debts written off	–	51,514
		–	1,95,340

10 Property and equipment

	Furniture, fixtures and fittings	Office equipment	Motor vehicles	Total
Net book values	AED	AED	AED	AED
As at 31 December 2014				
Cost	–	–	–	–
Accumulated depreciation	–	–	–	–
Net book value	–	–	–	–
As at 31 December 2013				
Cost	4,29,648	11,51,769	2,17,712	17,99,129
Accumulated depreciation	(3,89,469)	(10,67,008)	(2,17,712)	(16,74,189)
Net book value	40,179	84,761	–	1,24,940
Reconciliation of net book values				
As at 31 December 2012	1,28,928	2,18,932	–	3,47,860
Additions during the year	424	23,495	–	23,919
Depreciation for the year	(89,173)	(1,57,666)	–	(2,46,839)
As at 31 December 2013	40,179	84,761	–	1,24,940
Additions during the year	4,725	–	–	4,725
Depreciation for the year	(34,719)	(19,885)	–	(54,604)
Transfer to a related party {Note 1 (d)}	(10,185)	(64,876)	–	(75,061)
As at 31 December 2014	–	–	–	–

		2014 AED	2013 AED
11	**Non–current financial assets**		
	Deposits with Dubai Technology and Media Free Zone Authority	–	1,26,000
12	**Inventories**		
	Goods held for resale	**84,135**	84,135
	Less: Transferred to a related party {Note 1 (d)}	**(84,135)**	–
		–	84,135
13	**Trade and other receivables**		
	Trade receivables	**91,97,999**	44,76,793
	Accrued income	–	39,37,095
	Deposits	**13,85,681**	85,356
	Staff advances	**2,89,284**	1,67,174
	Other receivables	**3,07,382**	2,56,834
	Total	**1,11,80,346**	89,23,252
	Less: Transferred to a related party {Note 1 (d)}	**(97,71,964)**	–
		14,08,382	89,23,252

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

		2014 AED	2013 AED
14	**Prepayments**		
	Prepaid expenses	**2,34,671**	1,54,416
	Less: Transferred to a related party {Note 1 (d)}	**(2,34,671)**	–
		–	**1,54,416**
15	**Cash and cash equivalents**		
	Cash on hand	**15,000**	**5,744**
	Bank balances in current accounts	**168**	**8,32,445**
		15,167	**8,38,189**
16	**Other current financial assets**		
	Term deposits with a bank	**30,000**	80,000
	These are placed with a reputed commercial bank at the prevailing rates of interest with a maturity of up to one year at the time of placement. These are under lien as security against the letter of guarantee issued to the Dubai Internet City (Note 22).		
17	**Share capital**		
	500 shares of AED 1,000 each	**5,00,000**	5,00,000
18	**Provision for staff–of–service gratuity**		
	Opening balance	**1,29,411**	1,19,369
	Add: Provision for the year (Note 8)	**–**	40,486
	Less: Transferred to a related party {Note 1 (d)}	**(70,180)**	–
	Less: Paid during the year	**(59,231)**	(30,444)
	Closing balance	**–**	1,29,411
19	**Trade and other payables**		
	Trade payables	**42,05,324**	26,50,446
	Other payables and accrued expenses	**17,47,227**	21,29,259
	Liquidation expenses payables	**15,000**	–
	Advance from customer	**–**	20,920
	Total	**59,67,551**	48,00,625
	Less: Transferred to a related party {Note 1 (d)}	**(59,52,551)**	–
		15,000	48,00,625

20 **Related parties**

Related parties comprise the Parent company and fellow subsidiaries, being the companies under common ownership and common management control. At the end of the reporting period significant balances with related parties were as follows:

	2014 AED	2013 AED
Companies under common ownership and management control		
Disclosed as dues from related parties		
GTL International Limited, Bermuda (Parent company)	**2,97,99,166**	3,33,23,639
GTL Overseas (Middle East) JLT (fellow subsidiary) – {Note 1 (d)}	**1,71,20,794**	–
GTL Saudi Arabia Company Limited, KSA – (fellow subsidiary)	**79,63,310**	79,41,180
GTL International Nigeria Private Limited, Nigeria (fellow subsidiary)	**35,66,410**	35,66,410
GTL Europe Limited, UK (fellow subsidiary)	**8,90,767**	8,90,767
GTL Kenya Limited, Nairobi (fellow subsidiary)	**6,24,897**	6,24,897
GTL International Lanka Private Limited, Sri Lanka (fellow subsidiary)	**4,84,354**	4,84,354
IGTL Contracting LLC, UAE (fellow subsidiary)	**77,850**	77,850
GTL (USA) Inc., USA (fellow subsidiary)	**–**	5,170
Total	**6,05,27,548**	4,69,14,267
Less: Transferred to a related party {Note 1 (d)}	**(1,36,07,588)**	–
	4,69,19,960	4,69,14,267

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 AED	2013 AED
In the opinion of the management, all these related party balances are fully recoverable.		
Disclosed as dues to related parties		
GTL (Singapore) Pte. Limited, Singapore (fellow subsidiary)	**11,55,700**	**11,55,700**
GTL ADACELL India Limited, India (fellow subsidiary)	**1,13,686**	**1,13,686**
GTL Tanzania Limited, Tanzania (fellow subsidiary)	**85,382**	**85,382**
GTL Limited, India (fellow subsidiary)	**1,97,728**	**49,666**
Total	**15,52,496**	**14,04,434**
Less: Transferred to a related party {Note 1 (d)}	**(15,52,496)**	**–**
	–	**14,04,434**

All the related party balances are interest–free and payable on demand, hence classified as current assets and current liabilities as applicable.
Significant transactions with related parties during the year were as follows:
Companies under common ownership and management control

	2014 AED	2013 AED
Net assets transferred {Note 1 (d)} – (fellow subsidiary)	**1,61,98,192**	–
Group administrative overhead expenses (allocated) – (Note 7) – (Parent company)	**–**	17,59,486

21 Fair values of financial instruments

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of the financial assets and financial liabilities which are required to be carried at cost or at amortised cost approximates to their carrying values.

	2014 AED	2013 AED
22 Contingent liabilities		
Bankers' letter of guarantee (Note 16)	**30,000**	30,000

23 Approval of financial statements

These financial statements were approved by the Board of Directors and authorised for issue on 1 March 2015.

Vipulkumar Patel
Director

Pinakin Gandhi
Director

DIRECTORS' REPORT

The Directors present their annual report together with the financial statements of GTL Overseas (Middle East) JLT (the "Company") for the period ended 31 December 2014.

Principal activities

The Company is engaged in the business of rendering telecommunication services.

Business review

The Company achieved revenue of AED 4.82 million. Due to incurrance of huge project costs of AED 6.11 million and overhead expenses of AED 8.42 million, the Company incurred a loss of AED 9,695,883 including bad debts written off amounting to AED 5,263,193.

Directors' responsibilities in respect of financial statements

The Directors are responsible to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flow of the Company. In preparing those financial statements, the Directors are required to:

select suitable accounting policies and then apply them consistently;

make judgments and estimates that are reasonable and prudent;

state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position, financial performance and cash flow 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.

Events after the end of the reporting period

There have been no material events after the reporting date that would affect the financial position of the Company.

Holding company

Detail of the present shareholding of the Company at the end of the year was as follows:

Name of Shareholder	Country of Incorporation	Number of shares	Percentage holding
GTL International Limited	Bermuda	50	100%

Auditors

We propose the reappointment of M/s. Behl, Lad & Al Sayegh – Chartered Accountants as auditors of the Company for the next year.

Approved on behalf of the Board of the Directors on 25 February 2015 and signed on its behalf by:

Vipulkumar Patel
Director

Pinakin Gandhi
Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of
GTL Overseas Middle East JLT

We have audited the accompanying financial statements of **GTL Overseas (Middle East) JLT (the Company), Dubai, UAE**, which comprises the statement of financial position as at **31 December 2014** and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 4 to 18.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Company'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 Company'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 present fairly, in all material respects, the financial position of GTL Overseas (Middle East) JLT, as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Also we further confirm that we have obtained all the information and explanations necessary for our audit, proper books of account have been kept by the Company and the contents of the report of the Director relating to these financial statements are in agreement with the books of account. To the best of our knowledge and belief no violations of the Regulations No. 1/03 issued by Dubai Multi Commodities Centre Authority or the Memorandum of Association of the Company have occurred during the year, which would have had a material effect on the business of the Company or on its financial position.

Emphasis of matter

Without qualifying our audit opinion, we wish to draw attention to Note 2 (c) to the financial statements, which states that although as at the end of the reporting period the Company had accumulated losses of AED 9,695,883, which had resulted in erosion of its share capital, there was deficit of AED 9,645,883 in the Shareholder's equity and its current liabilities exceeded current assets by AED 9,701,851, these financial statements have been prepared on a going concern basis as the Parent company has confirmed its willingness to continue with the business operations of the Company and it as well as the Group companies have agreed to provide financial support to the Company on a continuing basis to enable it to meet its payment obligation as and when they fall due.

Behl, Lad & Al Sayegh
Signed by:
Vasant Lad
Partner
Registration No. 299
Dubai, United Arab Emirates
25 February 2015

BALANCE SHEET AS AT 31ST DECEMBER, 2014

		As at 31st December 2014 AED	As at 31st December 2013 AED	As at 31st December 2014 INR	As at 31st December 2013 INR
I.	**EQUITY AND LIABILITIES**				
	SHAREHOLDER'S FUNDS				
	Share Capital	50,000	–	867,192	–
	Reserves and Surplus	(9,695,883)	–	(168,163,801)	–
		(9,645,883)	–	(167,296,609)	–
	NON–CURRENT LIABILITIES				
	Long–term borrowings	20,751,977	–	359,918,878	–
	Deferred tax liabilities (Net)	–	–	–	–
	Other Long term liabilities	–	–	–	–
	Long term provisions	43,825	–	760,094	–
		20,795,802	–	360,678,971	–
	CURRENT LIABILITIES				
	Short–term borrowings	–	–	–	–
	Trade payables (including Acceptances)	3,501,306	–	60,726,076	–
	Other current liabilities	–	–	–	–
	Short–term provisions	–	–	–	–
		3,501,306	–	60,726,076	–
Total		14,651,225	–	254,108,438	–
II.	**ASSETS**				
	NON–CURRENT ASSETS				
	Fixed assets				
	Tangible assets	78,793		1,366,573	–
	Intangible assets	–		–	–
	Capital work–in–progress	–	–	–	–
		78,793	–	1,366,573	–
	Intangible assets under development				
	Non–current investments				
	Deferred tax assets (net)			–	–
	Long term loans and advances			–	–
	Other non–current assets	21,000	–	364,221	–
		21,000	–	364,221	–
	CURRENT ASSETS				
	Current investments			–	–
	Inventories	84,135	–	1,459,224	–
	Trade receivables	4,901,537	–	85,011,452	–
	Cash and cash equivalents	628,532	–	10,901,156	–
	Short–term loans and advances	8,937,228	–	155,005,813	–
	Other current assets	–	–	–	–
		14,551,432	–	252,377,645	–
Total		14,651,225	–	254,108,438	–

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD

	1–Jan–14 to 31–Dec–14 AED	1–Jan–13 to 31–Dec–13 AED	1–Jan–14 to 31–Dec–14 INR	1–Jan–13 to 31–Dec–13 INR
Revenue from operations	**4,823,751**	–	**81,212,290**	–
Less: Excise Duty, if any				
	4,823,751	–	**81,212,290**	–
Other Income	**8,908**	–	**149,974**	–
Total Revenue	**4,832,659**	–	**81,362,264**	–
Expenses:				
Cost of Purchases	**6,111,659**	–	**102,895,407**	–
Changes in inventories of finished goods, work–in–progress and Stock–in–Trade	**–**	–	**–**	–
Employee benefits expenses	**927,846**	–	**15,621,142**	–
Finance Costs	**–**	–	**–**	–
Foreign Exchange Loss /(Profit) (Net) on Borrowings & Preference Investments	**–**	–	**–**	–
Depreciation and amortization expense	**29,940**		**504,067**	–
Other expenses	**7,459,097**	–	**125,580,767**	–
Total Expenses	**14,528,542**	–	**244,601,383**	–
Profit before exceptional and extraordinary items and tax	**(9,695,883)**	–	**(163,239,119)**	–
Exceptional Items				
Profit before extraordinary items and tax	**(9,695,883)**	–	**(163,239,119)**	–
Extraordinary Items				
Compensation tw Sale/Invocation of Investments	**–**	–	**–**	–
Loss on Sale / Invocation of Investment	**–**	–	**–**	–
Profit before tax	**(9,695,883)**	–	**(163,239,119)**	–
Tax expense:				
Current tax	**–**	–	**–**	–
Deferred tax Liability / (Asset)				
Profit / (Loss) from the period after Tax	**(9,695,883)**	–	**(163,239,119)**	–

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	As at December 31, 2014 AED	As at December 31, 2013 AED
Cash flows from operating activities			
Loss for the year/period before income–tax		**(9,695,883)**	–
Adjustments for:			
Depreciation of property and equipment	8	**29,940**	–
Bad debts written off	10	**5,263,193**	–
Operating loss before changes in operating assets and liabilities		**(4,402,750)**	–
Trade and other receivables		**926,490**	–
Decrease/(increase) in inventories		**–**	–
(Increase)/decrease in trade and other receivables		**(2,803,097)**	–
Decrease in prepayments		**(135,354)**	–
Increase in trade and other payables		**(2,451,245)**	–
Increase/(decrease) in staff end–of–service gratuity provision (net)		**(26,355)**	–
Net cash (used in)/from operating activities (A)		**(7,942,194)**	–
Cash flows from investing activities			
Purchase of property and equipment		**(33,672)**	–
Decrease/(increase) in term deposits with a bank		**(21,000)**	–
Net cash from/(used in) investing activities (B)		**(54,672)**	–
Cash flows from financing activities			
Share capital introduced		**50,000**	–
Receipts from related parties (net)		**8,575,398**	–
Net cash from financing activities (C)		**8,625,398**	–
Net (decrease)/increase in cash and cash equivalents (A+B+C)		**628,532**	–
Cash and cash equivalents at beginning of the year/period		**–**	–
Cash and cash equivalents at end of the year/period	16	**628,532**	–

The accompanying notes form an integral part of these financial statements.
The Independent Auditor's report is set forth on page 3.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014

	Share capital AED	Retained earing AED	Total AED
Introduced during the period	50,000		50,000
Loss for the period	–	(9,695,883)	(9,695,883)
At December 31, 2014	50,000	(9,695,883)	(9,645,883)

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDING DECEMBER 31, 2014

	As at 31st December 2014 AED	As at 31st December 2013 AED	As at 31st December 2014 INR	As at 31st December 2013 INR
Share Capital				
Issued, subscribed and paid up:				
50 Common Shares fully paid–up of 1000 each	50,000	–	867,192	–
Redeemable Preference Shares	–	–	–	–
Total	50,000	–	867,192	–
Reserves and Surplus				
Translation Reserve			(4,924,682)	
Profit & Loss Account :				
Surplus – Opening Balance	–		–	–
Add : Net profit after tax transferred from Statement of Profit and Loss	(9,695,883)	–	(163,239,119)	–
Amount available for appropriation	(9,695,883)	–	(163,239,119)	–
Appropriation :				
Transfer to Debenture Redemption Reserve	–	–	–	–
Surplus – Closing Balance	(9,695,883)	–	(163,239,119)	–
Total	(9,695,883)	–	(168,163,801)	–
Long Term Borrowings				
Secured Loans				
Loans & Advances from Related Parties	20,751,977		359,918,878	
Total	20,751,977	–	359,918,878	–
Total of Long Term Borrowings	20,751,977	–	359,918,878	–
Long Term Provisions				
Provision for employee benefits				
Provision for Gratuity	43,825	–	760,094	–
Provision for Leave Encashment	–	–	–	–
Others	–	–	–	–
Total	43,825	–	760,094	–
Trade Payables				
Trade Payables	1,102,361	–	19,119,168	–
Acceptances				
Others	2,398,945	–	41,606,908	–
Total	3,501,306	–	60,726,076	–
Inventories				
Inventories : (at lower of cost and net realizable value)	84,135	–	1,459,224	–
Finished Goods (other than acquired for trading)				
Total	84,135	–	1,459,224	–
Trade Receivables				
Debts outstanding for a period exceeding six months				
Considered good	2,994,013	–	51,927,669	–
	2,994,013	–	51,927,669	–
Less: Provision for doubtful debts	–	–	–	–
	2,994,013	–	51,927,669	–
Other debts				
Considered good	1,907,524	–	33,083,783	–
Considered doubtful				
	1,907,524	–	33,083,783	–
Total	4,901,537	–	85,011,452	–

	As at 31st December 2014 AED	As at 31st December 2013 AED	As at 31st December 2014 INR	As at 31st December 2013 INR
Cash and cash equivalents				
Balances with Banks				
Balance in current account with a Scheduled Bank	**591,802**	–	**10,264,117**	–
Cash on Hand	**36,730**	–	**637,039**	–
Total	**628,532**	–	**10,901,156**	–
Short Term Loans and Advances				
Loans & Advances to related parties	**8,033,479**	–	**139,331,339**	–
Others				
Deposits	**336,828**	–	**5,841,889**	–
Advance to Suppliers	**16,384**	–	**284,161**	–
Loans & Advances to employees	**180,512**	–	**3,130,770**	–
Others	**370,025**	–	**6,417,653**	–
Total	**8,937,228**	–	**155,005,813**	–

	1–Jan–14 to 31–Dec–14 AED	1–Jan–13 to 31–Dec–13 AED	1–Jan–14 to 31–Dec–14 INR	1–Jan–13 to 31–Dec–13 INR
Revenue from Operations				
Sale of Services				
Telecom Services	4,823,751	–	81,212,290	–
Total	4,823,751	–	81,212,290	–
Other Income				
Other Non–Operating Income	8,908		149,974	–
Total	8,908	–	149,974	–
Purchase of Material (Non – trade) & Services				
Sub Contractor Charges	4,592,195	–	77,313,832	–
Vehicle Hire Charges – Projects	1,519,464	–	25,581,576	–
Total of Purchase of Material (Non – trade) & Services	6,111,659	–	102,895,407	–
Total of Purchases	6,111,659	–	102,895,407	–
Employee Benefit Expense				
Salaries	927,846	–	15,621,142	–
Total	927,846	–	15,621,142	–
Other Expenses				
Consumption of Stores & Spares				
Communication Expenses	89,273	–	1,502,993	–
Business Promotion Expenses	163,638		2,754,996	–
Discounts & Commission	11,100	–	186,879	–
Rent	303,287		5,106,116	–
Other Expenses	6,891,799	–	116,029,782	–
Total	7,459,097	–	125,580,767	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

1 **Legal status and business activities**

a **GTL Overseas (Middle East) JLT (the Company)** is a a limited liability company registered in Dubai Multi Commodities Centre, Dubai on 30 March 2014, in accordance with the provisions of Dubai Multi Commodities Centre Authority. The registered office of the Company is Office No. 2405, Mazaya Business Avenue, Plot No. BB1, Jumeirah Lakes Towers, Dubai, UAE.

b The Company's licensed activities are rendering of telecommunication services.

c The Company is a wholly–owned subsidiary of GTL International Limited (the Parent company), registered in Bermuda.

d The Company acquired assets and liabilities as at 31 May 2014 at their book values and the business operations of the GTL Overseas Middle East FZ–LLC, a limited liability company registered in Dubai Internet City, Dubai, UAE and a related party as follows:

		AED
Assets		
Property, plant and equipment (net) – (Note 12)		75,061
Inventories (Note 14)		84,135
Trade receivables		9,197,999
Staff and other advances		284,681
Deposits		289,284
Dues from related parties		13,607,588
Prepayments		234,671
Total	(A)	23,773,419
Liabilities		
Dues to related parties		1,552,496
Provision for staff end–of–service gratuity (Note 18)		70,180
Trade payables		4,205,324
Accrued expenses		1,747,227
Total	(B)	7,575,227
Net assets acquired (Note 20)	(A–B)	16,198,192

In the opinion of the management, the above values represented the fair values of the assets and liabilities on the date of acquisition

2 **Basis of preparation**

a **Statement of compliance**

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and the requirements of Dubai Multi Commodities Centre Authority.

b **Presentation currency**

These financial statements have been presented in UAE Dirham (AED), being the currency of the primary economic environment in which is the Company operates.

The figures have been rounded off to the nearest UAE Dirham.

c **Going concern**

At the end of the year, the Company had accumulated losses of AED 9,695,883 its equity was negative at AED 9,645,883 and its current liabilities exceeded current assets by AED 9,701,851. However, the Parent company has confirmed its intention to continue with the operations of the Company and it as well as the Group companies have undertaken to provide their continuing financial support to the Company to meet is payment obligations as and when they fall due for payment. Accordingly, the financial statements have been prepared on a going concern basis.

d **Use of significant estimates, assumptions and judgements**

In preparing the financial statements, based on the historical experience and reasonable expectations of future events, the management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and disclosure of contingencies and commitments. These relate to lives of items of property and equipment and their residual values, provision for doubtful trade receivables and provisions for staff end–of–service gratuity.

Impairment of assets

Financial assets are assessed at each reporting date to determine whether there is any evidence of impairment which is judged by default or delinquency by a debtor, the age of the debts, management experience and assessed creditworthiness of the debtor.

In the case of non–financial assets a review is made to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. An impairment loss is recognised in the profit or loss and other comprehensive income, if the carrying amount of the asset exceeds it recoverable amount.

e **New and amended standards**

i) Mandatorily applicable from the current year

– Offsetting Financial Assets and Financial Liabilities (Amendment to IAS 32 – 'Financial Instruments: Presentation', on Asset and Liability Offsetting) – These amendments are to the application guidance in IAS 32, 'Financial instruments': Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. – No such items.

– Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) – IFRS 10 introduces an exception from the requirements to consolidate subsidiaries for an investment entity which would be required to measure its interests in subsidiaries at fair value through profit or loss. However, this exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities – Not applicable to the Company.

– IFRIC 21 Levies – Not applicable to the Company.

– Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 30) – Not applicable to the Company.

– Recoverable Amount of Disclosures for Non–Financial Assets – Not applicable to the Company.

ii) Forthcoming requirements available for early adoption in 2014

Effective date: 1 July 2014

– Defined Benefit Plans: Employee Contributions (Amendments to IAS 19).

– Annual Improvements to IFRSs 2010–2012 Cycle.

– Annual Improvements to IFRSs 2011–2013 Cycle.

Effective date: 1 January 2015

– IFRS 9 (as revised in 2010) – 'Financial Instruments' – This new standard is ultimately intended to replace IAS 39 in its entirety in three phases: Phase 1 – Classification and measurement of financial assets and financial liabilities; Phase 2 – Impairment methodology and Phase 3 – Hedge accounting. The standard establishes two categories for financial assets i.e. amortized cost and fair value.

Effective date: 1 January 2016

- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) – These amendments require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of IAS 16 – Property, Plant and Equipment, instead of IAS 41 – Agriculture. – Not applicable to the Company.
- IFRS 14 – Regulatory Deferral Accounts – No such items.
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) – Not applicable to the Company.
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 41)

Effective date: 1 January 2017

- IFRS 15 – Revenue from Contracts with Customers – This establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 – revenue, IAS 11 – Construction Contracts and IFIRC 13 – Customer Loyalty Programmes.

Effective date: 1 January 2018

- IFRS 9 Financial Instruments – This standard published in July 2014 replaces the existing guidance in IAS 39 – Financial Instruments, Recognition and Measurements. This includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39 – Not relevant to the Company.

The Company has not early–adopted these standards in the current year.

3 Summary of significant accounting policies

The significant accounting policies adopted and which have been consistently applied are as follows:

a) Revenue and direct costs recognition

Revenue

Sales represents the amount invoiced for goods delivered and services rendered during the year, net of discounts and returns. Sale of goods is recognised when significant risks and rewards relating to the ownership of goods concerned are transferred to the customer. Revenue from services is recognised by reference to the stage of completion. Stage of completion is measured with reference to surveys of work performed. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Direct costs

Direct costs of purchases includes costs of direct materials, direct labour and other direct costs which are directly identifiable with the costs of contracts revenue generated and interest element in respect of usance letters of credit relating to the purchases, which is directly identifiable.

b) Finance income

Interest income is accrued taking into account the effective yield on the asset.

c) Leases

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to the statement of profit or loss on a straight–line basis over the period of the lease.

d) Foreign currency transactions

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirham at the rate of exchange ruling at the end of the reporting period. Non–monetary items that are measured at historical cost in a foreign currency are not translated. These items that are measured at a fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Gains or losses resulting from settlement of foreign currency transactions and from the translation at the year–end exchange rates of monetary assets and liabilities are recognized in the statement of profit or loss on net basis as either foreign exchange gains or foreign exchange losses and included in other operating income or other expenses respectively.

e) Property and equipment

Recognition and measurement

Items of property and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses.

Gains/losses on disposal are determined by reference to their carrying amount and are included in profit or loss.

An assessment of residual values is undertaken at each end of the reporting period and if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Depreciation

The cost less estimated residual value, where material, is depreciated using the straight–line method from the date of acquisition to the estimated useful lives of furniture, fixtures and office equipments for 4 years.

Impairment

At each end of the reporting period, management assesses the property and equipment to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

f) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the First–In–First–Out (FIFO) method and comprises invoice value plus applicable landing charges. Net realizable value is based on estimated selling price less any estimated selling expenses and cost of completion and disposal.

Estimate for inventory write–down and reversals

Based on an annual review of the Company's inventories the management assesses the likely realization proceeds by taking into account the purchase and replacement prices of goods, technological changes, age, likely obsolescence and physical damage to the goods and the price at which they are being invoiced to estimate the write–down required.

Inventory write–downs or reversals of write–downs are included in 'Cost of revenue'.

g) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets otherwise as non–current assets. Trade receivables are carried at the invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year–end. Bad debts are written off when identified.

h) Cash and cash equivalents

Cash and cash equivalents comprise cash, balances in bank current accounts and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit.

i) Trade payables, provisions and accruals

Liabilities are recognized for amounts to be paid in future for goods and services rendered, whether or not billed to the Company.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

j) Staff end–of–service gratuity

Provision is made for end–of–service gratuity payable to the staff at the end of the reporting period in accordance with the local labour laws assuming that all employees were to leave as at the end of the reporting period (Note 18).

k) Statement of cash flows

Statement of cash flows is prepared segregating the cash flows from operating, investing and financing activities based on the nature of items. Cash flows under the operating activities are reported using the indirect method, whereby profit/(loss) is adjusted for the effects of transactions of non–cash nature, any deferrals or accruals of past or future of cash receipts and payments and for items of income and expenses which are reflected in investing or financial activities.

l) Non–derivative financial assets and liabilities

Receivables

Trade receivables represent amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets otherwise as non–current assets. These are carried at the invoiced amounts less an estimate of provision for doubtful receivables based on a review of all outstanding amounts at the year–end. Bad debts are written off when identified.

Non–derivative financial liabilities

The non–derivative financial liabilities comprise bank borrowings, payables and accruals and related party payables.

Derecognition of financial assets and liabilities

The Company derecognizes a financial asset when its contractual rights to cash flows from the assets cease and any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4 Risk management

The Company's activities expose it to a variety of financial risks such as credit risk, market prices risk and liquidity risks as follows:

a) Credit risk

This is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's customers, related parties and banks.

The credit risk, where relevant is explained in the notes on the related account balances, namely trade receivables {Note 15 (b)}, dues from related parties (Note 20) and cash and bank (Note 16).

b) Market price risk

These are the risks arising from changes in market prices, such as foreign exchange rates and interest rates which would affect the Company's income or the value of its holdings of financial instruments. The management strives to manage market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The currency risk, where relevant is explained in the note on the related account balances, namely trade receivables {Note 15 (c)}.

c) Liquidity risk

This is the risk where the Company may encounter difficulty in meeting its financial liabilities that are either settled in cash or exchange of another financial asset.

Management monitors its cash requirements to ensure adequacy of funding from the Parent Company. If necessary, funds are arranged from the Shareholders/related parties to ensure that the payment obligations are met on time. For the purpose of effective management of the working capital, the Company strives to strike a balance between the credit period allowed by its suppliers with that allowed to its customers and the inventory holding levels are also kept under constant review to ensure their optimum levels.

5 Capital management

Capital consists of share capital net of accumulated losses which aggregated to a deficit of AED 9,645,883 as at the end of the reporting period. The Company manages its capital and obtains funds from its related parties with an objective to ensure that adequate funds are available to it on an on–going basis to operate as a going concern.

		(9 months) (Note 22) AED
6	**Cost of revenue**	
	Direct turnkey project expenses	1,723,571
	Direct labour costs (Note 10)	2,868,624
	Vehicle rental charges	1,519,464
		6,111,659

		(9 months) (Note 22) AED
7	**Other income**	
	Foreign exchange gains (net)	7,908
	Miscellaneous income	513
		8,421
8	**Selling expenses**	
	Staff salaries and benefits (Note 10)	366,555
	Business promotion expenses	163,638
	Commission expenses	11,100
		541,293
9	**Administrative expenses**	
	Staff salaries and benefits (Note 10)	561,291
	Rent	303,287
	Depreciation of property and equipment (Note 12)	29,940
	Communication expenses	89,273
	Group administrative overhead expenses (allocated) – (Note 20)	781,286
	Other administrative expenses	847,320
		2,612,397
10	**Staff costs**	
	Staff salaries and benefits	3,752,645
	Staff end–of–service gratuity (Note 18)	43,825
		3,796,470
	Included under:	
	Cost of revenue (Note 6)	2,868,624
	Selling expenses (Note 8)	366,555
	Administrative expenses (Note 9)	561,291
		3,796,470
11	**Other operating expenses**	
	Bad debts written off	5,263,193

12 Property and equipment

	Furniture, fixtures and office equipment AED
Net book values	
As at 31 December 2014	
Cost	108,733
Accumulated depreciation	(29,940)
Net book value	**78,793**
Reconciliation of net book values	
Transferred from a related party {Note 1 (d)}	75,061
Purchased during the period	33,672
Depreciation for the period	(29,940)
As at 31 December 2014	**78,793**

13 Non–current financial assets

These represent deposits with the DMCC for issuance of staff visas. These deposits are intended to be held for period longer than one year from the end of reporting period.

		(9 months) (Note 22) AED
14	**Inventories**	
	Goods held for consumption {Note 1 (d)}	**84,135**

In the opinion of the management, the inventories would fetch at least their carrying values on sale.

15	**Trade and other receivables**	
	Trade receivables	4,901,537
	Deposits	336,828
	Staff advances	180,512
	Advance to a supplier	16,384
		5,435,261

a. The age analysis of trade receivables as at the end of the reporting period was as follows:

Less than six months	1,907,524
Six months to one year	1,386,553
Above one year	1,607,460
	4,901,537

The balance of AED 1,607,460 in the age–band of 'Above one year' relates to the balance taken over from a related party and is due from a customer in Sultanate of Oman. This amount has been agreed to be settled shortly by the customer and is considered fully recoverable. In respect of the other balances the Company has received amounts of aggregating to AED 1,698,723 subsequent to the end of the reporting period. On the basis of recoveries being made and on–going relationships with the customers, the management is of the opinion that the overdue balances will be recovered in due course of time. Accordingly, no provision for doubtful debts is required as at the end of the reporting period.

Credit risk

The Company's customers are internationally reputed telecommunicating services–providing companies. The management regularly monitors the outstanding amounts and follows up for recovery with periodic calls and visits to the customers.

At the end of reporting period, the trade receivables were due from eight customers, out of which 33% was due from a customer situated in Sultanate of Oman.

Currency risk

The Company sells services in foreign currencies. Exposure is minimized where possible by denominating such transactions in US Dollars to which the UAE Dirham is fixed. At the end of the reporting period, there was no exchange rate risk as all trade receivables are denominated in UAE Dirham or US Dollar to which the UAE Dirham is fixed.

16	**Cash and cash equivalents**	
	Cash on hand	36,730
	Bank balances in current accounts	591,802
		628,532

The Company's bank accounts are placed with reputed banks.

17	**Capital**	
	Share capital	
	50 shares of AED 1,000 each	**50,000**

		(9 months) (Note 22) AED
18	**Provision for staff–of–service gratuity**	
	Transferred from a related party {Note 1 (d)}	70,180
	Add: Provision for the period (Note 10)	43,825
	Less: Payment made during the year	(70,180)
	Closing balance	**43,825**
19	**Trade and other payables**	
	Trade payables	1,102,361
	Other payables and accrued expenses	2,398,945
		3,501,306

Other payables and accrued expenses includes provision for cost of revenue of AED 1,361,412.

20 Related parties

Related parties comprise the Parent company and fellow subsidiaries, being the companies under common ownership and common management control.

At the end of the reporting period significant balances with related parties were as follows:

Companies under common ownership and management control

Included in trade receivables	
GTL Singapore Pte. Ltd., Singapore (Fellow subsidiary)	**316,857**
Disclosed as due from a related party	
GTL Saudi Arabia Company Limited, KSA (Fellow subsidiary)	**8,033,479**

In the opinion of the management, all these related party balances are fully recoverable.

Disclosed as dues to related parties	
GTL International Limited, Bermuda (Parent company)	234,916
GTL Overseas Middle East FZ–LLC (Fellow subsidiary)	17,120,794
GTL ADACELL India Limited, India (Fellow subsidiary)	113,686
GTL Limited, India (Fellow subsidiary)	3,282,581
	20,751,977

All the related party balances are interest–free and payable on demand, hence classified as current assets and current liabilities as applicable.

Significant transactions with related parties during the period were as follows:

Companies under common ownership and management control

Group administrative overhead expenses (allocated) (Parent company) – (Note 9)	781,286
Net assets acquired {Note 1 (d)} – (Fellow subsidiary)	16,198,192

21 Fair values of financial instruments

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of the financial assets and financial liabilities which are required to be carried at cost or at amortised cost approximates to their carrying values.

22 Comparative figures

As the Company is registered during the current period {Note 1 (a)}, these are the first set of financial statements for the Company for the period of nine months from 30 March, 2014, being the date of registration of the Company to 31 December 2014. Accordingly, there are no comparative figures.

23 Approval of financial statements

These financial statements were approved by the Board of Directors and authorised for issue on 25 February 2015.

For GTL Overseas (Middle East) JLT

Vipulkumar Patel
Director

Pinakin Gandhi
Director

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
GTL International Bangladesh Pvt. Ltd.

We have audited the accompanying Financial Statements of GTL International Bangladesh Pvt. Ltd. consisting of Statement of Financial Position as at December 31, 2014 and the related Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity together with Notes, accounting policies and other explanatory information thereto for the year then ended.

The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the Bangladesh Standards on Auditing (BSA). These 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 and judgments made by the management, as well as evaluating the overall presentation of financial statements. We have assessed the accounting principles, policies, estimates used and judgments made by the management. We believe that the audit evidence we have obtained is sufficient to provide a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS), present fairly the state of Company's affairs as of December 31, 2014 and of the results of its operations for the year then ended and comply with the Companies Act, 1994 and other applicable laws and regulations;

Shubhankar & Co.
Chartered Accountants

Dhaka, March 15, 2015

BALANCE SHEET AS AT 31ST DECEMBER, 2014

		As at 31st December 2014 BDT	As at 31st December 2013 BDT	As at 31st December 2014 INR	As at 31st December 2013 INR
I.	**EQUITY AND LIABILITIES**				
	SHAREHOLDER'S FUNDS				
	Share Capital	**3,570,000**	3,570,000	**2,950,423**	2,855,544
	Reserves and Surplus	**(97,740,876)**	(56,580,602)	**(80,777,847)**	(45,028,036)
		(94,170,876)	(53,010,602)	**(77,827,424)**	(42,172,492)
	NON–CURRENT LIABILITIES				
	Long–term borrowings	**209,212,861**	218,785,887	**172,903,755**	175,000,748
	Deferred tax liabilities (Net)	**–**	–	**–**	–
	Other Long term liabilities	**–**	–	**–**	–
	Long term provisions	**–**	–	**–**	–
		209,212,861	218,785,887	**172,903,755**	175,000,748
	CURRENT LIABILITIES				
	Short–term borrowings	**–**	–	**–**	–
	Trade payables (including Acceptances)	**–**	6,676,796	**–**	5,340,583
	Other current liabilities	**–**	–	**–**	–
	Short–term provisions	**650,000**	3,833,552	**537,192**	2,837,137
		650,000	10,510,348	**537,192**	8,177,721
	Total	**115,691,985**	176,285,633	**95,613,523**	141,005,977
II.	**ASSETS**				
	NON–CURRENT ASSETS				
	Fixed assets				
	Tangible assets	**–**	15,849,891	**–**	12,677,887
	Intangible assets	**–**	–	**–**	–
	Capital work–in–progress	**–**	–	**–**	–
		–	15,849,891	**–**	12,677,887
	Intangible assets under development				
	Non–current investments	**–**	–	**–**	–
	Deferred tax assets (net)	**–**	–	**–**	–
	Long term loans and advances	**–**	–	**–**	–
	Other non–current assets	**–**	–	**–**	–
	CURRENT ASSETS				
	Current investments	**–**	–	**–**	–
	Inventories	**2,545,182**	16,127,173	**2,103,463**	12,899,677
	Trade receivables	**37,107,190**	68,328,146	**30,667,199**	54,653,784
	Cash and cash equivalents	**30,988,716**	27,418,924	**25,610,593**	21,931,635
	Short–term loans and advances	**45,050,897**	48,561,499	**37,232,268**	38,842,993
	Other current assets	**–**	–	**–**	–
		115,691,985	160,435,742	**95,613,523**	128,328,090
	Total	**115,691,985**	176,285,633	**95,613,523**	141,005,977

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD

	1–Jan–14 to 31–Dec–14 BDT	1–Jan–13 to 31–Dec–13 BDT	1–Jan–14 to 31–Dec–14 INR	1–Jan–13 to 31–Dec–13 INR
Revenue from operations	**8,096,734**	121,429,251	**6,495,576**	98,011,510
Less: Excise Duty, if any	**–**	–	**–**	–
	8,096,734	121,429,251	**6,495,576**	98,011,510
Other Income	**32,500**	–	**26,073**	–
Total Revenue	**8,129,234**	121,429,251	**6,521,649**	98,011,510
Expenses:				
Cost of Purchases	**1,570,970**	56,540,028	**1,260,305**	45,636,233
Changes in inventories of finished goods, work–in–progress and Stock–in–Trade	**13,674,991**	30,535,195	**10,970,712**	24,646,455
Employee benefits expenses	**9,146,182**	44,190,263	**7,337,492**	35,668,131
Finance Costs	**–**	545,023	**–**	439,915
Foreign Exchange Loss /(Profit) (Net) on Borrowings & Preference Investments	**–**	–	**–**	–
Depreciation and amortization expense	**14,151,184**	6,053,115	**11,352,736**	4,885,766
Other expenses	**10,746,181**	37,317,582	**8,621,085**	30,120,853
Total Expenses	**49,289,508**	175,181,206	**39,542,330**	141,397,352
Profit before exceptional and extraordinary items and tax	**(41,160,274)**	(53,751,955)	**(33,020,681)**	(43,385,842)
Exceptional Items				
Profit before extraordinary items and tax	**(41,160,274)**	(53,751,955)	**(33,020,681)**	(43,385,842)
Extraordinary Items				
Compensation tw Sale/Invocation of Investments	**–**	–	**–**	–
Loss on Sale / Invocation of Investment	**–**	–	**–**	–
Profit before tax	**(41,160,274)**	(53,751,955)	**(33,020,681)**	(43,385,842)
Tax expense:				
Current tax	**–**	1,056,763	**–**	852,965
Deferred tax Liability / (Asset)	**–**	–	**–**	–
Profit / (Loss) from the period after Tax	**(41,160,274)**	(54,808,718)	**(33,020,681)**	(44,238,807)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2014

Particulars	As at 31 Dec – 14 BDT
Cash Flows from Operating Activities:	
Cash receipts from customers	36,150,967
Cash paid to suppliers	(13,069,349)
Salaries paid to employees	(12,614,492)
Cash paid for meeting operating expenses	(7,207,392)
Payment of taxes	(1,361,025)
Payment of finance charges	(27,622)
Net Cash Flow from Operating Activities	1,871,087
Cash Flows from Investing Activities:	
Cash receiprs from sale of assets	4,160,486
Payment made to purchase of assets	(2,461,780)
Net Cash Flow from Operating Activities	1,698,706
Cash Flows from Financing Activities:	–
Net Cash Flows From Entire Activities	3,569,793
Cash balances as at January 1, 2014	27,418,924
Cash balances as at December 31, 2014	30,988,717

Pinakin Gandhi
Managing Director

Shubhankar & Co.
Chartered Accountants

Dated :

Dhaka, 15 March, 2015

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDING DECEMBER 31, 2014

	As at 31st December 2014	As at 31st December 2013	**As at 31st December 2014**	As at 31st December 2013
	BDT	BDT	**INR**	INR
Share Capital				
Issued, subscribed and paid up:				
35,700 ordinary shares fully paid–up of Tk 100/– each	**3,570,000**	3,570,000	**2,950,423**	2,855,544
Total	**3,570,000**	3,570,000	**2,950,423**	2,855,544
Reserves and Surplus				
Translation Reserve	**–**	–	**(2,101,078)**	628,052
Profit & Loss Account :				
Surplus – Opening Balance	**(56,580,602)**	(1,771,884)	**(45,656,088)**	(1,417,281)
Add : Net profit after tax transferred from Statement of Profit and L	**(41,160,274)**	(54,808,718)	**(33,020,681)**	(44,238,807)
Amount available for appropriation	**(97,740,876)**	(56,580,602)	**(78,676,769)**	(45,656,088)
Appropriation :				
Surplus – Closing Balance	**(97,740,876)**	(56,580,602)	**(78,676,769)**	(45,656,088)
Total	**(97,740,876)**	(56,580,602)	**(80,777,847)**	(45,028,036)
Long Term Borrowings				
Unsecured Borrowings				
Loans & Advances from Related Parties	**209,212,861**	218,785,887	**172,903,755**	175,000,748
Total	**209,212,861**	218,785,887	**172,903,755**	175,000,748
Total of Long Term Borrowings	**209,212,861**	218,785,887	**172,903,755**	175,000,748
Trade Payables				
Trade Payables	**–**	6,676,796	**–**	5,340,583
Total	**–**	6,676,796	**–**	5,340,583
Other Current Liabilities				
Provision for Expenses	**650,000**	3,546,988	**537,192**	2,837,137
Statutory Dues Payable	**–**	286,564	**–**	–
Total	**650,000**	3,833,552	**537,192**	2,837,137
Inventories				
Inventories : (at lower of cost and net realizable value)				
Finished Goods (other than acquired for trading)	**–**	11,914,501	**–**	9,530,078
Work in Progress	**2,545,182**	3,086,731	**2,103,463**	2,468,990
Consumables	**–**	1,125,941	**–**	900,609
Total	**2,545,182**	16,127,173	**2,103,463**	12,899,677
Trade Receivables				
Debts outstanding for a period exceeding six months				
Unsecured				
Considered good	**37,107,190**	68,328,146	**30,667,199**	54,653,784
Considered doubtful	**–**	–	**–**	–

	As at 31st December 2014 BDT	As at 31st December 2013 BDT	As at 31st December 2014 INR	As at 31st December 2013 INR
	37,107,190	68,328,146	**30,667,199**	54,653,784
Less: Provision for doubtful debts	**–**	–	**–**	–
	37,107,190	68,328,146	**30,667,199**	54,653,784
Total	**37,107,190**	68,328,146	**30,667,199**	54,653,784
Cash and cash equivalents				
Balances with Banks				
Balance in current account with a Non–Scheduled Bank	**30,988,716**	26,910,340	**25,610,593**	21,524,833
Cash on Hand	**–**	508,584	**–**	406,802
Total	**30,988,716**	27,418,924	**25,610,593**	21,931,635
Short Term Loans and Advances				
Deposits	**–**	771,354	**–**	616,985
Advance Income Tax & Tax Deducted at source	**45,020,897**	43,575,557	**37,207,474**	34,854,877
Prepaid Expenses	**–**	447,701	**–**	358,104
Advance to Suppliers	**–**	3,766,887	**–**	3,013,028
Loans & Advances to employees	**30,000**	–	**24,793**	–
Total	**45,050,897**	48,561,499	**37,232,268**	38,842,993

	1–Jan–14 to 31–Dec–14 USD	1–Jan–13 to 31–Dec–13 USD	1–Jan–14 to 31–Dec–14 INR	1–Jan–13 to 31–Dec–13 INR
Revenue from Operations				
Revenue from Turnkey Projects	**8,096,734**	121,429,251	**6,495,576**	98,011,510
Total	**8,096,734**	121,429,251	**6,495,576**	98,011,510
Other Income				
Other Non–Operating Income	**32,500**	–	**26,073**	–
Total	**32,500**	–	**26,073**	–
Purchase of Material (Non – trade) & Services				
Sub Contractor Charges	**–**	48,289,741	**–**	38,977,021
Vehicle Hire Charges – Projects	**1,570,970**	8,250,287	**1,260,305**	6,659,212
Total of Purchase of Material (Non – trade) & Services	**1,570,970**	56,540,028	**1,260,305**	45,636,233
Total of Purchases	**1,570,970**	56,540,028	**1,260,305**	45,636,233
Changes in inventories of finished goods, work–in–progress and Stock–in– trade				
Decrease / (Increase) in Inventory				
Finished Goods	**11,914,501**	1,177,545	**9,558,365**	950,454
Work in Progress	**634,549**	29,354,499	**509,065**	23,693,457
Stock in trade	**1,125,941**	3,151	**903,282**	2,543
Total	**13,674,991**	30,535,195	**10,970,712**	24,646,455
Employee Benefit Expense				
Salaries	**9,146,182**	44,190,263	**7,337,492**	35,668,131
Total	**9,146,182**	44,190,263	**7,337,492**	35,668,131
Finance Costs				
Interest Expense				
Interest on Borrowings	**–**	545,023	**–**	439,915
Total	**–**	545,023	**–**	439,915
Other Expenses				
Communication Expenses	**1,354,253**	3,430,200	**1,086,445**	2,768,683
Business Promotion Expenses	**715,000**	966,243	**573,606**	779,902
Rates & Taxes	**–**	45,548	**–**	36,764
Rent	**3,005,950**	6,946,985	**2,411,513**	5,607,253
Electricity Charges	**400,866**	1,371,506	**321,593**	1,107,010
Insurance	**487,435**	581,408	**391,043**	469,283
Legal and Professional Fees	**2,345,500**	3,327,185	**1,881,669**	2,685,534
Travelling & Conveyance Expenses	**1,404,626**	12,669,293	**1,126,856**	10,226,008
Auditor's Remuneration	**422,593**	150,860	**339,024**	121,767
Repairs & Maintenance – Others	**118,250**	2,032,611	**94,866**	1,640,620
Other Expenses	**491,708**	5,795,743	**394,471**	4,678,029
Total	**10,746,181**	37,317,582	**8,621,085**	30,120,853
Tax Expense				
Current Tax		1,056,763	**–**	852,965
Total	**–**	1,056,763	**–**	852,965

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

1.00 Introduction, Significant Accounting Policies & Other Material Information:

a. Corporate Information and Nature of Business:

GTL Internatoional Bangladesh Private Limited has been incorporated in Bangladesh under the Cornpanies Act 1994 vide Registration No. C–70704 (3213)/08 dated April 8, 2008 as a Private Limited Company with limited liability of its members having its registered office at Dhaka, Bangladesh. The principal objective of the company is to establish and to carry on the business of information and telecommunication technology and to act as developer, integrator, implementer, importer, and exporter of information and telecommunication technologies, and their hardware, software and services, information and telecommunication technology requisites, and supplies of all kinds, and to identify sources for equipment and services for specific information and telecommunication technologies. During the time of audit, it evidenced that the operations of the company have reduced.

b. Basis of Preparation:

The financial statements of the company have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

c. Presentation of Financial Statements

The financial statements are presented in compliance with Bangladesh Accounting Standard –1 "Presentation of Financial Statements".

d. Components of the Financial Statements :

The financial statements comprise of the following:

(1) Statement of Financial Position,

(2) Statement of Comprehensive Income

(3) Cash Flow Statement

(4) Statement of Changes in Equity

(5) Notes to the Financial Statements

e. Reporting Period:

These Financial Statements cover the calendar year starting from Juanuary 1, 2014 and ending to December 31, 2014.

f. Fixed Assets.

The Company is exploring new services under it's business activity " Information and Techology". In view of this, the exsting assets have lost its economic useful value and therefore, assets have been impaired in full.

g. Tax and VAT

Matters relating to Income Tax and Value Added Tax (VAT) have been dealt with according to provision of the Incorne Tax Ordinance (ITO) 1984 and VAT Act 1991.

h. Revenue Recognition :

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity as revenue on the basis of completion of services against work order.

i. Cash & Cash Equivalents:

This comprises cash in hand and at bank .

j. Foreign Currency Translation:

The financial statements are presented in Bangladesh Taka (BDT) which is the Company's functional currency. The transactions in foreign currency during the year are recorded in functional currency at the rates of exchange prevailing on the transaction date. The Company charges all the exchange differences to profit and loss account.

k. Liabilities and Provisions:

All the liabilities have been stated at their anticipated amount payable and provisions are made when present obligation exists for payment of economic resources in respect of a past event and where the amount of the obligation can be reliabily estimated.

	31–Dec–14	31–Dec–13
2.00 Property, plant and equipment (Details are shown in the Fixed Assets Schedule):		
Balance at cost as at January 1, 2014	**33,118,288**	28,630,985
Add: Purchase during the year	**2,461,780**	4,487,303
	35,580,068	33,118,288
Less: Sale of a piece of asset at book value	**(4,160,486)**	–
Balance at cost as at December 31, 2014	**31,419,582**	33,118,288
Less: Accumulated depreciation		
Beginning balance as at January 1	**17,268,398**	11,215,283
Depreciation charged during the year	**14,151,184**	6,053,115
Ending balance as at December 31, 2014	**31,419,582**	17,268,398
Carrying amount as at December 31	**0**	15,849,890

		31–Dec–14	31–Dec–13
3.00	**Trade receivables**		
	Airtel Bangladesh Ltd.	**2,385,964**	5,934,571
	Axiata (Bangladesh) Ltd.	**3,304,657**	6,231,530
	Huawei Technology Ltd.	**18,000**	18,000
	LM Ericsson Bangladesh Ltd.	**1,353,086**	1,353,086
	Orascom Telecom BD Ltd.	**25,054,973**	29,746,191
	Nokia Siemens Network Bangladesh Ltd.	**165,219**	165,219
	Robi Axiata Limited	**–**	19,562,452
	Summit Communications Limited	**–**	280,106
	ZTE Corporate Bangladesh Ltd.	**104,880**	104,880
	Banglalink Digital Communications Ltd.	**4,720,411**	4,932,111
		37,107,190	68,328,146
4.00	**Advances, Deposits & Prepayments:**		
	This represents the sum of money paid from time to time as advances made and security deposits held, the break–up whereof is as under:		
	Advances made against Office Rent	**–**	96,023
	Advances made to employess against their salaries	**30,000**	–
	Advance Income Tax	**57,266,487**	55,821,147
	Advances made for Axiata Infrastructure Project	**–**	3,766,887
	Prepaid insurance	**–**	447,701
	Others deposit	**–**	675,331
		57,296,487	60,807,089
5.00	**Inventories**		
	Stock–in–trade	**–**	11,914,501
	Work–in–progress	**2,545,182**	3,086,731
	Others	**–**	1,125,941
		2,545,182	16,127,173
6.00	**Cash & Cash Equivalents:**		
	Cash in hand	**–**	508,584
	Cash at Bank (Note # 6.01)	**30,988,716**	26,910,340
		30,988,716	27,418,924
6.01	**Cash at Bank:**		
	Balances with Standard Chartered Bank	**24,066**	24,066
	State of Bank India	**23,959,742**	22,016,095
	United Commercial Bank	**377,480**	378,055
	Dutch Bangla Bank Ltd.	**6,627,428**	4,492,124
		30,988,716	26,910,340
7.00	**Share Capital :**		
	This represents the followings:		
	Authorized:		
	100,000 ordinary shares of Taka 100/= each	**10,000,000**	10,000,000
	Issued Subscribed and Paid up Capital:		
	35,700 ordinary shares of Taka 100/= each	**3,570,000**	3,570,000

		31-Dec-14	31-Dec-13
	Share Holding Position:		
	Name of the Shareholders and Number of shares	**Value of Shares**	**Value of Shares**
	Mr. Pinaki Gandhi: 2 shares in 2014 & 1 in 2013	**200**	100
	Mr. Anup Gawdi: 1 share	**100**	100
	Mr. Somir Augustine Gomes: 1 share in 2013	**-**	100
	GTL Europe Limited: 35,697 shares	**3,569,700**	3,569,700
		3,570,000	3,570,000
8.00	**Reained earnings**		
	Balance as January 01, 2014 and 2013	**(56,580,602)**	(1,771,884)
	Add: Loss for the year	**(41,160,274)**	(49,978,792)
		(97,740,876)	(51,750,676)
	Less: Prior year adjustment	**-**	(4,829,926)
		(97,740,876)	(56,580,602)
9.00	**Trade payable**		
	Trade creditors	**-**	6,547,192
	Expense creditors	**-**	129,604
		-	6,676,796
10.00	**Accruals and provisions**		
	Salaries payable	**-**	2,539,763
	Consultancy fees	**650,000**	55,000
	Electricity bill	**-**	75,000
	Maintenance charges	**-**	9,000
	Printing & stationery	**-**	25,000
	Security charges	**-**	50,000
	Vehicle rent	**-**	196,715
	Office rent	**-**	367,010
	Auditors' fees	**-**	229,500
		650,000	3,546,988
11.00	**Other liabilities**		
	Withholding tax payables - Contractor	**-**	39,529
	Withholding tax payables - Rent	**-**	19,567
	Withholding tax payable - Professional fees	**-**	4,000
	Withholding tax payable - Salaries	**-**	158,377
	VAT payable		65,091
		-	286,564
12.00	**Revenue :**		
	Robi Axiata Bangladesh Ltd.	**7,734,435**	73,336,348
	Banglalink Digital Communications Ltd.	**(211,699)**	-
	Airtel Bangladesh Ltd	**440,734**	29,758,816
	Orascom Telecom BD Ltd.	**-**	18,334,087
	Summit Communications Ltd.,	**133,264**	-
		8,096,734	121,429,251

		31–Dec–14	31–Dec–13
13.00	**Cost of revenue:**		–
	Cost of sales and services	**13,362,180**	67,246,408
	Cost of delivery	**–**	51,701
	Others	**–**	8,250,287
	Value added tax	**1,883,781**	11,526,827
		15,245,961	87,075,223
14.00	**Administrative, selling and other expenses :**		
	Salaries & allowances	**9,146,182**	44,190,263
	Office rent	**2,406,690**	4,542,379
	Electricity charges	**292,747**	1,022,135
	Entertainment expenses	**–**	97,153
	Legal and professional fees	**1,929,500**	561,618
	Postage and telegram	**597,232**	330
	Printing and stationery	**45,251**	661,666
	Repairs and maintenance	**118,250**	2,032,611
	Registration charges	**416,000**	434,497
	Rates and taxes	**–**	45,548
	Telephone charges	**191,523**	40,069
	Vehicle hire charges	**313,497**	1,549,000
	Internet port and gateway charges	**92,000**	334,709
	Overseas travelling	**653,647**	799,170
	Security charges	**204,149**	483,218
	Insurance expenses	**487,435**	581,408
	Local conveyance	**410,678**	3,091,843
	Water charges	**25,089**	118,511
	Auditors' fees	**422,593**	150,860
	Gift and presentation	**715,000**	865,377
	Marketing expenses(Conference expenses)	**–**	3,713
	Visa expenses	**16,485**	88,094
	Guest house rent	**261,100**	1,606,886
	Cellular phone calling charges	**473,498**	3,055,092
	Guest house expenses	**201,232**	352,795
	Depreciation	**14,151,184**	6,053,115
	Miscellaneous expenses	**13,454**	211,368
	Warehouse rent	**338,160**	797,720
	Electricity charges for guest house	**81,164**	215,699
	Electricity charges for warehouse	**1,866**	15,161
	Diesel expenses	**10,319**	7,141,186
	Inter co–management expenses	**–**	2,331,070
		34,015,925	83,474,264
15.00	**Finance charges:**		
	Bank interest	**–**	545,023
	Bank Charges	**27,622**	54,765
		27,622	599,788

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GTL Nepal Pvt Limited, Balkumari Kathmandu

Report on the Financial Statements

We have audited the accompanying financial statements of **GTL Nepal Pvt Limited** which comprise the statement of financial position as at December 31, 2014, and the income statement for the period January 01, 2014 to December 31, 2014, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to 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 Nepal 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 give a true and fair view of, in all material respects, the financial position of **GTL Nepal Pvt Limited** as of December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards.

Report on Other Legal and Regulatory Requirements

As per Companies Act 2063, we report that, in our opinion:

1. We have obtained all the information and explanations, which, to the best of our knowledge and belief, were considered necessary for the purpose of our audit;
2. Proper books of accounts as required by law have been kept by the Company as far as appears from our examination of such books;
3. The Statement of Financial Position, Income Statement and the Cash Flow Statement are prepared as per the provisions of the Company Act 2063 and the same are in agreement with the books of accounts maintained by the Company;
4. The business of the Company has been conducted satisfactorily; and
5. To the best of our knowledge and in accordance with explanations given to us and from our examination of the books of accounts of the Company, necessary for the purpose of our audit, we have not come across cases where the Board of Directors, representative or any employee of the Company has committed any misappropriation or caused loss or damage to the Company deliberately.

Prabin K Jha, FCA
Partner

Dillibazar, Kathmandu
Date: January 30, 2015

BALANCE SHEET AS AT 31ST DECEMBER, 2014

		As at 31st December 2014 NPR	As at 31st December 2013 NPR	As at 31st December 2014 INR	As at 31st December 2013 INR
I.	**EQUITY AND LIABILITIES**				
	SHAREHOLDER'S FUNDS				
	Share Capital	**19,453,000**	19,453,000	**12,255,390**	12,255,390
	Reserves and Surplus	**295,267,173**	223,798,134	**186,018,319**	140,992,825
		314,720,173	243,251,134	**198,273,309**	153,248,215
	NON–CURRENT LIABILITIES				
	Long–term borrowings	**93,276,333**	1,600,170	**58,764,090**	1,008,107
	Deferred tax liabilities (Net)	**–**	–	**–**	–
	Other Long term liabilities	**–**	–	**–**	–
	Long term provisions	**4,474,862**	3,742,591	**2,819,163**	2,357,832
		97,751,195	5,342,761	**61,583,253**	3,365,940
	CURRENT LIABILITIES				
	Short–term borrowings	**–**	–	**–**	–
	Trade payables (including Acceptances)	**114,063,269**	100,446,670	**71,859,860**	63,281,402
	Other current liabilities	**–**	–	**–**	–
	Short–term provisions	**334,089,277**	214,535,918	**210,476,244**	135,157,628
		448,152,546	314,982,587	**282,336,104**	198,439,030
	Total	**860,623,913**	563,576,483	**542,193,065**	355,053,184
II.	**ASSETS**				
	NON–CURRENT ASSETS				
	Fixed assets				
	Tangible assets	**64,282,146**	59,079,172	**40,497,752**	37,219,878
	Intangible assets	**–**	–	**–**	–
	Capital work–in–progress	**–**	–	**–**	–
		64,282,146	59,079,172	**40,497,752**	37,219,878
	Intangible assets under development				
	Non–current investments	**–**	–	**–**	–
	Deferred tax assets (net)	**1,118,716**	935,648	**704,791**	589,458
	Long term loans and advances	**601,240**	178,987	**378,781**	112,762
	Other non–current assets	**–**	–	**–**	–
		1,719,956	1,114,635	**1,083,573**	702,220
	CURRENT ASSETS				
	Current investments	**–**	–	**–**	–
	Inventories	**20,959,047**	5,626,237	**13,204,200**	3,544,529
	Trade receivables	**560,131,945**	290,334,946	**352,883,125**	182,911,016
	Cash and cash equivalents	**152,913,008**	165,233,908	**96,335,195**	104,097,362
	Short–term loans and advances	**60,617,812**	42,187,586	**38,189,221**	26,578,179
	Other current assets	**–**	–	**–**	–
		794,621,811	503,382,676	**500,611,741**	317,131,086
	Total	**860,623,913**	563,576,483	**542,193,065**	355,053,184

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD

	1–Jan–14 to 31–Dec–14 NPR	1–Jan–13 to 31–Dec–13 NPR	1–Jan–14 to 31–Dec–14 INR	1–Jan–13 to 31–Dec–13 INR
Revenue from operations	**1,174,026,301**	830,809,580	**716,156,043**	523,410,035
Less: Excise Duty, if any				
	1,174,026,301	830,809,580	**716,156,043**	523,410,035
Other Income	**7,751,943**	6,115,797	**4,728,685**	3,852,952
Total Revenue	**1,181,778,244**	836,925,377	**720,884,729**	527,262,987
Expenses:				
Cost of Purchases	**701,466,450**	432,582,454	**427,894,535**	272,526,946
Changes in inventories of finished goods, work–in–progress and Stock–in–Trade	**(15,332,809)**	30,794,362	**(9,353,013)**	19,400,448
Employee benefits expenses	**106,086,911**	83,346,172	**64,713,015**	52,508,089
Finance Costs	**1,860,458**	220,964	**1,134,879**	139,207
Foreign Exchange Loss /(Profit) (Net) on Borrowings & Preference Investments	**–**	–	**–**	–
Depreciation and amortization expense	**12,725,314**	10,269,657	**7,762,442**	6,469,884
Other expenses	**104,723,291**	114,381,786	**63,881,207**	72,060,525
Total Expenses	**911,529,614**	671,595,397	**556,033,065**	423,105,100
Profit before exceptional and extraordinary items and tax	**270,248,629**	165,329,980	**164,851,664**	104,157,887
Exceptional Items	**–**	–	**–**	–
Profit before extraordinary items and tax	**270,248,629**	165,329,980	**164,851,664**	104,157,887
Extraordinary Items				
Compensation tw Sale/Invocation of Investments				
Loss on Sale / Invocation of Investment				
Profit before tax	**270,248,629**	165,329,980	**164,851,664**	104,157,887
Tax expense:	**–**	–	**–**	–
Current tax	**67,653,691**	41,407,052	**41,268,752**	26,086,443
Deferred tax Liability / (Asset)	**–**	–	**–**	–
Profit / (Loss) from the period after Tax	**202,594,938**	123,922,928	**123,582,912**	78,071,445

STATEMENT OF CASH FLOW FOR THE PERIOD 01 JAN 14 TO 31 DECEMBER 14

Particulars	Current Year NPR	Previous Year NPR
A. Cash Flow From Operating Activities		
Net Profit before taxation, and extraordinary Item	**269,882,494**	165,031,753
Adjustments for:		
Depreciation	**12,725,314**	10,269,657
Gratuity	**1,503,212**	1,450,424
Prior Period Share Capital Adjustment	**–**	–
Provision for Bonus	**27,891,888**	8,924,379
Operating profit before working capital changes	**312,002,908**	185,676,213
Change in Working Capital	**(197,946,849)**	146,239,729
Cash Generated from Operations	**114,056,059**	331,915,942
Income Tax Paid	**(30,606,719)**	(52,750,276)
Bonus Paid	**(18,415,407)**	(17,071,357)
Gratuity Paid	**(770,941)**	(124,187)
Net Cash From Operating Activities	**64,262,992**	261,970,122
B. Cash Flow From Investing Activities	**–**	–
Purchase of Fixed Assets	**(17,928,287)**	(22,497,027)
(Increase) / Decrease in investment	**(145,174,660)**	–
Net Cash From Investing Activities	**(163,102,947)**	(22,497,027)
C. Cash flow from Financing Activities	**–**	–
Increase in Loan	**91,676,162**	(318,830)
Dividend paid	**(150,331,767)**	(130,000,000)
Net Cash From Financing Activities	**(58,655,605)**	(130,318,830)
Net Cash Flow	**(157,495,560)**	109,154,265
Add: Opening Cash & Cash Equivalents	**165,233,908**	56,079,645
Closing Cash & Cash Equivalents	**7,738,348**	165,233,908

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDING DECEMBER 31, 2014

	As at 31st December 2014 NPR	As at 31st December 2013 NPR	As at 31st December 2014 INR	As at 31st December 2013 INR
Share Capital				
Issued, subscribed and paid up:				
194,530 Equity Shares fully paid–up of ₹ 100/– each	**19,453,000**	19,453,000	**12,255,390**	12,255,390
Total	**19,453,000**	19,453,000	**12,255,390**	12,255,390
Reserves and Surplus				
General Reserve				
Opening balance	**–**	–	**–**	–
Add: Transferred from Profit & Loss Account	**–**	–	**–**	–
Closing Balance	**–**	–	**–**	–
Translation Reserve	**–**	–	**(3,006,635)**	–
Profit & Loss Account :				
Surplus – Opening Balance	**223,798,134**	214,461,474	**140,992,825**	135,110,728
Add : Net profit after tax transferred from Statement of Profit and Loss	**202,594,938**	123,922,928	**127,634,811**	78,071,445
Excess Provision of Dividend of Last Year	**19,205,868**	15,413,732	**12,099,697**	9,710,651
Dividend Distribution Tax on Excess Provision of Dividend of Last Yea				
Amount available for appropriation	**445,598,940**	353,798,134	**280,727,332**	222,892,825
Appropriation :				
Final Dividend	**150,331,767**	130,000,000	**91,702,378**	81,900,000
Transfer to Debenture Redemption Reserve				
Surplus – Closing Balance	**295,267,173**	223,798,134	**189,024,954**	140,992,825
Total	**295,267,173**	223,798,134	**186,018,319**	140,992,825
Long Term Borrowings				
Term Loans :				
From Banks	**93,276,333**	1,600,170	**58,764,090**	1,008,107
Total of Secured Loan	**93,276,333**	1,600,170	**58,764,090**	1,008,107
Total of Long Term Borrowings	**93,276,333**	1,600,170	**58,764,090**	1,008,107
Long Term Provisions				
Provision for employee benefits				
Provision for Gratuity	**4,474,862**	3,742,591	**2,819,163**	2,357,832
Total	**4,474,862**	3,742,591	**2,819,163**	2,357,832
Trade Payables				
Others	**114,063,269**	100,446,670	**71,859,860**	63,281,402
Total	**114,063,269**	100,446,670	**71,859,860**	63,281,402
Other Current Liabilities				
Capex Creditors	**–**	37,250	**–**	23,467
Expense Creditors	**121,383,181**	72,958,531	**76,471,404**	45,963,875
Provision for Expenses	**93,094,123**	40,375,898	**58,649,297**	25,436,815
Accrued salaries & benefits	**2,662,226**	1,524,306	**1,677,202**	960,313
Statutory Dues Payable	**16,516,547**	7,065,655	**10,405,425**	4,451,363

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDING DECEMBER 31, 2014

	As at 31st December 2014 NPR	As at 31st December 2013 NPR	As at 31st December 2014 INR	As at 31st December 2013 INR
Advance from Customers	**28,606,243**	50,595,985	**18,021,933**	31,875,471
Other Liabilities	**71,826,957**	41,978,293	**45,250,983**	26,446,325
Total	**334,089,277**	214,535,918	**210,476,244**	135,157,628
Long term loans and advances				
Security Deposits	**601,240**	178,987	**378,781**	112,762
Total	**601,240**	178,987	**378,781**	112,762
Inventories				
Inventories : (at lower of cost and net realizable value)	**–**	–	**–**	–
Finished Goods (other than acquired for trading)	**17,054,133**	5,000,237	**10,744,104**	3,150,149
Work in Progress	**3,904,914**	626,000	**2,460,096**	394,380
Total	**20,959,047**	5,626,237	**13,204,200**	3,544,529
Trade Receivables				
Debts outstanding for a period exceeding six months				
Unsecured	**–**	–	**–**	–
Considered good	**560,131,945**	290,334,946	**352,883,125**	182,911,016
Considered doubtful	**–**	–	**–**	–
	560,131,945	290,334,946	**352,883,125**	182,911,016
Less: Provision for doubtful debts	**–**	–	**–**	–
Total	**560,131,945**	290,334,946	**352,883,125**	182,911,016
Cash and cash equivalents				
Balances with Banks				
Balance in current account with a Scheduled Bank	**7,297,680**	165,207,163	**4,597,538**	104,080,513
Cash on Hand	**440,668**	26,745	**277,621**	16,849
Earmarked Balances with Bank	**145,174,660**	–	**91,460,036**	–
Total	**152,913,008**	165,233,908	**96,335,195**	104,097,362
Short Term Loans and Advances				
Advance Income Tax & Tax Deducted at source	**5,480,661**	21,972,382	**3,452,816**	13,842,601
Prepaid Expenses	**2,183,704**	2,083,317	**1,375,734**	1,312,490
Advance to Suppliers	**38,890,358**	11,484,717	**24,500,925**	7,235,372
Loans & Advances to employees	**14,063,089**	6,647,170	**8,859,746**	4,187,717
Total	**60,617,812**	42,187,586	**38,189,221**	26,578,179

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDING DECEMBER 31, 2014

	1-Jan-14 to 31-Dec-14 NPR	1-Jan-13 to 31-Dec-13 NPR	1-Jan-14 to 31-Dec-14 INR	1-Jan-13 to 31-Dec-13 INR
Revenue from Operations				
Revenue from Turnkey Projects	**1,174,026,301**	830,809,580	**716,156,043**	523,410,035
Other Operating Revenues	**-**	-	**-**	-
Total	**1,174,026,301**	830,809,580	**716,156,043**	523,410,035
Other Income				
Interest Income	**-**	-	**-**	-
Interest - Bank Deposits	**7,631,943**	5,995,797	**4,655,485**	3,777,352
Lease & Rent Income	**120,000**	120,000	**73,200**	75,600
Total	**7,751,943**	6,115,797	**4,728,685**	3,852,952
Purchase of Material (Non - trade) & Services				
Fuel Charges For Energy Management	**194,688,654**	152,192,552	**118,760,079**	95,881,307
Sub Contractor Charges	**424,659,487**	206,001,342	**259,042,287**	129,780,845
Vehicle Hire Charges - Projects	**82,118,309**	74,388,561	**50,092,169**	46,864,793
Total of Purchase of Material (Non - trade) & Services	**701,466,450**	432,582,454	**427,894,535**	272,526,946
Total of Purchases	**701,466,450**	432,582,454	**427,894,535**	272,526,946
Changes in inventories of finished goods, work-in-progress and Stock-in- trade				
Decrease / (Increase) in Inventory				
Finished Goods	**(15,332,809)**	30,794,362	**(9,353,013)**	19,400,448
Work in Progress	**-**	-	**-**	-
Stock in trade	**-**	-	**-**	-
Total	**(15,332,809)**	30,794,362	**(9,353,013)**	19,400,448
Employee Benefit Expense				
Salaries	**101,252,110**	79,770,101	**61,763,787**	50,255,164
Contribution to Provident and Other Funds	**1,504,581**	1,328,785	**917,794**	837,135
Staff Welfare Expenses	**3,330,220**	2,247,287	**2,031,434**	1,415,791
Employee Compensation Expense under ESOP	**-**	-	**-**	-
Total	**106,086,911**	83,346,172	**64,713,015**	52,508,089
Finance Costs	**-**	-	**-**	-
Interest Expense				
Interest on Borrowings	**1,860,458**	220,964	**1,134,879**	139,207
Other Borrowing costs	**-**	-	**-**	-
Interest - Exchange (Gain) / Loss on Foreign Currency Borrowings	**-**	-	**-**	-
Total	**1,860,458**	220,964	**1,134,879**	139,207
Other Expenses				
Consumption of Stores & Spares				
Communication Expenses	**2,194,685**	1,545,112	**1,338,758**	973,420
Business Promotion Expenses	**2,479,943**	2,729,629	**1,512,765**	1,719,666
Rent	**8,262,750**	7,990,678	**5,040,278**	5,034,127

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDING DECEMBER 31, 2014

	1–Jan–14 to 31–Dec–14 NPR	1–Jan–13 to 31–Dec–13 NPR	**1–Jan–14 to 31–Dec–14 INR**	1–Jan–13 to 31–Dec–13 INR
Electricity Charges	**427,116**	323,708	**260,541**	203,936
Insurance	**2,361,031**	2,240,303	**1,440,229**	1,411,391
Legal and Professional Fees	**16,968,422**	25,967,122	**10,350,737**	16,359,287
Travelling & Conveyance Expenses	**12,551,943**	16,017,294	**7,656,685**	10,090,895
Outsourced Manpower Cost	**52,877,434**	48,078,501	**32,255,235**	30,289,456
Auditor's Remuneration	**291,667**	291,667	**177,917**	183,750
Repairs & Maintenance – Plant & Machinery	**1,502,883**	946,629	**916,759**	596,376
Repairs & Maintenance – Others	**350,334**	44,203	**213,704**	27,848
Net (Gain)/Loss on Foreign Currency Transactions	**(203,090)**	2,856,154	**(123,885)**	1,799,377
Other Expenses	**4,658,173**	5,350,786	**2,841,486**	3,370,995
Extraordinary Expenditure (to be identified seperately)	**–**	–	**–**	–
Total	**104,723,291**	114,381,786	**63,881,207**	72,060,525
Tax Expense				
Current Tax	**–**	–	**–**	–
Income Tax [MAT , if any]	**67,470,623**	41,257,938	**41,157,080**	25,992,501
Net Current Income Tax	**67,470,623**	41,257,938	**41,157,080**	25,992,501
Deferred taxes	**183,068**	149,114	**111,671**	93,942
Total	**67,653,691**	41,407,052	**41,268,752**	26,086,443

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS 2014

A. Significant Accounting Policies and Notes to Accounts

1. Basic Information

GTL Nepal P Ltd. is a company registered in Nepal since 17 September 2009 pursuant to Companies Act 2006 with principal place of business at Balkumari, Kathmandu. It is mainly involved in operation of various network related services to telecommunication companies in Nepal. The total number of employees working for GTL Nepal P Limited at the close of current reporting period is 326, out of which 107 is direct and 219 is locally outsourced employees.

2. Basis of Preparation

The financial statements are prepared under the historical cost convention on accrual basis of accounting, in accordance with the generally accepted accounting principles in Nepal including accounting standards notified there under. The accounts are prepared under historical cost convention unless otherwise indicated.

3. Use of Estimate

The preparation of financial statements in conformity with the Nepal Accounting Standards requires management to make estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

4. Revenue recognition

Revenues are recognized when it is earned and when there is no significant uncertainty as to its measurement and realization. The specific revenue recognition policies are as under:

a. Revenue from turnkey contracts, which are either fixed price or cost plus contracts, is recognized based on work completion of activity or achievement of milestone duly certified by customer.

b. Revenue from sale of products is recognized upon passing of title of goods and/or on transfer of significant risk and rewards of ownership thereto.

c. Revenue from services is recognized based on performance of service that are recoverable.

d. Other income is recognized when the right to receive is established.

5. Employee Benefits

a. Short–term employee benefits are recognized as an expense at the undiscounted amount in the Income Statement of the year in which the related service is rendered.

b. Post–employment and other long–term employee benefits are recognized as an expense in the Income Statement of the year in which the employee has rendered services. The expense is recognized at the undiscounted value of the amount payable determined using employee benefits provided at the end of each reporting period.

6. Property, plant and equipment

a. Property, plant and equipment is stated at cost less depreciation and impairment. Depreciation is provided on diminishing balance method at percentages and classes (group) of assets as determined by Income Tax Act 2058.

b. The rates of depreciation by major class of assets [Rates prescribed by Income Tax Act 2058] are as follows:

Furniture and Fittings	25%
Office Equipment	25%
Tools & Equipments	15%
Plant	15%
Software	20%
Vehicle	20%

For the purpose of calculation of depreciation, depreciable base of assets have been considered as per the provisions of Income Tax Act 2058. Further, rate of depreciation has been applied on individual assets of respective blocks of assets as per the Act.

c. Property, plant and equipment are subject to review for impairment if triggering events or circumstances indicate the requirement. Any impairment is charged to the income statement as it arises. There is no impairment of assets during the current period covering 1 January 2014 to 31 December 2014.

7. Inventories

Inventories are valued at the lower of cost and net realizable value on specific identification basis. Cost comprises all direct costs. In case of identified obsolete/ surplus/ non–moving items, necessary provision is made and charged to revenue. Cost of consumption, generally charged to WIP, are determined by subtracting value of inventory lying at the stores as certified by management from the total cost of inventory that include opening inventory and purchases.

8. Cash and cash equivalents

For the purpose of preparation of the cash flow statement, cash and cash equivalents include cash at bank and in hand.

9. Taxation

a. Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement.

b. Current tax is the expected tax payable on the taxable income for the year, using applicable tax rates at the Statement of Financial Position date and any adjustments to tax payable in respect of previous years.

c. Deferred taxation is recognized using the liability method on taxable temporary differences between the tax base and the accounting base of items included in the Statement of Financial Position of the company. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates prevailing at the year end.

d. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

10. Provisions

Provisions are recognized when either a legal or constructive obligation, as a result of a past event, exists at the Statement of Financial Position date and where the amount of the obligation can be reliably estimated.

11. Foreign currency transactions

a. Transactions in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.

b. Monetary foreign currency items are reported at the exchange rates as at Statement of Financial Position date.

c. Non–monetary foreign currency items are carried at cost.

d. Any gains or losses on account of exchange difference either on settlement or on translation are recognized in the Income Statement.

12. Adjustments pertaining to earlier years and provision write back

Income and expenditure relating to prior period including provision write backs pertaining to FY 2013 are disclosed separately as adjustment to prior period profit.

B. Notes to Accounts

1. Ownership

The company is wholly owned by GTL (Singapore) Pte, Singapore.

2. Revenue Recognition

Accrued revenue of NPR 56,818,677 has been recorded in the books of accounts for the period.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS 2014

3. Income Taxes

The provision for current tax has been made based on the estimated taxable income of the Company for the period January 01, 2014 till December 31, 2014. While making estimation for depreciation claim, the amount has been derived after prorating the amount of annual depreciation calculated as per Nepalese FY [ending July 16] for the period up to December 31, 2014. The amount of provision for depreciation and consequently current taxes is likely to change based on the actual results till July end 2015. The effect due to these on the financials for the period ending December 31, 2014 will not be significant.

Provision for tax created as at December 31, 2014 is disclosed for group reporting (consolidation) purposes only. Balance under the head as on December 31, 2014 shall not be considered for Nepalese Tax purposes since Nepalese Income year (IY) ends of Mid July and the period under current audit covers two Nepalese Income years.

Payment of tax made with respect to tax provision including tax deposited by others adjusted to the extent of payment made with respect to self–assessment tax on July 16, 2014 as per Nepalese IY. The balances are accounted separately and adjustments with tax provisions are already made in the books.

Further, provision with respect to Tax Liability that is linked with profit earned during the period is determined applying prescribed rate of 25% on profit after bonus before tax. Any difference between provision for tax accounted for in books for local requirements and provision for tax that should be created based on profit for the group reporting period [January – December 2013] are adjusted in the provision for tax for group reporting purposes. As a result of this adjustment, total provision for tax as provided during the period in the Income Statement would not necessarily match with total tax provision in the Statement of Financial Position. Details are as follows.

Amount in NPR

FY for Group Reporting	Period Covered	Tax expense reported for Group Purposes	FY for local reporting	Closing balance of tax provision for Local Purposes	Difference
10/11	April 01 to March 31	27,776,919	Mid July 09–Mid July 10	–	27,776,919
11/12	April 01 to March 31	33,793,822	Mid July 10–Mid July 11	31,456,592	2,337,230
12/12	April 01 to Dec 31	28,684,065	Mid July 11–Mid July 12	28,004,767	679,298
13/13	Jan 01 to Dec 31	41,257,938	Mid July 12–Mid July 13	51,997,477	(10,739,539)
14/14	Jan 01 to Dec 31	–	Mid July 13–Mid July 14	47,098,441	–
	Total	**131,512,744**		**158,557,277**	**(27,044,533)**

Profit after Bonus before Tax	269,882,494
Income Tax for FYE 2014	67,470,624
(Short)/Excess Provision for Group Reporting	(27,044,533)
Closing balance of provision for FYE 2014	**40,426,090**

4. Provision for employee bonus

The amount of provision for employee bonus has been calculated @ 10% of net profit before tax as per provisions of the Bonus Act 1974. No payment of bonus, as prescribed by the Act, with respect to provision created as on 31 December 2013 were made during the year. However, certain adjustments to the extent of NPR 18,415,407 [Out of NPR 41,919,614 paid till date] pertaining to payments made to employees during the current period are disclosed as payment of employee bonus.

Provision for bonus created as at 13 December 2014 is disclosed for group reporting (consolidation) purposes only. Balance under the head as on 31 December 2014 shall not be considered for Nepalese perspective since Nepalese Income year (IY) ends of Mid July and the period under current audit covers two Nepalese Income years. As per local law, the company shall only be legally liable to settle provision of bonus created as per Nepalese IY hence provision created in the books for December would have to be adjusted at the time of making payment.

Any difference between provision for employee bonus (statutory provisions) accounted for in books for local requirements and provision for employee bonus that should be created based on profit for the current group reporting period [i.e. January – December 2014] is adjusted in the provision for bonus. As a result of this adjustment, total provision for bonus as depicted in the Income Statement would not necessarily match with the percentages for bonus as prescribed by the Bonus Act 1974. Details are as follows

For Group reporting		Bonus expense reported for Group Purposes	FY for local reporting	Closing balance of tax provision for Local Purposes	Difference
FY	Period covered				
10/11	April 01 to March 31	12,003,689	Mid July 09–Mid July 10	–	12,003,689
11/12	April 01 to March 31	13,517,529	Mid July 10–Mid July 11	12,582,637	934,892
12/12	April 01 to Dec 31	10,982,996	Mid July 11–Mid July 12	11,725,506	(742,510)
13/13	Jan 01 to Dec 31	8,924,379	Mid July 12–Mid July 13	20,298,960	(11,374,581)
14/14	Jan 01 to Dec 31	–	Mid July 13–Mid July 14	18,420,388	(18,420,388)
Less :	Payment till date	(41,919,614)	–	(41,919,614)	–
	Total	**3,508,979**	**–**	**21,107,877**	**(17,598,899)**

Profit before Bonus & Tax	**297,774,382**
Bonus @ 10% of Profit Before Tax for FYE 2014	27,070,398
(Short)/Excess Provision for Group Reporting	(17,598,899)
Additional provision to be made during the period	**9,471,500**
Total provision for bonus for the period [including NPR 18,420,388]	**27,891,888**

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS 2014

Status of Provision for Bonus as at 31 December 2014 is as follows:

Provision for Bonus		**Amount in NPR**
Opening as per Corporate Reporting	As on 01 January 2014	21,924,386
Provision for bonus as per local reporting		18,420,388
Adjustment (Payment) made during the period		(18,415,407)
Opening balance net of payment		**21,929,367**
Additional Bonus for the period		9,471,500
Outstanding provision for bonus	**As on 31 December 2014**	**31,400,866**

5. **Deferred Tax Assets**

The amount of deferred tax income and deferred tax assets have been calculated applying prevailing Income Tax Rate of 25% as detailed below.

Particulars	Carrying Amount	Tax Base	Deductible Temporary Difference	Tax Rate	Deferred Tax Assets
Provision for Gratuity	4,474,862	–	4,474,862	25%	1,118,716
Total provision to be maintained					**1,118,716**
Opening Deferred Tax Assets					935,648
Difference as deferred tax Income					**183,068**

6. **Provision for Staff Quarter**

No provision for Staff Quarter [5%] as required by Labor Act 1992 is provided for since majority of direct staffs are Non Nepalese.

7. **Provision for expense**

Provision for expenses created as at 31 December 2014 are disclosed for group reporting purposes only. Balance under these head as on 31 December 2014 shall not be considered for Nepalese Tax purposes since Nepalese Income year ends of Mid July and the period under current audit covers two Nepalese Income years. The provisions thus reported under these heads are adjusted as per Nepalese IY financials.

8. **No Impairment of Account Receivable**

No provision of bad or doubtful debts are provided for in the financials in spite of having significant account receivable as on 31 December 2014 that amounts to NPR 505,456,585 since no debt is considered doubtful.

9. **Provision for Warranty Cost**

Amount of Warranty claim estimated to be made on the company during the warranty period to be insignificant as such no provision for warranty cost are made as at 31 December 2014.

10. **Previous period information**

The previous year's figures have been regrouped wherever required.

11. **Revenue from supply of goods and services are as follows.**

Description	**Amount (in NPR)**
Revenue from Supply of Goods	230,048,010
Revenue from Services	943,978,290
Total	**1,174,026,301**

12. **Information about key Management Personnel and their personnel compensation are as follows:**

Mr. Vatan Singh Rana– Country Manager is overall responsible for the country office. Total personnel compensation made by the company to Mr. Rana during the period amounted to NPR 8,206,003.

Mr. J. Srinath – Director is overall responsible for the finance and account department. The total personnel compensation made by the company to Mr. Srinath during the period amounted to NPR 3,585,923.

13. **Transactions, balances and guarantees relating to parent company as well as other organizations within the group are as follows:**

Balances of transactions pertaining to Parent Company and other organizations within the group including associates are separately disclosed in the financials. Summary of such balances are grouped hereunder.

Name of related party	Transactions	Amount(in NPR)	Type
GTL International Limited	corporate overhead charged to GTL Nepal	23,414,599	Credit
GTL Limited, Branch	Invoices	28,802,545	Credit
GTL Limited, Branch	Branch Advance	6,047,013	Credit
GTL Limited India A/C	Invoice & Debit notes From GTL India	61,901,126	Credit
GTL Limited, India (Customer)	Invoices raised on GTL India	40,166,351	Debit

14. **Contingent Liability :**

There are no legal cases against the company. The company has already filed tax returns for the Nepalese FY 2070–71 covering period July 16, 2013 till July 16, 2014. Notice from tax authorities for assessments pertaining to FY 2067–68 and FY 2068–69is already received and the assessment is at the initial stage as on 4 February 2015. No bank guarantee is outstanding as on 31 December 2014.

15. **Rounding off:**

Figures are rounded off to the nearest Rupee.

REPORT OF THE DIRECTORS

The Directors of GTL International Lanka (Private) Limited have pleasure in presenting their report together with Audited Financial Statements of the company as at 15th August 2014.

(01) PRINCIPAL COMPANY ACTIVITY

Providing Turnkey Telecommunication site construction, installations and commissioning of Telecommunication Equipment and maintenance and management networks.

(02) OPERATING RESULTS

The total turnover for the year is amounting to LKR 26, 349,268 which resulted in a Loss before tax of LKR 14,112,247.

(03) PROFITS, RESERVES AND APPROPRIATIONS

	2014 LKR	2013 LKR
Turnover	**26,349,268**	180,322,251
Net Profit/ (Loss) before Taxation	**(14,112,247)**	(68,307,392)
Less: Provision for Taxation	**–**	–
Net Profit / (Loss) after Taxation	**(14,112,247)**	(68,307,392)
Prior years written off	**341,406,049**	–
Retained Profit carried forward	**(48,302,019)**	(375,595,821)

(04) DONATIONS AND CONTRIBUTIONS

No donations and contributions were made by the company during the period, for charitable purposes.

(05) DIVIDENDS

The Directors have not recommended a payment of dividend for the period 01st January 2014 to 15th August 2014.

(06) DIRECTORS

The directors of the Company were,

i. Mr. Sachin Eknath Todankar – Director

ii. Mr. Pinakin Bhupendrakumar Gandhi – Director

The above Directors held office for the whole of the period ended 15th August 2014. All Directors retire from office at the Annual General Meeting (AGM).

(07) DIRECTORS' INTEREST IN CONTRACTS

The Director's have no interest in any of the existing or proposed contracts of the company.

The company had decided to close down under Creditors Voluntary winding – up as at 15th August 2014.

The Liquidation was undertaken on 15th August and Liquidator was appointed to collect the debtors and pay the Liabilities and dissolve company.

On behalf of the board of directors,

Mr. Sachin Eknath Todankar

Director

Date: 15.09.2014

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GTL INTERNATIONAL LANKA (PRIVATE) LTD,

Report on the Financial Statements

We have audited the accompanying financial statements of GTL International Lanka (Private) Ltd, which comprise the Statement of Financial Position as at August 15, 2014, and the Statement of Comprehensive Income, 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 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 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, except for the matters stated in below paragraphs. We therefore, believe that our audit provides a reasonable basis for our opinion.

- The Company is recurring continuous losses and the fact that it is accumulated losses has eroded its issued capital and therefore as of 15th August, the company is under Creditors voluntary Winding –up.
- Further we were unable to obtain the direct confirmation for the Bank loan balance amounting to ₹ 26, 000,000.
- The current Liabilities amounting to ₹ 85,971,084 which includes creditors and other payables amounting to ₹ 57, 422,463. Under current assets, amounting to ₹ 41, 966,630 which includes Debtors and other receivable amounting to ₹ 34, 936,906.
- Therefore, the ratio will be 32.80: 67.20 total into 100% which represents Current Assets to Current Liabilities.

Opinion

In our opinion, except for the matters stated in above paragraphs so far as appears from our examination, the Company maintained proper accounting records for the period ended August 15, 2014 and the financial statements give a true and fair view of the Company's state of affairs as at August 15, 2014 and its Loss and cash flows for the period 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.

Shantha Adikari& Company
(Chartered Accountants)

Date: 15.09.2014

BALANCE SHEET AS AT 15TH AUGUST, 2014

		As at 15th August 2014 LKR	As at 31st December 2013 LKR	As at 15th August 2014 INR	As at 31st December 2013 INR
I.	**EQUITY AND LIABILITIES**				
	SHAREHOLDER'S FUNDS				
	Share Capital	**4,850,000**	4,850,000	**2,348,897**	2,470,060
	Reserves and Surplus	**(48,302,020)**	(375,595,821)	**(23,393,082)**	(191,287,438)
		(43,452,020)	(370,745,821)	**(21,044,185)**	(188,817,379)
	NON–CURRENT LIABILITIES				
	Long–term borrowings	**26,000,000**	26,000,000	**12,592,023**	13,241,557
	Deferred tax liabilities (Net)	**–**	–	**–**	–
	Other Long term liabilities	**–**	–	**–**	–
	Long term provisions	**2,548,621**	6,573,578	**1,234,319**	3,347,862
		28,548,621	32,573,578	**13,826,342**	16,589,419
	CURRENT LIABILITIES				
	Short–term borrowings	**–**	–	**–**	–
	Trade payables (including Acceptances)	**32,065,149**	74,957,100	**15,529,426**	38,174,950
	Other current liabilities	**–**	369,041,115	**–**	187,949,188
	Short–term provisions	**25,357,315**	–	**12,280,765**	–
		57,422,464	443,998,215	**27,810,191**	226,124,138
	Total	**42,519,065**	105,825,972	**20,592,348**	53,896,178
II.	**ASSETS**				
	NON–CURRENT ASSETS				
	Fixed assets				
	Tangible assets	**552,435**	4,168,269	**267,549**	2,122,860
	Intangible assets	**–**	–	**–**	–
	Capital work–in–progress	**–**	–	**–**	–
		552,435	4,168,269	**267,549**	2,122,860
	Intangible assets under development				
	Non–current investments	**–**	–	**–**	–
	Deferred tax assets (net)	**–**	–	**–**	–
	Long term loans and advances	**–**	–	**–**	–
	Other non–current assets				
		–	–	**–**	–
	CURRENT ASSETS				
	Current investments	**–**	–	**–**	–
	Inventories	**–**	4,440,232	**–**	2,261,369
	Trade receivables	**32,793,933**	77,620,268	**15,882,383**	39,531,277
	Cash and cash equivalents	**712,929**	5,030,597	**345,278**	2,562,036
	Short–term loans and advances	**8,459,768**	8,083,052	**4,097,138**	4,116,623
	Other current assets	**–**	6,483,554	**–**	3,302,013
		41,966,630	101,657,703	**20,324,798**	51,773,317
	Total	**42,519,065**	105,825,972	**20,592,348**	53,896,178

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD

	1–Jan–14 to 15–Aug–14 LKR	1–Jan–13 to 31–Dec–13 LKR	1–Jan–14 to 15–Aug–14 INR	1–Jan–13 to 31–Dec–13 INR
Revenue from operations	**26,349,268**	180,322,251	**12,416,864**	91,812,758
Less: Excise Duty, if any				
	26,349,268	180,322,251	**12,416,864**	91,812,758
Other Income	**5,032,379**	70,000	**2,371,465**	35,641
Total Revenue	**31,381,647**	180,392,251	**14,788,329**	91,848,399
Expenses:				
Cost of Purchases	**521,772**	28,079,878	**245,881**	14,297,132
Changes in inventories of finished goods, work–in–progress and Stock–in–Trade	**4,440,232**	64,060,088	**2,092,421**	32,616,792
Employee benefits expenses	**19,704,562**	88,225,933	**9,285,604**	44,921,058
Finance Costs	**2,449,699**	5,188,714	**1,154,399**	2,641,882
Foreign Exchange Loss /(Profit) (Net) on Borrowings & Preference Investments	**–**	–	**–**	–
Depreciation and amortization expense	**2,049,365**	5,279,836	**965,746**	2,688,278
Other expenses	**(325,077,783)**	57,865,194	**(153,190,090)**	29,462,604
Total Expenses	**(295,912,154)**	248,699,643	**(139,446,040)**	126,627,746
Profit before exceptional and extraordinary items and tax	**327,293,801**	(68,307,392)	**154,234,369**	(34,779,346)
Exceptional Items				
Profit before extraordinary items and tax	**327,293,801**	(68,307,392)	**154,234,369**	(34,779,346)
Extraordinary Items	**–**	–	**–**	–
Compensation tw Sale/Invocation of Investments	**–**	–	**–**	–
Loss on Sale / Invocation of Investment	**–**	–	**–**	–
Profit before tax	**327,293,801**	(68,307,392)	**154,234,369**	(34,779,346)
Tax expense:				
Current tax	**–**	–	**–**	–
Deferred tax Liability / (Asset)	**–**	–	**–**	–
Profit / (Loss) from the period after Tax	**327,293,801**	(68,307,392)	**154,234,369**	(34,779,346)

CASH FLOW STATEMENT FOR THE PERIOD ENDED FROM 1ST JANUARY 2014 TO 15TH OF AUGUST 2014

	15th August 2014 7.5 months LKR	31st December 2013 12 months LKR
Cash Flow From Operating Activities		
Net Loss/Profit Before Taxation	**(14,112,247)**	(68,307,392)
Adjustments For:		
Depreciation	**2,049,365**	5,279,836
Finance Cost	**2,510,599**	5,188,714
Prior years & Sundry Expense written off	**341,735,892**	–
Disposal Income	**–**	(70,000)
	332,183,608	(57,908,842)
Changes in Working Capital		
(Increase)/Decrees Inventories	**4,440,232**	3,945,395
(Increase)/Decrease Trade and Other Receivables	**50,766,413**	14,857,817
Increase/(Decrease) Trade & Other Payables	**(386,575,750)**	53,032,032
Cash Generated From Operating Activities	**814,503**	13,926,402
Gratuity Paid	**(4,024,957)**	(721,732)
Interest Paid	**(2,510,599)**	(5,188,714)
Net Cash From/(used in) Operating Activities	**(5,721,053)**	8,015,956
Cash Flow From Investing Activities		
Short Term Investments		
Purchase of Property Plant & Equipments	**(89,364)**	(1,885,525)
Sales Procedures	**1,492,751**	70,000
Net Cash From /(Used in) Investing Activities	**1,403,387**	(1,815,525)
Cash Flow From Financing Activities		
Net repayment of short term borrowings	**–**	–
Net Cash From/(Used in) Financing Activities	**–**	–
Increase in Cash and Cash Equivalents	**(4,317,667)**	6,200,430
Cash & Cash Equivalents at the Beginning of the Year	**5,030,596**	(1,169,834)
Increase in Cash and Cash Equivalents During the Year	**(4,317,667)**	6,200,430
Cash & Cash Equivalents at the End of the Year–(Note A)	**712,929**	5,030,596
Note A		
Cash & Cash Equivalents at End of the Year Represented by,		
Cash at Bank	**506,944**	4,880,597
Cash in Hand	**205,985**	150,000
	712,929	5,030,596

Figures in brackets indicate deductions.

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDING AUGUST 15, 2014

	As at 15th August 2014 LKR	As at 31st December 2013 LKR	**As at 15th August 2014 INR**	As at 31st December 2013 INR
Issued, subscribed and paid up:				
485,000 Common Shares fully paid–up of ₹ 10 each	**4,850,000**	4,850,000	**2,348,897**	2,470,060
Redeemable Preference Shares	**–**	–	**–**	–
Total	**4,850,000**	4,850,000	**2,348,897**	2,470,060
Reserves and Surplus				
General Reserve				
Translation Reserve	**–**	–	**13,651,019**	(8,969)
Profit & Loss Account :				
Surplus – Opening Balance	**(375,595,821)**	(307,288,429)	**(191,278,470)**	(156,499,123)
Add : Net profit after tax transferred from Statement of Profit and Loss	**327,293,801**	(68,307,392)	**154,234,369**	(34,779,346)
Excess Provision of Dividend of Last Year				
Dividend Distribution Tax on Excess Provision of Dividend of Last Yea				
Amount available for appropriation	**(48,302,020)**	(375,595,821)	**(37,044,101)**	(191,278,470)
Appropriation :				
Surplus – Closing Balance	**(48,302,020)**	(375,595,821)	**(37,044,101)**	(191,278,470)
Total	**(48,302,020)**	(375,595,821)	**(23,393,082)**	(191,287,438)
Long Term Borrowings				
Unsecured Borrowings				
External Commercial Borrowings from Banks	**26,000,000**	26,000,000	**12,592,023**	13,241,557
Total	**26,000,000**	26,000,000	**12,592,023**	13,241,557
Total of Long Term Borrowings	**26,000,000**	26,000,000	**12,592,023**	13,241,557
Long Term Provisions				
Provision for Gratuity	**2,548,621**	6,573,578	**1,234,319**	3,347,862
Total	**2,548,621**	6,573,578	**1,234,319**	3,347,862
Trade Payables				
Trade Payables	**12,392,723**	45,074,474	**6,001,902**	22,956,008
Acceptances				
Others	**19,672,426**	29,882,626	**9,527,524**	15,218,942
Total	**32,065,149**	74,957,100	**15,529,426**	38,174,950
Other Current Liabilities				
Provision for Expenses	**25,357,315**	65,550,077	**12,280,765**	33,384,041
Other Liabilities	**–**	303,491,038	**–**	154,565,147
Total	**25,357,315**	369,041,115	**12,280,765**	187,949,188
Inventories				
Work in Progress	**–**	3,070,922	**–**	1,563,992
Stores and Spares	**–**	1,369,310	**–**	697,377
Total	**–**	4,440,232	**–**	2,261,369
Trade Receivables				

	As at 15th August 2014 LKR	As at 31st December 2013 LKR	**As at 15th August 2014 INR**	As at 31st December 2013 INR
Debts outstanding for a period exceeding six months				
Unsecured				
Considered good	**14,161,648**	42,863,272	**6,858,607**	21,829,864
	14,161,648	42,863,272	**6,858,607**	21,829,864
Less: Provision for doubtful debts	**–**	–	**–**	–
	14,161,648	42,863,272	**6,858,607**	21,829,864
Other debts				
Unsecured	**18,632,285**	34,756,996	**9,023,775**	17,701,413
	18,632,285	34,756,996	**9,023,775**	17,701,413
Total	**32,793,933**	77,620,268	**15,882,383**	39,531,277
Cash and cash equivalents				
Balances with Banks				
Balance in current account with a Scheduled Bank	**506,944**	4,855,944	**245,517**	2,473,087
Balance in current account with a Non–Scheduled Bank	**–**	24,653	**–**	12,556
Cash on Hand	**205,985**	150,000	**99,760**	76,394
Total	**712,929**	5,030,597	**345,278**	2,562,036
Short Term Loans and Advances				
Others				
Advance Income Tax & Tax Deducted at source	**6,517,484**	–	**3,156,473**	–
Prepaid Expenses	**1,942,284**	1,748,887	**940,665**	890,692
Others	**–**	5,421,349	**–**	2,761,042
Unsecured	**–**	912,816	**–**	464,889
Total	**8,459,768**	8,083,052	**4,097,138**	4,116,623

	1–Jan–14 to 15–Aug–14 LKR	1–Jan–13 to 31–Dec–13 LKR	**1–Jan–14 to 15–Aug–14 INR**	1–Jan–13 to 31–Dec–13 INR
Revenue from Operations				
Sale of Products				
Telecom Products	**–**	180,322,251	**–**	91,812,758
Revenue from Turnkey Projects	**26,349,268**	–	**12,416,864**	–
Total	**26,349,268**	180,322,251	**12,416,864**	91,812,758
Other Income				
Other Non–Operating Income	**5,032,379**	70,000	**2,371,465**	35,641
Total	**5,032,379**	70,000	**2,371,465**	35,641
Purchase of Stock in Trade				
Fuel Charges For Energy Management				
EB Cost – Energy Management				
Sub Contractor Charges	**521,772**	–	**245,881**	–

	As at 15th August 2014 LKR	As at 31st December 2013 LKR	**As at 15th August 2014 INR**	As at 31st December 2013 INR
Vehicle Hire Charges – Projects	**–**	28,079,878	**–**	14,297,132
Lease Rental on Network Equipment				
Total of Purchase of Material (Non – trade) & Services	**521,772**	28,079,878	**245,881**	14,297,132
Total of Purchases	**521,772**	28,079,878	**245,881**	14,297,132
Changes in inventories of finished goods, work–in–progress and Stock–in– trade				
Decrease / (Increase) in Inventory				
Work in Progress	**3,070,922**	–	**1,447,145**	–
Stock in trade	**1,369,310**	64,060,088	**645,275**	32,616,792
Total	**4,440,232**	64,060,088	**2,092,421**	32,616,792
Employee Benefit Expense				
Salaries	**19,045,837**	79,226,009	**8,975,186**	40,338,662
Staff Welfare Expenses	**658,725**	8,999,924	**310,418**	4,582,395
Total	**19,704,562**	88,225,933	**9,285,604**	44,921,058
Finance Costs				
Interest Expense				
Interest on Borrowings	**2,449,699**	4,954,822	**1,154,399**	2,522,794
Other Borrowing costs	**–**	233,892	**–**	119,088
Total	**2,449,699**	5,188,714	**1,154,399**	2,641,882
Other Expenses				
Consumption of Stores & Spares				
Communication Expenses	**1,280,363**	5,216,586	**603,360**	2,656,073
Advertisement Expenses	**–**	14,400	**–**	7,332
Business Promotion Expenses	**–**	107,346	**–**	54,656
Rent	**2,311,252**	3,249,000	**1,089,157**	1,654,259
Electricity Charges	**346,107**	722,934	**163,100**	368,088
Insurance	**985,553**	287,782	**464,433**	146,527
Legal and Professional Fees	**2,455,366**	884,685	**1,157,070**	450,446
Travelling & Conveyance Expenses	**7,454,966**	21,450,240	**3,513,088**	10,921,590
Auditor's Remuneration	**222,800**	324,000	**104,993**	164,968
Repairs & Maintenance – Buildings	**–**	687,464	**–**	350,029
Repairs & Maintenance – Others	**324,016**	347,266	**152,690**	176,814
Net (Gain)/Loss on Foreign Currency Transactions	**359,766**	1,140,953	**169,537**	580,927
Other Expenses	**(340,817,972)**	23,432,538	**(160,607,518)**	11,930,896
Total	**(325,077,783)**	57,865,194	**(153,190,090)**	29,462,604

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED FROM 1ST JANUARY 2014 TO 15TH OF AUGUST 2014.

	Share Capital LKR	Accumulatad Losses LKR	Total LKR
Balance as at 1st January 2012	4,850,000	(307,288,429)	(302,438,429)
Loss for the year	–	(68,307,392)	(68,307,392)
Balance as at 31st December 2013	4,850,000	(375,595,821)	(370,745,821)
Balance as at 1st January 2014	4,850,000	(375,595,821)	(370,745,821)
Prior years written off	–	341,406,049	–
Loss for the 7.5 months	–	(14,112,247)	(14,112,247)
Balance as at 15th August 2014	4,850,000	(48,302,019)	(384,858,068)

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 15TH AUGUST, 2014

1. CORPORATE INFORMATION

1.1 General

GTL International Lanka (Private) Limited ("Company") is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the company and principal place of business is located at No.57, D.S.Fonseka Road, Thimbirigasyaya, Colombo 05, Sri Lanka.

1.2 Principal activities and business of Operations

During the year, the principal activities of the Company were providing Turnkey Telecommunication site construction, installations and commissioning of Telecommunication Equipment and maintenance and management networks. In telecom circle, such companies are known as Turnkey Solution Provider (TSP) or System Integrator (SI).Also, the company continued to remain focus on providing services in GSM and CDMA technology in telecom sector to OEM and Telecom in the Island.

1.3 Parent Entity

The Company's parent undertaking is GTL International Limited (wholly own subsidiary), which is incorporated in Bermuda.

1.4 Date of Authorization for Issue.

The Financial Statement of GTL International Lanka (Private) Limited for the year ended 15th August, 2014 was authorized for issue in accordance with a resolution of the Board of Directors on 15th September 2014.

2. GENARAL ACCOUNTING POLICIES

2.1 Basis of Preparation

The preparation of Financial Statement in conformity with Sri Lanka Accounting Standards requires the Management to use of certain critical accounting estimates. It also requires Management exercise its judgment in the process of applying the Company's Accounting Policies.

The Financial Statements have been prepared on a historical cost basis and are presented in Sri Lankan Rupees.

2.1.1 Statement of Compliance

These Statements are prepared in accordance with the Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and also in compliance with the Companies Act No 7 of 2007.

2.1.2 Going Concern

These Financial Statements are prepared on the assumption that the Company is under Creditors voluntary winding – up with effect from 15th August 2014, i.e. as not continuing in operation for the foreseeable future.

The Company has negative net assets position of ₹ 43,452,019/– as at the statement of Financial Position date and the stated capital of the Company has been completely eroded due to the accumulated losses of ₹ 48,302,015/–as at 15th August, 2014 which is a serious loss of capital as per Section 220 of the Companies Act 2007. These factors raised substantial doubt that the company will be not able to continue as a going concern.

Taking these circumstances into consideration, the Directors have made the assessment and decided to refer it to creditors voluntary winding – up as at 15th August 2014 to discontinue as the parent company GTL International Limited will discontinue to provide financial support if/and when required, to meet the Company's current and future liabilities.

2.1.3 Comparative Information

The accounting policies have been consistently applied by the Company and are consistent with that use in the previous year's figures and phrases have been rearranged wherever necessary to conform to the current presentation.

2.2 SIGNIFICANT ACCOUNTING ADJUSTMENTS

The financial statements are sensitive to assumptions and estimates made in measuring certain carrying amounts presented in the Balance Sheet and amount charged to the Income Statement. These could result in a significant risk of causing metrical adjustment to the carrying amounts of assets and liabilities which are disclosed in the relevant Notes to the Financial Statements.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTS POLICES

2.3.1 Foreign Currency Transactions

The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the Balance Sheet date. All differences are taken to profit or loss. Non monitory items that are measured in terms of historical cost in a foreign currency measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

2.3.2 Taxation

Current Taxes

Current income tax assets and liabilities for the current and prior period s are measured at the amount expected to be received from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted substantively enacted by the Balance Sheet.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statement and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and subsequent amendments there to.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the Income Statement.

2.3.3 Events Occurring after the Balance Sheet Date

All material events occurring after the Balance Sheet date have been considered and where necessary adjustments to or disclosures have been made in the respective notes to the accounts.

2.4 ASSETS & BASES OF THEIR VALUATION

Assets classified as current assets in the Balance Sheet are cash and those which are expected to realize in cash, during the normal operating cycle of the Company's business, or within one year from the Balance Sheet date.

2.4.1 Property, Plant & Equipment

Cost

Property, Plant and Equipment are stated at cost less accumulated depreciation. The cost of an item of Property, Plant and Equipment comprise its purchase price and any directly attributable cost of bringing the assets to working condition for its intended used.

Restoration cost

Expenditure incurred on repairs or maintenance of Property, Plant and Equipment in order to maintain the future economic benefits expected from originally assessed standard of performance, is recognized as an expense when incurred.

Depreciation

The Provision for depreciation is calculated by using the straight line basis on the cost of all Property, Plant and Equipment in order to write off such amount over the following estimated useful lives.

Office Equipment	–	20%
Furniture & Fittings	–	20%
Computer & Accessories	–	20%
Tools	–	50%

Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases that the earlier of the date that the asset is classified as held for sale and the date that the asset is de–recognized.

The appropriateness of useful lives, residual value and the depreciation rates are assessed annually.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its' estimated recoverable amount.

2.4.2 Property, Plant & Equipment

Depreciation

Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases that the earlier of the date that the asset is classified as held for sale and the date that the asset is de–recognized.

The appropriateness of useful lives, residual value and the depreciation rates are assessed annually.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its' estimated recoverable amount.

2.4.3 Trade & Other Receivables

Trade Receivables are stated at the amounts they are estimated to realized net of allowances for bad & doubtful receivables.

Other Receivables are dues from related parties are recognized at cost less allowances for bad and doubtful receivables.

2.4.4 Cash & Cash Equivalents

Cash & Cash Equivalents are Cash in Hand, Demand Deposits and Short term highly liquid investments, readily convertible to known amounts of Cash and subject to insignificant of changes in value.

For the purpose of cash flow statement, Cash & Cash equivalents consists of Cash in Hand and Deposits in banks net of outstanding Bank Overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as Cash equivalents.

2.4.5 Liabilities & Provision

Liabilities classified as current liabilities in the Balance Sheet are those obligations payable on demand or within one year from the Balance Sheet date. Items classified as Non–current liabilities are those obligations which become payable beyond a period of one year from the Balance Sheet date.

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, there it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amounts of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre–tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

2.4.6 Retirement Benefit Obligation

Defined Benefit Plans– Retirement Gratuity

Gratuity is a defined plan. The Company is liable to pay Gratuity in terms of the relevant statute. In order to meet this liability, a provision is carried forward in the Balance Sheet, equivalent to an amount calculated based on a half month's salary of the last month of the financial year of all employees for each completed year of service, commencing from the first year of service. The resulting difference between brought forward provision at the beginning of a year net of any payments made, and the carried forward provision at the end of a year is dealt with in the income statement.

The Gratuity liability is not externally funded nor actuarially is valued. This item grouped under "Other Deferred Liabilities" in the Balance Sheet.

However, as per the payment of Gratuity Act No.12 of 1983 this liability only arises upon completion of 5 years of continued service.

Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund contributions and Employees Trust Fund contributions in line with the respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees Trust Fund respectively.

Employer's contribution to Employees' Provident Fund and Employees' Trust Fund covering the employees is recognized as an expense in the Income Statement in the period in which it is incurred.

3. INCOME STATEMENT

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net or trade discount and sales taxes.

The following specific criteria are used for the purpose of recognition of revenue.

Contract Revenue

Contract revenue is measured at the fair value of the consideration received or receivable. The measurement of contract revenue is affected by a variety of uncertainties that depend on the outcome of future events. The estimates often need to be revised as events occur and uncertainties are resolved.

The recognition of contract Revenue is computed based on reference to the stage of completion of a contract is often referred to as the percentage of completion method. However, as of Balance Sheet date there were no uncompleted contracts to recognize revenue based on above.

Rendering of Services

Revenue from rendering of services is recognized in the accounting period in which the service are rendered or performed.

Interest

Interest from short term deposits are recognized on a time proportion basis from the date of deposit to the balance sheet date

Others

Other Income is recognized on anaccrual basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 15TH AUGUST, 2014

	15th August 2014 7.5 months ₹	31st December 2013 12 months ₹
Note : 02		
Revenue		
Turnkey Projects and Materials	**26,349,268**	180,322,251
	26,349,268	180,322,251
Note : 03		
Cost of Delivery		
Staff Cost – Delivery	**23,468,183**	65,397,263
Staff Welfare Expenses	**487,638**	8,269,949
Direct Material	**521,772**	63,405,752
	24,477,593	137,072,964
Note : 04		
Other Income		
Gain on Disposal of Assets	**–**	70,000
Sundry Income	**4,702,537**	–
Sundry Expense (Appendix 1)	**329,842**	–
	5,032,380	70,000
Note : 05		
Administration Expenses		
Staff Cost – Support Staff	**–**	8,741,731
Welfare Expenses	**–**	416,639
Legal Expenses	**2,102,424**	680,085
Auditor's Remuneration	**222,800**	324,000
Depreciation	**2,049,365**	5,279,836
Foreign Exchange Loss	**–**	1,140,953
Rent Expenses	**2,311,252**	5,358,896
Electricity Charges	**292,070**	1,038,853
Insurance	**985,553**	1,606,125
Fuel Expenses	**2,055,780**	6,400,508
Vehicle Charges	**2,828,413**	12,571,521
Travelling	**2,149,468**	16,951,555
Telephone	**641,159**	2,725,406
Internet	**551,744**	999,959
Postage And Courier Charges	**87,460**	62,080
Software Support	**324,016**	374,399
Visa Expenses	**242,839**	107,955
Printing And Stationary	**52,537**	465,245
Water Charges	**54,038**	188,112
Security Charges	**474,640**	745,489
Conveyance	**178,466**	–
Professional And Consultancy	**352,942**	199,383
Forex Loss DRS And CRS	**359,766**	1,506,475
	18,316,731	67,885,206

Figures in brackets indicate deductions.

	15th August 2014 7.5 months ₹	31st December 2013 12 months ₹
Note : 06		
Selling & Distribution Expenses		
Staff Cost – Selling and Marketing	**17,886**	5,087,015
Advertisement Expenses	**–**	14,400
Business Promotion Expenses	**–**	89,186
Staff Welfare Expenses	**171,087**	313,336
	188,973	5,503,937
Note : 07		
Interest on Long Term Loan	**–**	–
Finance Expenses	**–**	–
Interest Paid	**2,449,699**	4,954,822
Finance Charged Paid	**60,900**	233,892
	2,510,599	5,188,714
Note : 08		
Basic Deficit Per Share		
Basic Deficit Per Share is calculated based on the Profit after tax attributable to the Ordinary share holders divided by the weighted average number of shares outstanding during the year.		
Profit & Loss Attributable to Ordinary Share Holders	**(14,112,247)**	(68,307,392)
Weighted Average No. of Ordinary Shares	**485,000**	485,000
Basic Deficit Per	**(29.10)**	(140.84)

Note : 09

Property, Plant & Equipment

Assets	Balance as at 01.01.2014 ₹	Addition ₹	Disposal / Tranfers ₹	Balance as at 15.08.2014 ₹
Computers & Accessories	12,609,954	89,364	586,034	12,023,920
Furniture & Fixtuers	3,235,654	–	448,389	2,787,266
Office Equipment	1,265,843	–	102,722	1,163,121
Tools Kits	22,409,793	–	429,324	21,980,469
Software Licences	–	–	–	763,827
	39,521,244	89,364	1,566,469	38,718,602

Depreciation	Balance as at 01.01.2014 ₹	Charges for the Year ₹	Disposal / Tranfers ₹	Balance as at 15.08.2014 ₹
Computers and Accessories	11,014,631	679,416	–	11,694,048
Furniture & Fixtuers	2,673,362	105,870	–	2,779,232
Office Equipment	1,106,048	49,038	–	1,155,087
Tools Kits	20,558,934	1,215,040	–	21,773,973
Software Licences	–	–	–	763,827
	35,352,975	2,049,365	–	38,166,166

Written Down Value	Balance as at 01.01.2014 ₹	Balance as at 15.08.2014 ₹
Computers and Accessories	1,595,322	329,872
Furniture & Fixtuers	562,293	8,034
Office Equipment	159,795	8,034
Tools Kits	1,850,859	206,495
Software Licences	–	–
	4,168,269	552,435

		15th August 2014 7.5 months LKR	31st December 2013 12 months LKR
Note : 10			
Inventories			
Work In Progress		–	3,070,922
Store and Spares		–	5,055,340
Inventory – Provision for Obsolete Stocks		–	(3,686,030)
		–	4,440,232
Note : 11			
Trade and Other Receivables			
Debtors		**14,161,648**	42,863,272
Other Debtors		–	5,421,349
Advanced and Prepayments		**1,942,284**	1,748,886
Accrued Receivables		**18,632,285**	34,756,996
Amount due from Related Parties		–	912,816
Withholding Tax Receivable		**200,689**	–
		34,936,906	85,703,319
Note : 11.1			
Amount Due From Related Parties	Related Party Relationship		
GTL Limited – Europe	Group Company	–	865,639
IGTL Solution – Nigeria	Group Company	–	47,177
		–	912,816
Note : 12			
Cash and Cash Equivalents			
Current Accounts –SCB –01 3654699 01		**454,272**	2,456,347
Current Accounts –SCB –01 3654699 02		**28,019**	2,399,597
Current Accounts –HSBC –001 079888 001		**420**	420
Bank Book Balance			
SIERRA Account		**24,233**	24,233
Cash in Hand		**205,985**	150,000
		712,929	5,030,597
Note : 13			
Stated Capital			
Issued & Fully Paid			
485,000 Ordinary Shares		**4,850,000**	4,850,000
Note : 14			
Retirement Benefit Obligations			
Balance at the Beginning of the Year		**6,573,578**	7,295,310
Charges for the year		–	–
Payment Made During the Year		**(4,024,957)**	(721,732)
Balance at the End of the Year		**2,548,621**	6,573,578
Note : 15			
Trade and Other Payables			
Trade Payables		**12,392,723**	45,074,474
Other Payables		**19,672,426**	29,882,626
Provision and Accrued Expenses		**25,357,315**	65,550,077
Amount due to Related Parties		–	303,491,036
		57,422,463	443,998,213

		15th August 2014 7.5 months LKR	31st December 2013 12 months LKR
Note : 15.1			
Amount Due To Related Parties	Related Party Relationship		
IGTL Solution Middle East FZ–LLC	Group Company	–	16,172,127
IGTLSingapore	Group Company	–	–
GTL International Ltd	Parent Company	–	236,535,065
GTL Kenya Ltd	Group Company	–	571,814
GTL Limited	Ultimate Parent	–	1,991,437
ADA India	Group Company	–	46,130,540
GTL Nepal	Group Company	–	908,600
IGTL KSA CURR AACT	Group Company	–	1,181,453
IGTL (S) SOUTH AFRICA	Group Company	–	–
		–	303,491,036

BOARD OF DIRECTORS' STATEMENT

REGARDING

THE RESPONSIBILITY FOR THE FINANCIAL STATEMENT

AS OF 31 DECEMBER 2014

AND FOR THE YEAR ENDED 31 DECEMBER 2014

PT. GTL INDONESIA

We, the undersigned:

Name	: Mr. Anup Kumar Gawdi
Office	: Jl. Cikini 2 No. 8, Menteng, Jakarta Pusat
Domicile Address	: Jl. Cikini II No. 8, Kelurahan Cikini Kecamatan Menteng, Jakarta Pusat
As stated in ID	: Z2231400
Phone Number	: +62 – 21 319 086 43
Function	: President Director

Declare that:

1. We are responsible for the preparation and presentation of PT GTL Indonesia financial statement;
2. PT. GTL Indonesia financial statement have been prepared and presented in accordance with accounting principles generally accepted in Indonesia;
3. a. Information in PT. GTL Indonesia financial statement has been disclosed in a complete and truth manner;
   b. PT. GTL Indonesia financial statement do not contain any incorrect information or material fact, nor do we omit information or material fact;
4. We are responsible for PT GTL Indonesia internal control system.

We certify the accuracy of this statement.

For and on behalf of the Board of Directors

Anup Kumar Gawdi
President Director

INDEPENDENT AUDITORS' REPORT

The Shareholders and the Boards of Commissioners and Directors

PT GTL Indonesia

We have audited the balance sheet of PT GTL Indonesia (the Company) as of December 31, 2014 and December 31, 2013 and the related statements of income, statements of change in shareholders' equity, and cash flows for the period of 12 (twelve) month ended December 31, 2014 and 12 (twelve) month ended December 31, 2013 which are expressed in Indonesian Rupiah. 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 audits.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Public 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 evalutating the overall financial statement presentation. We believe tht out audits provide a reasonable basis for our opinion.

Currently the Company is in reviewing mode and has no business activity in Indonesia Region. The Company may start its business operation depends on Company Future Business Strategy for Indonesia Region.

In our opinion, the financial statement referred to above present fairly, in the material respects, the financial positions of Pt. GTL Indonesia as of December 31, 2014 and December 31, 2013 and the result of its operations, statements of change in shareholders' equity and its cash flows for the period of 12 (twelve) months ended December 31, 2014 and 12 (twelve) months ended December 31, 2013 in conformity with generally accepted accounting principles

BUDI ISVANTO

Drs. Farida Damywati, CPA
NRAP No. RT0543
Jakarta, July 31, 2015

Budi Isvanto
(Head – Audit Team)

Yongki Gunawan
(Manager – Audit Team)

BALANCE SHEET AS AT 31ST DECEMBER, 2014

	As at 31st December 2014 IDR	As at 31st December 2013 IDR	As at 31st December 2014 INR	As at 31st December 2013 INR
I. EQUITY AND LIABILITIES				
SHAREHOLDER'S FUNDS				
Share Capital	**1,532,133,911**	1,576,075,000	**7,836,300**	8,037,650
Reserves and Surplus	**(69,711,990,034)**	(58,269,760,190)	**(356,551,145)**	(297,163,469)
	(68,179,856,123)	(56,693,685,190)	**(348,714,845)**	(289,125,819)
NON–CURRENT LIABILITIES				
Long–term borrowings	**68,250,693,414**	58,802,565,643	**349,077,151**	299,880,664
Deferred tax liabilities (Net)	**–**	–	**–**	–
Other Long term liabilities	**–**	–	**–**	–
Long term provisions	**104,267,857**	104,267,857	**533,292**	531,744
	68,354,961,271	58,906,833,500	**349,610,443**	300,412,408
CURRENT LIABILITIES				
Short–term borrowings	**6,000,000,000**	5,727,629,849	**30,687,789**	29,209,702
Trade payables (including Acceptances)	**512,017,124**	777,119,603	**2,618,779**	3,963,146
Other current liabilities	**–**	–	**–**	–
Short–term provisions	**1,218,010,977**	1,292,619,141	**6,229,677**	6,592,085
	7,730,028,101	7,797,368,593	**39,536,246**	39,764,933
Total	**7,905,133,249**	10,010,516,903	**40,431,844**	51,051,522
II. ASSETS				
NON–CURRENT ASSETS				
Fixed assets				
Tangible assets	**1**	1,739,755,516	**0**	8,872,386
Intangible assets	**–**	–	**–**	–
Capital work–in–progress	**–**	–	**–**	–
	1	1,739,755,516	**0**	8,872,386
Intangible assets under development				
Non–current investments				
Deferred tax assets (net)	**4,451,808,060**	2,369,700,473	**22,769,358**	12,084,972
Long term loans and advances	**662,238,862**	575,322,933	**3,387,108**	2,934,025
Other non–current assets	**–**	–	**–**	–
	5,114,046,922	2,945,023,406	**26,156,466**	15,018,997
CURRENT ASSETS				
Current investments	**–**	–	**–**	–
Inventories	**–**	–	**–**	–
Trade receivables	**1,023,370,531**	2,141,305,286	**5,234,163**	10,920,205
Cash and cash equivalents	**11,653,475**	843,780,400	**59,603**	4,303,102
Short–term loans and advances	**1,756,062,320**	2,340,652,295	**8,981,612**	11,936,832
Other current assets	**–**	–	**–**	–
	2,791,086,326	5,325,737,981	**14,275,378**	27,160,139
Total	**7,905,133,249**	10,010,516,903	**40,431,844**	51,051,522

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD

	1–Jan–14 to 31–Dec–14 IDR	1–Jan–13 to 31–Dec–13 IDR	**1–Jan–14 to 31–Dec–14 INR**	1–Jan–13 to 31–Dec–13 INR
Revenue from operations	**1,353,315,488**	15,376,512,951	**6,902,053**	85,969,201
Less: Excise Duty, if any				
	1,353,315,488	15,376,512,951	**6,902,053**	85,969,201
Other Income	**–**	–	**–**	–
Total Revenue	**1,353,315,488**	15,376,512,951	**6,902,053**	85,969,201
Expenses:				
Cost of Purchases	**4,551,423,093**	15,250,058,847	**23,212,744**	85,262,203
Changes in inventories of finished goods, work–in–progress and Stock–in–Trade	**–**	–	**–**	–
Employee benefits expenses	**448,767,946**	1,826,954,938	**2,288,764**	10,214,400
Finance Costs	**(60,015,984)**	937,635,497	**(306,088)**	5,242,266
Foreign Exchange Loss /(Profit) (Net) on Borrowings & Preference Investments			**–**	–
Depreciation and amortization expense	**711,134,750**	193,544,326	**3,626,863**	1,082,095
Other expenses	**9,401,675,204**	7,483,561,669	**47,949,547**	41,840,164
Total Expenses	**15,052,985,009**	**25,691,755,277**	**76,771,831**	**143,641,128**
Profit before exceptional and extraordinary items and tax	**(13,699,669,521)**	(10,315,242,326)	**(69,869,777)**	(57,671,927)
Exceptional Items				
Profit before extraordinary items and tax	**(13,699,669,521)**	(10,315,242,326)	**(69,869,777)**	(57,671,927)
Extraordinary Items				
Compensation tw Sale/Invocation of Investments	**–**	–	**–**	–
Loss on Sale / Invocation of Investment	**–**	–	**–**	–
Profit before tax	**(13,699,669,521)**	(10,315,242,326)	**(69,869,777)**	(57,671,927)
Tax expense:				
Current tax	**(2,257,439,677)**	(868,054,592)	**(11,513,183)**	(4,853,243)
Deferred tax Liability / (Asset)				
Profit / (Loss) from the period after Tax	**(11,442,229,844)**	(9,447,187,734)	**(58,356,594)**	(52,818,684)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2014

	January 1, 2014 to Dec 31, 2014 IDR	April 1, 2013 to Dec 31, 2013 IDR	**January 1, 2014 to Dec 31, 2014 INR**	April 1, 2013 to Dec 31, 2013 INR
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	**(11,442,229,846)**	(9,447,187,734)	**(58,357,882)**	**(50,395,752)**
Adjustments to reconcile net loss				
to net cash provided by (used in) operating activites :				
Depreciation	**2,356,856,907**	617,101,391	**12,020,487**	**3,291,910**
Deffered tax expenses (benefit)	**(2,257,439,677)**	(868,054,592)	**(11,513,437)**	**(4,630,612)**
Allowance (settlement) on liability for employee benefits – net	**–**	19,450,461	**–**	**103,758**
Changes in operating assets and liabilites :				
Accounts receivable	**1,117,934,755**	3,213,597,574	**5,717,751**	**17,142,844**
Other receivables	**326,048,560**	(291,469,251)	**1,667,597**	**(1,554,834)**
Prepaid expenses	**226,320,295**	5,370,371	**1,157,530**	**28,648**
Prepaid taxes	**(38,850,664)**	(346,551,031)	**(198,704)**	**(1,848,667)**
Other current assets	**71,071,784**	(6,829,829)	**363,501**	**(36,434)**
Due from related parties	**(86,915,929)**	(57,705,640)	**(444,537)**	**(307,829)**
Security deposits and other assets	**–**	(23,800,000)	**–**	**(126,960)**
Account payable	**(265,102,479)**	275,934,681	**(1,355,884)**	**1,471,966**
Taxes payable	**194,634,331**	(767,243,878)	**995,470**	**(4,092,840)**
Accruals	**(269,242,492)**	(41,420,952)	**(1,377,059)**	**(220,959)**
Net Cash Provided from Operating Activities	**(10,066,914,453)**	(7,718,808,428)	**(51,325,167)**	**(41,175,762)**
CASH FLOWS FROM INVESTING ACTIVITES				
Acquisitions of fixed assets		(24,100,000)	**–**	**(128,561)**
Net Cash Provided from (Used in) Investing Activities		(24,100,000)	**–**	**(128,561)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of short–term loan		(1,990,507,255)	**–**	**(10,618,304)**
Increase (decrease) in due to related parties	**9,448,127,771**	9,755,130,490	**47,231,933**	**52,038,464**
Net Cash Provided from (Used in) Financing Activities	**9,448,127,771**	7,764,623,236	**47,231,933**	**41,420,160**
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANK	**(618,786,682)**	21,714,808	**(4,093,234)**	**115,837**
CASH ON HAND AND IN BANKS AT BEGINNING OF YEARS	**843,780,399**	822,065,592	**4,501,122**	**4,385,285**
Foreign exchange variation	**–**	**–**	**(348,285)**	**–**
CASH ON HAND AND IN BANK AT END OF YEARS	**224,993,718**	843,780,401	**59,603**	**4,501,122**

STATEMENT OF CHANGES IN EQUITIES ENDED DECEMBER 31, 2014 AND COMPARE WITH DECEMBER 31, 2013

	Notes	**Share Capital IDR**	**Foreign Exchange Difference on paid–in capital IDR**	**Deficit IDR**	**Net Capital Deficiency IDR**
Balance as of Jan 31, 2013	10, 19	1,622,250,000	(46,175,000)	(48,822,572,456)	(47,246,497,456)
Net Income		–	–	(9,447,187,735)	(9,447,187,735)
Balance as of December 31, 2013	10, 19	1,622,250,000	(46,175,000)	(58,269,760,191)	(56,693,685,191)
Net Income (Loss)		–	–	(11,442,229,846)	(11,442,229,846)
Balance as of December 31, 2014	10, 19	1,622,250,000	(46,175,000)	(69,711,990,037)	(68,135,915,037)

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDING DECEMBER 31, 2014

	As at 31st December 2014 IDR	As at 31st December 2013 IDR	**As at 31st December 2014 INR**	As at 31st December 2013 INR
Share Capital				
Issued, subscribed and paid up:				
175,000 Common Shares fully paid–up of Rp 9,270 (US 1) each	**1,622,250,000**	1,622,250,000	**8,297,211**	8,273,132
Foreign exchange difference	**(90,116,089)**	(46,175,000)	**(460,911)**	(235,483)
Total	**1,532,133,911**	1,576,075,000	**7,836,300**	8,037,650
Reserves and Surplus				
Translation Reserve	**–**	–	**3,608,940**	4,640,022
Profit & Loss Account :				
Surplus – Opening Balance	**(58,269,760,190)**	(48,822,572,456)	**(301,803,491)**	(248,984,807)
Add : Net profit after tax transferred from Statement of Profit and L	**(11,442,229,844)**	(9,447,187,734)	**(58,356,594)**	(52,818,684)
Amount available for appropriation	**(69,711,990,034)**	(58,269,760,190)	**(360,160,085)**	(301,803,491)
Surplus – Closing Balance	**(69,711,990,034)**	(58,269,760,190)	**(360,160,085)**	(301,803,491)
Total	**(69,711,990,034)**	(58,269,760,190)	**(356,551,145)**	(297,163,469)
Long Term Borrowings				
Unsecured Borrowings				
Debentures:				
Loans & Advances from Related Parties	**68,250,693,414**	58,802,565,643	**349,077,151**	299,880,664
Total	**68,250,693,414**	58,802,565,643	**349,077,151**	299,880,664
Total of Long Term Borrowings	**68,250,693,414**	58,802,565,643	**349,077,151**	299,880,664
Long Term Provisions				
Provision for employee benefits				
Provision for Gratuity	**104,267,857**	104,267,857	**533,292**	531,744
Total	**104,267,857**	104,267,857	**533,292**	531,744
Short Term Borrowings				
From Banks *				
– Cash Credit	**6,000,000,000**	5,727,629,849	**30,687,789**	29,209,702
Total	**6,000,000,000**	5,727,629,849	**30,687,789**	29,209,702
Trade Payables				
Trade Payables	**512,017,124**	777,119,603	**2,618,779**	3,963,146
Total	**512,017,124**	777,119,603	**2,618,779**	3,963,146
Other Current Liabilities				
Provision for Expenses	**216,567,656**	449,874,608	**1,107,664**	2,294,265
Accrued salaries & benefits	**355,355,644**	391,291,187	**1,817,513**	1,995,502
Statutory Dues Payable	**646,087,677**	451,453,346	**3,304,500**	2,302,317
Total	**1,218,010,977**	1,292,619,141	**6,229,677**	6,592,085
Long term loans and advances				
Security Deposits	**23,800,000**	23,800,000	**121,728**	121,375
Loans & Advances to Related Parties	**638,438,862**	551,522,933	**3,265,380**	2,812,650
Total	**662,238,862**	575,322,933	**3,387,108**	2,934,025
Trade Receivables				
Considered good	**916,380,906**	916,380,906	**4,686,951**	4,673,349
	916,380,906	916,380,906	**4,686,951**	4,673,349
	916,380,906	916,380,906	**4,686,951**	4,673,349
Considered good	**106,989,625**	1,224,924,380	**547,213**	6,246,856
	106,989,625	1,224,924,380	**547,213**	6,246,856

	As at 31st December 2014 IDR	As at 31st December 2013 IDR	As at 31st December 2014 INR	As at 31st December 2013 INR
Total	**1,023,370,531**	2,141,305,286	**5,234,163**	10,920,205
Cash and cash equivalents				
Balances with Banks				
Balance in current account with a Non–Scheduled Bank	**11,653,475**	843,780,400	**59,603**	4,303,102
Total	**11,653,475**	843,780,400	**59,603**	4,303,102
Short Term Loans and Advances				
Loans & Advances to related parties				
Others				
Advance Income Tax & Tax Deducted at source	**1,700,024,480**	1,661,173,816	**8,694,999**	8,471,636
Prepaid Expenses	**–**	226,320,295	**–**	1,154,186
Others	**56,037,840**	453,158,184	**286,613**	2,311,011
Total	**1,756,062,320**	2,340,652,295	**8,981,612**	11,936,832

	January 1, 2014 to Dec 31, 2014 IDR	April 1, 2013 to Dec 31, 2013 IDR	January 1, 2014 to Dec 31, 2014 INR	April 1, 2013 to Dec 31, 2013 INR
Revenue from Operations				
Sale of Services				
Telecom Services	**1,353,315,488**	15,376,512,951	**6,902,053**	85,969,201
Total	**1,353,315,488**	15,376,512,951	**6,902,053**	85,969,201
Purchase of Stock in Trade				
Sub Contractor Charges	**4,551,423,093**	15,250,058,847	**23,212,744**	85,262,203
Total of Purchase of Material (Non – trade) & Services	**4,551,423,093**	15,250,058,847	**23,212,744**	85,262,203
Total of Purchases	**4,551,423,093**	15,250,058,847	**23,212,744**	85,262,203
Employee Benefit Expense				
Salaries	**448,767,946**	1,826,954,938	**2,288,764**	10,214,400
Total	**448,767,946**	1,826,954,938	**2,288,764**	10,214,400
Finance Costs				
Interest Expense				
Interest on Borrowings	**(60,015,984)**	937,635,497	**(306,088)**	5,242,266
Total	**(60,015,984)**	937,635,497	**(306,088)**	5,242,266
Other Expenses				
Consumption of Stores & Spares				
Communication Expenses	**16,340,200**	85,020,523	**83,337**	475,345
Business Promotion Expenses	**2,800,000**	27,482,892	**14,280**	153,655
Rent	**4,798,000**	12,948,500	**24,470**	72,394
Electricity Charges	**3,268,741**	27,385,070	**16,671**	153,108
Legal and Professional Fees	**34,000,000**	1,018,105,983	**173,404**	5,692,172
Travelling & Conveyance Expenses	**258,357,622**	429,986,771	**1,317,651**	2,404,031
Repairs & Maintenance – Others	**15,000,000**	5,550,000	**76,502**	31,030
Provision for Doubtful Debts & Advances	**–**	1,799,960	**–**	10,063
Net (Gain)/Loss on Foreign Currency Transactions	**9,067,110,641**	5,503,809,125	**46,243,232**	30,771,481
Other Expenses	**–**	371,472,845	**–**	2,076,883
Total	**9,401,675,204**	7,483,561,669	**47,949,547**	41,840,164
Tax Expense				
Deferred taxes	**(2,257,439,677)**	(868,054,592)	**(11,513,183)**	(4,853,243)
Total	**(2,257,439,677)**	(868,054,592)	**(11,513,183)**	(4,853,243)

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED DECEMBER AS OF DECEMBER 31, 2014 AND 2013

1. GENERAL

IGTL Solution Indonesia ("the Company") was established within the framework of foreign capital investment law, based on notarial deed No. 2 dated April 28, 2006 of Ruli Iskandar, S.H. The deed of establishment was approved by Ministry of Justice and Human Right of Republic Indonesia in its decision letter No. C–17396.HT.01.01. TH.2006 dated June 14, 2006. Based on notarial deed No. 8 dated 22 October, 2008 of Yulia Harastiati, S.H., the name of the Company was changed from PT IGTL Solution Indonesia to become PT GTL Indonesia. The deed of were approved by the Ministry of Justice and Human Right of the Republic of Indonesia in its decision letter No. AHU/9152.AH.01.02 dated 22 October, 2008.

Based on Notarial deed No. 30 dated June 4, 2009 of H. Feby Rubein Hidayat, S.H., the Company's articles of association was amended in relation to the merger transaction with PT ADA Cellworks Indonesia. The amendment was approved by the ministry of Justice and Human Rights of the Republic of Indonesia in its decision letter No.AHU–27732.AH.01.02. Year 2009 dated June 23, 2009.

The Company's articles of association has been amended several times, the latest amendment of which was based on notarial deed No. 75 dated June 18, 2013 of Hasbullah Abdul Rasyid, S.H., M.Kn., concerning the change in composition of shareholders, board of director and domicile of the Company.

In accordance with the Company's articles of association, the Company is engaged in providing management consultancy services in telecommunication and system. The business activities of the company are as follows:

– In its activities cooperated with other national company.

– Plants and designs the framework of management development in the field of telecommunication.

– Provides management development services for the sale in the field telecommunication.

– Others, such as: Others related services, such as:

a. Takes a role as developer, import and export of information Technology, including hardware and software and identifies the tools needed to implement the tasks.

b. Provides value added services support in technology and in every aspects of telecommunications, including products, sales installation, services maintenance with respect to the type of products available.

c. Provides consulting contract referred to other firms and companies which have the know and knowledge about Information Technology and telecommunication. Provides training, seminar and short programs in hardware and software of technology and telecommunications

The Company is located at Jl. Cikini 2 No. 8 Menteng, Central Jakarta – Indonesia

As of December 31, 2014 the current composition of the Company's Commissioner and Director are follows :

Commissioner	:	Mr. Milind Vasand Bapat
President Director	:	Mr. Anupkumar Daulatram Gawdi

As of December 31, 2013 the previous composition of the Company's Commissioner and Director are follows :

Commissioner	:	Mr. Milind Vasand Bapat
President Director	:	Mr. Anupkumar Daulatram Gawdi

The company have 3 and 77 permanent employees (unaudited) as of December 31, 2014 and 2013 , respectively and 2 non–permanent staff as of respective date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Financial Statements

The financial statements are presented in accordance with the generally accepted accounting principles in Indonesia (Statements of Financial Accounting Standards or "PSAK"). The financial statements have been prepared under the historical cost basis of accounting, except for certain other non–current assets which are stated at fair value.

The statement of cash flows presents cash receipts and payments classified into operating, investing and financing activities. The cash flows from operating activities are presented using the indirect method.

The reporting currency used in the financial statements is the "Rupiah".

Due to comply with head office and corporate accounting policy, commencing to year 2013, the Company accounting period will be start on January 1 and ended on December 31. Hence Financial report prepare and compare with current period of accounting for 12 months commencing from January 1, 2014 and ended on December 31, 2014 to comply with corporate management request.

b. Transactions with Related Parties

The Company enters into transactions with related parties as defined in Statement of Financial Accounting Standards ("SFAS") 7 "Related Party Disclosure". A related party includes among others, a relationship between:

Individual owning, directly, or indirectly, an interest in the voting power of the Company that gives significant influence over the Company, and close members of the family of any such individuals;

Key management personal, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors and officers of the Company and close member of the families of such individual.

Enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described above or over which such person is able to exercise significant influence; this includes enterprises owned by director or commissaries, main shareholder and Companies who have key persons at this enterprise.

c. Receivables

Receivables are presented at their estimated recoverable value. Doubtful accounts are provided for based on management's review of the status of each account at the end of the year. Receivables are written off during the period in which they are determined to be not collectible.

d. Prepaid Expenses

Prepaid expenses are amortized over the periods benefited based the straight–line method

e. Fixed Assets

Fixed Asset are stated at cost, less accumulated depreciation and impairment loss, if any. Such cost includes the cost of major replacing part of the fixed assets as incurred. When significant renewals and betterments are done, the cost there of is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance cost that do not meet the recognition criteria are charged directly to operations as incurred.

An item of fixed assets is derecognized upon disposal or when future economic benefits are not expected from its use or as disposal. Any gain or loss arising on DE recognition of the assets (calculated as difference between the net disposal proceeds and the carrying amount of the asset) is credited or charged to operations.

The residual values, useful lives and methods of depreciation of fixed assets are reviewed and adjusted prospectively, if appropriate, at each financial year end.

Depreciation is computed on the straight–line method over the estimated useful lives of the assets, as follows:

	Years
Tools and Equipment	3 – 8
Computer and printers	8
Furniture and Fixtures	4

f. Impairment of Asset Value

In accordance with PSAK No. 48, "Impairment of Asset Value", the Company reviews whether there is an indication of assets impairment at balance sheet date. If there is an indication of assets impairment, the Company estimates the recoverable amount of the assets. Impairment of assets is recognized as a charge to current operations.

g. Revenue and Expenses Recognition

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 identify remains even after project completion, revenues is recognized based on delivery at site to the costumers.

3 In case of fixed price contracts, revenue is recognized based on the milestones achieved as specified in the contracts.

4 Income from annual maintenance contracts and annual subscription is accounted for in the ratio of the period expired to the total period of contract and amount received from customer 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)

The advances as mentioned above are reported in balance sheets in gross and it is not deducted with advance received from customer.

Expenses are recognized on accrual basis.

h. Estimated Liability for Employees Benefits

The company recognizes its unfunded employee benefits liability in accordance with labor Law No. 13/2003 dated March 25, 2003 ("the Law") and PSAK No. 24 (Revised 2004), on "Employee Benefits". Under PSAK No. 24 (Revised 2004), the Cost of providing employee benefits under the Law is determined using the projected–unit–credit actuarial valuation method. Actuarial gains or losses are recognized as income or expenses when the net cumulative unrecognized actuarial gain or losses for each individual plan at the end of the previous reporting year exceed 10% of the present value of the defined obligation at that date. these gains or losses in excess of the 10% threshold are recognized on a straight–line basis over the expected average remaining working lives of the employees. Further, past service cost arising from the introduction of a defined benefit plan or changes in the benefits concerned become vested.

i. Foreign currency Transactions and Balances

The Company maintains its accounting records in Indonesian Rupiah. Transactions denominated in currencies other than Rupiah are converted into Rupiah at the exchange rate prevailing at the date of the transactions. At the balance sheet date, monetary assets and liabilities in currencies other than Rupiah are translated at the exchange rate prevailing at the balance sheet date. As at the balance sheet date, the exchange rates used, based on middle rates published by Bank Indonesia, US$ 1.00 equivalent to Rp 10,800 and Rp 9,670 on December 31, 2013 and December 31, 2012 respectively. Exchange gains and losses arising on translation of monetary assets and liabilities in currencies other than Rupiah are recognized in the consolidated statement of income.

j. Taxation

Current tax expenses is provided based on the estimated taxable income for the current year. Deferred income 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. Currently enacted or substantially enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Amendments to taxation obligations are recorded when an assessment is received or, if appealed against. When the results of the appeal are determined.

k. Financial Instruments

k.1 The company has adopted PSAK No. 50 (revised 2006), "Financial Instruments : Presentation and Disclosures" and PSAK No. 55 (revised 2006), "Financial Instruments recognition and Measurement", which superseded PSAK No. 50, "Accounting for Certain Investment in Securities, and PSAK No. 55 (revised 1999), "Accounting for Derivative Instruments and Hedging Activities".

PSAK No. 50 contains the requirements for the presentation of financial instruments and identifies the information that should be disclosed. The presentation requirements apply to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset. This PSAK requires the disclosure of, among others, information about factors that effect the amount, timing and certainty of an entity's future cash flows relating to financial instruments and the accounting policies applied to those instruments.

PSAK No. 55 established the principles for recognizing and measuring financial assets, financial liabilities, and some contracts to buy or sell non–financial items. This PSAK provides for the definitions and characteristics of a derivative, the categories of financial instruments, recognition and measurement, hedge accounting and determination of hedging relationships, among others.

Initial Recognition

financial assets within the scope of PSAK No. 55 are classified as financial assets at fair value through profit or loss, loans and receivable, held to maturity investment and available–for–sale financial assets. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re–evaluated this designation at each financial year end.

Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchase or sales financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchase) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the assets.

As of December 31, 2014 and 2013, the Company's financial assets include cash on hand and in banks, trade receivable, other receivable, due from related parties and security deposits, which all belong to the "loans and receivables" category.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification. The Company's financial assets are all classified as loans and receivables which are defined as non–derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method. Gains or losses are recognized in the statement of income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

k.2 Financial Liabilities

Financial liabilities within the scope of PSAK No. 55 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value which, in the case of loans and borrowing, includes directly attributable transaction costs.

As of December 31, 2014 and 2013, the Company's financial liabilities include short–term loan, accounts payable, accruals and due to related parties, which all belong to the "loans and borrowing" category.

Subsequent Measurement

The measurement of financial liabilities depends on their classification. The Company's financial liabilities are all classified as loans and borrowings.

After initial recognition, interest–bearing loans and borrowing are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of income when the liabilities are derecognized as well as through the amortization process.

k.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

k.4 Fair value of financial instruments

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting period. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transaction, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models.

Credit risk adjustment

The Company adjusts the price in the observable market to reflect any difference in counterparty credit risk between instruments traded in that market and the ones being valued for financial assets positions. In determining the fair value of financial liability positions, the Company's own credit risk associated with the instrument is taken into account.

k.5 Amortized cost of financial instruments

Amortized costs is computed using the effective interest rate method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transactions costs and fees that are an integral part of the effective interest rate.

k.6 Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial assets or a group of financial assets is impaired.

Financial assets carried at amortized cost

For loans and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individual assessed financial assets, whether significant or not, the assets is included in a group of financial assets with similar credit risk characteristics and the group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that are impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring impairment loss is the current effective interest rate.

the carrying amount of the financial asset is reduced through the use of an allowance for impairment account and the amount of the loss is recognized in the statement of income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the financial asset. Loans and receivable, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If in a subsequent year, the amount of the estimated impairment loss increase or decrease because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment account. If a future write–off is later recovered, the recovery is recognized in profit or loss.

k.7 DE recognition of financial assets and liabilities

Financial Assets

A financial assets (or where applicable, a part of a financial assets or part of group of similar financial assets) is derecognized when: (1) the rights to receive cash flows from the asset have expired; or (2) the Company has transferred its rights to receive cash flows from the assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass–through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the assets, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

Financial Liabilities

A financial liabilities is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different items, or the terms of an existing liability are substantially modified, such an exchange or modification is treaded as a DE recognition of the original liability and the recognition of e new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

l. Use of Estimates

The preparation of financial statements in conformity generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported therein. Due to inherent uncertainty in making estimates, actual result reported in future periods may be based on amount which differ from those estimates.

3. CASH ON HAND AND IN BANKS

	2014	2013
Cash on Hand	–	75,700
Cash in Banks :		
PT Bank Mandiri (Persero) Tbk (include of foreign currency of US$ 1,074.17 as on Dec 31, 2013	**3,257,853**	448,495,353
PT Bank Swasedi Tbk (US$ 588.13 and US$ 1,155.75 respectively on Dec–2014 and 2013)	**7,469,251**	12,482,100
PT. Bank Central Asia, Tbk (Rupiah currency)	**926,371**	382,727,247
Total	**11,653,475**	843,780,400

There is no limitation stated or regulated by the bank to withdraw those bank account by the company.

4. **ACCOUNT RECEIVABLES**

This account consists of :	2014	2013
Billed receivables	**1,023,370,531**	2,141,305,286
unbilled receivables	**–**	
Others receivables	**56,037,840**	382,086,400
Total	**1,079,408,371**	2,523,391,686
As of December 31, 2013 and 2012 billed receivables consist of follows:		
Third parties :		
PT Nokia Siemens Network	**25,045,618**	19,265,860
PT Huawei Tech Investment	**34,857,545**	101,420,000
PT Ericsson Indonesia	**47,086,462**	1,104,238,520
Total	**106,989,625**	1,224,924,380
Related parties :		
IGTL Solution Sri Lanka (Pvt.) Ltd.	**107,498,175**	107,498,175
GTL Malaysia Ltd.	**594,503,064**	594,503,064
Adacell Wireless Eng. (Pvt.) Ltd.	**214,379,667**	214,379,667
Total	**916,380,906**	916,380,906
Total billed receivable	**1,023,370,531**	2,141,305,286

5. **FIXED ASSETS**

The summary of Fixed Assets are as follows:

	12 months period ended December 31, 2014			
	January 1, 2014	**Addition/ Reclassification**	**Deduction/ Reclassification**	**December 31, 2014**
Acquisition cost				
Tools and equipment	6,063,655,891	–		6,063,655,891
Computer and Printers	3,005,727,400		–	3,005,727,400
Furniture and Fixtures	994,591,171	–	–	994,591,171
Total	10,063,974,462	–	–	10,063,974,462
Accumulated depreciation				
Tools and equipment	4,417,933,735	1,645,722,156	–	6,063,655,891
Computer and Printers	2,294,592,650	711,134,750	–	3,005,727,400
Furniture and Fixtures	994,591,170	–	–	994,591,170
Total	7,707,117,554	2,356,856,907	–	10,063,974,461
Net Assets Total	**2,356,856,908**			**1**

	12 months period ended December 31, 2013			
	January 31, 2013	**Addition/ Reclassification**	**Deduction/ Reclassification**	**December 31, 2013**
Acquisition cost				
Tools and equipment	6,063,655,891	–		6,063,655,891
Computer and Printers	2,981,627,400	24,100,000	–	3,005,727,400
Furniture and Fixtures	994,591,171	–	–	994,591,171
Total	10,039,874,462	24,100,000	–	10,063,974,462
Accumulated depreciation				
Tools and equipment	4,078,695,009	339,238,726	–	4,417,933,735
Computer and Printers	2,114,220,178	180,372,472	–	2,294,592,650
Furniture and Fixtures	917,411,305	77,179,865	–	994,591,170
Total	7,110,326,491	596,791,063	–	7,707,117,554
Total	2,929,547,971			2,356,856,908

The depreciation expenses was charged to the following:		
Cost of revenues (Note 12)	1,645,722,156	423,557,065
Operating expenses (Note 13)	711,134,750	193,544,326
Total	2,356,856,907	617,101,391

6. SHORT TERM LOAN

The Company obtained loan facility from PT. Bank Swadesi (currently is PT. Bank of India – Indonesia). Based on Loan agreement No.42/2/BS.JSH/IX/2011 on September 30, 2011, the company obtained one–year period overdraft credit facility, with maximum amount of Rp. 11,300,000,000. The loan has been amended several time regarding the extent of due date and decrease on maximum facility, most recently by amendment No. 44/2/BOII.ISH/IX/2013 dated 27 September 2014, the maximum facility has been decreased to Rp.6,000,000,000 and will be due on September 30, 2015. The loan bear interest at the annual rates of 14%.

7. ACCOUNTS PAYABLE

This Account primarily represents liabilities in connection with service provided by the vendor and accrual operating expenses as follows :

	2014	2013
Trade Creditors	**67,091,546**	391,633,983
Expenses creditors	**208,141,776**	220,442,350
Accrued expenses	**110,506,605**	110,506,605
Others	**126,277,197**	54,536,665
Total	**512,017,124**	777,119,603

8. TAXES PAYABLE

	2014	2013
Income Tax Article 21	**209,874,660**	111,171,207
Income Tax Article 23	**72,782,946**	31,122,125
Income Tax Article 26	**195,213,549**	194,928,429
Income Tax Article 4(2)	**18,151,528**	18,151,528
Value Added Tax – net	**150,064,995**	96,080,057
Total Taxes Payable	**646,087,677**	451,453,346

A reconciliation between income before provision for income tax, as shown in the statements of income and estimated taxable income tax are as follows :

Income (loss) before income tax per statement of income	**(13,699,669,522)**	(10,315,242,326)
Temporary differences:		
Payment of liability for employee benefits – net	**–**	19,450,461
Depreciation	**–**	(317,231,184)
Permanent differences :		
Non– deductible expenses:		
Benefits in kind	**273,233,478**	440,792,518
Taxes and penalties	**–**	352,906,155
Written off receivable	**132,104,055**	858,593,490
Entertainment and donations	**68,000,000**	226,269,993
Others		42,864,490
Income already subjected to final tax		
Interest Income	**(849,205)**	(7,825,911)
Loss (income) already subject to final tax		
Estimated taxable Income (loss)	**(13,227,181,194)**	(8,699,422,314)
Tax Losses carryover at beginning of year	**(10,154,914,554)**	(6,384,915,444)
Adjustment on tax loss carryover balance	**4,929,423,204**	4,929,423,204
Tax losses carryover at and of year	**(18,452,672,544)**	(10,154,914,554)

The computation of deferred income tax expenses for the comparative periods are as follows :

Deferred tax expense (benefit)

Effect on the compensation on tax losses carryover against

	2014	2013
Estimated taxable income at enacted tax rate	**(2,074,439,498)**	(942,499,777)
Effect on temporary differences at enacted tax rate:		
Depreciation	**–**	79,307,796
Payment of liability for employee benefits – net	**–**	(4,862,615)
Net	**(2,074,439,498)**	(868,054,597)
deferred tax expense (benefit) as shown in the comparative periods consists of follows :		
Loss before income tax per statement of income	**(13,699,669,522)**	(10,315,242,326)
Income tax benefit at the applicable tax rate of 25 %	**(3,424,917,381)**	(2,578,810,582)
Tax effect on permanent differences :		
Non–deductible expenses:		
Benefits	**68,308,370**	110,198,129
Taxes and penalties	**–**	88,226,539
Written off receivable	**33,026,014**	214,648,373
Entertainment	**17,000,000**	56,567,498
Other	**–**	10,716,122
Income already subjected to final tax		
Interest Income	**(212,301)**	(1,956,478)
Loss (income) already subject to final tax	**–**	–
Adjustment on loss carry forward balance due to result on tax audit period April 2008 – March 2009	**1,232,355,801**	1,232,355,801
Deferred tax expenses (benefit) for the year	**(2,074,439,498)**	(868,054,597)
The details of deferred tax assets as of December 31, 2013 and 2012 are follows :		
Deferred tax assets		
Tax losses carryover	**2,369,700,473**	2,538,728,634
Estimated liability for employee benefits	**21,204,349**	26,066,964
Total	**2,390,904,822**	2,564,795,598
Deferred tax liability		
Depreciation	**2,060,903,239**	(195,095,125)
Deferred tax assets (payable) – net	**4,451,808,060**	2,369,700,473

Due to change of the Company accounting period, as stated on Indonesian General Tax Regulation No.16 year 2009, substitute to General Tax Regulation No.6 year 1983, article 28 (6), the Company's management should early propose for the changes on its accounting period to the local tax office before the running year. Upon approval on the proposal by Director General of Tax, the Company allow to apply and report its annual corporate tax based on the new accounting period, other wise the Company should report its annual tax based on previous accounting period. The estimate taxable income as stated above will differ materially if the proposal has not been approved yet by the Director General of Tax as of December 31, 2012. The above estimate corporate tax is presented as if the changes on accounting period has been approved by the director General of Tax.

9 ACCRUED EXPENSES

Salaries	**355,355,647**	391,291,187
Other	**216,567,656**	449,874,608
Total	**571,923,303**	841,165,795

10 SHARE CAPITAL

The share ownership details of the Company as of December 31, 2014 and 2013 are as follows :

Shareholders	Number of Share	Percentage of Ownership	Amount U.S. Dollars	Rupiah
GTL (Singapore) Pte. Ltd.	173,740	99%	73,740	1,610,569,800
Mr. Milind Bapat	1,260	1%	1,260	11,680,200
Total	175,000	100%	75,000	1,622,250,000

Based on notarial deed No. 30 dated June 4, 2009 of H. Feby Rubein Hidayat, S.H., which has been amended with notarial deed No. 75 dated June 18, 2013 of Hasbullah Abdul Rasyid, S.H., M.Kn. the issued capital after the merger (Note 1) should be US 225,000 shares with total nominal amount equivalent to Rp 2,085,750,000. As of the completion date of these financial statements, the fully paid portion amounted to US 175,000 instead of US 225,000 as stated on the latest amendment.

Foreign exchange difference on paid–in capital represents the difference between the capital payments in US$ converted at the actual rate as transaction date and the rate specified in the article of association.

11 REVENUE

	Dec 31, 2014	Dec 31, 2013
Service Income	**1,353,315,488**	15,373,071,751
Product Sale	**–**	3,441,200
Total	**1,353,315,488**	15,376,512,951

12 COST OF REVENUE

	Dec 31, 2014	Dec 31, 2013
Salaries, wages and other benefits	**1,589,114,713**	9,015,035,389
Project expenses	**709,640,960**	2,768,174,198
Vehicle hire project	**152,097,494**	891,935,664
Write of receivable		856,793,530
Depreciation exp. (note 6)	**1,645,722,156**	423,557,065
Rental charges	**218,177,438**	365,640,372
Travelling expenses	**28,528,332**	256,489,587
Entertainment	**62,400,000**	198,787,101
Professional fees	**–**	168,538,460
Office expenses	**128,400,000**	149,580,262
Telecommunication	**13,567,000**	8,360,180
Repairs and maintenance	**–**	76,600,000
Visa expenses	**3,000,000**	33,071,500
Conveyance and others	**775,000**	18,635,000
Insurance	**–**	15,945,039
Fine and finalities	**–**	2,915,500
Total	**4,551,423,093**	15,250,058,847

13 OPERATING EXPENSES

The details of operating expenses are as follows :

Salary & Wages	**448,767,946**	1,826,954,938
Corporate Office Exp		764,865,983
Professional & Consultancy	**34,000,000**	253,240,000
Depreciation exp. (note 6)	**711,134,750**	193,544,326
Travelling expenses	**23,775,146**	153,250,005
Vehicle Hire	**22,916,664**	114,340,266
Visa Expenses	**199,875,000**	83,895,200
Petrol & Cognizance Expenses	**11,790,812**	78,501,300
Telephone & Internet	**14,985,588**	75,106,679
Printing and stationary		36,675,632
Entertainment Expenses	**2,800,000**	27,482,892
Water & Electricity	**3,268,741**	27,385,070
Guest House Rental and Expenses	**4,798,000**	12,948,500
Postage and Courier	**1,354,612**	9,913,844
Repairs and Maintenance	**15,000,000**	5,550,000
Fine & Penalties	**–**	7,303,281
Bad debt written off	**–**	1,799,960
Total	**1,494,467,260**	3,672,757,877

14 ESTIMATED LIABILITY FOR EMPLOYEE BENEFITS

The Company's estimated liability for employee benefits was determined on the basis of the actuarial valuations performed by PT Sakura Aktualita Indonesia, an independent actuary, based on its reports dated Jul 25, 2014 covering the years ended Dec 31, 2013 only.

The key assumptions used in the actuarial calculations on the comparative periods are as follows :

		Dec 31, 2014	Dec 31, 2013
	Annual discount rate	**9%**	6%
	Annual salary increment	**7%**	7%
	Table of mortality	**CSO 1980**	CSO 1980
	Normal retirement Age	**55 Years**	55 Years
a.	Employee benefits expense :		
	Current service cost	**–**	11,862,903
	Interest cost	**–**	3,892,509
	Actuarial gain	**–**	(951,680)
	Net	**–**	14,803,732
b.	Employee benefit liability:		
	Present value of benefit obligation	**49,605,032**	49,605,032
	Unrecognized actuarial gain (loss)	**54,662,825**	54,662,825
	Net	**104,267,857**	104,267,857
c.	The movements in the employee benefits liability are as follows:		
		Dec 31, 2014	Dec 31, 2013
	Balance at beginning of period	**104,267,857**	84,817,396
	Adjustment beginning balance		4,646,729
	Employee benefits expense	**–**	14,803,732
	Payment during the year	**–**	–
	Balance at end of year	**104,267,857**	104,267,857

15 ACCOUNTS AND TRANSACTIONS WITH RELATED PARTIES

The outstanding balances of the accounts with related parties are as follow:

	2014	2013
Trade receivable (Note 4)		
IGTL Solution Sri Lanka (Pvt) Ltd.	**107,498,175**	107,498,175
GTL Malaysia Ltd.	**594,503,064**	594,503,064
Adacell Wireless Eng. Pvt. Ltd.	**214,379,667**	214,379,667
Total	**916,380,906**	916,380,906
Due From related parties :		
GTL Network Service Philippines Inc.(US$ 25,834)	**322,975,896**	279,006,533
GTL Vietnam Company Limited (US$ 19,262)	**240,813,524**	208,029,600
ADA Cellworks Wireless Engineering Pvt. Ltd. (US$ 3,165)	**39,568,830**	34,182,000
GTL China Ltd (US$ 1,777)	**22,216,054**	19,191,600
GTL USA, Inc. (US$ 1,029)	**12,864,558**	11,113,200
Total	**638,438,862**	551,522,933
Due to related parties :		
GTL Network Service Malaysia Sdn. Bhd (US$ 3,319,161)	**41,496,156,081**	35,846,943,343
GTL Singapore Pte. Ltd. (US$ 2,073,859 in Dec 31, 2014		
	25,927,380,009	22,241,072,700
Genesis UK (US$ 46,679)	**583,580,858**	504,133,200
GTL Limited (US$ 19,483)	**243,576,466**	210,416,400
Total	**68,250,693,414**	58,802,565,643

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table sets forth the fair values, which approximate the carrying values, of financial assets and liabilities of the company.

	2014	2013
Financial Asset		
Cash on hand and in banks	**11,653,475**	843,780,400
Trade receivables		
Third parties	**106,989,625**	1,224,924,380
Related Parties	**916,380,906**	916,380,906
Other Receivable	**(39,279,418)**	–
Due From related parties	**638,438,862**	551,522,933
Security deposits (Including those presented as part of other current assets)	**–**	71,071,784
Total Financial Asset	**1,634,183,450**	3,607,680,403
Financial Liabilities		
Short–term loan	**6,000,000,000**	5,727,629,849
Accounts payable	**512,017,124**	777,119,603
Accrual	**571,923,303**	841,165,795
Due to related parties	**68,250,693,414**	58,802,565,643
Total Financial Liabilities	**75,334,633,841**	66,148,480,890

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

The Following methods and assumptions are used to estimate the fair value of each class of financial instruments:

a. The fair values of cash on hand and in banks, trade receivables, other receivables, security deposits, accounts payable, and accruals approximate their carrying values due to their short–term maturity and nature.

b Due from/to related parties do not have quoted market prices and their fair values cannot be reliably measured due to the absence of repayment terms; therefore the fair values stated in the above table are the same as their carrying values.

c The carrying values of short–term loan approximates its fair value due to the floating interest rate on the loan which is subject to adjustment by the bank.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risk arising from the Company's financial instruments are foreign currency risk, credit risk and liquidity risk. The Director reviews and approves policies for managing each of these risks, which are described in more detail as follows:

a. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates.

The Company's functional currency is the rupiah. The Company's exposure to foreign exchange risk related primary to its operating activates (When revenue or expenses are denominated in a currency different from its functional currency)

The Company does not have any formal hedging policy for foreign currency risk. However, the fluctuations in the exchange rates between the rupiah and other foreign currencies provide some degree of natural hedge for the Company's foreign exchange exposure.

The following table shows the Company's assets and liabilities in foreign currencies as of Dec 31, 2014 and 2013:

As of end of December 31, 2014		Amount in Foreign Currencies	Rupiah Equivalent
Assets			
Cash on hand and in banks	US$	508	5,486,400
Due From related parties	US$	51,067	622,454,910
Total Assets			**627,941,310**
Liabilities			
Due to related parties	US$	5,459,182	66,541,969,447
Total Assets			**66,541,969,447**
Net Liabilities			**65,914,028,137**

As of end of December 31, 2013		Amount in Foreign Currencies	Rupiah Equivalent
Assets			
Cash on hand and in banks	US$	2,230	24,082,056
Trade receivables			
Third parties	US$		
Related Parties	US$		
Due From related parties	US$	51,067	622,454,910
Total Assets			**646,536,966**
Liabilities			
Due to related parties	US$	5,444,682	66,365,228,947
Total Assets			**66,365,228,947**
Net Liabilities			**65,718,691,981**

b. Credit Risk

Credit risk is the risk that a party to a financial instrument will fail to discharge its obligation and will result in a financial loss to the party. The company is exposed to credit risk arising from the credit granted to its customers. The company trades only with recognized and creditworthy third parties. It is the Company's policy that all customers who whiz to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis to reduce the exposure to bad debts. The maximum exposure to credit risk is represented by the carrying amount of the receivables as shown in the balance sheet. There is no concentration of credit risk.

With respect to credit risk arising from the other financial assets, i.e., cash on hand and in banks, the Company's exposure to credit risk arises from default of the counterparty. The Company's has a policy not to place its funds in instruments that have a high credit risk and put the funds only in bank with high credit ratings. the maximum exposure to this risk is equal to the carrying amount of the above–mentioned financial assets as disclosed in Note 4.

c. Liquidity Risk

In the management of liquidity risk, the Company monitors and maintains a level of cash on hand and in banks deemed adequate to finance the Company's operations and to mitigate the effects of fluctuation in cash flows. The Company's also regular evaluates the projected and actual cash flows, including its loan maturity, and continuously assesses conditions in the financial markets to maintain flexibility in funding by keeping committed credit facilities available.

The table below summaries the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as of Dec 31, 2014 and 2013, as follows :

	Below 1 Year	Over 1 Year	Total	Carrying Value as of Dec 31, 2014
Short–term loan	–	6,000,000,000	6,000,000,000	6,000,000,000
Accounts payable	193,368,743	318,648,381	512,017,124	512,017,124
Accruals	571,923,303	–	571,923,303	571,923,303
Due to related parties	–	68,250,693,414	68,250,693,414	68,250,693,414
Total	765,292,046	74,569,341,795	75,334,633,841	75,334,633,841

	Below 1 Year	Over 1 Year	Total	Carrying Value as of Dec 31, 2013
Short–term loan	7,718,137,104	–	7,718,137,104	7,718,137,104
Accounts payable	501,184,923	–	501,184,923	501,184,923
Accruals	882,586,747	–	882,586,747	882,586,747
Due to related parties	–	49,047,435,152	49,047,435,152	49,047,435,152
Total	9,101,908,773	49,047,435,152	58,149,343,925	58,149,343,925

18. REVISED AND NEW STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS AND INTERPRETATION

The following summarized the revised and new Statements of Financial Accounting Standards (PSAKs) and interpretation (ISAK) recently issued by the Indonesia Financial Accounting Standards Board (DASK) that are relevant to the Company, Which are not effective as of December 31, 2013 and 2012 :

Effective starting on April 1, 2011

- PSAK No. 1 (Revised 2009) " Presentation of Financial Statements", prescribes the basis for presentation of general–purpose financial statements to ensure comparability both with an entity's financial statements of previous periods and with financial statements of other entities.
- PSAK No. 2 (Revised 2009) " Statements of Cash Flows ", requires the provision of information about the historical changes in cash and cash equivalents by means of a statements of cash flows which classifies cash flows during the period into operating, investing and financial activities.

- PSAK No. 7 (Revised 2010) " Related Party Disclosures " requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidate and separate financial statements of a parent, and also applies to individuals financial statements.
- PSAK No. 8 (Revised 2010) " Events after the Reporting Period ", prescribes when an entity should adjust its financial statements for events after the reporting period, and disclosures about the date when financial statements are authorized for issue and event after the reporting period. it requires an entity not to prepare financial statements on going concern basis if events after the reporting period indicate period indicate that the going concern assumption is not appropriate.
- PSAK No. 22 (Revised 2010) " Business Combinations ", applies to a transaction or other event that meets the definition of a business combination to improve the relevance, reliability and comparability of the information that reporting entity provides in its financial statements about a business combination and its effects.
- PSAK No. 23 (Revised 2010) " Revenue ", Identifies the circumstances in which the criteria on revenue recognition will be met and, therefore, revenue will be recognized. It prescribes the accounting treatment of revenue arising from certain types of transactions and events, as well as practical guidance on the application of criteria on revenue recognition.
- PSAK No. 25 (Revised 2009), " Accounting Policies, Changes in Accounting Estimates and Errors", prescribes the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure change in accounting estimates and correction of errors.
- PSAK No. 48 (Revised 2009) " Impairment of Asset", prescribes the procedures applied to ensure that asset are carried at no more than their recoverable amount if the assets are impaired, an impairment loss should be recognized.
- PSAK No. 57 (Revised 2009) " Provisions, Contingent Liabilities and Contingent Assets", aims to provide that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and to ensure that sufficient information is disclosed in the notes to enable users to understand the nature, timing and amount related to the information.
- PSAK No. 58 (Revised 2009) " Non–current Asset Held for Sale and Discontinued Operations ", specifies the accounting for assets held for sale, and the presentation and disclosure of discontinued operations.
- PSAK No. 9 " Changes in Existing Decommissioning, Restoration and Similar Liabilities", applies to changes in the measurement of any existing decommissioning, restoration or similar liability recognized as part of the an item of property, plant and equipment in accordance with PSAK No. 16 and as a liability in accordance with PSAK No. 57
- PSAK No. 10 (Revised 2010), " The Effects of Changes in Foreign Exchange Rate", prescribes how to include foreign currency transaction and foreign operations in the financial statements of an entity and translate statements into presentation currency.
- PSAK No. 18 (Revised 2010), " Accounting and Reporting by Retirement Benefit Plans" establishes the accounting and reporting by the plans to all participants as a group. This PSAK complements PSAK No. 24 (Revised 2010), " Employee Benefits ".
- PSAK No. 24 (Revised 2010), " Employee Benefits ", Establishes the accounting and disclosures for employee benefits
- PSAK No. 46 (Revised 2010), " Accounting for Income Taxes ", prescribes the accounting treatment for income taxes to account for the current and future tax consequences of the future recovery (settlement) of the carrying amount of assets (liabilities) that are recognized in the balance sheet, and transactions and other events of the current year that are recognized in the financial statements.
- PSAK No.50 (Revised 2010), " Financial Instrument: Presentation ", establishes the principles for presenting financial instruments as liabilities or equity and offsetting financial assets and financial liabilities.
- PSAK No.60," Financial Instrument; Disclosures ",requires disclosures in financial statements that enable users to evaluate the significance of financial instruments for financial position and performance, and the nature and extent of risks arising from financial instruments to which the entity is exposed during the year and at the end of the reporting year, and how entity manages those risks.

The Company is presently evaluating and has not yet determined the effects of these revised and new standard and interpretations on the financial statements.

20 GOING CONCERN

The Company is currently not active and does neither have any employees nor any office in Indonesia. As in the earlier years, there is a significant balance of deficit over paid in capital as of December 31, 2014, balance of which is contributed by recurring significant losses due to very hard competition on business front. It will therefore be difficult for GTL to maintain its going concern capability

21 COMPLETION OF THE FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of the financial statements that have been completed on July 31, 2015

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
IGTL NETWORK SERVICES PHILIPPINES INC.
(Formerly ADA CELLWORKS, INC.)
(A Subsidiary of GTL Network Services Malaysia Sdn Bhd)
Room 802, V. Madrigal Bldg.
6793 Ayala Avenue, Makati City

Report on the financial statements

We have audited the accompanying financial statements of IGTL NETWORK SERVICES PHILIPPINES INC. (Formerly ADA CELLWORKS, INC.) (A Subsidiary of GTL Network Services Malaysia Sdn Bhd), which comprise the statements of financial position as at December 31, 2014 and 2013, and the statements of comprehensive income, changes in equity (capital deficiency) and statements of cash flows for the years then ended, and summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Philippine Financial Reporting Standards, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free form material misstatement, whether due to fraud or error

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Philppine Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 the 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 accompanying financial statements present fairly, in all material respects, the financial position of IGTL NETWORK SERVICES PHILIPPINES INC. (Formerly ADA CELLWORKS, INC.) (A subsidiary of GTL Network Services Malaysia Sdn Bhd) as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years ended in accordance with PFRS.

BALANCE SHEET AS AT 31ST DECEMBER, 2014

		As at 31st December 2014 PHP	As at 31st December 2013 PHP	As at 31st December 2014 INR	As at 31st December 2013 INR
I.	**EQUITY AND LIABILITIES**				
	SHAREHOLDER'S FUNDS				
	Share Capital	**504,300**	504,300	**716,106**	700,977
	Reserves and Surplus	**(768,991)**	4,486,993	**(1,091,967)**	6,236,920
		(264,691)	4,991,293	**(375,861)**	6,937,897
	NON–CURRENT LIABILITIES				
	Long–term borrowings	**11,903,215**	13,933,569	**16,902,565**	19,367,661
	Deferred tax liabilities (Net)	**–**	–	**–**	–
	Other Long term liabilities			**–**	–
	Long term provisions	**–**	–	**–**	–
		11,903,215	13,933,569	**16,902,565**	19,367,661
	CURRENT LIABILITIES				
	Short–term borrowings	**–**	–	**–**	–
	Trade payables (including Acceptances)	**–**	–	**–**	–
	Other current liabilities			**–**	–
	Short–term provisions	**9,619,535**	7,574,574	**13,659,740**	10,528,658
		9,619,535	7,574,574	**13,659,740**	10,528,658
Total		**21,258,059**	26,499,436	**30,186,444**	36,834,216
II.	**ASSETS**				
	NON–CURRENT ASSETS				
	Fixed assets				
	Tangible assets	**2,089,869**	2,258,470	**2,967,614**	3,139,273
	Intangible assets	**–**	–	**–**	–
	Capital work–in–progress	**–**	–	**–**	–
		2,089,869	2,258,470	**2,967,614**	3,139,273
	Intangible assets under development				
	Non–current investments				
	Deferred tax assets (net)	**1,544,142**	303,678	**2,192,682**	422,112
	Long term loans and advances	**579,093**	1,184,054	**822,312**	1,645,835
	Other non–current assets				
		2,W123,235	1,487,732	**3,014,994**	2,067,947
	CURRENT ASSETS				
	Current investments			**–**	–
	Inventories			**–**	–
	Trade receivables	**10,094,579**	9,042,230	**14,334,302**	12,568,700
	Cash and cash equivalents	**273,916**	9,923,025	**388,961**	13,793,005
	Short–term loans and advances	**6,676,460**	3,787,979	**9,480,573**	5,265,291
	Other current assets			**–**	–
		17,044,955	22,753,234	**24,203,836**	31,626,995
Total		**21,258,059**	26,499,436	**30,186,444**	36,834,216

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD

	1–Jan–14 to 31–Dec–14 PHP	1–Jan–13 to 31–Dec–13 PHP	1–Jan–14 to 31–Dec–14 INR	1–Jan–13 to 31–Dec–13 INR
Revenue from operations	**46,088,267**	70,431,882	**63,601,808**	98,604,635
Less: Excise Duty, if any				
	46,088,267	70,431,882	**63,601,808**	98,604,635
Other Income	**1,536,349**	9,254	**2,120,162**	12,956
Total Revenue	**47,624,616**	**70,441,136**	**65,721,970**	**98,617,590**
Expenses:				
Cost of Purchases	**10,336,822**	13,655,975	**14,264,814**	19,118,365
Changes in inventories of finished goods, work–in–progress and Stock–in–Trade	**–**	–	**–**	–
Employee benefits expenses	**37,259,303**	42,654,198	**51,417,838**	59,715,877
Finance Costs	**–**	–	**–**	–
Foreign Exchange Loss /(Profit) (Net) on Borrowings & Preference Investments			**–**	–
Depreciation and amortization expense	**948,762**	964,399	**1,309,292**	1,350,159
Other expenses	**5,541,041**	9,126,228	**7,646,637**	12,776,719
Total Expenses	**54,085,928**	66,400,800	**74,638,581**	92,961,120
Profit before exceptional and extraordinary items and tax	**(6,461,312)**	4,040,336	**(8,916,611)**	5,656,470
Exceptional Items				
Profit before extraordinary items and tax	**(6,461,312)**	4,040,336	**(8,916,611)**	5,656,470
Extraordinary Items				
Compensation tw Sale/Invocation of Investments				
Loss on Sale / Invocation of Investment				
Profit before tax	**(6,461,312)**	4,040,336	**(8,916,611)**	5,656,470
Tax expense:				
Current tax	**–**	832,005	**–**	1,164,807
Deferred tax Liability / (Asset)	**(1,205,328)**	2,045,725	**(1,663,353)**	2,864,015
Profit / (Loss) from the period after Tax	**(5,255,984)**	1,162,606	**(7,253,258)**	1,627,648

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2014

	As at December 31, 2014 PHP	As at December 31, 2013 PHP
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before provision of income tax	**(6,623,920**	4,040,336
Adjustments for:		
Unrealized loss / (gain) on foreign exchange, net	**3,301**	1,012,260
Depreciation and amortization	**948,762**	964,399
Bad debts	**1,833,641**	–
Interest income	**(7,818)**	(7,721)
Operating profit before working capital changes	**(3,846,034)**	6,009,274
Decrease (increase) in:		
Trade and other receivables	**(2,889,277)**	18,649,586
Prepayments and other current assets	**(2,923,617)**	(1,837,815)
Increase (decrease) in:		
Accruals and other payables	**2,207,569**	(2,548,903)
	(7,451,358)	20,272,142
Interest received	**7,818**	7,721
Net cash provided by (used in) operating activities	**(7,443,540)**	20,279,863
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	**(780,162)**	(1,766,870)
Decrease (increase) in refundable deposits	**58,624**	(2,744)
Decrease (increase) in advances to affiliates	**546,337**	115,064
Net cash used in investing activities	**(175,201)**	(1,654,550)
CASH FLOWS FROM FINANCING ACTIVITY		
Increase (decrease) in advances from affiliates	**2,030,354**	(9,568,573)
EFFECT OF EXCHANGE RATE CHANGES IN CASH	**(14)**	69
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS	**(9,649,109)**	9,056,809
CASH ON HAND AND IN BANKS, Beginning	**9,923,025**	866,216
CASH ON HAND AND IN BANKS, Ending	**273,916**	9,923,025

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDING DECEMBER 31, 2014

	As at 31st December 2014 PHP	As at 31st December 2013 PHP	As at 31st December 2014 INR	As at 31st December 2013 INR
Share Capital				
Authorised				
50380 Common Shares of P100 each	**5,038,000**	5,038,000	**5,038,000**	5,038,000
Issued, subscribed and paid up:				
5043 Common Shares fully paid–up of P100 each	**504,300**	504,300	**716,106**	700,977
Total	**504,300**	504,300	**716,106**	700,977
Reserves and Surplus				
Translation Reserve	**–**	–	**(120,499)**	(44,870)
Profit & Loss Account :				
Surplus – Opening Balance	**4,486,993**	3,324,387	**6,281,790**	4,654,142
Add : Net profit after tax transferred from Statement of Profit and Loss	**(5,255,984)**	1,162,606	**(7,253,258)**	1,627,648
Amount available for appropriation	**(768,991)**	4,486,993	**(971,468)**	6,281,790
Appropriation :				
Surplus – Closing Balance	**(768,991)**	4,486,993	**(971,468)**	6,281,790
Total	**(768,991)**	4,486,993	**(1,091,967)**	6,236,920
Long Term Borrowings				
Unsecured Borrowings				
Loans & Advances from Related Parties	**11,903,215**	13,933,569	**16,902,565**	19,367,661
Total	**11,903,215**	13,933,569	**16,902,565**	19,367,661
Total of Long Term Borrowings	**11,903,215**	13,933,569	**16,902,565**	19,367,661
Deferred Taxes				
Deferred Tax Liabilities / (Assets) :		–	**–**	–
Related to Fixed Assets	**(1,544,142)**	(303,678)	**(2,192,682)**	(422,112)
Total	**(1,544,142)**	(303,678)	**(2,192,682)**	(422,112)
Other Current Liabilities				
Provision for Expenses	**2,497,320**	2,908,778	**3,546,194**	4,043,201
Accrued salaries & benefits	**1,927,162**	1,586,356	**2,736,570**	2,205,035
Statutory Dues Payable	**3,563,147**	2,957,275	**5,059,669**	4,110,612
Other Liabilities	**1,631,906**	122,165	**2,317,307**	169,809
Total	**9,619,535**	7,574,574	**13,659,740**	10,528,658
Long term loans and advances				
Security Deposits	**53,120**	111,744	**75,430**	155,324
Loans & Advances to Related Parties	**525,973**	1,072,310	**746,882**	1,490,511
Total	**579,093**	1,184,054	**822,312**	1,645,835

	As at 31st December 2014 PHP	As at 31st December 2013 PHP	As at 31st December 2014 INR	As at 31st December 2013 INR
Trade Receivables				
Debts outstanding for a period exceeding six months				
Unsecured				
Considered good	**9,722,759**	8,104,174	**13,806,318**	11,264,802
Considered doubtful	**–**	4,296,158	**–**	5,971,660
	9,722,759	12,400,332	**13,806,318**	17,236,461
Less: Provision for doubtful debts		4,296,158	**–**	5,971,660
	9,722,759	8,104,174	**13,806,318**	11,264,802
Other debts	**371,820**	938,056	**527,984**	1,303,898
Considered good	**371,820**	938,056	**527,984**	1,303,898
Considered doubtful	**–**	–	**–**	–
	371,820	938,056	**527,984**	1,303,898
Total	**10,094,579**	9,042,230	**14,334,302**	12,568,700
Cash and cash equivalents				
Balances with Banks			**–**	–
Balance in current account with a Non–Scheduled Bank	**272,272**	9,919,292	**386,626**	13,787,816
Cash on Hand	**1,644**	3,733	**2,334**	5,189
Total	**273,916**	9,923,025	**388,961**	13,793,005
Short Term Loans and Advances				
Advance Income Tax & Tax Deducted at source – International Branches	**4,361,091**	3,581,792	**6,192,749**	4,978,691
Prepaid Expenses	**157,761**		**224,021**	–
Input Tax Recoverable	**377,951**	178,131	**536,690**	247,602
Advance to Suppliers	**1,779,657**	28,056	**2,527,113**	38,998
Total	**6,676,460**	3,787,979	**9,480,573**	5,265,291

	1-Jan-14 to 31-Dec-14 PHP	1-Jan-13 to 31-Dec-13 PHP	**1-Jan-14 to 31-Dec-14 INR**	1-Jan-13 to 31-Dec-13 INR
Revenue from Operations				
Sale of Services				
Telecom Services	**46,088,267**	70,431,882	**63,601,808**	98,604,635
Total	**46,088,267**	70,431,882	**63,601,808**	98,604,635
Other Income				
Interest Income			**–**	–
Interest – Bank Deposits	**7,818**	7,721	**10,789**	10,809
Other Non–Operating Income	**1,528,531**	1,533	**2,109,373**	2,146
Total	**1,536,349**	9,254	**2,120,162**	12,956
Purchase of Material (Non – trade) & Services				
Vehicle Hire Charges – Projects	**2,298,621**	4,916,045	**3,172,097**	6,882,463
Lease Rental on Network Equipment	**8,038,201**	8,739,930	**11,092,717**	12,235,902
Total of Purchase of Material (Non – trade) & Services	**10,336,822**	13,655,975	**14,264,814**	19,118,365
Total of Purchases	**10,336,822**	13,655,975	**14,264,814**	19,118,365
Employee Benefit Expense				
Salaries	**34,609,909**	39,941,397	**47,761,674**	55,917,956
Contribution to Provident and Other Funds	**541,268**	448,417	**746,950**	627,784
Staff Welfare Expenses	**2,108,126**	2,264,384	**2,909,214**	3,170,138
Total	**37,259,303**	42,654,198	**51,417,838**	59,715,877
Other Expenses				
Consumption of Stores & Spares	**23,345**	168,813	**32,216**	236,338
Freight Charges	**36,301**	12,615	**50,095**	17,661
Rates & Taxes [include Wealth tax]	**627,753**	536,503	**866,299**	751,104
Rent	**313,307**	293,080	**432,364**	410,312
Electricity Charges	**183,321**	1,624,440	**252,983**	2,274,216
Insurance	**26,826**	36,829	**37,020**	51,561
Legal and Professional Fees	**2,048,531**	750,505	**2,826,973**	1,050,707
Travelling & Conveyance Expenses	**78,743**	161,931	**108,665**	226,703
Repairs & Maintenance – Others	**117,759**	67,483	**162,507**	94,476
Provision for Doubtful Debts & Advances	**1,833,641**	4,411,222	**2,530,425**	6,175,711
Net (Gain)/Loss on Foreign Currency Transactions	**20,351**	1,030,221	**28,084**	1,442,309
Other Expenses	**231,163**	32,586	**319,005**	45,620
Total	**5,541,041**	**9,126,228**	**7,646,637**	**12,776,719**
Tax Expense				
Current Tax	**–**	832,005	**–**	1,164,807
Total	**–**	**832,005**	**–**	**1,164,807**

1. GENERAL INFORMATION

IGTL Network Services Philippines Inc. (Formerly ADA Cellworks, Inc.), the Company, was incorporated and registered with the Securities and Exchange Commission (SEC) on June 21, 2002 with SEC Reg. No. A200209849 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. The Company started its commercial operations on July 1, 2003.

On April 15, 2008, the Board of Directors approved in its meeting the amendment of Article VI, Section 2 which states that the fiscal year of the Company shall begin on the first day of April and end on the last day of March of each year. The SEC approved the amendment on June 2, 2008.

On May 11, 2009, the Board of Directors approved in its meeting the amendment of Article I changing our Company's name from ADA Cellworks, Inc. to IGTL Network Services Philippines Inc. The SEC approved the amendment on August 18, 2009.

The Company is 99.99% owned by GTL Network Services Malaysia Sdn Bhd ("Our Parent"). The parent company's address is D–4–25 Block Rapis, 4800 Rawang Selangor Malaysia. GTL Limited, is a Global Group Enterprise which is a Network Services company, offering services and solutions to address the Network Life Cycle requirements of Telecom Carriers and Technology provider.

On January 3, 2013, the SEC approved the amendment of the Company's change in accounting period, pursuant to the resolution of the Board of Directors in a special meeting held on November 14, 2012, the members of the board approved the amendment of Section 2 of Article VI of the Corporation's By–laws by changing its fiscal year from first day of April and ending on last day of March to first day of January and ending on last day of December of each year.

The Company has sixty–one (61) and twenty–eight (28) employees as at December 31, 2014 and 2013, respectively.

The Company's registered address is Room 802 V. Madrigal Bldg. 6793 Ayala Avenue, Makati City.

The Company's principal place of business is Room 201 Vicente Madrigal Bldg. 6793 Ayala Avenue, Makati City.

The Company's financial statements were approved and authorized for issue by Mr. Abhinav Karnani, Finance Manager, on behalf of our Board of Directors on February 11, 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below to facilitate understanding of the data presented in the financial statements. These policies have been consistently applied, unless otherwise stated.

2.1 Statement of compliance and basis of preparation

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The financial statements have been prepared under the historical cost convention and are presented in Philippine Peso, the Company's functional currency.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment, complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The Company qualifies for the exemption of mandatory adoption of the PFRS for SMEs since it is a subsidiary of a foreign parent company that will be moving towards International Financial Reporting Standards (IFRS) pursuant to the foreign country's published convergence plan. As such, the Company continued to adopt the full PFRS.

2.2. Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the Company's financial statements are consistent with those of the previous financial year except for the adoption of the following new and amended standards and interpretations, which became effective for annual periods beginning on or after January 1, 2014. The adoption of these new and amended standards and interpretations did not have significant impact on the Company's financial statements.

2.2.1 Standards, amendments and interpretations to existing standards effective in the current year and are relevant to the Company's operations

PAS 32 (Amendments), "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities"

PAS 36 (Amendments), "Impairment of Assets – Recoverable Amount Disclosures for Non–Financial Assets"

PAS 32, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilitie (Amendments) –

The amendments clarify the meaning of "currently has a legally enforceable right to set–off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Company's financial position or financial performance. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

PAS 36, Impairment of Assets – Recoverable Amount Disclosures for Non–Financial Assets (Amendments) – The amendments reduce the circumstances in which the recoverable amount of assets or cash–generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique, The amendments affect notes disclosure and have no impact on the Company's financial position or performance.

2.2.2 New standards and amendments to existing standards that are effective and are not relevant to the Company's operations

These are new standards and interpretations to existing standards that are effective for periods subsequent to January 1, 2014 but are not currently relevant to the Company:

PFRS 10, 12 and PAS 27, Investment Entities (Amendments)

PAS 39, Novation of Derivatives and Continuation of Hedge Accounting– Amendments to PAS 39

Philippine Interpretation IFRIC 20, Levies

2.2.3 New standard and amendment to existing standards that is not yet effective but is relevant to the Company's operations

This new PFRS, revision, amendment, annual improvement and interpretation to existing standards that is effective for periods subsequent to December 31, 2014 is relevant to the Company's operations, however, the adoption is not expected to have an impact on the financial statements:

PFRS 9, Financial Instruments (effective January 1, 2015) – This new standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of PAS 39 that relate to the classification and measurement of financial instruments. PFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the PAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, part of the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. The Company has yet to assess the full impact of PFRS 9 and intends to adopt PFRS 9 beginning January 1, 2015. The Company will also consider the impact of the remaining phases of PFRS 9 when issued.

2.3 Financial instruments

2.3.1 Classification

The Company classifies financial assets and liabilities according to the categories described below. The classification depends on the purpose for which the financial assets and liabilities are acquired. Management determines the classification of financial assets and liabilities at initial recognition.

a Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within twelve (12) months, otherwise, they are classified as non–current.

b Loans and receivables

Loans and receivables are non–derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve (12) months after the end of the reporting period, these are classified as non–current assets. The Company's loans and receivables are comprised by cash in banks, trade receivables and other receivables, advances to related parties and refundable deposits in the statements of financial position.

c Available–for–sale financial assets

Available–for–sale financial assets are non–derivatives that are either designated in this category or not classified in any of the other categories. These are included in non–current assets unless the investment matures or management intends to dispose within twelve (12) months until the end of the reporting period.

d Held–to–maturity investments

Held–to–maturity investments are non–derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held–to–maturity assets, the whole category would be tainted and reclassified as available–for–sale.

The Company did not hold any financial assets under categories (a), (c) and (d).

The Company's financial assets classified under loans and receivables as non–derivative financial assets as at December 31, 2014 and 2013 consist of cash in banks, trade receivables and other receivables, advances to related parties and refundable deposits.

2.3.2 Financial liabilities

The Company classifies financial liabilities in the following categories: (a) financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value); and (b) financial liabilities at amortized cost.

The Company did not hold any financial liabilities under category (a).

Other liabilities at amortized cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are subsequently measured at amortized cost. It contains contract obligations to deliver cash or another financial asset to the holder or to settle the obligation other than exchange of a fixed amount of cash. They are included in current liabilities, except for maturities greater than twelve (12) months after the reporting period which are classified in non–current liabilities.

The Company's financial liabilities are classified under this category consist of accruals and other payables (except payable to government agencies) and advances from related parties.

2.3.3 Recognition and measurement

(a) Initial recognition and measurement

Regular–way purchases and sales of financial assets are recognized on trade date – the date on which our Company commits to purchase or sell the asset. Financial assets and liabilities are initially recognized at fair value plus transaction costs for all financial assets and liabilities not carried at fair value through profit or loss.

(b) Subsequent measurement

Loans and receivables are carried at amortized cost using the effective interest method.

Other financial liabilities are measured at amortized cost using the effective interest method.

2.3.4 Derecognition of financial assets and liabilities

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognized when extinguished, i.e., when the obligation is discharged, cancelled or expired.

2.3.5 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.3.6 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

Using recent arm's length market transactions;

Reference to the current fair value of another instrument that is substantially the same; and

A discounted cash flow analysis or other valuation models.

2.3.7 Fair value hierarchy

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Company does not have any financial instruments traded in active markets (Level 1).

The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to the fair value of an instrument are observable, the instrument is included in Level 2. The Company does not have any financial instruments classified in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation technique used to value these financial instruments is discounted cash flow analysis. Inflation about the valuation techniques and inputs used in determining the fair value of financial assets are disclosed in Note 5.4.

2.4 Cash on hand and in banks

Cash, which includes cash on hand and deposits held at call with banks and carried in the statements of financial position at face value, are unrestricted and immediately available for use in the current operations.

2.5 Trade and other receivables

Trade receivables are amounts due from customer for services rendered in the ordinary course of business. If collection is expected in one year or less (or in normal operating cycle of business if longer), they are classified as current assets. If not, they are presented as non–current assets.

Other receivables pertain to project loan and advances which are subject to liquidation.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance and provision for impairment.

A provision for impairment of trade and other receivables is established when there is objective evidence that we will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that the account receivable is impaired. The amount of the provision 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. Cash flows relating to short–term receivables are not discounted if the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statements of comprehensive income.

When trade and other receivables are uncollectible, it is written–off against the allowance account for accounts receivable – trade. Subsequent recoveries of amounts previously written–off are recognized as income in the statements of comprehensive income.

2.6 Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The carrying amount of the financial asset is reduced directly by the impairment loss for all financial assets with the exception of accounts receivables, where the carrying amount is reduced through the use of an allowance account.

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 recognized, the previously recognized impairment loss is reversed.

There are no impairment losses recognized for the years ended December 31, 2014 and 2013.

2.7 Prepayments and other current assets

Prepayments include advance payments for rental. These represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as they are consumed in operations or expire with the passage of time.

Other current assets pertain to prepaid taxes, deferred input taxes and creditable withholding tax which are stated at fair value less any impairment loss.

2.8 Related party transactions and relationships

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities, which are under common control with the reporting enterprise or between and/or among the reporting enterprises and their key management personnel, directors or their shareholders.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non–related entities in an economically comparable market.

There are no compensation paid for key management personnel for the years ended December 31, 2014 and 2013. The nature of transactions with other related parties is disclosed in Note 9.

Advances from/to related parties are initially recorded at transaction price and are subsequently measured at amortized cost using effective interest method.

2.9 Property and equipment, net

Property and equipment are carried at cost less accumulated depreciation, amortization, and any impairment in value. The cost of an asset comprises its purchase price and directly attributable costs of bringing the assets to working condition for its intended use.

Depreciation is computed using the straight–line method over the following estimated useful lives:

	Asset Life in years
Project equipment	3
Computer equipment	3
Office equipment	1 – 3
Furniture and fixtures	4
Communication equipment	3
Leasehold improvement	2

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All subsequent expenditures are recognized as expense in the period in which these are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and the resulting gain or loss, which is determined by comparing the proceeds with carrying amount, is charged to statements of comprehensive income.

2.10 Impairment of non–financial assets

The carrying values of property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash generating unit is written down to its recoverable amount. The estimated recoverable amount is the higher between the assets' net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the estimated cost of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. An impairment loss is charged to operations immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognized revaluation surplus for the same asset.

There are no impairment losses recognized for the years ended December 31, 2014 and 2013.

2.11 Refundable deposits

Refundable deposits represent rental deposit with the lessor for the office lease which is initially recorded at fair value and subsequently measured at amortized cost less any impairment loss.

2.12 Taxation

Income tax expense represents the sum of the currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable nor deductible. The Company's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted as at the reporting date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess of the minimum corporate income tax (MCIT) over the regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that is probable that taxable profit will be available against which the dedctible temporary differences and carryforward of unused MCIT and unsuse NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates applicable to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

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

2.13 Accruals and other payables

Accruals and other payables 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.

Accruals and other payables are measured at fair value less any directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method. Accruals and other payable are derecognized when extinguished.

2.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre–tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

There are no provisions recognized as at December 31, 2014 and 2013.

2.15 Revenue and expense recognition

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably.

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

(i) Service income

Service income pertains to revenue from optimization services performed for various customers. Service income is recognized based on percentage of completion of the services rendered.

(ii) Interest income

Interest income on bank deposits is recognized when earned, net of applicable final tax.

(iii) Cost and expenses

Direct costs and expenses are recorded when incurred.

2.16 Leases

Company as lessee

Leases, where a significant portion of risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to operations on a straight–line basis over the period of the lease.

Future minimum lease payments are the payments over the lease term that the lessee is or required to make, excluding contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor, together with any amounts guaranteed by the lessee or by a party related to the lessee.

For operating lease, the standard requires disclosure on the total future minimum lease payments under non–cancellable operating leases for each of the following periods:

i. not later than one year;
ii. later than one year and not later than five years; and
iii. later than five years.

2.17 Employees costs

Wages, salaries, bonuses and social security contribution are recognized as an expense in the year in which the associated services are rendered by the employees of the Company. Short–term accumulating compensated absences such as paid annual leave are recognized when services are rendered by employees that increase their entitlement to future compensation absences. Short term non–accumulating compensated absences such as sick and medical leave are recognized when the absences occur.

2.18 Foreign currency transactions

In preparing the financial statements, transactions in foreign currencies other than our functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currency are retranslated at the rates prevailing at the reporting date. Non–monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair values are determined. Non–monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Foreign currency gain or loss resulting from the settlement of such transaction at year–end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of comprehensive income.

2.19 Share capital

Share capital is determined using the nominal value of shares that have been issued and fully paid.

Retained earnings (deficit) include current and prior years' result of operations as disclosed in the statements of changes in equity.

Appropriated retained earnings pertain to restricted retained earnings for future expansion which is measured at nominal value.

2.20 Subsequent events

The Company identifies subsequent events as events that occur after the reporting date but before the date when the financial statements are authorized for issue. Any subsequent events that provide additional information about the Company's financial position at the reporting date are reflected in the financial statements.

Events that are non–adjusting events are disclosed in the notes to the financial statements when material.

There are no subsequent events after the reporting date that requires adjustments or disclosures in the financial statements.

3 CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The primary objectives of the Company's capital management are to ensure the Company's ability to continue as a going concern and to provide adequate returns and benefits to shareholders and other stakeholders.

The Company manages the following capital as shown in the statements of changes in equity:

	Note	**2014**	2013
Authorized share capital	22	**5,038,000**	5,038,000
Subscribed capital stock	22	**1,259,500**	1,259,500
Paid–up capital stock	22	**504,300**	504,300

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial position. Capital for the reporting period under review is summarized as follows:

	2014	2013
Total liabilities	**21,685,358**	21,508,143
Total equity	**378,517**	4,991,293
Debt–to–equity ratio	**57.29:1**	4.31:1

The Company's Board of Directors has overall responsibility for monitoring capital in proportion to risk. Profiles or capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business, operations and industry.

The shareholders have committed to provide financial support to enable us to continue as a going concern.

The Company's goal in capital management is to maintain a debt–to–equity structure ratio of 1:1 on a monthly basis.

The Company is not subject to externally imposed capital requirements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

The following represents a summary of the significant estimates and judgments in the financial statements.

4.1 Critical management judgments in applying accounting policies

In process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

a. Lease agreements

The Company has entered into an operating lease agreement for the current year. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risks and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

b. Functional currency

PAS 21 requires management to use its judgment to determine the entity's functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity.

The Company's Board of Directors considers the Philippine Peso as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

It is the currency which measures the performance and reports the results of the Company's operations.

c. Provisions

Provisions for liabilities are recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

There are no provisions recognized as at December 31, 2014 and 2013.

d. Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

The Company has no pending cases for disclosure as at December 31, 2014 and 2013.

4.2 Critical accounting estimates and assumptions

a. Allowance for impairment of trade and other receivables

The Company assesses whether objective evidence of impairment exists for receivables that are individually significant and collectively for receivables that are not individually significant. Allowance for doubtful accounts is maintained at a level considered adequate to provide for potentially uncollectible receivables.

The Company has not provided allowance for doubtful accounts and impairment loss since the management believes that the receivables are fully recoverable.

	Note	**2014**	2013
Trade receivables	7	**9,722,759**	8,104,174
Other receivables	7	**371,820**	938,056
		10,094,579	9,042,230

b. Estimated useful lives of property and equipment

The management estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of the property and equipment (Note 2.9) are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of our assets. In addition, the estimation of the useful lives of property and equipment is based on the Company's collective assessment of industry practice, internal evaluation and experience with similar assets. It is possible, however, that the future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded operating expenses and decrease non–current assets.

c. Impairment of property and equipment

The Company performs an impairment review annually at the end of each reporting period. Purchase accounting requires extensive use of accounting estimates and judgment to allocate the purchase price to the fair market values of the assets and liabilities purchased.

Determining the fair value of property and equipment, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

The carrying value of property and equipment amounts to P2,089,869 and P2,258,470 (Note 10) as at December 31, 2014 and 2013, respectively.

The management assessed that there are no impairment losses to be recognized for the years ended December 31, 2014 and 2013.

d. Impairment of non–financial assets

The Company's policy on estimating the impairment of non–financial assets is discussed in Note 2.10. Though management believes that the assumptions used in estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

There are no impairment losses recognized for the years ended December 31, 2014 and 2013.

e. Income taxes

A certain degree of significant judgment is required in determining the provision for income taxes as there are certain transactions for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Further, recognition of deferred income tax depends on the management's assessment of the probability of available future taxable income against which the temporary differences can be applied.

We perform an annual evaluation of the likelihood that deferred tax assets will be realized. The assessment is based on historical and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities.

The carrying value of the Company's deferred tax assets amounts to P1,589,672 and P303,678 (Note 12) as at December 31, 2014 and 2013, respectively.

f. Revenue recognition

The Company's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenues and receivables. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result to material adjustments in future periods.

5. FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to a variety of financial risks: credit risk, liquidity risk, market risk and fair value estimates. The Company's overall risk management program seeks to minimize potential adverse effects in our financial performance. The policies of managing specific risks are summarized below:

Financial risk factors

The Company's financial assets and liabilities, comprising mainly of cash in banks, trade and other receivables, advances to/from related parties, refundable deposits and accruals and other payables, are exposed to a variety of financial risks, which include credit risk, liquidity risk, foreign exchange risk and fair value estimates. Management ensures that we have sound policies and strategies in place to minimize potential adverse effects of these risks in the Company's financial performance.

5.1 Credit risk management

Credit risk refers to the risk that a counterpart will default on its obligations resulting in financial loss to the Company. The Company is exposed to the risk for various financial instruments, for example by granting receivables to the customers and payment of deposits to creditors. The Company has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the financial statements or in the detailed analysis provided in the notes to financial statements, as summarized below:

2014	**Note**	**Carrying amount**	**Neither past due nor impaired**	**Past due but not impaired**
Cash in banks	6	**272,272**	**272,272**	**–**
Trade and other receivables	7	**10,094,579**	**7,591,379**	**2,503,200**
Advances to related parties	9	**525,973**	**–**	**525,973**
Refundable deposits	11	**53,120**	**53,120**	**–**
		10,945,944	**7,916,771**	**3,029,173**
2013	Note	Carrying amount	Neither past due nor impaired	Past due but not impaired
Cash in banks	6	9,919,292	9,919,292	–
Trade and other receivables	7	9,042,230	7,605,714	1,436,516
Advances to related parties	9	1,072,310	1,072,310	–
Refundable deposits	11	111,744	111,744	–
		20,145,576	18,709,060	1,436,516

None of the above financial assets are used for collateral or other credit enhancements. Accordingly, the Company has assessed the quality of the following financial assets:

a. The credit risk for cash in banks is assessed as low risk since cash are deposited in reputable banks which have low probability of insolvency.

b. The credit quality of the Company's trade and other receivables is assessed by reference to historical collection pattern of each individual account.

The following is the aging of trade and other receivables:

	2014	2013
Neither past due nor impaired – current	**7,219,559**	7,605,714
Past due accounts but not impaired		
61 – 90 days	**2,408,000**	409,622
Above 120 days	**467,020**	1,026,894
	10,094,579	9,042,230

The Company paid security deposits for existing non–cancellable lease agreements amounting to P53,120 and P111,744 (Note 11) as at December 31, 2014 and 2013, respectively. These are presented as non–current assets as these are not expected to be refunded within the next twelve (12) months. The risks associated with our refundable deposits are very low since the amount can be collected upon termination of the related lease contracts.

The credit risk for advances to related parties is assessed as low risk since amounts are fully recoverable from our related parties.

None of the above financial assets have been renegotiated during the year.

5.2 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long–term funding and liquidity management requirements.

As at December 31, 2014 and 2013, the Company's financial liabilities have contractual maturities as follows:

2014	Note	Current Within 12 months	Non–current
Accruals and other payables *	13	**6,056,388**	**–**
Advances from related parties	9	**–**	**11,903,215**
		6,056,388	**11,903,215**
2013	Note	Current Within 12 months	Non–current
Accruals and other payables *	13	4,617,299	–
Advances from related parties	9	–	13,933,659
		4,617,299	13,933,659

* Excludes statutory payables such as deferred output VAT, VAT payable, withholding taxes, SSS, PHIC & HDMF and documentary stamp tax payables.

The total current assets exceed total current liabilities by P7,266,064 and P15,178,660 as at December 31, 2014 and 2013, respectively, computed as follows:

	2014	2013
Total current assets	**17,048,207**	22,753,234
Total current liabilities	**9,782,143**	7,574,574
	7,266,064	15,178,660

The Company manages liquidity risk by maintaining adequate highly liquid assets in the form of cash in banks to assure necessary liquidity and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

5.3 Foreign exchange risk

Foreign exchange risk arises when recognized assets and liabilities are denominated in a currency that is not an entity's functional currency. The Company is exposed to foreign exchange risk primarily with respect to our monetary assets and liabilities denominated in several foreign currency denominations. The Company's foreign currency denominated monetary assets and liability are shown in Note 20.

The following table demonstrates the sensitivity to a reasonably possible changes, based on historical changes in Philippine Peso–US Dollar, Philippine exchange rates, with all variables held constant, of the Company's profit before tax (due to changes in fair value of monetary assets and liabilities) and the Company's equity on December 31, 2014

Currency	**Volatility rate**	**Effect on loss before tax 2014**
Net Foreign currency denominated liabilities		
US Dollar	**–0.38%**	**42,970**
		42,970
Currency	Volatility rate	Effect on loss before tax 2013
Net Foreign currency denominated liabilities		
US Dollar	7.82%	1,050,232
		1,050,232

As at December 31, 2014 and 2013 the Company's exposure to foreign currency risk is not considered significant.

5.4 Fair value estimation of financial assets and liabilities

The carrying amounts of financial assets and liabilities which approximate their fair values presented in the statements of financial position are shown below:

		2014		2013	
	Note	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Financial assets:					
Cash in banks	6	**272,272**	**272,272**	9,919,292	9,919,292
Trade and other receivables	7	**10,094,579**	**10,094,579**	9,042,230	9,042,230
Advances to related parties	9	**525,973**	**525,973**	1,072,310	1,072,310
Refundable deposits	11	**53,120**	**53,120**	111,744	111,744
		10,945,944	**10,945,944**	20,145,576	20,145,576
Financial liabilities:					
Accruals and other payables *	13	**6,056,388**	**6,056,388**	4,617,299	4,617,299
Advances from related parties	9	**11,903,215**	**11,903,215**	13,933,569	13,933,569
		17,959,603	**17,959,603**	18,550,868	18,550,868

* Excludes statutory payables such as deferred output VAT, VAT payable, withholding taxes, SSS, PHIC & HDMF and documentary stamp tax payables.

A description of the Company's risk management objectives and policies for financial instruments is provided in Note 5.

6. CASH ON HAND AND IN BANKS

This account consists of:

	2014	2013
Cash in banks	**272,272**	9,919,292
Petty cash fund	**1,644**	3,733
	273,916	9,923,025

Cash in banks generally earn interest at prevailing bank deposit rates. Total interest income earned for the years ended December 31, 2014 and 2013 amounts to P7,818 and P7,721, respectively.

Unrealized foreign exchange gain (loss) recognized in the statements of comprehensive income due to restatement of the cash in bank dollar account amounts to P(14) and P69 for the years ended December 31, 2014 and 2013, respectively.

7. TRADE AND OTHER RECEIVABLES

This account consists of:

	2014	2013
Trade receivables	**9,722,759**	12,400,332
Less: Write–off	**–**	(4,296,158)
	9,722,759	8,104,174
Other receivables	**371,820**	938,056
	10,094,579	9,042,230

Other receivables pertain to the Company's advances to officers and employees as at December 31, 2014 and 2013.

The Company has not provided any allowance for doubtful accounts as at December 31, 2014.

The Company's aging of trade receivable is as follows:

	2014	2013
Current	**7,219,559**	7,605,714
Past due accounts but not impaired		
61–90 days	**2,408,000**	409,622
Above 120 days	**467,020**	1,026,894
	10,094,579	9,042,230

Trade and other receivables are expected to be collected within the next twelve (12) months.

The Company believes that the carrying amounts of our trade and other receivables approximate their fair values. All receivables are unsecured and non–interest bearing.

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The account consists of:

	2014	2013
Creditable withholding tax	**3,496,104**	2,713,553
Advances to suppliers	**1,779,657**	–
Prepaid tax	**868,239**	868,239
Input VAT	**371,006**	178,131
Prepaid expense – rental scanner	**157,761**	–
Deferred input VAT	**6,945**	28,056
	6,679,712	3,787,979

Advances to suppliers pertain to purchase of computer software from IBwave Solutions, Inc. for the year ended December 31, 2014.

9. RELATED PARTY TRANSACTIONS

The Company's relationships with related parties are described below:

Companies	Relationship
GTL Network Services Malaysia SDN BHD	Parent Company
GTL USA Inc.	Affiliate with same ultimate parent company
GTL Vietnam Co., Ltd	Affiliate with same ultimate parent company
PT. GTL Indonesia	Affiliate with same ultimate parent company
GTL (Singapore) PTE Ltd.	Affiliate with same ultimate parent company
GTL South Africa	Affiliate with same ultimate parent company
GTL Ltd India	Affiliate with same ultimate parent company
GTL Myanmar	Affiliate with same ultimate parent company

The significant transactions in the normal course of business with related parties are described below:

1. Parent Company

The Company grants non–interest bearing advances with no specific repayment dates for working capital purposes as follows:

Category	Amount of transactions	Outstanding balance	Terms	Condition
Year 2014				
a. Advances from parent GTL Network Services Malaysia SDN BHD	–	9,827,539	Have no specific repayment terms; non– interest bearing	Unsecured, no impairment
b . Advances to parent GTL Network Services Malaysia SDN BHD	–	525,973	Have no specific repayment terms; non– interest bearing	Unsecured, no impairment
Year 2013				
a. Advances from parent GTL Network Services Malaysia SDN BHD	–	9,827,539	Have no specific repayment terms; non– interest bearing	Unsecured, no impairment
b. Advances to parent GTL Network Services Malaysia SDN BHD	–	525,974	Have no specific repayment terms; non– interest bearing	Unsecured, no impairment

2. Affiliate with same ultimate parent company

Category	Amount of transactions	Outstanding balance	Terms	Condition
Year 2014				
Advances from affiliates				
GTL USA Inc.	–	402,876	Have no specific repayment terms, non–interest bearing	Unsecured, no impairment
Less: Write off		(370,276)		
Balance		32,550		
Pt. GTL Indonesia Ltd	–	1,147,400	Have no specific repayment terms, non–interest bearing	Unsecured, no impairment
Less: Write off		(1,147,400)		
Balance		–		
GTL Singapore Pte Ltd	–	985,852	Have no specific repayment terms, non–interest bearing	Unsecured, no impairment
GTL Ltd India	32,243	252,314	Have no specific repayment terms, non–interest bearing	Unsecured, no impairment
GTL Saudi Arabia Co. Ltd	804,960	804,960	Have no specific repayment terms, non–interest bearing	Unsecured, no impairment
	837,203	2,075,676		
Advances to affiliates				
GTL South Africa	–	–	Have no specific repayment terms, non–interest bearing	Unsecured, no impairment
2013				
Advances from affiliates				
GTL USA Inc.	–	402,876	Have no specific repayment terms, non–interest bearing	Unsecured, no impairment
GTL Singapore Pte Ltd	–	2,355,733	Have no specific repayment terms, non–interest bearing	Unsecured, no impairment
Pt. GTL Indonesia Ltd	–	1,147,700	Have no specific repayment terms, non–interest bearing	Unsecured, no impairment
GTL Ltd India	–	220,071	Have no specific repayment terms, non–interest bearing	Unsecured, no impairment
	–	4,106,030		
Advances to affiliates				
GTL South Africa	–	546,337	Have no specific repayment terms, non–interest bearing	Unsecured, no impairment
GTL Vietnam Co. Ltd	–	115,064		
Less: Write off		(115,064)		
Balance		–		
	–	546,337		

3. Key management personnel

There is no compensation paid for key management personnel for the years ended December 31, 2014 and 2013.

10. PROPERTY AND EQUIPMENT, NET

Details of property and equipment are as follows:

	Project equipment	Computer equipment	Office equipment	Furniture and fixtures	Subtotal
Cost:					
Balance at January 1, 2013	3,453,025	1,468,276	551,879	45,403	5,518,583
Additions	1,723,426	15,624	27,820	–	1,766,870
Balance at December 31, 2013	5,176,451	1,483,900	579,699	45,403	7,285,453
Additions	617,126	139,821	–	–	756,947
Adjustments	–	6,429	–	–	6,429
Balance at December 31, 2014	5,793,577	1,630,150	579,699	45,403	8,048,829
Accumulated depreciation:					
Balance at January 1, 2013	2,097,895	1,379,002	542,369	43,318	4,062,584
Depreciation	847,240	94,048	21,026	2,085	964,399
Balance at December 31, 2013	2,945,135	1,473,050	563,395	45,403	5,026,983
Depreciation	910,030	16,625	16,304	–	942,959
Adjustments	–	6,429	–	–	6,429
Balance at December 31, 2014	3,855,165	1,496,104	579,699	45,403	5,976,371
Carrying values:					
As at December 31, 2013	2,231,316	10,850	16,304	–	2,258,470
As at December 31, 2014	1,938,412	134,046	–	–	2,072,458

	Subtotal	Communication equipment	Leasehold improvement	Total
Cost:				
Balance at January 1, 2013	5,518,583	7,549	169,643	5,695,775
Additions	1,766,870	–	–	1,766,870
Balance at December 31, 2013	7,285,453	7,549	169,643	7,462,645
Additions	756,947	23,215	–	780,162
Adjustments	6,428	–	–	6,428
Balance at December 31, 2014	8,048,828	30,764	169,643	8,249,235
Accumulated depreciation:				
Balance at January 1, 2013	4,062,584	7,549	169,643	4,239,776
Depreciation	964,399	–	–	964,399
Balance at December 31, 2013	5,026,983	7,549	169,643	5,204,175
Depreciation	942,959	5,803	–	948,762
Adjustments	6,429	–	–	6,429
Balance at December 31, 2014	5,976,371	13,352	169,643	6,159,366
Carrying values:				
As at December 31, 2013	2,258,470	–	–	2,258,470
As at December 31, 2014	2,072,457	17,412	–	2,089,869

The above property and equipment have not been used as collateral for a loan.

The cost of fully depreciated property and equipment that is still in use and included in the above balances amounts to P4,915,157 and P4,648,498 as at December 31, 2014 and 2013, respectively.

11. REFUNDABLE DEPOSITS

This account pertains to payment of security deposit to Ceus Realty Corporation and Pedro Siason for the rental of office and guest house amounting to P53,120 and P111,744 as at December 31, 2014 and 2013, respectively.

12. DEFERRED TAX ASSET

This account pertains to the following:

	NOLCO	MCIT	Unrealized foreign exchange loss (gain)	Total
Balance, January 1, 2013	2,212,459	266,775	136,943	2,616,177
Current year movements:				–
Application of NOLCO for the year 2011 and 2012	(2,102,636)	–	–	(2,102,636)
Application of MCIT for the year 2012	–	(266,775)	–	(266,775)
Reversal of NOLCO from prior years	(109,823)	–	–	(109,823)
Unrealized foreign exchange loss, net – 2013	–		303,678	303,678
Unrealized foreign exchange loss, net – 2012	–	–	(97,184)	(97,184)
Unrealized foreign exchange gain, net – 2011, realized in 2012	–	–	(39,759)	(39,759)
Balance, December 31, 2013	–	–	303,678	303,678
Current year movements:				
NOLCO, 2014	1,556,798	–	–	1,556,798
Minimum corporate income tax, 2014	–	31,884	–	31,884
Unrealized foreign exchange loss, net – 2014	–	–	990	990
Unrealized foreign exchange loss, net – 2013	–	–	(303,678)	(303,678)
Balance, December 31, 2014	1,556,798	31,884	990	1,589,672

13. ACCRUALS AND OTHER PAYABLES

This account consists of:

	2014	2013
Accrued expenses	**2,497,320**	2,908,778
Deferred output VAT	**2,037,233**	1,844,827
Salary payable	**1,827,419**	1,586,356
VAT payable	**933,315**	648,428
Withholding tax payable – compensation	**314,473**	102,573
Withholding tax payable – expanded	**287,608**	219,960
Bonus/13th month pay payable	**99,743**	–
SSS, Philhealth and HDMF payable	**87,246**	55,444
Documentary stamp tax payable	**65,880**	86,043
Others	**1,631,906**	122,165
	9,782,143	7,574,574

Accrued expenses consist mainly of professional fees, consultancy fees, retainer fees, car rental and utilities.

Accruals and other payables are expected to be settled within the next twelve (12) months.

The carrying values of accruals and other payables approximate their fair values due to their short–term nature.

14. SERVICE INCOME

This account pertains to revenue earned from optimization services performed to various customers amounting to P46,088,267 and P70,431,882 for the years ended December 31, 2014 and 2013, respectively.

15. COST OF SERVICES

This account consists of:

	Note	2014	2013
Salaries and wages	17	**12,193,587**	13,044,084
Professional fees		**10,775,991**	17,172,380
Contractors fees		**7,467,438**	5,825,951
Rent expenses	19	**7,062,498**	8,739,930
Employee related expenses	17	**2,978,036**	2,848,695
Transportation and travel		**2,298,621**	4,371,716
Meal expenses		**1,239,056**	1,202,998
Communications		**541,414**	20,000
Hotel and house accomodation		**312,644**	1,016,759
Tools expense		**975,703**	–
Staff welfare		**15,012**	24,627
Project expenses		**–**	544,329
		45,860,000	54,811,469

16. ADMINISTRATIVE EXPENSES

This account consists of:

	Note	2014	2013
Bad debts expense		**1,833,641**	4,411,222
Salaries and wages	17	**1,194,857**	1,050,287
Representation expense		**1,029,896**	–
Professional fees		**1,018,635**	750,505
Depreciation and amortization	18	**948,762**	964,399
Taxes and licenses		**579,036**	534,407
SSS, Philhealth and HDMF contributions	17	**541,268**	448,417
Rent expenses	19	**313,307**	293,080
Communication, light and water		**183,321**	1,624,440
Repairs and maintenance		**117,759**	67,483
Transportation and travel		**78,743**	161,931
Penalties		**48,717**	2,096
Freight, handling and courier		**36,301**	12,615
Insurance expense		**26,826**	36,829
Supplies		**23,345**	168,813
Bank charges		**8,875**	17,961
Realized loss on foreign exchange, net		**8,175**	–
Unrealized loss on foreign exchange, net	20	**3,301**	1,012,260
Donations		**–**	30,000
Miscellaneous expenses		**231,163**	2,586
		8,225,928	11,589,331

17. EMPLOYEES COSTS

This account consists of:

	Note	2014	2013
Charged to cost of services:			
Salaries and wages	15	**12,193,587**	13,044,084
Employee related expenses	15	**2,978,036**	2,848,695
		15,171,623	15,892,779
Charged to administrative expenses:			
Salaries and wages		**1,104,573**	953,687
Employee related expenses		**90,283**	96,600
SSS, Philhealth and HDMF contributions		**541,268**	448,417
	16	**1,736,124**	1,498,704
		16,907,747	17,391,483

18. DEPRECIATION AND AMORTIZATION

This account consists of:

	2014	2013
Project equipment	**910,030**	847,240
Computer equipment	**16,625**	94,048
Office equipment	**16,304**	21,026
Mobile phones	**5,803**	–
Furniture and fixtures	**–**	2,085
	948,762	964,399

19. LEASE AGREEMENT

The Company has entered into the following lease agreements during the years ended December 31, 2014 and 2013:

a. The Company entered into an operating lease agreement with Ceus Realty Corporation for the lease of office unit located at Room 201, Vicente Madrigal, 6793 Ayala Avenue, Makati City. The lease contract commenced on May 16, 2013 until May 15, 2014, renewable for a similar period upon mutual agreement of both parties, with a monthly rental of P25,725. Relative to the agreement, our Company paid two (2) months deposit. This has been renewed up to May 16, 2015 with a new monthly rental of P29,500.

b. The Company entered into an operating lease agreement with Pedro Siason for the lease of condominium unit located at Unit 10E, Tower A Eastwood Condominium, Makati City. The lease contract commenced on September 7, 2012 until September 6, 2013 with a monthly rental of P30,000. The contract was not renewed after the end of the lease term.

The future minimum lease payments under non–cancellable operating leases are as follows:

	2014	2013
Not later than one year	**144,866**	141,488
Later than one year and not later than five years	**–**	–
	144,866	141,488

Total rent expenses charged to operations amounts to P7,375,805 and P9,033,010 for the years ended December 31, 2014 and 2013, respectively, computed as follows.

	Note	2014	2013
Charged to cost of services	15	**7,062,498**	8,739,930
Charged to administrative expenses	16	**313,307**	293,080
		7,375,805	9,033,010

20. FOREIGN CURRENCY DENOMINATED ASSETS AND LIABILITY

The Company's dollar denominated assets and liability are as follows:

	2014	2013
Assets		
Cash in bank	**683**	222
Advances to related parties	**11,761**	12,301
	12,444	12,523
Liability		
Advances from related parties	**266,172**	313,720
Net foreign currency denominated liabilities	**(253,728)**	(301,197)
Year end closing exchange rate	**44.720**	44.414
Total	**(11,346,698)**	(13,377,364)

Unrealized loss on foreign exchange credited to operations amounts to P3,301 and P1,012,260 for the year ended December 31, 2014 and 2013, respectively.

21. INCOME TAXES

The income tax expense for the years ended December 31, 2014 and 2013 is computed as follows:

	2014	2013
Profit (Loss) before income tax	**(6,623,920)**	4,040,336
Add (Deduct):		
Permanent differences:		
Interest income subject to final tax	**(7,818)**	(7,721)
Non–deductible penalties and surcharges	**48,717**	2,096
Bad debts expense	**1,833,641**	4,411,222
Disallowed representation	**569,013**	–
Temporary differences:		
Unrealized gain on foreign exchange in 2012, realized in 2013	**–**	323,942
Unrealized loss on foreign exchange in 2013, realized in 2014	**(1,012,260)**	1,012,260
Unrealized loss on foreign exchange in 2014	**3,301**	–
Taxable income (NOLCO)	**(5,189,326)**	9,782,135
Application of NOLCO:		
2012	**–**	(5,115,335)
2011	**–**	(1,893,450)
Taxable income (NOLCO)	**(5,189,326)**	2,773,350
Income tax rate	**30%**	30%
Income tax expense – current	**–**	832,005
Income tax expense – deferred	**(1,254,110)**	2,045,725
	(1,254,110)	2,877,730

As at December 31, 2014, the amount and applicable years that NOLCO is deductible from taxable income is shown below:

Years incurred	NOLCO	Applied	Expired	NOLCO Unapplied	Expiry
2014	1,556,798	–	–	1,556,798	2017
2012	5,115,335	5,115,335	–	–	2015
2011	1,893,450	1,893,450	–	–	2014

The Company's minimum corporate income tax for the year 2014 is computed as follows:

	2014
Service income	**46,088,267**
Cost of services	**45,860,000**
Gross profit	**228,267**
Other income	**1,365,923**
Total taxable income	**1,594,190**
Income tax rate	**2%**
Income tax due	**31,884**
Last year's excess credits	**(3,432,496)**
Creditable withholding taxes for the year	**(814,435)**
Excess tax credits	**(4,215,047)**

22. SHARE CAPITAL

The Company's share capital consists of:

	Shares	**2014**	**2013**
Common shares – P100 par value per share			
Authorized shares – 50,380 shares	50,380	**5,038,000**	5,038,000
Subscribed capital stock – 12,595 shares			
Balance at year end	12,595	**1,259,500**	1,259,500
Paid up capital – 5,043 shares			
Balance at year end	5,043	**504,300**	504,300

As at December 31, 2014, the Company has two (2) shareholders owning one hundred (100) or more shares of the share capital.

23. APPROPRIATED RETAINED EARNINGS

Per special meeting of the Board of Directors held last December 29, 2014, the Board of Directors unanimously approved to unappropriate its appropriated retained earnings amounting to P3,982,693.

Per special meeting of the Board of Directors held last February 25, 2014, the Board of Directors unanimously approved to appropriate portion of its retained earnings amounting to P1,162,606 for the Corporation's capital expenditures and future business expansion.

Per special meeting of the Board of Directors held last March 22, 2013, the Board of Directors unanimously approved to appropriate portion of its retained earnings amounting to P2,820,087 for the Corporation's capital expenditures and future business expansion.

24. BASIC EARNINGS PER SHARE

This account consists of:

	2014	2013
Profit for the period	**(5,369,810)**	1,162,606
Divided by: Weighted average number sharesoutstanding	**5,043**	5,043
	(1,065)	231

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

It is the responsibility of the management to prepare the financial statements for each financial year which give a true and fair view of the financial position of **iGTL MYANMAR Limited** as at the end of the year and the income for that year. In preparing these financial statements, the management is required to:

Select suitable accounting policies and then apply them consistently: and

Make judgement and estimates that are reasonable and prudent.

The management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. We, as the Management Committee, have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of Management

Mr: Mahesh Singh
Chief Finance Officer
iGTL MYANMAR Limited

Mr: Sanjay Hirpara
Country Head
iGTL MYANMAR Limited

May 4, 2015

INDEPENDENT AUDITORS' REPORT

To the members of iGTL MYANMAR Limited

Report on the Financial Statements

We have audited the accompanying financial statements of iGTL MYANMAR Limited, which comprise the statement of financial position as at March 31, 2015 and the statements of comprehensive income, changes in shareholders equity and cash flows 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 Myanmar Financial Reporting Standard for Small and Medium–sized Entities (MFRS for SMEs) and the provision of the Myanmar Companies Act. 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 Myanmar 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 the 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 give a true and fair view of the financial position of iGTL MYANMAR Limited as of March 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with MFRS for SMEs and the provision of the Myanmar Companies Act.

Report on Other Legal and Regulatory Requirements

In accordance with the provisions of Myanmar Companies Act, we report that

(i) we have obtained all the information and explanations we have required; and

(ii) books of account have been maintained by the Company as required by Section 130 of the Act

Nay Min Thant (PA–466)
Partner
WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
May 4, 2015

BALANCE SHEET AS AT 31ST MARCH , 2015

		As at 31st March 2015 MMK	As at 31st March 2014 MMK	As at 31st March 2015 INR	As at 31st March 2014 INR
I.	**EQUITY AND LIABILITIES**				
	SHAREHOLDER'S FUNDS				
	Share Capital	50,000,000	–	3,121,099	–
	Reserves and Surplus	91,834,229	–	5,732,474	–
		141,834,229	–	8,853,572	–
	NON–CURRENT LIABILITIES				
	Long–term borrowings	–	–	–	–
	Deferred tax liabilities (Net)	–	–	–	–
	Other Long term liabilities	–	–	–	–
	Long term provisions	–	–	–	–
		–	–	–	–
	CURRENT LIABILITIES				
	Short–term borrowings	172,599,000	–	10,773,970	–
	Trade payables (including Acceptances)	–	–	–	–
	Other current liabilities	–	–	–	–
	Short–term provisions	827,535,610	–	51,656,405	–
		1,000,134,610	–	62,430,375	–
	Total	1,141,968,839	–	71,283,948	–
II.	**ASSETS**				
	NON–CURRENT ASSETS				
	Fixed assets				
	Tangible assets	48,065,960	–	3,000,372	–
	Intangible assets	–	–	–	–
	Capital work–in–progress	–	–	–	–
		48,065,960	–	3,000,372	–
	Intangible assets under development				
	Non–current investments				
	Deferred tax assets (net)	–	–	–	–
	Long term loans and advances	1,040,000	–	64,919	–
	Other non–current assets				
		1,040,000	–	64,919	–
	CURRENT ASSETS				
	Current investments	–	–	–	–
	Inventories	–	–	–	–
	Trade receivables	729,382,029	–	45,529,465	–
	Cash and cash equivalents	93,738,355	–	5,851,333	–
	Short–term loans and advances	85,758,898	–	5,353,240	–
	Other current assets	183,983,597	–	11,484,619	–
		1,092,862,879	–	68,218,657	–
	Total	1,141,968,839	–	71,283,948	–

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD

	1–April–14 to 31–Mar –15 MMK	1–April–13 to 31–Mar–14 MMK	**1–April–14 to 31–Mar –15 INR**	1–April–13 to 31–Mar–14 INR
Revenue from operations	**1,534,349,406**	–	**92,934,549**	–
Less: Excise Duty, if any				
	1,534,349,406	–	**92,934,549**	–
Other Income	**–**	–	**–**	–
Total Revenue	**1,534,349,406**	–	**92,934,549**	–
Expenses:				
Cost of Purchases	**1,090,666,072**	–	**66,060,937**	–
Changes in inventories of finished goods, work–in–progress and Stock–in–Trade	**–**	–	**–**	–
Employee benefits expenses	**179,747,905**	–	**10,887,214**	–
Finance Costs	**–**	–	**–**	–
Foreign Exchange Loss /(Profit) (Net) on Borrowings & Preference Investments	**–**	–	**–**	–
Depreciation and amortization expense	**5,533,750**	–	**335,176**	–
Other expenses	**135,956,040**	–	**8,234,769**	–
Total Expenses	**1,411,903,767**	–	**85,518,096**	–
Profit before extraordinary items and tax	**122,445,639**	–	**7,416,453**	–
Profit before tax	**122,445,639**	–	**7,416,453**	–
Tax expense:				
Current tax	**30,611,410**	–	**1,854,113**	–
Deferred tax Liability / (Asset)	**–**	–	**–**	–
Profit / (Loss) from the period after Tax	**91,834,229**	–	**5,562,340**	–

STATEMENT OF CASH FLOW
FOR THE PERIOD JULY 28, 2014 TO MARCH 31, 2015

	March 2015 MMK
Cash flows for operating activities	
Net Profit Before Tax	122,445,639.00
Adjustments for:	
Depreciation of property and equipment	5,533,750.00
Provision for Income Tax	30,611,410.00
Operating profit before working capital changes	97,367,979.00
(Increase)/ decrease in other current assets	(1,015,370,934.00)
Increase/ (decrease) in current liabilities	1,030,746,020.00
Cash utilized in operations	112,743,065.00
Income tax paid	(15,405,000.00)
Net cash used in operating activities	97,338,065.00
Cash flows from investing activities	
Purchase of property and equipment	(53,599,710.00)
Net cash used in investing activities	(53,599,710.00)
Cash flows from financing activities	
Proceeds from issue of share capital	50,000,000.00
Net cash from financing activities	50,000,000.00
Net increase in cash and cash equivalents	
Cash and cash equivalents at beginning of the year	–
Cash and cash equivalents at end of period	93,738,355.00

See Accompanying Notes to Financial Statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD JULY 28, 2014 TO MARCH 31, 2015

	2015
ISSUED AND PAID UP CAPITAL	
Balance at beginning of year	–
Shares issued during the period	50,000,000.00
	50,000,000.00
RETAINED EARNINGS	
Balance at beginning of year	–
Net profit / (loss) for the period	91,834,229.00
	91,834,229.00
	141,834,229.00

See Accompanying Notes to Financial Statements.

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDING MARCH 31, 2015

	As at 31st March 2015 MMK	As at 31st March 2014 MMK	As at 31st March 2015 INR	As at 31st March 2014 INR
Share Capital				
Issued, subscribed and paid up:				
5,000 equity shares fully paid–up of K 1,000/– each	50,000,000	–	3,121,099	–
Total	50,000,000	–	3,121,099	–
Reserves and Surplus				
General Reserve				
Opening balance	–	–	–	–
Add: Transferred from Profit & Loss Account	–	–	–	–
Closing Balance	–	–	–	–
Translation Reserve	–	–	170,134	–
Profit & Loss Account :				
Surplus – Opening Balance	–	–	–	–
Add : Net profit after tax transferred from Statement of Profit and Loss	91,834,229	–	5,562,340	–
Amount available for appropriation	91,834,229	–	5,562,340	–
Appropriation :				
Final Dividend	–	–	–	–
Surplus – Closing Balance	91,834,229	–	5,562,340	–
Total	91,834,229	–	5,732,474	–
Short Term Borrowings				
Other loans and advances	172,599,000	–	10,773,970	–
Total	172,599,000	–	10,773,970	–
Other Current Liabilities				
Expense Creditors	546,570,290	–	34,117,996	–
Provision for Expenses	207,392,915	–	12,945,875	–
Accrued salaries & benefits	41,714,258	–	2,603,886	–
Statutory Dues Payable	13,103,912	–	817,972	–
Other Liabilities	18,754,235	–	1,170,676	–
Total	827,535,610	–	51,656,405	–
Long term loans and advances				
Security Deposits	1,040,000	–	64,919	–
Total	1,040,000	–	64,919	–

	As at 31st March 2015 MMK	As at 31st March 2014 MMK	As at 31st March 2015 INR	As at 31st March 2014 INR
Trade Receivables				
Debts outstanding for a period exceeding six months				
Unsecured				
Considered good	729,382,029	–	45,529,465	–
Considered doubtful	–	–	–	–
	729,382,029	–	45,529,465	–
Less: Provision for doubtful debts	–	–	–	–
	729,382,029	–	45,529,465	–
Total	729,382,029	–	45,529,465	–
Cash and cash equivalents				
Balances with Banks				
Balance in current account with a Scheduled Bank	–	–	–	–
Balance in current account with a Non–Scheduled Bank	86,178,120	–	5,379,408	–
Cash on Hand	7,560,235	–	471,925	–
Total	93,738,355	–	5,851,333	–
Short Term Loans and Advances				
Advance Income Tax & Tax Deducted at source – International Branches (net of provision)	(129,956)	–	(8,112)	–
Prepaid Expenses	36,997,738	–	2,309,472	–
Loans & Advances to employees	48,891,116	–	3,051,880	–
Total	85,758,898	–	5,353,240	–
Other Current Assets				
Unbilled Revenue	183,983,597	–	11,484,619	–
Total	183,983,597	–	11,484,619	–

	1–April–14 to 31–Mar –15 MMK	1–April–13 to 31–Mar–14 MMK	1–April–14 to 31–Mar –15 INR	1–April–13 to 31–Mar–14 INR
Revenue from Operations				
Sale of Services				
Telecom Services	1,534,349,406	–	92,934,549	–
Other Operating Revenues	–	–	–	–
Total	1,534,349,406	–	92,934,549	–
Purchase of Material (Non – trade) & Services				
Sub Contractor Charges	1,035,036,848	–	62,691,511	–
Vehicle Hire Charges – Projects	55,629,224	–	3,369,426	–
Total of Purchase of Material (Non – trade) & Services	1,090,666,072	–	66,060,937	–
Total of Purchases	1,090,666,072	–	66,060,937	–
Employee Benefit Expense				
Salaries	171,642,570	–	10,396,279	–
Staff Welfare Expenses	8,105,335	–	490,935	–
Total	179,747,905	–	10,887,214	–
Other Expenses				
Communication Expenses	8,073,625	–	489,014	–
Business Promotion Expenses	2,241,346	–	135,757	–
Discounts & Commission	250,000	–	15,142	–
Freight Charges	50,000	–	3,028	–
Rent	3,455,162	–	209,277	–
Electricity Charges	611,400	–	37,032	–
Insurance	7,532,551	–	456,242	–
Legal and Professional Fees	44,875,522	–	2,718,081	–
Travelling & Conveyance Expenses	74,096,352	–	4,487,968	–
Auditor's Remuneration	7,568,919	–	458,445	–
Net (Gain)/Loss on Foreign Currency Transactions	(17,431,269)	–	(1,055,801)	–
Other Expenses	4,632,432	–	280,583	–
Total	135,956,040	–	8,234,769	–
Tax Expense				
Current Tax	–	–	–	–
Income Tax [MAT , if any]	30,611,410	–	1,854,113	–
Deferred taxes	–	–	–	–
Total	30,611,410	–	1,854,113	–

NOTES TO THE FINANCIAL STATEMENT

1. General

iGTL Myanmar Limited (the Company) was incorporated in the Union of Myanmar as a foreign company under The Myanmar Companies Act, as per certificate of incorporation No.429FC/2014–2015 dated July 28, 2014 issued by the Ministry of National Planning and Economic Development. The Company is 100% foreign owned.

In accordance with Section 27A of The Myanmar Companies Act, the Company has been issued Permit to Trade No. 429FC/2014–2015 dated July 28, 2014 so as to carry out service activities in Myanmar.

The main objective of the Company is to provide the following services. These are

(a) Consultancy, Project Management, Supervision, Site Build Work including Supply & Services associated with Network Set Up & Power Distribution Set Up.

(b) Operation & Maintenance Services associated with Wire–Line, Wire–Less Networks.

The financial statements relate to the period from July 28, 2014 to March 31, 2015.

The registered office of the Company is located at Building 8, Myanmar info–tech, Hlaing Township, Yangon, Myanmar.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

The financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) for Small and Medium–sized Entities.

b) Trade and other receivables

Trade and other receivables are stated at the principal amount outstanding, net of any allowance for uncollectible amount.

c) Trade and other payables

Trade and other payables are stated at nominal value.

d) Property, plant and equipment

Items of plant and machinery are stated at cost less accumulated depreciation. Depreciation is calculated on a straight–line basis over the estimated useful life of the assets as follows:

Mobile Generator	35%
Tool & Equipment	35%
Motor Vehicles	35 %

e) Foreign Currency Translation

The presentation and functional currency of the Company is Myanmar Kyats. All transactions in US$ are translated into Myanmar Kyats at the market rate prevailing at the time of transaction. Exchange gains or losses arising from these transactions are debited or credited to income statement.

f) Revenue recognition

Income is recognized on the completion of services or as per the terms of arrangement with clients and when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the services

g) Share capital

Ordinary shares are classified as equity.

h) Related parties

Related parties are individuals and companies where the individuals or companies have the ability, directly or indirectly to control the other party or exercise significant influence over the other party in making financial or operating decisions.

i) Expense recognition

All expenses are accounted for in the statement of comprehensive income on the accrual basis.

j) Income Tax

Income tax payable on profits, based on the applicable tax law, is recognized as an expense in the period in which profits arise.

3. Property and Equipment – net

The details are as follows:

	2015
Opening	
Addition for the period	
Mobile Generator 5KVA	5,545,000.00
Tool & Equipment	46,029,710.00
Motor Vehicles	2,025,000.00
	53,599,710.00
Less: Accumulated depreciation	
Opening	–
For the period	5,533,750.00
	5,533,750.00
Net book value	**48,065,960.00**

4. Cash

The above consist of:

	2015
Cash on hand	**7,560,235.00**
Cash in bank	
CB Bank (Myanmar Kyats)	**54,608,625.00**
CB Bank (US$)	**17,625,169.00**
KBZ Bank (Myanmar Kyats)	**8,331,317.00**
KBZ Bank (US$)	**5,613,009.00**
	93,738,355.00

5. Accounts Receivable

The above consist of:

	2015
Apollo Tower Myanmar Ltd	**471,198,909.00**
Ericsson Myanmar Co., Ltd	**54,851,580.00**
Flexenclosure AB (Publ)	**203,331,540.00**
	729,382,029.00

6. Deposit (Ks 40,000)

The above deposit for diesel filling charges has been made with Apollo Tower Myanmar Ltd.

7. Prepayment & Advance and Other assets

The above consist of:

	2015
Imprest for Project	**48,891,116.00**
Withholding Tax 2%	**15,076,454.00**
Advance Income Tax	**15,405,000.00**
Earned Income	**183,983,597.00**
Prepaid Expenses	**36,997,738.00**
Security Deposit–Rent	**1,000,000.00**
	301,353,905.00

8. Issued and Paid–up Capital

The equity shares of the iGTL Myanmar Limited registered as issued and paid–up capital are 49,999 shares owned by GTL Singapore Pte Ltd and 1share owned by GTL Europe Limited.

9. Accounts Payable

The above consist of:

	2015
Apparent Power Engineering General Trading Company Ltd	**84,660.00**
Arkar Sun Company Ltd	**1,078,245.00**
Arvensis Energy Pvt ,.Ltd	**6,585,160.00**
Aung Ko Latt	**88,309.00**
Aung Myo Oo	**15,833,520.50**
Ayar Thaw Construction Company Limited	**7,416,250.00**
Building & Land Leader Group Company Limited	**12,616,800.00**
Chan Myae Aung	**1,090,387.00**
Classic Wire & Cable Company Ltd	**7,056,700.00**
E21 International Company Ltd	**3,296,327.00**
Global Link Myanmar Construction Group Ltd	**1,764,000.00**
GTL (Singapore) Pte Ltd–AP	**354,211,935.00**
Hardihood Construction Company Ltd	**3,684,800.00**
Hardware World	**315,000.00**
High Aims (ASIA) Company Ltd	**1,898,505.00**
Hlaing Htun	**829,741.00**
Hla Win	**167,933.00**
HO Brothers Holdings Limited	**12,498,900.00**
Jhamuna Tower Tech(Madras)PVT LTD	**3,686,806.50**
Kunjankishor Trading Company Ltd	**456,680.00**
Kyaw Than Htike	**265,549.00**
M.A.N Family Engineer Service Group	**7,943,784.00**
Mega Cosmos Construction Company Ltd	**3,528,000.00**
Metal Prince Co ,.Ltd	**728,160.00**
MHM Electrical Group	**127,400.00**
Min Lwin	**300,000.00**
Moe Din Aung	**345,316.00**
Myan Shwe Pyi Tractors Ltd	**8,720,777.00**
Myo Nyi Nyi	**966,262.00**
Popa Myanmar Alliance Company Limited	**40,269,580.00**
Royal Construction Group	**854,000.00**
Royal Techno Net Group	**735,000.00**
San Di Lwin	**1,134,040.00**
Shukhintha Construction Company Ltd	**474,320.00**
Shwe Ein Machinery Ltd	**4,016,847.00**
Soe Moe Aung	**920,122.00**
Solar Rays Electrical Group	**1,732,052.00**
Sunil Yadav	**2,193,681.00**
Thein Tun	**975,061.00**
Trust Technologies Limited	**2,891,000.00**
TTA Crane General Services & Transportation	**2,058,000.00**
United Technical Power Engineering Company Ltd	**735,000.00**
Vidath Engineering Services Myanmar Company Ltd	**5,065,280.00**
YAMON LWIN OO ENGINEERING Company Ltd	**1,000,300.00**
Yaung Chi Linn Thit Company Ltd	**9,430,150.00**
Yoma Engineering Services Company Ltd	**1,456,950.00**
Zenith Trust Group Company Ltd	**13,043,000.00**
	546,570,290.00

10. Loan and Advances (Ks 172,599,000.00)

The above represents loan taken from GTL (Singapore) Pte Ltd for working capital requirement.

11. Others

The above consist of:

	2015
Project Management Support Services–Payable	**18,754,235.00**
Provision for Expenses	**207,392,915.00**
Salary Payable	**41,714,258.00**
Total	**267,861,408.00**

12. Provisions for Income Tax

The provision for income tax 25% is computed based on accounting profit.

13. Revenue (Ks 1,542,321,951.00)

The above represents the revenues earned from Generator Service, Installation & Transport Service, Mobile DG service, Site Maintenance service, Power Installation service, Diesel Filling service and Labour & Crane services to Apollo Tower Myanmar Ltd, Ericsson Myanmar Co,. Ltd and FlexenclosureAB (Publ).

14. Cost of Sale

The details are as follows:

	2015
Opening	**–**
Purchase	**–**
DG R&M Materials	**10,236,894.00**

	2015
GI Cable Tray	2,592,000.00
Direct Expenses	–
BTS & MICROWAVE Installation	24,856,000.00
COGS–Material IBS Project	5,902,250.00
COGS–Service IBS Project	5,230,250.00
COGS– Services MIG	25,302,700.00
DG Charges	12,241,000.00
DG Hire	8,227,650.00
DG Installation	150,000.00
Fuel Filling Charges	68,825,250.00
Installation of Power Meter	16,102,900.00
Labour Charges	1,024,600.00
Material	37,869,962.00
Material Purchase	7,961,465.00
Octane	1,514,000.00
Power Grid	18,403,000.00
Power Installation & Commission	67,264,425.00
Project Expense	56,756,838.00
Project Management Support Services	552,972,523.00
Site Maintenance Charges	6,802,270.00
Transportation Charges	103,186,875.00
Commercial Tax 5% – Input	1,613,996.00
	1,035,036,848.00

15. Administration Expenses

General and administration expenses consist of:

	2015
Agent Commission	250,000.00
Bank Charges	808,829.00
Car Hire Charges	55,629,224.00
Commission	7,532,551.00
Conveyance Charges	30,180,840.00
Employee Fooding Charges	3,964,073.00
Employees Salary Paid	141,425,216.00
Fooding Charges	6,760,876.00
Freight Charges	50,000.00
Lodging Charges	10,116,250.00
Sundry Debit & Credit Balances Written Off	575.00
Air Ticket Charges	22,166,812.00
Audit Fees	7,484,659.00
Business Promotion	2,241,346.00
Depreciation P&L A/c	5,533,750.00
Donation	1,000,000.00
Electricity Charges	611,400.00
Employee Tax	19,492,405.00
Fees & Subscriptions	480,000.00
Government Registration Fee	1,230,888.00
Guesthouse Expenses	6,719,440.00
Guesthouse Rent	2,326,130.00
Medical Reimbursement	1,385,895.00
Miscellaneous Charges	21,050.00
Office Rent	1,129,032.00
Out of Pocket Expenses	84,260.00
Printing & Stationery	1,091,090.00
Professional & Consultancy Charges	44,875,522.00
Telephone Charges	8,073,625.00
Visa Charges	11,632,450.00
Total	394,298,188.00

16. Related Party Transaction

The Company had carried out the following related party transactions during the year:

Particular	Amount (Ks)
Transactions with:	
GTL Singapore Pte Ltd.	
Shares	49,999,000
Services	523,602,000
Loan& Advances	172,599,000
Creditors	354211935
GTL Europe Limited	
Shares	1,000

17. Authorization of Financial Statements

The financial statements of the entity for the year ended March 31, 2015 were authorized for issue on May 4, 2015.

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements for the period ended 31 August 2014.

RESULTS FOR THE PERIOD	2014$
The Company did not trade during the period	
Loss made in closure excersice	97,643
Taxation	1,121
Loss after taxation	98,764

LEGAL FORM

The Company was incorporated on 9 August 2006 under the Companies and Allied Matters Act CAP C20 LFN 2004. It is a subsidiary of GTL International Limited, Bermuda.

PRINCIPAL ACTIVITY

The Company is engaged in provision of site building (High Mast) for local GSM/ CDMA Operators or OEM's providing network support services like installation of BTS & MW antennas, providing skilled resources for managed service of the network, network optimization and operation & maintenance. The company however, stopped operation in the last quarter of the previous year.

PROPERTY, PLANT & EQUIPMENT

Physical property plant and equipment were disposed during the period this and other Information relating to is given in Note 5 to the financial statement.

Training

Management, professional and technical expertise are the Company's major assets and investment in developing such skills continues. The Company's expanding skill–base has extended the range of training provided and has broadened opportunities for career development within the organization.

Welfare

Health and safety precautions are in force at the Company's premises and the Company takes interest in the welfare of its employees.

CONTRIBUTION AND CHARITABLE GIFTS

No charitable contributions or donations were made during the year.

TECHNICAL AGREEMENT

The Company has technical/management agreement with Parent Company, GTL International Limited, which specifies 2.5% of monthly budgeted revenue payable to GTL International Limited as management fee.

The registration of the agreement is under process with National Office for Technology Acquisition and Promotion (NOTAP)

FORMAT OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the reporting and presentation requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004. The Directors consider that the format adopted is the most suitable for the Company.

AUDITORS

IYANTAN & PARTNERS were appointed as auditors during the year and have indicated their willingness, to continue in office as the Company's auditors in accordance with section 357(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

BY ORDER OF THE BOARD
24th, September 2014

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR THE PERIOD ENDED AUGUST 31, 2014

The Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004, requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of the year and of its profit or loss. The responsibilities include ensuring that the company:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004;

b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, and are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria and the requirements of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit for the year ended 31 December 2013. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

Mr. Manjeet Singh	Mr. Pinakin Gandhi
Director	Director
24th, September 2014	24th,September,2014

INDEPENDENT AUDITORS' REPORT

Report on the financial statements

We have audited the accompanying financial statements of GTL International Nigeria Limited, which comprise the balance sheet as at 31 August 2014, the profit and loss account, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 relevant standards issued by the Federal Reporting Council of Nigeria and the provisions of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004 and for such internal control as the directors determines necessary to enable the preparation of financial statements that are free of material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audited in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of GTL International Nigeria Limited as at 31 August 2014 and its financial performance and its cash flows for the period then ended in accordance with the relevant standards issued by the Financial Reporting Council of Nigeria and provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

i) 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;

ii) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;

iii) the Company's balance sheet and profit and loss account are in agreement with the books of accounts.

IYANTAN AND PARTNERS
(Chartered Accountants)

Lagos, Nigeria
24th, September 2014

BALANCE SHEET AS AT 31 AUG , 2014

		As at 31st Aug 2014 USD	As at 31st Dec 2013 USD	As at 31st Aug 2014 INR	As at 31st Dec 2013 INR
I.	**EQUITY AND LIABILITIES**				
	SHAREHOLDER'S FUNDS				
	Share Capital	**78,125**	78,125	**4,791,797**	4,791,797
	Reserves and Surplus	**(1,395,629)**	(1,298,013)	**(85,600,905)**	(79,613,490)
		(1,317,504)	(1,219,888)	**(80,809,108)**	(74,821,693)
	NON–CURRENT LIABILITIES				
	Long–term borrowings	**–**	–	**–**	–
	Deferred tax liabilities (Net)	**147,719**	146,598	**9,060,345**	8,991,588
	Other Long term liabilities	**–**	–	**–**	–
	Long term provisions	**–**	–	**–**	–
		147,719	146,598	**9,060,345**	8,991,588
	CURRENT LIABILITIES				
	Short–term borrowings	**1,896,529**	1,858,377	**116,323,606**	113,983,523
	Trade payables (including Acceptances)	**247,609**	555,652	**15,187,098**	34,080,899
	Other current liabilities	**40,135**	303,326	**2,461,680**	18,604,474
	Short–term provisions	**–**	–	**–**	–
		2,184,273	2,717,354	**133,972,384**	166,668,897
	Total	**1,014,488**	1,644,063	**62,223,621**	100,838,792
II.	**ASSETS**				
	NON–CURRENT ASSETS				
	Fixed assets	**–**	44,484	**–**	2,728,426
	Tangible assets	**–**	–	**–**	–
	Intangible assets	**–**	–	**–**	–
	Capital work–in–progress	**–**	–	**–**	–
		–	44,484	**–**	2,728,426
	Intangible assets under development				
	Non–current investments	**–**	–	**–**	–
	Deferred tax assets (net)	**–**	–	**–**	–
	Long term loans and advances	**–**	–	**–**	–
	Other non–current assets	**–**	–	**–**	–
		–	–	**–**	–
	CURRENT ASSETS				
	Current investments	**–**	–	**–**	–
	Inventories	**189,882**	237,353	**11,646,412**	14,558,074
	Trade receivables	**–**	226,906	**–**	13,917,297
	Cash and cash equivalents	**4,620**	4,008	**283,368**	245,850
	Short–term loans and advances	**819,986**	1,051,054	**50,293,841**	64,466,408
	Other current assets	**–**	80,260	**–**	4,922,737
		1,014,488	1,599,582	**62,223,621**	98,110,366
	Total	**1,014,488**	1,644,063	**62,223,621**	100,838,792

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD

	1–Jan–14 to 31–Aug–14	1–Jan–13 to 31–Dec–13	**1–Jan–14 to 31–Aug–14**	1–Jan–13 to 31–Dec–13
	USD	USD	**INR**	INR
Revenue from operations	**–**	553,859	**–**	34,280,019
Less: Excise Duty, if any	**–**	–	**–**	–
	–	553,859	**–**	34,280,019
Other Income	**–**	–	**–**	–
Total Revenue	**–**	553,859	**–**	34,280,019
Expenses:				
Cost of Purchases	**–**	343,165	**–**	21,239,527
Changes in inventories of finished goods, work–in–progress and Stock–in–Trade	**–**	–	**–**	–
Employee benefits expenses	**7,841**	321,647	**485,303**	19,907,683
Finance Costs	**(227)**	15,705	**(14,031)**	972,034
Foreign Exchange Loss / (Profit) (Net) on Borrowings & Preference Investments	**–**	–	**–**	–
Depreciation and amortization expense	**11,725**	23,183	**725,695**	1,434,865
Other expenses	**57,177**	493,308	**3,538,853**	30,532,284
Total Expenses	**76,516**	1,197,008	**4,735,820**	74,086,394
Profit before exceptional and extraordinary items and tax	**(76,516)**	(643,148)	**(4,735,820)**	(39,806,375)
Exceptional Items				
Profit before extraordinary items and tax	**(76,516)**	(643,148)	**(4,735,820)**	(39,806,375)
Extraordinary Items				
Compensation tw Sale/Invocation of Investments	**–**	–	**–**	–
Loss on Sale / Invocation of Investment	**19,978**	–	**1,236,498**	–
Profit before tax	**(96,494)**	(643,148)	**(5,972,319)**	(39,806,375)
Tax expense:				
Current tax	**1,121**	10,000	**69,382**	618,930
Deferred tax Liability / (Asset)	**–**	–	**–**	–
Profit / (Loss) from the period after Tax	**(97,615)**	(653,148)	**(6,041,701)**	(40,425,305)

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDING AUGUST 31, 2014

	As at 31st Aug 2014 USD	As at 31st Dec 2013 USD	As at 31st Aug 2014 INR	As at 31st Dec 2013 INR
Share Capital				
Issued, subscribed and paid up:				
10,000,000 Equity shares of USD 0.00781256 each fully paid–up	**78,125**	78,125	**4,791,797**	4,791,797
Total	**78,125**	78,125	**4,791,797**	4,791,797
Reserves and Surplus				
Translation Reserve	**–**	–	**(54,286)**	3,885,231
Profit & Loss Account :				
Surplus – Opening Balance	**(1,298,013)**	(644,865)	**(79,613,490)**	(35,302,955)
Add : Net profit after tax transferred from Statement of Profit and Loss A/C	**(97,615)**	(653,148)	**(6,041,701)**	(40,425,305)
Amount available for appropriation	**(1,395,629)**	(1,298,013)	**(85,600,905)**	(79,613,490)
Appropriation :				
Surplus – Closing Balance	**(1,395,629)**	(1,298,013)	**(85,600,905)**	(79,613,490)
Total	**(1,395,629)**	(1,298,013)	**(85,600,905)**	(79,613,490)
Deferred Taxes	**147,719**	146,598	**9,060,345**	8,991,588
Short Term Borrowings				
Due to related parties	**1,896,529**	1,858,377	**116,323,606**	113,983,523
Total	**1,896,529**	1,858,377	**116,323,606**	113,983,523
Trade Payables				
Trade Payables	**247,609**	555,652	**15,187,098**	34,080,899
Total	**247,609**	555,652	**15,187,098**	34,080,899
Other Current Liabilities				
Provision for Expenses	**892**	267,813	**54,711**	16,426,310
Statutory Dues Payable	**39,243**	35,513	**2,406,969**	2,178,165
Total	**40,135**	303,326	**2,461,680**	18,604,474
Inventories				
Inventories : (at lower of cost and net realizable value)				
Finished Goods (other than acquired for trading)	**189,882**	237,353	**11,646,412**	14,558,074
Total	**189,882**	237,353	**11,646,412**	14,558,074
Trade Receivables				
Debts outstanding for a period exceeding six months				
Unsecured	**–**	–	**–**	–
Considered good	**–**	226,906	**–**	13,917,297
Considered doubtful	**–**	–	**–**	–
	–	226,906	**–**	13,917,297
Total	**–**	226,906	**–**	13,917,297
Cash and cash equivalents				

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDING AUGUST 31, 2014

	As at 31st Aug 2014 USD	As at 31st Dec 2013 USD	**As at 31st Aug 2014 INR**	As at 31st Dec 2013 INR
Balances with Banks				
Balance in current account with a Scheduled Bank	**–**	–	**–**	–
Balance in current account with a Non–Scheduled Bank	**4,620**	2,851	**283,368**	174,886
Cash on Hand	**–**	1,157	**–**	70,965
Total	**4,620**	4,008	**283,368**	245,850
Short Term Loans and Advances				
Advance Income Tax & Tax Deducted at source	**819,986**	1,021,804	**50,293,841**	62,672,373
Prepaid Expenses	**–**	23,478	**–**	1,440,031
Others	**–**	5,772	**–**	354,004
Total	**819,986**	1,051,054	**50,293,841**	64,466,408
Other Current Assets				
Unbilled Revenue	**–**	80,260	**–**	4,922,737
Receivable on account of Assignment	**–**	–	**–**	–
Total	**–**	80,260	**–**	4,922,737

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDING AUGUST 31, 2014

	1–Jan–14 to 31–Aug–14 USD	1–Jan–13 to 31–Dec–13 USD	**1–Jan–14 to 31–Aug–14 INR**	1–Jan–13 to 31–Dec–13 INR
Revenue from Operations				
Revenue from Turnkey Projects	**–**	553,859	**–**	34,280,019
Other Operating Revenues	**–**	–	**–**	–
Total	**–**	553,859	**–**	34,280,019
Purchase of Material (Non – trade) & Services				
Sub Contractor Charges	**–**	310,345	**–**	19,208,178
Vehicle Hire Charges – Projects	**–**	32,820	**–**	2,031,349
Total of Purchase of Material (Non – trade) & Services	**–**	343,165	**–**	21,239,527
Total of Purchases	**–**	343,165	**–**	21,239,527
Employee Benefit Expense				
Salaries	**7,841**	321,647	**485,303**	19,907,683
Total	**7,841**	321,647	**485,303**	19,907,683
Finance Costs	**(227)**	15,705	**(14,031)**	972,034
Interest Expense				
Interest on Borrowings	**–**	–	**–**	–
Other Borrowing costs	**–**	–	**–**	–
Interest – Exchange (Gain) / Loss on Foreign Currency Borrowings	**–**	–	**–**	–
Total	**–**	–	**–**	–
Other Expenses				
Communication Expenses	**–**	22,576	**–**	1,397,302
Business Promotion Expenses	**–**	24,000	**–**	1,485,431
Rent	**30,564**	77,497	**1,891,698**	4,796,493
Electricity Charges	**–**	26,660	**–**	1,650,090
Insurance	**455**	1,825	**28,161**	112,934
Legal and Professional Fees	**48,547**	31,090	**3,004,715**	1,924,246
Travelling & Conveyance Expenses	**354**	39,430	**21,929**	2,440,413
Outsourced Manpower Cost	**–**	42,146	**–**	2,608,549
Repairs & Maintenance – Others	**2,770**	12,497	**171,449**	773,464
Net (Gain)/Loss on Foreign Currency Transactions	**(28,642)**	25,408	**(1,772,762)**	1,572,580
Other Expenses	**3,129**	190,180	**193,663**	11,770,781
Extraordinary Expenditure (to be identified seperately)	**–**	–	**–**	–
Total	**57,177**	493,308	**3,538,853**	30,532,284
Tax Expense				
Current Tax	**–**	–	**–**	–
Net Current Income Tax	**–**	126,211	**–**	7,811,548
Deferred taxes	**–**	20,387	**–**	1,261,792
Total	**–**	146,597	**–**	9,073,340

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED AUGUST 31, 2014

The following are the summary of the significant accounting policies adopted in the preparation of these financial statements.

1. Basis of Accounting

The financial statements are prepared under the historical cost convention.

2. Turnover

Turnover represents the net value of goods and services sold to third parties.

3. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation.

4. Depreciation

Depreciation is calculated on straight line basis to write off the cost of fixed assets over their expected useful lives at the following annual rates:–

Class of Asset	Rate of Depreciation
Computers	20%
Furniture & Fittings	10%
Office Equipment	10%
Plant and Machinery	20%

5. Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies and recognized in the profit and loss account.

6. Debtors

Debtors are stated after making specific provision for debt considered doubtful of recovery.

7. Inventories

Inventories are stated at the lower of cost and net realisable value after making adequate provision for slow moving and obsolete items. Cost comprises direct materials and where applicable direct labour and those that have been incurred in bringing the inventories to their present location and condition. Net realisable value represent the estimated selling price less all estimated cost to completion and costs to be incurred in marketing, selling and distribution.

8. Taxation

Income tax and education tax are provided by applying the current statutory rate on the taxable profit and adjusted profit respectively.

9. 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.

10. Employee's retirement benefit scheme

The company operates a contributory staff pension scheme for its staff in accordance with the Pension Reform Act, 2004. The employer and employees each contribute 7.5% respectively of the sum of basis salary, housing and transport allowances. The Company contributions are accrued and charged to the profit and loss account while the fund is remitted to the appropriate pension fund custodian of each employee's preferred approved pension fund administrator.

11. Provisions

Provisions are recognized when the company has a present obligation whether legal or constructive, as a result of past event for which it is probable that on outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation in accordance with the Statement of Accounting Standard (SAS) 23.

12. Segment Reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is required to be presented in respect of the Company's business and geographical segments, where applicable.

STATEMENT OF NOTES TO THE ACCOUNTS

1. THE COMPANY

GTL International Nigeria Limited was incorporated as a limited liability company on 9th August, 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 9th August 2006.

3. RESULT FOR THE YEAR

The company result for the period is

stated after charging	$
Auditors' remuneration	4,000
Depreciation on fixed assets	11,271

4. INFORMATION REGARDING DIRECTORS & EMPLOYEES

a. Directors

Directors had not been paid any fee during the period.

b. Employees

Average number of persons employed during the year:–

Management	1
Others	2

5. FIXED ASSET

	Plant and Equipment USD	Computers USD	Office Furniture & Fittings USD	Total USD
COST				
1st Jan 2014	71,891	36,105	79,982	187,978
Disposal	(71,891)	(36,105)	(79,982)	(187,978)
31st Aug. 2014	0	0	0	0
DEPRECIATON				
1st Jan. 2014	65,342	29,646	48,506	143,494
Disposal	(70,507)	(32,266)	(51,993)	(154,766)
For the Year	5 ,165	2,620	3,487	11 ,272
31st August 2014	0	0	0	0
NET BOOK VALUES				
31st August, 2014	0	0	0	0
31st December, 2013	6,550	6,459	31,476	44,484

6. BANK AND CASH IN HAND

	August 2014 USD	December 2013 USD
Cash and cheques	–	1,157
Banks	**4,620**	2,851
	4,620	4,008

7. INVENTORIES

Inventory	**237,353**	237,353
Less Provision 20%	**(47,471)**	0
	189,822	237,353

8. DEBTORS

	August 2014 USD	December 2013 USD
Trade–	–	226,906
Staff Advances	–	1,321
Group	–	4,451
Accrued receivable	–	80,260
Prepayments	–	23,478
Withholding tax	**1,024,983**	1,021,804
Less Provision 20%	**(204,997)**	0
	819,986	1,358,220

9. CREDITORS

Amounts falling due within one year due to parent companies	**1,896,529**	1,858,377
Trade Creditors	**247,609**	555,652
Accrued charges	**892**	267,813
Net Vat payable	**32,104**	33,560
Withholding Tax	**7,137**	1,953
	2,184,272	2,717,354

11. Company Income Tax

Previous year (Less:–adjustment)		
Provision for tax in the year	**126,211**	116,211
Trade Creditors	**1,121**	10,000
	127,332	126,211

12. DEFERRED TAXATION

Deferred Taxation	**20,387**	20,387

13. SHARE CAPITAL

Authorised

10,000,000 Ordinary shares of 0.00 78125	**78,125**	78,125

14. EMPLOYEE COST

The number of employees of the Company other than Directors who received emoluments in the following ranges was:

2000 – 4000	**1**	3
300,001–600,000	**–**	–
4001–8000	**2**	12
8001–20,000	**–**	9
Above 20,001	**–**	1

Staff costs excluding the Directors relating to the above

Salaries and wages	**7,841**	321,721

15. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As per the confirmation received from the solicitors of the company, there is no contingent liability as at the balance sheet date – (31 December 2013: Nil).

16. POST BALANCE SHEET EVENTS

The Company stopped trading from 1st October in the previous year

17. RECLASSIFICATIONS

Certain comparative figures have been reclassified to conform to current year presentation.

18. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors of the Company on 14th September, 2014.

REPORT OF THE DIRECTORS

The Directors have the pleasure in submitting their annual report together with the Audited accounts for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Principal activity of the company is that of selling, installing, maintenance and repairing telecommunication infrastructure and related accessories equipment.

RESULTS FOR THE YEAR

	2014 Kshs	2013 Kshs
Net (loss)/profit before income tax	**(23,729,342)**	11,977,841
Deferred tax / (Taxation charge)	**(1,128,174)**	(6,376,883)
Net (loss)/profit for the year carried to retained earnings	**(24,857,516)**	5,600,958

DIVIDEND
The directors do not recommend payment of any dividend for the year.

DIRECTORATE
The directors who held office during the year are:
1. Siddharth Arun Thakare
2. Pinakin Bhupendrakumar Gandhi

BY ORDER OF THE BOARD

Siddharth Arun Thakare
DIRECTOR
9 March, 2015

Pinakin Bhupendrakumar Gandhi
DIRECTOR

STATEMENT BY DIRECTORS

The Companies Act requires the directors to prepare financial statements for each year, which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its operating results for that year. It also requires the director's to ensure the company keeps 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.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act.

The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have made an assessment of the company's ability to continue as a going concern, and are of the view that the company has no resources to continue in business for the foreseeable future. Furthermore, the directors are of the opinion that there are material uncertainties that cast significant doubt upon the company's ability to continue as a going concern

Approve by the board of directors on 9 March, 2015 and signed on its behalf by:

Siddharth Arun Thakare
DIRECTOR

Pinakin Bhupendrakumar Gandhi
DIRECTOR

REPORT OF THE INDEPEDENT AUDITORS TO THE MEMBERS OF GTL KENYA LIMITED FOR THE YEAR ENDED 31 DECEMBER 2014 .

Report on the financial statements

We have audited the accompanying financial statements of GTL Kenya Limited, set out on pages 6 to 22, which comprise the Statement of financial position as at 31 December 2014, and the statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 International 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the company'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 the director, as well as evaluating the overall presentation of financial statements.

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

Basis for Qualified Opinion

(i) *We were not able to carry out any verification regarding the "trade and other payables" and "cash and cash equivalents", as the necessary confirmations were not available. Therefore we cannot confirm the amounts of Kshs 8,054,306.95 shown under trade and other payables and Kshs 1,079,224 shown under "cash and cash equivalents" in the statement of financial position as at 31 December 2014. As at the date of this report, we were not able to obtain final certification or confirmations from the respective party's under question.*

(ii) *The Company was generally regular in depositing with appropriate authorities all statutory dues applicable to it except for the disputed income tax assessment as noted on Note 16(Notes to financial statements) and remittance of VAT and PAYE taxes, which have not been regularly deposited with the appropriate authorities and there have been delays.*

(iii) *We have purely relied on the letter of representation given by the directors regarding (a) all the expenses, since no supporting documents were available for vouching; and (b) valuation of tools and equipment, since these have been declared obsolete, in the said letter of representation.*

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, ***except for the effects of the matter described in the Basis for Qualified Opinion paragraph above and as detailed in note 11 (going concern) of the financial statements,*** the accompanying financial statements give a true and fair view of the state of financial affairs of the company as at 31 December, 2014 and of its financial performance and cash flows for the year then ended.

Report on other legal requirements

As required by the Kenyan Companies Act we report to you, based on our audit, 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 *except for the effects of the matter described in the Basis for Qualified Opinion paragraph above and as detailed in note 11 (going concern) of the financial statements*;

ii) The company's balance sheet and profit and loss account are in agreement with the books *except for the effects of the matter described in the Basis for Qualified Opinion paragraph above and as detailed in note 11 (going concern) of the financial statements.*

SUNIL DAVDA & COMPANY

Certified Public Accountants (K) ....

BALANCE SHEET AS AT 31ST DECEMBER, 2014

		As at 31st December 2014 Kshs	As at 31st December 2013 Kshs	As at 31st December 2014 INR	As at 31st December 2013 INR
I.	**EQUITY AND LIABILITIES**				
	SHAREHOLDER'S FUNDS				
	Share Capital	**100,000**	100,000	**71,092**	72,443
	Reserves and Surplus	**11,231,778**	36,056,094	**7,984,930**	26,120,075
		11,331,778	36,156,094	**8,056,023**	26,192,518
	NON–CURRENT LIABILITIES				
	Long–term borrowings	**–**	–	**–**	–
	Deferred tax liabilities (Net)	**–**	1,067,548	**–**	773,363
	Other Long term liabilities	**–**	–	**–**	–
	Long term provisions	**–**	–	**–**	–
		–	1,067,548	**–**	773,363
	CURRENT LIABILITIES				
	Short–term borrowings	**–**	70,567,243	**–**	51,120,947
	Trade payables (including Acceptances)	**10,803,740**	49,722,338	**7,680,628**	36,020,296
	Other current liabilities	**–**	–	**–**	–
	Short–term provisions	**–**	–	**–**	–
		10,803,740	120,289,581	**7,680,628**	87,141,243
	Total	**22,135,518**	157,513,223	**15,736,651**	114,107,123
II	**ASSETS**				
	NON–CURRENT ASSETS				
	Fixed assets				
	Tangible assets	**–**	31,645,370	**–**	22,924,819
	Intangible assets	**–**	–	**–**	–
	Capital work–in–progress	**–**	–	**–**	–
		–	31,645,370	**–**	22,924,819
	Intangible assets under development				
	Non–current investments				
	Deferred tax assets (net)	**–**	–	**–**	–
	Long term loans and advances	**–**	–	**–**	–
	Other non–current assets	**–**	–	**–**	–
	CURRENT ASSETS				
	Current investments	**–**	–	**–**	–
	Inventories	**–**	2,010,330	**–**	1,456,341
	Trade receivables	**–**	31,655,117	**–**	22,931,880
	Cash and cash equivalents	**1,079,224**	7,680,122	**767,245**	5,563,702
	Short–term loans and advances	**33,203**	67,920,891	**23,605**	49,203,853
	Other current assets	**21,023,091**	16,601,393	**14,945,801**	12,026,528
		22,135,518	125,867,853	**15,736,651**	91,182,304
	Total	**22,135,518**	157,513,223	**15,736,651**	114,107,123

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD

	1–Jan–14 to 31–Dec–14 Kshs	1–Jan–13 to 31–Dec–13 Kshs	1–Jan–14 to 31–Dec–14 INR	1–Jan–13 to 31–Dec–13 INR
Revenue from operations	**35,195,279**	165,053,265	**24,288,392**	120,657,138
Less: Excise Duty, if any				
	35,195,279	165,053,265	**24,288,392**	120,657,138
Other Income	**20,950,233**	–	**14,457,833**	–
Total Revenue	**56,145,512**	165,053,265	**38,746,225**	120,657,138
Expenses:				
Cost of Purchases	**5,990,211**	80,894,278	**4,133,867**	59,135,286
Changes in inventories of finished goods, work–in–progress and Stock–in–Trade	**–**	–	**–**	–
Employee benefits expenses	**19,692,750**	36,101,339	**13,590,039**	26,390,779
Finance Costs	**519,481**	428,020	**358,496**	312,891
Foreign Exchange Loss / (Profit) (Net) on Borrowings & Preference Investments	**–**	–	**–**	–
Depreciation and amortization expense	**–**	8,136,726	**–**	5,948,105
Other expenses	**53,639,212**	27,515,061	**37,016,618**	20,114,043
Total Expenses	**79,841,654**	153,075,424	**55,099,020**	111,901,104
Profit before exceptional and extraordinary items and tax	**(23,696,142)**	11,977,841	**(16,352,795)**	8,756,034
Exceptional Items				
Profit before extraordinary items and tax	**(23,696,142)**	11,977,841	**(16,352,795)**	8,756,034
Extraordinary Items				
Compensation tw Sale / Invocation of Investments	**–**	–	**–**	–
Loss on Sale / Invocation of Investment	**–**	–	**–**	–
Profit before tax	**(23,696,142)**	11,977,841	**(16,352,795)**	8,756,034
Tax expense:				
Current tax	**1,128,174**	6,376,883	**778,557**	4,661,625
Deferred tax Liability / (Asset)	**–**	–	**–**	–
Profit / (Loss) from the period after Tax	**(24,824,316)**	5,600,958	**(17,131,352)**	4,094,409

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2014

	Notes	**2014 Kshs**	2013 Kshs
Operating activities			
Net (loss)/profit before tax (Page 6)		**(23,729,342)**	11,977,840
Adjustment for:			
Depreciation	17	**–**	8,136,727
Loss on disposal of fixed assets		**31,126,646**	–
Operating (loss)/profit before working capital changes		**7,397,304**	20,114,567
(Increase)/ Decrease in trade and other receivables	18	**99,576,007**	55,249,875
(Increase) in stocks		**2,010,328**	(1,087,053)
(Decrease)/Increase in trade and other payables	14	**(95,272,430)**	(67,440,539)
Cash generated from operations		**13,711,209**	6,836,850
Income taxes paid		**(6,617,422)**	(12,326,072)
Net cash from operating activities		**7,093,787**	(5,489,222)
Investing activities			
Purchase of property, plant and equipment	17	**(10,275)**	(798,647)
Disposal of fixed assets		**529,000**	
Net cash used in investing activities		**518,725**	(798,647)
Financing activities			
Borrowings /(Repayment)	15	**(14,213,410)**	–
Net cash used in financing activities		**(14,213,410)**	–
Net I (Decrease)/increase in cash and cash equivalents		**(6,600,898)**	(6,287,869)
Movement in cash and cash equivalents			
At start of year	21	**7,680,122**	13,967,991
(Decrease)/Increase in cash and cash equivalents		**(6,600,898)**	(6,287,869)
At end of year	21	**1,079,224**	7,680,122

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER, 2014

	Notes	**Share Capital**	**Retained Earnings**	**Total**
		Kshs	**Kshs**	**Kshs**
Balance at 01.01.2013		100,000	30,455,135	30,555,135
Net profit (Page 6)		–	5,600,956	5,600,956
Balance at 31.12.2013	11	100,000	36,056,091	36,156,091
Balance at 01.01.2014		100,000	36,056,091	36,156,091
Net profit for the year (Page 6)		–	(24,857,516)	(24,857,516)
Balance at 31.12.2014	11	100,000	11,198,575	11,298,575

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDING DECEMBER 31, 2014

	As at 31st December 2014 Kshs	As at 31st December 2013 Kshs	As at 31st December 2014 INR	As at 31st December 2013 INR
Share Capital				
Issued, subscribed and paid up:				
1,000 Common Shares fully paid–up of Ksh 100 each	**1,00,000**	1,00,000	**71,092**	72,443
Total	**1,00,000**	1,00,000	**71,092**	72,443
Reserves and Surplus				
General Reserve				
Translation Reserve	**–**	–	**13,77,509**	23,81,301
Profit & Loss Account :				
Surplus – Opening Balance	**3,60,56,094**	3,04,55,136	**2,37,38,774**	1,96,44,365
Add : Net profit after tax transferred from Statement of Profit and Loss A/C	**(2,48,24,316)**	56,00,958	**(1,71,31,352)**	40,94,409
Amount available for appropriation	**1,12,31,778**	3,60,56,094	**66,07,422**	2,37,38,774
Appropriation :				
Final Dividend	**–**	–	**–**	–
Surplus – Closing Balance	**1,12,31,778**	3,60,56,094	**66,07,422**	2,37,38,774
Total	**1,12,31,778**	3,60,56,094	**79,84,930**	2,61,20,075
Short Term Borrowings				
Due to related parties	**–**	7,05,67,243	**–**	5,11,20,947
Total	**–**	7,05,67,243	**–**	5,11,20,947
Trade Payables				
Trade Payables	**80,54,307**	2,40,80,995	**57,25,993**	1,74,44,967
Others	**27,49,433**	2,56,41,343	**19,54,635**	1,85,75,329
Total	**1,08,03,740**	4,97,22,338	**76,80,628**	3,60,20,296
Inventories				
Inventories : (at lower of cost and net realizable value)				
Work in Progress	**–**	20,10,330	**–**	14,56,341
Total	**–**	20,10,330	**–**	14,56,341
Trade Receivables				
Debts outstanding for a period exceeding six months				
Unsecured				
Considered good	**–**	3,16,55,117	**–**	2,29,31,880
	–	3,16,55,117	**–**	2,29,31,880
Less: Provision for doubtful debts	**–**	–	**–**	–
	–	3,16,55,117	**–**	2,29,31,880
Total	**–**	3,16,55,117	**–**	2,29,31,880
Cash and cash equivalents				
Balances with Banks				
Balance in current account with a Non–Scheduled Bank	**10,79,224**	70,72,507	**7,67,245**	51,23,528
Cash on Hand	**–**	6,07,615	**–**	4,40,174
Total	**10,79,224**	76,80,122	**7,67,245**	55,63,702
Short Term Loans and Advances				
Loans & Advances to related parties	**–**	6,14,80,165	**–**	4,45,38,005
Others	**33,203**	64,40,726	**23,605**	46,65,848
Total	**33,203**	6,79,20,891	**23,605**	4,92,03,853

	1-Jan-14 to 31-Dec-14 Kshs	1-Jan-13 to 31-Dec-13 Kshs	1-Jan-14 to 31-Dec-14 INR	1-Jan-13 to 31-Dec-13 INR
Revenue from Operations				
Sale of Services				
Revenue from Turnkey Projects	**3,51,95,279**	16,50,53,265	**2,42,88,392**	12,06,57,138
Total	**3,51,95,279**	16,50,53,265	**2,42,88,392**	12,06,57,138
Other Income				
Other Non–Operating Income	**2,09,50,233**	–	**1,44,57,833**	–
Total	**2,09,50,233**	–	**1,44,57,833**	–
Purchase of Material (Non – trade) & Services				
Sub Contractor Charges	**59,90,211**	8,08,94,278	**41,33,867**	5,91,35,286
Total of Purchase of Material (Non – trade) & Services	**59,90,211**	8,08,94,278	**41,33,867**	5,91,35,286
Total of Purchases	**59,90,211**	8,08,94,278	**41,33,867**	5,91,35,286
Employee Benefit Expense				
Salaries	**1,94,31,225**	3,31,84,884	**1,34,09,560**	2,42,58,794
Staff Welfare Expenses	**2,61,525**	29,16,455	**1,80,479**	21,31,985
Total	**1,96,92,750**	3,61,01,339	**1,35,90,039**	2,63,90,779
Finance Costs				
Finance Costs	**1,04,630**	1,63,709	**72,206**	1,19,674
Exchange (Gain) / Loss	**4,14,851**	2,64,311	**2,86,290**	1,93,216
Total	**5,19,481**	4,28,020	**3,58,496**	3,12,891
Other Expenses				
Communication Expenses	**8,20,311**	33,12,759	**5,66,100**	24,21,691
Business Promotion Expenses	**45,400**	19,533	**31,331**	14,279
Rent	**20,09,963**	39,15,730	**13,87,083**	28,62,475
Electricity Charges	**13,110**	93,394	**9,047**	68,273
Insurance	**15,60,030**	9,24,465	**10,76,582**	6,75,802
Travelling & Conveyance Expenses	**18,80,392**	76,97,957	**12,97,665**	56,27,356
Auditor's Remuneration	**4,50,000**	5,00,000	**3,10,547**	3,65,510
Repairs & Maintenance – Others	**49,671**	12,86,097	**34,278**	9,40,162
Other Expenses	**4,68,10,335**	97,65,126	**3,23,03,985**	71,38,497
Total	**5,36,39,212**	2,75,15,061	**3,70,16,618**	2,01,14,043
Tax Expense				
Current Tax	**–**	55,67,455	**–**	40,69,918
Net Current Income Tax	**–**	55,67,455	**–**	40,69,918
Short Provision for Income tax for earlier years	**21,95,723**	–	**15,15,277**	–
Deferred taxes	**(10,67,549)**	8,09,428	**(7,36,720)**	5,91,708
Total	**11,28,174**	63,76,883	**7,78,557**	46,61,625

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2014

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:–

1. **Basis for preparation**

   The financial statements are prepared in compliance with International Financial Reporting Standards (IFRSs). The financial statements are presented in functional currency, Kenya Shillings (Kshs), which is the prevailing currency within the primary economic environment, are prepared in accordance with measurement bases prescribed by IFRSs. The preparation of the financial statement in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the company's policies.

2. **Revenue recognition**

   Sales of goods are recognized in the period in which the company delivers products to the customer, the customer has accepted the products and the collectibility of the related receivables are reasonably assured. Sales of services are recognized in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services provided. Revenue represents the fair value of the consideration received or receivables for the sales of goods and services, and is stated net of Value–added tax (VAT), rebates and discounts. Interest income is recognized on a time proportion basis using the effective interest rate method.

3. **Depreciation**

   All property, plant and equipment are initially recorded at cost. Depreciation is calculated to write off the cost of asset in equal annual instalments over their estimated useful lives. Annual rates generally in use applied on a straight line basis are as follows:

Computer equipment	–	30.00%
Furniture, fixtures and fittings	–	12.50%
Office equipment	–	12.50%

4. **Inventories**

   Inventories are consistently valued by the directors, at the lower of cost and net realizable value.

5. **Foreign Currencies**

   Assets and liabilities expressed in foreign currencies are stated into Kenya shillings at the rates of exchange ruling at the balance sheet date or at the forward exchange rates where forward contracts have been entered into. Transactions during the year are translated at rates ruling at date of transactions. Gains and losses on exchange are dealt with in the income statement.

6. **Taxation**

   Provision for taxation has been made as per the tax rules based on the taxable profit for the year using enacted tax rates.

7. **Deferred Tax**

   Deferred tax is provided for using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

8. **Cash and cash equivalents**

   For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand and bank balance net of bank overdrafts. Bank overdrafts are included in borrowings under the current liabilities in the balance sheet.

9. **Borrowing costs**

   Interest and other finance charges incurred in the financing of fixed assets and working capital are recognised as an expense in the period in which they are incurred.

10. **Significant accounting judgements and estimates**

    In the process of applying the company's accounting policies, directors make certain estimates and assumptions about future events. In practice, the estimated and assumed results would differ from actual results. Such estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as described below:

    Property and equipment

    Directors make estimates in determining the depreciation rates for property and equipment. The rates used are set out in the accounting policy for property and equipment.

These estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the prevailing circumstances.

Impairment of non–financial assets

The company assesses whether there are any indicators of impairment for all non–financial assets at each reporting date. Non–financial assets are tested for impairment when there are indicators that the carrying amount may not be recoverable.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that the taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future planning strategies.

Income taxes

The company is subject to income taxes under the Kenya Income Tax Act. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and the deferred tax provisions in the period in which such determinations are made.

11. **Critical Accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the accounting policies, management has made judgements in determining:

Allowance for obsolete inventories

Directors review the inventories on an annual basis to assess the likelihood of obsolescence. In determining whether an inventory item is obsolete, directors make judgments as to whether the inventory item can be used as an input in production or is in saleable conditions.

Allowance for doubtful debts

The company reviews its receivables' portfolio regularly to assess the likelihood of impairment. This requires an estimation of the amounts that are irrecoverable.

Going concern

In our opinion and according to the information and explanations given to us, the company's management has made an assessment of the company's ability to continue as a going concern, and are of the view that the company has no resources to continue in business for the foreseeable future. Furthermore, the management is and are satisfied that are material uncertainties that cast significant doubt upon the company's ability to continue as a going concern. Therefore the financial statements cannot continue to be prepared on a going concern basis.

Receivables

Trade receivables are stated at the expected realisable value. No provision has been made for doubtful debts at the end of the year since there is no foreseen eventuality of bad debts.

12. **Trade payables**

Trade and other payables are stated at their nominal value. Liabilities are recognised for amounts payable in future for goods or services already received whether billed or not.

13. **Equity**

Share capital is determined using the nominal values of shares that have been issued.

Retained earnings include all current and prior results as disclosed in the statement of comprehensive income.

14. **De–recognition of financial assets**

The company derecognises a financial asset only when contractual rights to the cash flows from assets expire, or it transfers the financial assets and substantially all the risk and rewards of ownership of the asset to another entity.

15. **De–recognition of financial liabilities**

The company derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or they expire.

16. **Retirement benefits cost**

The company does not have a retirement scheme other than the statutory National Social Security Fund. This is a defined contribution scheme registered under the National Social Security Act and are generally shared by the employee and the employer. The company's contributions are charged to the income statement.

17. **Investments**

Non–current investments are shown at cost. No provision has been made for diminution in value. Where there is a diminution in the value of an investment, it will be recognised as an expense or revenue in the same period it is identified.

18. **Financial risk management**

The company's activities do expose it to a variety of risks such as credit risk taking, foreign currency exchange rates fluctuations and high interest charges among others. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance within the options available in Kenya to hedge against such risks.

Risk management is carried out by the head of finance under principles and policies approved by the directors. The head of finance provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risks, credit risk and hedges financial risks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2014

		2014 Kshs	2013 Kshs
1	**TURNOVER**		
	Service income	**35,195,279**	165,053,265
2	**COST OF SALES**		
	Purchases and direct expenses	**5,990,211**	80,894,278
		5,990,211	80,894,278
3	**DISTRIBUTION COSTS**		
	Staff costs – delivery	**19,431,225**	22,124,313
	Staff welfare	**–**	980,856
	Communications	**499,891**	1,549,036
	Travelling and conveyance	**–**	2,190,043
	Hotel accomodation	**–**	2,085,430
	Insurances	**345,222**	396,417
		20,276,338	29,326,095
4	**SELLING & MARKETING COSTS**		
	Staff costs – selling and marketing	**–**	5,218,526
	Business promotion	**45,400**	19,533
	Staff welfare	**258,085**	975,329
	Telephone,postage and internet	**66,436**	943,539
	Travelling and conveyance	**176,111**	3,093,310
		546,032	10,250,237
5	**ADMINISTRATIVE EXPENSES**		
	Staff cost (Note 6)	**–**	5,842,045
	Staff welfare	**3,440**	960,270
	Rent	**2,009,963**	1,830,300
	Electricity and water charges	**13,110**	93,394
	Insurances	**1,214,808**	528,048
	Motor vehicle hire and expenses	**959,287**	1,604,114
	Travelling expenses	**204,704**	260,001
	Conveyance costs	**540,290**	550,489
	Audit fees	**450,000**	500,000
	Telephone,postage and internet	**253,984**	820,184
	Repairs and maintainance	**49,671**	1,286,097
	Intercompany management fees	**2,009,549**	5,167,642
	Consultancy fees	**1,387,255**	842,500
	Miscellaneous expenses	**1,481,490**	–
	Stationery and Printing	**61,921**	361,774
	Security expenses	**97,346**	239,220
	Gifts & Donations	**46,140**	118,000
	Bad debts written off	**278,396**	515,283
	Fines and penalties	**10,321,589**	2,520,707
	Loss on disposal of fixed assets	**31,126,646**	–
	Depreciation	**–**	8,136,727
		52,509,589	32,176,795

		2014 Kshs	2013 Kshs
6	**STAFF COSTS**		
	The following items are included within staff costs:–		
	Salaries and wages – Distribution	**19,431,225**	22,124,313
	Salaries and wages – Selling and marketing	**–**	5,218,526
	Salaries and wages – Administration	**–**	5,842,045
		19,431,225	33,184,884
7	**FINANCE CHARGES**		
	Bank charges and commission	**104,630**	163,709
	Realised exchange loss (net)	**414,851**	264,311
		519,481	428,020
8	**PROFIT / (LOSS) BEFORE TAXATION**		
	Profit /(loss) before taxation is arrived at after charging:–		
	Auditors remuneration	**450,000**	500,000
	Depreciation	**–**	8,136,727
9	**TAXATION**		
	Statement of financial position:		
	Balance brought forward	**(16,601,393)**	(9,842,776)
	Charge for the year	**–**	5,567,455
	Underprovission of taxes previous years	**2,195,723**	–
	Payments during the year	**(6,617,422)**	(12,326,072)
		(21,023,092)	(16,601,393)
	Tax based on profit for the year as adjusted for tax purposes:–		
	Corporation tax – 30%	**–**	5,567,455
	Underprovission of taxes previous years	**2,195,723**	–
	Deferred tax – (Note 10)	**(1,067,549)**	809,429
		1,128,174	6,376,884
	Tax as per self assessement return has been paid and will be declared in the account to be filed with the Kenya Revenue Authority.		
	Accounting profit as per the accounts	**(23,696,139)**	11,977,840
	Tax calculated at a tax rate of 30%	**(7,108,842)**	3,593,352
	Tax effect of:		
	Income not subject to tax	**–**	(1,631,589)
	Expenses not deductible for tax purposes	**12,574,811**	3,605,692
	Deffered tax	**(1,067,549)**	6,546,439
	Underprovision of taxes previous years	**2,195,723**	–
	Tax expense	**6,594,143**	12,113,894
10	**DEFERRED TAX**		
	At beginning of year	**1,067,549**	258,120
	Income statements – (credits/charge)	**(1,067,549)**	809,429
	Balance as at 31 December, 2014	**–**	1,067,549

Deferred tax asset as at 31 December, 2014 are attributable to the items detailed in the table below:

Year	Particulars	Carrying Value Kshs.	Tax Base Kshs.	Temporal Difference Kshs.
2012	Fixed Assets	38,983,449	39,843,850	860,401
	Unrealised exchange (gain)/loss	–	–	–
		38,983,449	39,843,850	860,401
2013	Fixed Assets	31,645,369	35,203,865	3,558,496
	Unrealised exchange (gain)/loss	–	–	–
		31,645,369	35,203,865	3,558,496
2014	Fixed Assets	–	–	–
	Unrealised exchange (gain)/loss	–	–	–
		–	–	–

Movements in temporary differences between calculations of certain items for accounting and for taxation purposes can be specified as follows:–

	31.03.2012 Kshs.	Movements during the year 31.12.2013 Kshs.	Movements during the year 31.12.2014 Kshs.	Balance 31.12.2014 Kshs.
Fixed Assets	860,401	2,698,095	(3,558,496)	–
Unrealised exchange (gain)/loss	–	–	–	–
	860,401	2,698,095	(3,558,496)	–
Deferred tax asset	258,120	809,429	(1,067,549)	–

11 SHARE CAPITAL

AUTHORISED SHARE CAPITAL		
1,000 Ordinary shares of Kshs 100 each	100,000	100,000
ISSUED SHARE CAPITAL		
1,000 Ordinary shares of Kshs 100 each	100,000	100,000

12 FINANCIAL RISK MANAGEMENT

Fair values

The carrying amounts of cash and cash equivalents, loan from related parties and accruals approximate their fair values.

The company's activities are exposed to a variety of financial risks, including:

- Liquidity risk
- Credit risk
- Currency risk
- Capital risk management

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have significant liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to company's reputation.

Particulars	On demand Kshs.	Less than 3 months Kshs.	3 to 12 months Kshs.	1 to 5 years Kshs.	Total Kshs.
Year Ended 31 December 2013:					
Trade payables	19,359,197	(11,304,890)	–	–	8,054,307
Other liabilities	56,353,832	25,641,343	–	–	81,995,175
	75,713,029	14,336,453	–	–	90,049,482
Year Ended 31 December 2014:					
Trade payables	–	8,054,307	–	–	8,054,307
Other liabilities	–	2,749,433	–	–	2,749,433
	–	10,803,740	–	–	10,803,740

Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from operating activities (primarily for trade receivables), including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments).

Currency risk

The company has certain financial assets and financial liabilities denominated in foreign currencies. Consequently, the company is exposed to the risk that the exchange rate of Kenyan shillings (Kshs.) relative to those foreign currencies may change in a manner which has a material effect on the reported value of the company's financial assets and liabilities which are denominated in foreign currencies.

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as trade payables and other payables less cash and cash equivalents. Total capital is calculated as 'equity' (i.e. share capital plus reserves.

	2014 Kshs.	2013 Kshs.
Trade and other payables (Note 14)	**10,803,740**	106,076,170
Cash and short term deposits (Note 19)	**(1,079,224)**	(7,680,122)
Net debt	**9,724,516**	98,396,048
Share capital (Note 11)	**100,000**	100,000
Retained earnings	**11,231,778**	36,056,091
Total capital	**11,331,778**	36,156,091

Taking these circumstances into consideration, the directors' have made the assessment and are confident of the company's ability to continue as a going concern and they do not intend to liquidate or to cease operations, as parent company, GTL International Limited, will continue to provide financial support if and when required to meet the company's current and future liabilities.

13 OPERATING LEASE COMMITMENTS

Operating leases are recorgnised as an expense in the income statements on a straight line basis over the lease term.

The company is in a commercial leases on certain property which is used as an office or guest house for its employees and items of machinery. These leases have an average life of one year with several options included in the contracts. There are restrictions placed upon the company by entering into these leases.

Future rentals payable under cancellable operating leases are as follows;

	2014 Kshs.	2013 Kshs.
Lease payments made during the year	**1,464,240**	3,915,730

	2014 Kshs.	2013 Kshs.
14 TRADE AND OTHER PAYABLES		
Trade payables	**8,054,307**	24,080,995
Due to affiliated companies (see note 19)	**–**	56,353,832
Other payables	**2,749,433**	25,641,343
	10,803,740	106,076,170
15 BORROWINGS		
Total borrowings	**–**	14,213,410
Less:Current portion	**–**	–
Non– Current portion	**–**	14,213,410
The borrowings are made up as follows:		
GTL Overseas FZ LLC Middle East Dubai	**–**	14,213,410

The facility was for working capital and asset Finance .The borrowing was unsecured is repayable within one (1) year. The whole amount was recalled back with the year.

16 CONTIGENT LIABILITIES

There exist a contingent liability due to an assessment by Kenya Revenue Authority of taxes for previous years amounting to Kshs 164,995,483.00. However the company has appealed against this assessement and are awaiting the ruling by the tribunal.

17 PROPERTY, PLANT AND EQUIPMENTS

Cost or Valuation	EDP COMPUTER Kshs	FURNITURE & FITTINGS Kshs	OFFICE EQUIPMENT Kshs	TOOLS & EQUIPMENT Kshs	TOTAL Kshs
Balance 1 January 2013	5,636,141	5,028,155	859,748	50,736,208	62,260,252
Additions	57,000	–	449,147	292,500	798,647
At 31 December 2013	5,693,141	5,028,155	1,308,895	51,028,708	63,058,899
Balance 1 January 2014	5,693,141	5,028,155	1,308,895	51,028,708	63,058,899
Additions	–	–	10,275	–	10,275
Disposal	(5,693,141)	(5,028,155)	(1,319,170)	(51,028,708)	(63,069,174)
At 31 December 2014	–	–	–	–	–
Depreciation					
Balance 1 January 2013	4,686,234	2,698,855	770,347	15,121,367	23,276,803
Charge for the period	966,006	628,520	163,612	6,378,589	8,136,727
At 31 December 2013	5,652,240	3,327,375	933,959	21,499,956	31,413,530
Balance 1 January 2014	5,652,240	3,327,375	933,959	21,499,956	31,413,530
Charge for the year	–	–	–	–	–
Disposal	(5,652,240)	(3,327,375)	(933,959)	(21,499,956)	(31,413,530)
At 31 December 2014	–	–	–	–	–
Net book amount					
At 31 December 2014	–	–	–	–	–
At 31 December 2013	40,901	1,700,780	374,936	29,528,752	31,645,369

		2014 Kshs.	2013 Kshs.
18	**STOCKS**		
	Work in progress	**–**	2,010,329
19	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables	**–**	31,655,117
	Due from Affiliated companies	**–**	61,480,165
	Other receivables	**33,203**	6,440,726
		33,203	99,576,008
20	**RELATED PARTY TRANSACTIONS**		
	Due from related parties:–		
	IGtl Malaysia	**–**	363,930
	GTL International Nigeria td	**–**	5,894,906
	GTL (S) South Africa	**–**	52,747,728
	GTL Uganda	**–**	2,473,601
		–	61,480,165
	Due to related parties:–		
	Ultimate Parent GTL	**–**	19,179,797
	IGTL KSA CURR ACC	**–**	8,812,471
	IGtl Malaysia	**–**	6,473,963
	IGTL Tanzania Curr Acc	**–**	2,176,105
	GTL International	**–**	18,167,822
	ADA INDIA	**–**	1,543,674
		–	56,353,832
	Loan from related parties:–		
	GTL Overseas FZLLC Middle East Dubai.	**–**	14,213,410
	Non current portion	**–**	14,213,410

Related parties represent associated companies, parent company and the ultimate holding company as listed below. The pricing policy and transaction terms are determined and approved by the company's management. The amounts are unsecured, interest free and payable on demand.

1. Parent company: GTL International Limited , incorporated in Bermuda
2. Ultimate holding company : GTL Limited , incorporated in India
3. Associated companies: All other companies other than the above two.

		2014 Kshs.	2013 Kshs.
21	**CASH AND CASH EQUIVALENTS**		
	Cash in hand	**–**	607,615
	Cash at Bank	**1,079,224**	7,072,507
		1,079,224	7,680,122
	For the purposes of the cash flow statement, the period year–end cash and cash equivalents comprise the following:		
	Cash and bank balances as above	**1,079,224**	7,680,122
		1,079,224	7,680,122

22 COMPARATIVES

Some comparatives have been changed to conform to the current years presentation.

23 HOLDING COMPANY

GTL Limited, a company incorporated in India, is the ultimate holding company

24 COUNTRY OF INCORPORATION AND REGISTERED OFFICE

The company is incorporated in Kenya under the Companies Act and domiciled in Kenya. The address of its registered office is 3rd Floor Maksons Plaza, Parklands road, Westlands. P.O. Box 38336 – 00623, Nairobi.

25 CURRENCY

These financial statements are presented in Kenyan Shillings (Kshs).

DIRECTORS' REPORT

1. The Directors have pleasure in submitting their report together with the audited Financial Statements for the period ended 31st December 2014, which disclose the state of affairs of the company.

2. **Principal Activities**

   The principal activity of the Company is to provide technical services in Communication and Transmission Systems. During the period under review, the company has established itself in Dar Es Salaam, Tanzania and has started working at various locations in Tanzania for its prospective client.

3. **Administrative Efficiency**

   Provisions for all statutory dues such as Pay as you earn, PPF, Skills & Development Levy, WHT and V.A.T. were made in the accounts.

4. **Dividends**

   The Directors of the company do not recommend any dividends for the year.

5. **Related Party Transactions**

   The company has had related transactions with its subsidiary/associated companies and directors. All these transactions were carried out at arm's length.

6. **Corporate Governance**

   The Directors believe that high standard of corporate governance directly influence the confidence of the organization's stakeholders and investors. The Directors recognize the importance of integrity, transparency and responsibility.

   Directors

   The Directors of the company at the date of this report all of whom have served the board from 1st January 2014 were:

Name	Nationality	Position
S K Roy	Indian	Director
Milind Bapat	Indian	Director
Jaydeep Mishra	Indian	Director

8. **Company Shareholding**

   As at December 31, 2014 the company had two shareholders;

	2014 Number	2013 Number
GTL International Limited	99	99
Retassh A Bhansali	1	1

9. **Auditors**

   The Auditors, Tanna Sreekumar Grant Thornton, have expressed their willingness to continue in office and are eligible for re–appointment..

BY ORDER OF THE BOARD

Jaydeep Mishra
DIRECTOR

Milind Bapat
DIRECTOR

DAR–ES–SALAAM
DATE: 30th July, 2015

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required under the Companies Act, supplemented by International Financial Reporting Standards, to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. The auditors are responsible for reporting on these financial statements.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the period ended December 31st, 2014. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared based on discontinued operations.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act, 2002. They are also responsible for safeguarding the assets of the company and, hence, for taking reasonable steps for prevention and detection of fraud or other irregularities.

Directors have indicated that the company is not a going concern from the current year.

BY ORDER OF THE BOARD

Jaydeep Mishra
Director

Milind Bapat
Director

DAR–ES–SALAAM
Date: 30th July, 2015

AUDITORS' REPORT

AUDITORS' REPORT TO THE MEMBERS OF GTL INTERNATIONAL (TANZANIA) LIMITED

1 We have audited the financial statements on pages 6 to 24 in accordance with International Standards on Auditing. The financial statements are in agreement with the books of account, and we obtained all the information and explanations we required for the purposes of our audit.

2 Respective responsibilities of directors and auditors

As stated on Page 1, the company's directors are responsible for the preparation of financial statements and adopting the accounting policies. It is our responsibility to form an independent opinion, based on aour audit on those statements and report our opinion to you.

3 Basis of opinion

An audit includes examination, on a test basis, of evidence 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 activities, consistently applied and adequately disclosed.

4 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. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

5 Opinion

In our opinion the financial statements gives a true and fair view of the state of affairs of the Company's financial affairs as at 31 December 2014 and of its loss after current and deferred tax of Shs 86,193,000 for the year and cash flow the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act, 2002.

6 Report on other legal requirements

As required by the Tanzanian Companies Act, 2002, we report to you, based on our audit, 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 accounting records have been kept by the company, so far as appears from our examination of those records; and

iii. The company's statement of financial position and of comprehensive income are in agreement with the accounting records.

Dr. B. S. Sreekumar
Tanna Sreekumar Grant Thornton — Dar es Salaam
Certified Public Accountants — 30 July, 2015

BALANCE SHEET AS AT DECEMBER 31, 2014

	As at 31st December 2014 TZS	As at 31st December 2013 TZS	As at 31st December 2014 INR	As at 31st December 2013 INR
I. EQUITY AND LIABILITIES				
SHAREHOLDER'S FUNDS				
Share Capital	**1,000,000**	1,000,000	**37,217**	38,943
Reserves and Surplus	**26,336,357**	91,376,675	**980,160**	3,558,469
	27,336,357	92,376,675	**1,017,377**	3,597,412
NON–CURRENT LIABILITIES				
Long–term borrowings	**–**	–	**–**	–
Deferred tax liabilities (Net)	**–**	–	**–**	–
Other Long term liabilities	**–**	–	**–**	–
Long term provisions	**–**	–	**–**	–
	–	–	**–**	–
CURRENT LIABILITIES				
Short–term borrowings	**–**	–	**–**	–
Trade payables (including Acceptances)	**(12,314,538)**	968,904	**(458,310)**	37,732
Other current liabilities	**–**	–	**–**	–
Short–term provisions	**15,185,017**	32,299,221	**565,141**	1,257,824
	2,870,479	33,268,125	**106,831**	1,295,556
Total	**30,206,836**	125,644,800	**1,124,208**	4,892,967
II. ASSETS				
NON–CURRENT ASSETS				
Fixed assets				
Tangible assets			**–**	–
Intangible assets	**–**	–	**–**	–
Capital work–in–progress	**–**	–	**–**	–
	–	–	**–**	–
Intangible assets under development				
Non–current investments				
Deferred tax assets (net)			**–**	–
Long term loans and advances	**–**	–	**–**	–
Other non–current assets				
	–	–	**–**	–
CURRENT ASSETS				
Current investments	**–**	–	**–**	–
Inventories	**–**	–	**–**	–
Trade receivables	**1,950,475**	22,084,338	**72,591**	860,027
Cash and cash equivalents	**22,500,252**	97,804,353	**837,392**	3,808,781
Short–term loans and advances	**5,756,109**	5,756,109	**214,225**	224,159
Other current assets	**–**	–	**–**	–
	30,206,836	125,644,800	**1,124,208**	4,892,967
Total	**30,206,836**	125,644,800	**1,124,208**	4,892,967

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD

	1-Jan-14 to 31-Dec-14 TZS	1-Jan-13 to 31-Dec-13 TZS	1-Jan-14 to 31-Dec-14 INR	1-Jan-13 to 31-Dec-13 INR
Revenue from operations	–	192,876,136	–	7,579,481
Less: Excise Duty, if any				
	–	192,876,136	–	7,579,481
Other Income	–	185,814,927	–	7,301,996
Total Revenue	–	378,691,063	–	14,881,477
Expenses:				
Cost of Purchases	**18,535,955**	215,919,778	**669,650**	8,485,030
Changes in inventories of finished goods, work–in–progress and Stock–in–Trade	–	–	–	–
Employee benefits expenses	–	1,232,400	–	48,430
Finance Costs	–	–	–	–
Foreign Exchange Loss /(Profit) (Net) on Borrowings & Preference Investments	–	–	–	–
Depreciation and amortization expense	–	1,512,927	–	59,454
Other expenses	**16,953,840**	209,578,923	**612,493**	8,235,853
Total Expenses	**35,489,795**	428,244,028	**1,282,143**	16,828,767
Profit before exceptional and extraordinary items and tax	**(35,489,795)**	(49,552,965)	**(1,282,143)**	(1,947,290)
Exceptional Items	–	–	–	–
Profit before extraordinary items and tax	**(35,489,795)**	(49,552,965)	**(1,282,143)**	(1,947,290)
Extraordinary Items				
Compensation tw Sale/Invocation of Investments	–	–	–	–
Loss on Sale / Invocation of Investment	–	–	–	–
Profit before tax	**(35,489,795)**	(49,552,965)	**(1,282,143)**	(1,947,290)
Tax expense:				
Current tax	**29,550,523**	29,527,235	**1,067,575**	1,160,336
Deferred tax Liability / (Asset)	–	–	–	–
Profit / (Loss) from the period after Tax	**(65,040,318)**	(79,080,200)	**(2,349,718)**	(3,107,626)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	As at 31st December 2014 TZS	As at 31st December 2013 TZS	As at 31st December 2014 INR	As at 31st December 2013 INR
Share Capital				
Authorised				
10,000 Common Shares of Tzs 10,000 each	**100,000,000**	100,000,000	**–**	–
Issued, subscribed and paid up:				
5,000 Common Shares fully paid–up of Tzs 10,000 each	**50,000,000**	50,000,000	**1,860,850**	1,947,143
Less: Calls in arrears	**(49,000,000)**	(49,000,000)	**(1,823,633)**	(1,908,200)
Total	**1,000,000**	1,000,000	**37,217**	38,943
Reserves and Surplus				
General Reserve				
Opening balance	**–**	–	**–**	–
Add: Transferred from Profit & Loss Account	**–**	–		
Closing Balance	**–**	–	**–**	–
Translation Reserve			**(200,574)**	28,017
Profit & Loss Account :				
Surplus – Opening Balance	**91,376,675**	170,456,875	**3,530,452**	6,638,078
Add : Net profit after tax transferred from Statement of Profit and Loss	**(65,040,318)**	(79,080,200)	**(2,349,718)**	(3,107,626)
Dividend Distribution Tax on Excess Provision of Dividend of Last Year	**–**	–	**–**	–
Amount available for appropriation	**26,336,357**	91,376,675	**1,180,734**	3,530,452
Appropriation :				
Transfer to Debenture Redemption Reserve				
Surplus – Closing Balance	**26,336,357**	91,376,675	**1,180,734**	3,530,452
Total	**26,336,357**	91,376,675	**980,160**	3,558,469
Trade Payables				
Trade Payables	**(12,314,538)**	968,904	**(458,310)**	37,732
Total	**(12,314,538)**	968,904	**(458,310)**	37,732
Other Current Liabilities				
Expense Creditors	**–**	–	**–**	–
Provision for Expenses	**(1,578,726)**	(94,286)	**(58,755)**	(3,672)
Accrued salaries & benefits	**16,763,743**	2,866,272	**623,896**	111,621
Other Liabilities	**–**	29,527,235	**–**	1,149,875
Total	**15,185,017**	32,299,221	**565,141**	1,257,824

	As at 31st December 2014 TZS	As at 31st December 2013 TZS	As at 31st December 2014 INR	As at 31st December 2013 INR
Trade Receivables				
Debts outstanding for a period exceeding six months				
Unsecured	**–**	–	**–**	–
Considered good	**1,950,475**	22,084,338	**72,591**	860,027
Considered doubtful	**–**	–	**–**	–
	1,950,475	22,084,338	**72,591**	860,027
Total	**1,950,475**	22,084,338	**72,591**	860,027
Cash and cash equivalents				
Balances with Banks				
Balance in current account with a Scheduled Bank	**–**	–	**–**	–
Balance in current account with a Non–Scheduled Bank	**22,500,252**	97,767,722	**837,392**	3,807,354
Cash on Hand	**–**	36,631	**–**	1,427
Balances with Bank held as margin money	**–**	–	**–**	–
Total	**22,500,252**	97,804,353	**837,392**	3,808,781
Short Term Loans and Advances				
Deposits	**756,109**	756,109	**28,140**	29,445
Advance Income Tax & Tax Deducted at source	**5,000,000**	5,000,000	**186,085**	194,714
Total	**5,756,109**	5,756,109	**214,225**	224,159

	1–Jan–14 to 31–Dec–14 TZS	1–Jan–13 to 31–Dec–13 TZS	1–Jan–14 to 31–Dec–14 INR	1–Jan–13 to 31–Dec–13 INR
Revenue from Operations				
Sale of Services				
Telecom Services	**–**	192,876,136	**–**	7,579,481
Other Operating Revenues	**–**	–	**–**	–
Total	**–**	192,876,136	**–**	7,579,481
Other Income				
Other Non–Operating Income	**–**	185,814,927	**–**	7,301,996
Total	**–**	185,814,927	**–**	7,301,996
Purchase of Material (Non – trade) & Services				
Sub Contractor Charges	**–**	167,018,715	**–**	6,563,358
Vehicle Hire Charges – Projects	**18,535,955**	48,901,063	**669,650**	1,921,672
Total of Purchase of Material (Non – trade) & Services	**18,535,955**	215,919,778	**669,650**	8,485,030
Total of Purchases	**18,535,955**	215,919,778	**669,650**	8,485,030
Employee Benefit Expense				
Salaries	**–**	1,232,400	**–**	48,430
Total	**–**	1,232,400	**–**	48,430
Other Expenses				
Auditor's Remuneration	**12,950,000**	9,078,750	**467,846**	356,769
Prior Period Items	**(21,152,840)**	86,541,201	**(764,191)**	3,400,822
Other Expenses	**25,156,680**	113,958,972	**908,838**	4,478,262
Total	**16,953,840**	209,578,923	**612,493**	8,235,853
Tax Expense				
Current Tax	**29,550,523**	29,527,235	**1,067,575**	1,160,336
Total	**29,550,523**	29,527,235	**1,067,575**	1,160,336

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

1. GENERAL INFORMATION

GTL Tanzania Limited (Formerly known as A.R. Infrastructure T Ltd) is a Limited liability company incorporated under the Companies Act, 2002. The Company was incorporated on 18th July 2008 with the name A.R. Infrastructure T Ltd. The change of the name of the company has been taken place in November 2009.

The principal activity of the Company is to provide technical services in Communication and Transmission Systems. During the period under review, the company has continued to operate from its established office in Dar Es Salaam, Tanzania and has continued working at various locations in Tanzania for its prospective client. The address of its registered office and its principal places of business is given below:–

GTL (TANZANIA) LIMITED

2B, Furaha Complex,

Samora Avenue, India Street,

PO Box 79104,

Dar es Salaam

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

During the current period, the company has applied following amendments and interpretations to the International Financial Reporting Standards and International Accounting standards.

a) IAS 12– (Amendment)– Income taxes on deferred tax (effective from 1st January 2012)

b) IAS 19– (Amendment)– Employee benefits (effective from 1st July 2012)

The application of these interpretations has not had a significant effect on the 2014 results, nor has it required any restatement of prior period results.

The following interpretations and amendments to the accounting standards have been introduced in the current year and may be applicable to the company, but shall be adopted by the company in future years. The management of the company has not opted to go for early adoption of these standards.

a) IFRS 9– Financial Instruments, Classification and measurement (effective from 1st January 2013)

b) IFRS 10– Consolidated financial statements (effective from 1st January 2013)

c) IFRS 11– Joint arrangements (effective from 1st January 2013)

d) IFRS 12– Disclosures of interests in other entities (effective from 1st January 2013)

e) IFRS 13–Fair value measurement (effective from 1st January 2013)

f) IAS 27– (Revised 2011) Separate financial statements (effective from 1st January 2013)

g) IAS 28– (Revised 2011) Associates and Joint ventures (effective from 1st January 2013)

h) IFRIC 20– Stripping costs in the production phase of a surface mine (effective from 1st January 2013)

The adoption of these interpretations and the relevant standards has not led to any change in the accounting policies of the company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. These financial statements are for a period of one year from 1st January 2014 to 31st December 2014.

3.1 BASIS OF PREPARATION

The financial statements have been prepared on the basis of discontinued operation.

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements are presented in the functional currency, Tanzanian Shillings (Tzs).

These financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying company's accounting policies. The areas involving high degree of judgment or complexity, on where assumption and estimates are significant to the financial statements are disclosed in Note 3.

3.2 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the company's activities. Revenue is shown net of value–added tax, reimbursements and discounts. Revenue from Services is recognized in the income statement when services are rendered on the basis of percentage of completion method.

FOREIGN CURRENCY TRANSLATION

a) Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency for the entity is the Tanzania Shillings, which is the Company's presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the Tanzanian Shillings using the exchange rate prevailing at the dates of transactions. Monetary assets and liabilities at the balance sheet date, which are expressed in foreign currency, are translated into Tanzanian Shillings at the rates ruling at that date. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at the yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Income Statement.

3.3 PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Cost includes expenditure directly attributable to the acquisition of the items. Subsequent costs are included in asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured.

Depreciation is calculated using the written down value method to allocate the cost of each asset to its residual value over the estimated useful life as follows:

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

PARTICULARS	RATE
Office Equipment	12.50%
Tools and Equipment	12.50%
Computer	37.50%
Furniture and Fixtures	12.50%

3.4 IMPAIRMENT OF ASSETS

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3.5 FINANCIAL AND OPERATING LEASES

The company does not have any finance lease transaction during the period. The company has operating lease agreements during the period.

Operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight–line basis over the period of the lease.

There is no future commitments arising out of operating lease agreements as on the date of balance sheet since all such agreements requires payments to be made in advance and the same have been disclosed under deposits and advance.

3.6 ACCOUNTS RECEIVABLES

Receivables are initially recognized at fair value and subsequently measured at their amortized costs using effective interest method. A provision 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 receivables. The amount of the provision is the difference between the carrying amount and the expected cash flows discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

3.7 CASH AND CASH EQUIVALENTS

Cash & Cash equivalents comprise of cash held by the company and current accounts operated with banks for companies normal trade transactions. The carrying amount of these assets approximates their fair value.

3.8 BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost and any difference between proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as long term liabilities as the Company has an unconditional right to defer settlement of the liability.

3.9 TAXATION

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzania Income Tax Act, 2004.

3.10 DEFERRED TAX

Deferred income 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 income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that the directors consider that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is recognized as income tax benefit or expense in the year in which it arises.

3.11 EMPLOYEES BENEFITS

The Company has defined benefits contributions plans. Under defined contribution plan, the Company contributes to publicly administered pension plans (National Social Security Fund) on a mandatory basis. The Company has no further payment obligations once the contributions have been paid.

3.12 PROVISIONS

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events; 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. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

3.13 FINANCIAL LIABILITIES

Financial liabilities are initially recognized at cost which is the fair value of the obligation. For interest free loans or loans with grace periods of free interest, the fair value of the loan is determined with reference to market interest rates. Any discount to the face value of the loan is recognized as an adjustment to the face value of the loan and released over the term of the loan using the effective interest method.

4. FINANCIAL RISK MANAGEMENT

The Companies activities expose it to a variety of financial risks: foreign currency risk, credit risk and interest–rate risk. The Company's overall risk management programme seeks to minimize potential adverse effects on the financial performance. Risks management is carried out by the management on behalf of the Board of Directors.

a) Credit risk

The company principal financial assets are bank balances and cash, trade and other receivables, which represent the company's maximum exposure to credit risk in relation to financial assets.

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 their assessment of the current economic environment.

b) Foreign currency risk

As and when the need arises, the Company enters into transactions denominated in foreign currencies (primarily United States Dollars ("US$"). In addition, the Company has assets and liabilities denominated in United States Dollars ("US$") and the sales and purchases takes place in United States Dollars ("US$"). As a result, it is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates.

c) Interest Rates Risk

Fluctuation in interest rates has no impact on the operating activities, as the company is borrowing foreign funds at fixed interest rates. In the ordinary course of business, the Company receives cash from its operations and is required to fund working capital and capital expenditure requirements.

d) Business Risk

The company is dealing with one major client only i.e. M/s Nokia Siemens Networks Tanzania Limited. This poses a going concern risk, and is considered a high risk area.

5. CONTINGENT LIABILITY

A tax assessment for the years 2009 and 2010 were done by the Tax Authorities (TRA) and on the 10th April 2012 the Company was issue with a demand note to pay Tshs. 174,324,270.30 in tax arrears. The company has since filed an appeal with the Tax Revenue Appeal Board objecting to it.

6. COMPARATIVES

Previous year figures have been regrouped and rearranged to make them comparable with the current year figures

		TZS 2014 12 MONTHS	TZS 2013 12 MONTHS
7	**REVENUE**		
	Services	**–**	192,876,136
	TOTAL	**–**	192,876,136
8	**DIRECT EXPENSES**		
	Sub Contractor Cost for Services	**–**	167,018,715
	Staff Costs	**–**	1,232,400
	Other Direct Costs	**18,535,955**	48,901,063
	TOTAL	**18,535,955**	217,152,178
9	**INDIRECT INCOMES**		
	Foreign exchange gains	**–**	5,353,874
		–	5,353,874
10	**CREDIT BALANCES WRITE BACK**		
	Nokia balance written back	**–**	138,983,839
	Other balances written back	**–**	41,477,214
	TOTAL	**–**	180,461,053
11	**OPERATING EXPENSES**		
	Administration expenses	**32,389,287**	34,375,982
	Audit fees / Professional fees	**12,950,000**	9,078,750
	Assets written off	**(5,403,438)**	10,590,417
	Loss on Sale of Assets	**–**	2.627,984
	Reversal of Advance – Group Company	**(2,422,836)**	62,230,905
	Current Tax Expenses	**29,550,523**	–
	TOTAL	**67,063,536**	118,904,038
12	**FINANCIAL EXPENSES**		
	Forex Loss	**46,128**	1,533,982
	Bank charges and commission	**547,538**	3,220,242
	TOTAL	**593,666**	4,754,224

13. PROPERTY, PLANT AND EQUIPMENT

2013	**Furniture & Fixtures**	**Computers and accessories**	**Office equipments**	**Tools & Equipments**	**Total**
Gross Block					
Opening Balance 1.1.13	3,305,375	17,799,359	308,000	22,526,002	43,938,736
Additions	–	–	–	–	–
Write offs	1,633,250	(17,799,359)	161,184	8,796,053	(7,208,872)
Total	1,672,125	–	146,816	13,729,949	51,147,608
Accumulated Depreciation					
Opening Balance 1.1.13	1,438,804	11,171,375	123,790	12,473,370	25,207,339
For the period	233,321	–	23,026	1,256,579	1,512,927
Disposals	–	(11,171,375)	–	–	(11,171,375)
Total	1,672,125	–	146,816	13,729,949	15,548,891
WDV as on 31.12.2013	–	–	–	–	–
2014					
Gross Block	–	–	–	–	–
Depreciation	–	–	–	–	–
WDV as on 31.12.2014	–	–	–	–	–

		TZS 2014 12 MONTHS	TZS 2013 12 MONTHS
14	**SUNDRY DEBTORS**		
	Huawei Technology	**1,950,475**	22,084,338
	TOTAL	**1,950,475**	22,084,338
15	**OTHER RECEIVABLES**		
	Deposits	**756,109**	756,109
	Advance tax	**5,000,000**	5,000,000
	TOTAL	**5,756,109**	5,756,109
16	**CASH AND BANK**		
	Cash in hand	**–**	36,631
	Bank Accounts	**22,500,251**	97,767,722
	TOTAL	**22,500,251**	97,804,353
17	**SHARE CAPITAL**		
	Authorised Share Capital		
	10,000 Ordinary shares of TZS 10,000 per share	**100,000,000**	100,000,000
	Issue and Paid up Share Capital		
	5,000 shares of TZS 10,000 per share		
	Paid up share capital	**50,000,000**	50,000,000
	Less: Calls in arrears	**(49,000,000)**	(49,000,000)
	TOTAL	**1,000,000**	1,000,000

		TZS 2014 12 MONTHS	TZS 2013 12 MONTHS
18	**EXPENSES PAYABLE**		
	Salary payable	**16,763,743**	2,866,272
	Audit fees payable	**(8,034,222)**	5,749,000
	Withholding tax payable	**(91,974)**	(91,974)
	PPF Payable	**(3,853)**	(3,853)
	PAYE Payable	**(1,836,283)**	62,141
	SDL Payable	**247,042**	247,042
	VAT Payable	**(8,480,641)**	(7,730,641)
	Provision for monthly expenses	**16,621,205**	1,674,000
	TOTAL	**15,185,017**	2,771,987
19	**SUNDRY CREDITORS**		
	Other creditors	**(12,314,538)**	968,904
		(12,314,538)	968,904
20	**PRIOR PERIOD ADJUSTMENTS**		
	Sales returns	**21,152,840**	(86,541,201)
	TOTAL	**21,152,840**	(86,541,201)
21	**TAXATION**		
	Tax expense		
	Current year provision	**–**	29,527,235
	Deferred Tax	**–**	–
	TOTAL	**–**	29,527,235
	Movement in deferred tax		
	Opening balance	**–**	–
	Charged to P&L for the year	**–**	–
	Closing balance	**–**	–
	Tax rate reconciliation		
	Profit before tax	**(86,193,158)**	36,367,697
	Taxation at normal rate	**(25,857,947)**	10,910,309
	Deferred tax effect	**–**	–
	Tax on non–deductible expenses	**(2,347,882)**	18,616,926
		(28,205,829)	29,527,235

		Opening Balance	**For the period**	Closing balance
22	**DEFERRED TAXATION**			
	Deferred Tax Liability			
	Accelerated depreciation	–	**–**	–
		–	**–**	–

23 DISCLOSURE OF RELATED PARTY TRANSACTIONS

The following were related party transactions that took place during the period:

Loans to related parties	TZS 2014 12 MONTHS	TZS 2013 12 MONTHS
GTL Solution Middle East FZ LLC		
Opening balance Dr/(Cr)	–	36,843,030
Balance written off	–	(36,843,030)
Closing balance Dr	–	–
GTL Solutions Singapore		
Opening balance Dr/(Cr)	–	199,002,321
Advance made	–	–
Interest income	–	–
Foreign exchange difference	–	–
Balance written off	–	(14,429,321)
Group balance adjustment	–	(184,573,000)
Closing balance	–	–
GTL Nigeria		
Opening Balance Dr	–	33,419,925
Receipt	–	(33,529,600)
Interest income	–	–
Foreign exchange differences	–	523,900
Balances written off	–	(414,225)
Closing balance	–	–
GTL Kenya Ltd		
Opening balance Cr.	–	20,891,612
Repayments made	–	–
Balance written off	–	(20,891,612)
Closing balance Cr	–	–
GTL INDIA		
Opening balance Cr	–	59,735,025
Group balance adjustment	–	(59,735,025)
Closing balance Cr	–	–
Transactions with Directors		
Jaydeep Mishra		
Short Term remuneration	–	19,370,496

DIRECTOR'S REPORT

To
The Members,

Your Directors submit their Eleventh Annual Report together with the Audited Financial Statements for the year ended March 31, 2015.

1. **STATE OF COMPANY'S AFFAIRS**
   Financial Highlights:

(Amount in Rs.)

Particulars	2014–15	2013–14
Total Income	**10,268,059**	6,730,787
Profit / (Loss) Before Exceptional Items & Tax	**(220,887,550)**	2,390,108
Exceptional Item	**0**	0
Profit/(loss) before tax	**(220,887,550)**	2,390,108
Tax Expenses		
Current Tax	**1,210,000**	0
Deferred Tax	**0**	1,260,794
Net Profit / (Loss)	**(222,097,550)**	1,129,314

Figures regrouped / reclassified wherever necessary to make them comparable.

2. **RESULTS OF OPERATIONS AND BUSINESS OVERVIEW**

During the year, the Company earned income of Rs. 10,268,059 as against Rs. 6,730,787 in the previous year. Net Loss for the year was at Rs. 222,097,550 against Net Profit of Rs. 1,129,314 for the previous year.

The Company had been rendering telecom engineering services to telecom operators and OEMs either directly or through its Holding Company GTL Limited. Due to recessionary condition in telecom industry and dearth of adequate business availability in the market, the Company is contemplating to undertake some new/ additional business. Resultantly the Company posted Net Loss of Rs. 222,097,550/– against the Net Profit of Rs. 1,129,314 for the previous year.

3. **DIVIDEND**

In view of losses during the year, your Directors do not recommend any dividend on equity shares on the paid up Equity Share Capital of the Company for the financial Year ended March 31, 2015.

4. **SHARE CAPITAL**

The movement of Equity Capital due to allotment of shares is as under:

Particulars	**No. of Equity Shares**
Equity Share Capital as on April 1, 2014	90,000
Add: Allotment during the year	Nil
Equity Share Capital as on March 31, 2015	90,000

5. **FIXED DEPOSITS**

During the year under review, the Company has not accepted any fresh fixed deposits from Public or from its Shareholders.

6. **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 134(3)(c) of the Companies Act, 2013 (the "Act"), the Board of Directors, to the best of their knowledge and ability, confirm that:

in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

they had 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 loss of the Company for that period;

they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

they had prepared the annual accounts on a going concern basis.

they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

7. **NUMBER OF MEETINGS OF THE BOARD**

The Board of Directors met four (4) times during the financial year 2014–15 on May 17, 2014, July 22, 2014, October 30, 2014 and February 9, 2015. The intervening gap between any two meetings was within the period prescribed under the Act.

8. AUDITORS AND AUDITORS' REPORT

Pursuant to the provisions of Section 139 of the Act and rules framed there under, M/s. V. Nair & Associates (FRN: 106835W) Chartered Accountants, Mumbai, were appointed as Statutory Auditor at the 10th AGM of the Company held on September 29, 2014 to hold office from conclusion of the said meeting till the conclusion of the Fifteenth (15th) AGM to be held in year 2019, subject to ratification of their appointment at every AGM. The Company has received the necessary certificates from the Auditor pursuant to Sections 139 and 141 of the Act regarding their eligibility for appointment.

The resolution seeking approval of the Members for ratification of the appointment of M/s. V. Nair & Associates (FRN: 106835W) Chartered Accountants, Mumbai, as Statutory Auditor of the Company have been incorporated in the notice of the forthcoming AGM of the Company.

As regards the Statutory Auditors' comments / observations in their Independent Audit Report, the same has been dealt with appropriately in the Report and in the Notes to Financial Statements, as the case may be.

9. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The particulars of loans, guarantees and investments have been disclosed in the note nos. 8 and 9 of the Financial Statement.

10. PARTICULARS OF RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on arms' length basis and were in ordinary course of business. None of the transactions with related parties falls under the scope of Section 188(1) of the Act.

The particulars as required under the Act are furnished in **Annexure A** (Form AOC – 2) to this Report.

11. EXTRACT OF ANNUAL RETURN AS ON MARCH 31, 2015

In terms of Section 134(3)(a) read with Section 92(3) of the Act and Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return as on March 31, 2015 in Form MGT – 9 is annexed as **Annexure B** to this Report.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

a. Conservation of energy:

The steps taken or impact on conservation of energy: Not Applicable

The steps taken by the Company for utilizing alternate source of energy: Not Applicable

The Capital investment on energy conservation equipments: Not Applicable

b. Technology Absorption:

Efforts made towards technology absorption	:	
The benefits derived like product improvement, cost reduction, product development or import substitution	:	
In case of imported technology (imported during last 3 years reckoned from the beginning of the financial year) following information may be furnished.	:	Not Applicable
the details of technology imported	:	
the year of import	:	
whether the technology been fully absorbed?	:	
if not fully absorbed, the areas where absorption has not taken place, reasons thereof	:	
the expenditure incurred on Research and Development	:	NIL

c. Foreign Exchange Earnings and Outgo:

There were no actual inflow and outflow of Foreign Exchange during the year under review.

PARTICULARS OF EMPLOYEES

There were no employees, who were in receipt of remuneration as specified under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence no details are furnished.

GENERAL

Notes forming parts of the Accounts are self – explanatory.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation and acknowledge with gratitude the support and co–operation extended by the clients, employees, vendors, bankers, financial institutions, investors, media and both the Central and State Governments and their Agencies and look forward to their continued support.

On behalf of the Board of Directors,

Milind Prabhakar Bengali
Director

Laxmikant Yeshwant Desai
Director

Mumbai
April 30, 2015

INDEPENDENT AUDITOR'S REPORT

To The Members of **ADA CELLWORKS WIRELESS ENGINEERING PRIVATE LIMITED**

Report on Financial Statements

We have audited the accompanying financial statements of ADA CELLWORKS WIRELESS ENGINEERING PRIVATE LIMITED ("the Company"), which comprises the Balance Sheet as at March, 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of 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 and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2015, its Loss and its cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub–section (11) of section143 of the Companies Act 2013, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by section 143(3) of the Act, we further report that:

a) we have sought and 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 account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014

e) on the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act

f) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 :

   i) The Company had disclosed the impact of pending litigations on its financial position in its financial statement – Refer Note 16 to the financial statements;

   ii) The Company did not have any long–term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise

   iii) There has not been as occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise

For **V. NAIR & ASSOCIATES**
CHARTERED ACCOUNTANTS
FRN 106835W

(VENUGOPAL C. NAIR)
PROPRIETOR
MEMBERSHIP NO. 39445

PLACE : MUMBAI
DATE : 30.04.2015

ANNEXURE TO THE INDEPENDENT AUDITORS REPORT

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of out audit, we report that :

1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed Assets:

(b) As explained to us, fixed assets have been physically verified by the management at regular intervals; which our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.

2 The nature of business of the Company does not require it to have any inventory. Hence, the requirement of clause (ii) of paragraph 3 of the said Order is not applicable to the Company

3 The company has not granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly clause (iii) of Paragraph 3 of the Companies (Auditors Report) Order, 2015 is not applicable to the Company.

4 In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed

assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have not observed any continuing failure to correct major weakness in internal control system.

5 The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013

6 As informed to us, the Central Government has not prescribed maintenance of cost records for the nature of business of the company under sub–section (1) of Section 148 of the Act

7 (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income–tax, Sales–tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India;

(b) According to the information and explanations given to us and based on the records of the company examined by us, we are of the opinion that the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor Protection Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Wealth–Tax, Duty of customs, Duty of Excise, Cess and other applicable statutory dues.

On the basis of the books of accounts and records of the Company as produced and examined by us, except for disputed Income Tax and Service Tax, as detailed below, there are no dues to Income Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise and Cess which have not been deposited on account of any dispute.

Nature of the Statute	Nature of Dues	Amount	Year to which the amount relates	Forum where dispute is pending
Duty of customs, Duty of Excise, Cess and other applicable statutory dues	Service Tax	392,470	2008–2009	CESTAT
	Service Tax	886,694	2009–2010	CESTAT
Income Tax, Wealth–Tax, Duty of customs	Income Tax	10,98,340	2010–2011	1st Appellate Authority

(c) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of reporting delay in transferring such sums does not arise

8 The accumulated losses of the Company as at the end of the financial year are in excess of 50% of its networth. The Company has incurred cash loss during the financial year covered by our audit and not incurred cash loss in the immediately preceding financial year.

9 According to the records of the company examined by us and as per the information and explanations given to us, the company does not have any loans from any financial institution or banks and has not issued debentures. Accordingly clause (ix) of Paragraph 3 of the Companies (Auditors Report) Order, 2015 is not applicable to the Company.

10 In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from a bank or financial institution during the year. Accordingly clause (x) of Paragraph 3 of the Companies (Auditors Report) Order, 2015 is not applicable to the Company.

11 In our opinion, and according to the information and explanations given to us, the company has not raised any term loans during the year. Accordingly clause (xi) of Paragraph 3 of the Companies (Auditors Report) Order, 2015 is not applicable to the Company.

12 During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management

For **V. NAIR & ASSOCIATES**
CHARTERED ACCOUNTANTS
FRN 106835W

(**VENUGOPAL C. NAIR**)
PROPRIETOR
MEMBERSHIP NO. 39445

PLACE : MUMBAI
DATE : 30.04.2015

BALANCE SHEET AS AT MARCH 31, 2015

	Note	As At March 31, 2015 INR	As At March 31, 2014 INR
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	**900,000**	900,000
Reserves and Surplus	3	**15,543,777**	237,641,327
		16,443,777	238,541,327
Current Liabilities			
Trade Payables	4	**NIL**	8,729,620
Other Current Liabilities	5	**334,270**	4,071,152
Short–term Provisions	6	**2,905,604**	1,695,604
		3,239,874	14,496,376
TOTAL		**19,683,651**	253,037,703
ASSETS			
Non–current Assets			
Fixed Assets			
Tangible Assets	7	**NIL**	6,968,103
		NIL	6,968,103
Non–current Investments	8	**NIL**	NIL
Long–term Loans and Advances	9	**12,931,147**	14,516,890
		12,931,147	21,484,993
Current Assets			
Trade Receivables	10	**2,206,123**	73,264,748
Cash and Cash Equivalents	11	**2,897,312**	4,681,494
Short–term Loans and Advances	12	**1,649,070**	153,606,468
		6,752,504	231,552,710
TOTAL		**19,683,651**	253,037,702
Notes (Including Significant Accounting Policies) forming Part of the Financial Statements	1–23		

As per our report of even date attached

For **V.NAIR & ASSOCIATES**
Chartered Accountants
Firm Registration No. 106835W

VENUGOPAL NAIR
Proprietor
Membership No. 39445

Place : Mumbai
Date : April 30, 2015

For and on behalf of the Board
ADA Cellworks Wireless Engineering Private Limited

Milind Prabhakar Bengali
Director

Laxmikant Yeshwant Desai
Director

Place : Mumbai
Date : April 30, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

	Note	For the Year Ended March 31, 2015 INR	For the Year Ended March 31, 2014 INR
Other Income	13	**10,268,059**	6,730,787
Total Revenue		**10,268,059**	6,730,787
Expenses			
Financial Costs	14	**414,496**	32,584
Depreciation, Amortisation & Impairment Expense	7	**6,968,103**	4,056,345
Other Expenses	15	**223,773,009**	251,750
Total Expenses		**231,155,609**	4,340,679
Profit / (Loss) before Exceptional Items and Tax		**(220,887,550)**	2,390,108
Exceptional Items		**NIL**	NIL
Profit / (Loss) before Tax		**(220,887,550)**	2,390,108
Tax Expense			
Current Tax		**1,210,000**	NIL
Deferred Tax		**NIL**	1,260,794
		1,210,000	1,260,794
Profit / (Loss) for the Year		**(222,097,550)**	1,129,314
Earnings per equity share of ₹ 10 each			
Basic and diluted		**(2,467.75)**	12.55
Notes (Including Significant Accounting Policies) forming Part of the Financial Statements	1–23		

As per our report of even date attached

For **V.NAIR & ASSOCIATES**
Chartered Accountants
Firm Registration No. 106835W

VENUGOPAL NAIR
Proprietor
Membership No. 39445

Place : Mumbai
Date : April 30, 2015

For and on behalf of the Board
ADA Cellworks Wireless Engineering Private Limited

Milind Prabhakar Bengali
Director

Laxmikant Yeshwant Desai
Director

Place : Mumbai
Date : April 30, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

		March 31, 2015 INR	March 31, 2015 INR	March 31, 2014 INR
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit for the year		**(220,887,550)**	2,390,108
	Adjustments for:			
	Depreciation, Amortisation & Impairment	**6,968,103**		4,056,345
	Interest paid	**414,496**		32,584
	Creditors / Other Written Back	**(10,268,059)**		
	Provision for Advances	**149,500,000**		
	Provision for Trade Receivable	**70,955,966**		NIL
			217,570,506	4,088,929
	Operating Profit before working capital changes		**(3,317,044)**	6,479,037
	Adjustments for increase / decrease in:			
	Trade Payables	**415,641**		849,685
	Other current Liabilities	**(2,614,084)**		NIL
	Short–term provisions	**1,210,000**		NIL
	Trade Rceivables	**102,658**		(6,435,299)
	Long–term Loans and Advances	**1,349,635**		(103,690)
	Short–term Loans and Advances	**2,457,398**		(30,986)
			2,921,248	(5,720,290)
	Cash generated / (used) from operations		**(395,796)**	758,747
	Add: Income Tax (including Fringe Benefit Tax) refund / (paid)		**973,892**	(1,595,076)
	Net cash generated / (used) from operating activities		**(1,369,688)**	(836,329)
B	**CASH FLOW FROM INVESTING ACTIVITIES**		**NIL**	NIL
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Interest paid	**(414,496)**		(32,584)
	Net cash from financing activities		**(414,496)**	(32,584)
			(1,784,183)	(868,913)
	Net increase / (Decrease) in Cash and Cash Equivalents		**(1,784,183)**	(868,913)
	Cash and cash equivalents at the beginning of the year		**4,681,495**	5,550,408
	Cash and cash equivalents at the end of the year		**2,897,312**	4,681,495

Notes:

1 The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard–3

2 Cash and cash equivalent includes cash and bank balances.

As per our report of even date attached

For **V.NAIR & ASSOCIATES**
Chartered Accountants
Firm Registration No. 106835W

VENUGOPAL NAIR
Proprietor
Membership No. 39445

Place : Mumbai
Date : April 30, 2015

For and on behalf of the Board
ADA Cellworks Wireless Engineering Private Limited

Milind Prabhakar Bengali
Director

Laxmikant Yeshwant Desai
Director

Place : Mumbai
Date : April 30, 2015

NOTES FORMING PART OF FINANCIAL STATEMENTS

1. Significant Accounting Policies

1.1 Basis of Preparation

The accounts have been prepared on the basis of going concern under historical cost convention as also on accrual basis and in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, which have been prescribed by the Companies (Accounting Standards) Rules, 2006, (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the Companies Act, 1956 / Companies Act, 2013 as applicable.

1.2 Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires Management to make estimates and assumptions to be made that affect the reported amounts of revenues and expenses during the reporting period, the reported amounts of assets and liabilities and the disclosures relating to the contingent liabilities on the date of the financial statements. Examples of such estimates include useful lives of Fixed Assets, provision for doubtful debts/advances, deferred tax etc. Actual results could differ from those estimates. Such difference is recognised in the period/s in which the results are known / materialised.

1.3 Fixed Assets

a. Fixed assets are carried at cost of acquisition less accumulated depreciation.

b. The cost of fixed assets comprises the purchase price (net of rebates and discounts) and any other directly attributable costs of bringing the assets to their working condition for their intended use.

c. Borrowing costs directly attributable to the acquisition of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

1.4 Depreciation

a. Depreciation on fixed assets is provided using the straight–line method over the useful life of the assets estimated by the management. The rates of depreciation prescribed in Schedule II to the Companies Act, 2013 are considered as minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review, is shorter than that envisaged in the aforesaid Schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life / remaining useful life. Pursuant to this policy, depreciation on fixed assets has been provided at the rates based on the useful lives of fixed assets as estimated by management.

Asset	Economic Useful Life (Years)
Tool Kits	8 – 10
Furniture and Fixtures	8 – 10
Office Equipment	3 – 5
Computers	3 – 5
Leasehold Improvements	33.00% or the balance of primary period of lease

b. Depreciation is calculated on a pro–rata basis from / upto the date the assets are put to use / sold. Individual assets costing less than ₹ 5,000 are fully depreciated in the year of purchase.

1.5 Valuation of Investments

a. i. Long–term Investments are stated at cost; where there is a decline, other than temporary, the resultant reduction in carrying amount is charged to the profit and loss account.

ii. Investments are capitalised at cost plus expenses by applying specific identification method.

b. Current investments are valued at the Lower of Cost and Fair Value.

However, at the year end, the Company did not have any Current Investments.

1.6 Valuation of Inventories

Work–in–progress, if any, is taken at related contract cost of work, pending certificate, unless there is any indication of loss which is to be provided.

1.7 Employee Benefits

a. Defined Contribution Plan

Contribution as per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 towards Provident Fund and Family Pension Fund are provided for and payments in respect thereof are made to the relevant authorities on actual basis. Such contributions are recognised as an expense in the Profit and Loss Account as incurred.

b. Defined Benefit Plan

Gratuity – In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan ("Gratuity Plan") covering all employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. Liability with regard to Gratuity Plan is accrued based on actuarial valuation, carried out by an independent actuary. Actuarial gain or loss is recognized immediately in the statement of profit and loss as income or expense.

Compensated Absences – The Company provides for the encashment of absence or absence with pay based on policy of the Company in this regard. The employees are entitled to accumulate such absences subject to certain limits, for the future encashment or absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the Balance Sheet date on the basis of an independent actuarial valuation.

However, at the year end, the Company did not have any employee.

1.8 Foreign Currency Transactions

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange difference arising on foreign currency transactions settled during the year are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, are translated at the closing exchange rate on that date. The resultant exchange differences are recognised in the statement of profit and loss.

1.9 Taxation

Current Tax

Provision for current tax is made on the estimated taxable income at the rate applicable to the relevant assessment year.

Deferred Tax

a. Deferred tax charge or benefit reflects the tax effects of timing differences between accounting income and taxable income, which originate during the year but reverse in subsequent years.

b. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date.

c. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets.

d. Deferred tax assets are reviewed at each balance sheet date and written–down or written–up to reflect the amount that is reasonably / virtually certain to be realized.

e. The break–up of the deferred tax assets and liabilities as at the balance sheet date has been arrived at after setting–off deferred tax assets and liabilities where the Company has a legally enforceable right and an intention to set–off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

1.10 Revenue Recognition

Revenue from services rendered is recognized in the Profit and Loss Account 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 Work Certified by the Company's Customer. The contract costs corresponding to the work certified are taken to the Profit and Loss Account, whereas the contract costs which are incurred but the work is yet to be certified by the Company's Customers are recognized as an asset in the Balance Sheet and classified as Work In Progress. However, at the year end, there was no contract cost incurred by the Company for which work is yet to be certified.

Revenue recognized over and above the billings on the customer is classified as Unbilled Revenue.

1.11 Borrowing Costs

a. Borrowing costs, less any income on the temporary investment out of those borrowings, which are attributable to acquisition, construction or production of a qualifying asset, are capitalized as a part of the cost of that asset.

b. Other borrowing costs are recognised as expense in the period in which they are incurred.

1.12 Impairment of Assets

If internal / external indications suggest that as asset of the Company may be impaired, the recoverable amount of asset / cash generating unit is determined on the Balance Sheet date and if it is less than its carrying amount, the carrying amount of asset / cash generating unit is reduced to the said recoverable amount. Subsequently, if there is any change in the indication, since the last impairment was recognised, so that recoverable amount of an asset exceeds its carrying amount and impairment recognised for an asset in prior accounting period is reversed. The recoverable amount is measured as the higher of the net selling price and the value in use of such assets / cash generating unit, which is determined by the present value of the estimated future cash flows.

1.13 Provisions and Contingencies

a. A provision is recognised 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 of each such obligation.

b. 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.

c. Contingent Assets are neither recognised nor disclosed.

1.14 Leases

The Company leases office facilities under cancellable as well as non–cancellable operating lease agreements. Total rental expense under these leases is disclosed as rent in the Profit and Loss Account.

1.15 Earnings per Share

The basic earnings per share (‘EPS’) is computed by dividing the net profit after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

2 Share Capital

	As At March 31, 2015 ₹	As At March 31, 2014 ₹
Authorised		
250,000 (250,000) Equity Shares of ₹ 10 par value	**2,500,000**	2,500,000
Issued, Subscribed and paid up		
90,000 (90,000) Equity Shares fully paid up of ₹ 10 par value	**900,000**	900,000
	900,000	900,000

2.1 Reconciliation of the number of shares outstanding and amount of share capital

	As At March 31, 2015		As At March 31, 2014	
	Numbers	**₹**	Numbers	₹
Number of shares at the beginning	**90,000**	**900,000**	90,000	900,000
Add: Shares issued during the year	**NIL**	**NIL**	NIL	NIL
Number of shares at the end	**90,000**	**900,000**	90,000	900,000

2.2 Rights, preferences and restrictions

i. The Company has only one class of equity shares referred to as equity shares having a par value of ₹ 10. Each holder of equity shares is entitled to one vote per share.

ii. Dividends, if any, is declared and paid in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. However, no dividend is / was declared on the equity shares for the year ended March 31, 2015.

iii. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

iv. 90,000 (90,000) Equity Shares are held by GTL Limited, the Holding Company, which has been pledged with the IDBI Trusteeship Services Limited, trustees to the lenders of GTL LImited, under Corporate Debt Restructuring mechanism.

2.3 Details of shares held by shareholders holding more than 5 % of the aggregate equity shares in the Company and equity shares held by the Holding Company, etc.

Name of the Shareholders	**As At March 31, 2015**		As At March 31, 2014	
	Numbers of shares Held	**% Held**	Numbers of shares Held	% Held
GTL Limited, the Holding Company	**90,000**	**100%**	90,000	100%

3 Reserves and Surplus

		As At March 31, 2015 ₹	As At March 31, 2014 ₹
Securities Premium Account		**42,200,000**	42,200,000
Surplus			
As per last Balance Sheet	**195,441,327**		194,312,014
Add: Net Profit / (Net Loss) after Tax transferred from the Statement of Profit and Loss	**(222,097,550)**		1,129,313
		(26,656,223)	195,441,327
		15,543,777	237,641,327

4 Trade Payables

	As At March 31, 2015 ₹	As At March 31, 2014 ₹
Micro Enterprise and Small Enterprise (Refer Note 4.1)	**NIL**	NIL
Due to Related Parties (Refer Note 21)	**NIL**	8,729,620
Others	**NIL**	NIL
	–	8,729,620

4.1 Disclosure in accordance with Sec 22 of Micro, Small and Medium Enterprises Development Act, 2006:

Principal Amount remaining unpaid and interest due thereon	**NIL**	NIL
Interest paid in terms of Section 16	**NIL**	NIL
Interest due and payable for the year of delay in payment	**NIL**	NIL
Interest accrued and remaining unpaid	**NIL**	NIL
Interest due and payable even in succeeding years	**NIL**	NIL
	NIL	NIL

5 Other Current Liabilities

	As At March 31, 2015 ₹	As At March 31, 2014 ₹
Share Application Money (Refer Note 5.1)	**NIL**	1,122,798
Accrued Salaries and Benfits		
Salaries	**NIL**	1,457,157
Bonus	**NIL**	629,940
Other Payables	**334,270**	861,257
	334,270	4,071,152

5.1 Share Application Money of ₹ NIL (Previous year ₹ 1,122,798) is the application money received in respect of which the allotment of shares has not been made or proceeded with. This is refundable to the applicant and hence, is classified under "Other current liabilities"

6 Short–term Provisions

		As At March 31, 2015 ₹	As At March 31, 2014 ₹
Provision for tax (Net)	2,905,604		1,695,604
Less: Taxes Paid	NIL		NIL
		2,905,604	1,695,604
		2,905,604	1,695,604

7 Fixed Assets

Amounts in ₹

DESCRIPTION	GROSS BLOCK				DEPRECIATION				IMPAIRMENT	NET BLOCK	
	As At April 01, 2014	Additions	Deduction and/ or adjustment	As At March 31, 2015	Upto March 31, 2014	For the year	Sale / Adjustments	Upto March 31, 2015	Upto March 31, 2015	As At March 31, 2015	As At March 31, 2014
Tangible Assets:											
Leasehold Improvements	7,083,957	NIL	NIL	7,083,957	7,083,957	NIL	NIL	7,083,957	NIL	NIL	NIL
	(7,083,957)	NIL	NIL	(7,083,957)	(7,080,794)	(3,163)	NIL	(7,083,957)	(NIL)	NIL	NIL
Furniture and Fittings	568,613	NIL	NIL	568,613	536,316	NIL	NIL	536,316	32,297	NIL	32,297
	(568,613)	NIL	NIL	(568,613)	(517,532)	(18,784)	NIL	(536,316)	(NIL)	(32,297)	(69,865)
Office Equipments	4,910,578	NIL	NIL	4,910,578	3,421,297	NIL	NIL	3,421,297	1,489,281	NIL	1,489,281
	(4,910,578)	NIL	NIL	(4,910,578)	(3,053,045)	(368,252)	NIL	(3,421,297)	(NIL)	(1,489,281)	(2,225,786)
Computers	38,435,860	NIL	NIL	38,435,860	38,311,546	NIL	NIL	38,311,546	124,314	NIL	124,314
	(38,435,860)	NIL	NIL	(38,435,860)	(36,115,511)	(2,196,035)	NIL	(38,311,546)	(NIL)	(124,314)	(7,293,543)
Project Equipment/Tool Kits	16,071,515	NIL	NIL	16,071,515	10,749,304	NIL	NIL	10,749,304	5,322,211	NIL	5,322,211
	(16,071,515)	NIL	NIL	(16,071,515)	(9,279,192)	(1,470,112)	NIL	(10,749,304)	(NIL)	(5,322,211)	(8,262,434)
Current Year	**67,070,523**	**NIL**	**NIL**	**67,070,523**	**60,102,420**	**NIL**	**NIL**	**60,102,420**	**6,968,103**	**NIL**	**6,968,103**
Previous Year	67,070,523	NIL	NIL	67,070,523	56,046,074	4,056,346	NIL	60,102,420	NIL	6,968,103	

Impairement of Assets:

The Company, during the year has carried out an annual exercise of identifying assets that may have been impaired in accordance with the Accounting Standard (AS) 28 Impairement of Assets. Considering the continued unfavorable telecom environment prevailing in the country and consequential severally effecting network planning and designing activity, the management has considered the Project related equipments, Tool Kits, alongwith Office Equipments, Computers, Leasehold improvements and Furniture & Fixtures as impaired. Accordingly, an impairement of ₹ 6,968,103 (₹ NIL) has been charged to the statement of Profit & Loss.

8 Non–current Investments

		As At March 31, 2015 ₹	Ats At March 31, 2014 ₹
Long–term investments – valued at cost less provision for other than temporary diminution			
Other than trade			
In Others			
Unquoted			
Investments in Corpxcel Advisory LLP	500,000		500,000
Less: Provision for Diminution in Value of Investment	(500,000)		(500,000)
		NIL	NIL
		NIL	NIL

	Cost ₹	Market Value ₹	Cost ₹	Market Value ₹
Aggregate amount of Unquoted Invenstments	500,000	Not Applicable	500,000	Not Applicable
Aggregate provision for Diminution in Value of Investment	(500,000)	Not Applicable	500,000	Not Applicable

9 Long–term Loans and Advances

		As At March 31, 2015 ₹	As At March 31, 2014 ₹
Unsecured, Considered Good			
Security Deposits		**25,000**	25,000
Other Loans and Advances			
TDS Recoverable		**NIL**	1,717,655
Service tax paid under protest		**NIL**	104,196
Taxes Paid (including fringe benefit tax)	24,371,783		24,135,675
Less: Provision for Taxes	11,465,636		11,465,636
		12,906,147	12,670,039
		12,931,147	14,516,890

10 Trade Receivables

	As At March 31, 2015 ₹	As At March 31, 2014 ₹
Unsecured, Considered Good		
Outstanding for a period exceeding six months from the date they are due for payment (Refer Note 21)	**2,206,123**	73,264,747
	2,206,123	73,264,747

11 Cash And Cash Equivalents

	As At March 31, 2015 ₹	As At March 31, 2014 ₹
Balances with Banks		
On Current Accounts	**2,897,312**	4,681,494
	2,897,312	4,681,494

12 Short–term Loans and Advances

		As At March 31, 2015 ₹	As At March 31, 2014 ₹
Unsecured, Considered Good			
Service tax Receivable		**NIL**	4,106,468
Advances receivable In cash or kind for the value to be received			
Related Parties (Refer Note 21)		**1,649,070**	149,500,000
		1,649,070	153,606,468

13 Other Income

		For the Year Ended March 31, 2015 ₹	For the Year Ended March 31, 2014 ₹
Gain on Foreign Currency (Net)		**NIL**	6,730,787
Write Back – Trade Payable		**10,268,059**	NIL
		10,268,059	6,730,787

14 Finance Costs

		For the Year Ended March 31, 2015 ₹	For the Year Ended March 31, 2014 ₹
Interest			
Others		**5,233**	NIL
Bank Charges		**409,263**	32,584
		414,496	32,584

15 Other Expenses

		For the Year Ended March 31, 2015 ₹	For the Year Ended March 31, 2014 ₹
Repairs and Maintenance		**5,000**	NIL
Professional Fees		**531,850**	1,750
Provision for Trade Receivable		**70,955,966**	NIL
Provision for Advances		**149,500,000**	
Auditors' Remuneration			
Audit Fees	250,000		250,000
Tax Audit Fees	NIL	**250,000**	NIL
Balances write off		**104,196**	NIL
Miscellaneous Expenses		**2,425,997**	NIL
		223,773,009	251,750

16 **Contingent Liabilities and Commitments**

	For the Year Ended March 31, 2015 ₹	For the Year Ended March 31, 2014 ₹
Claims against the Company, not acknowledged as debts		
Income tax matters under appeal		
Assessment Year 2010–11	**1,098,340**	1,098,340
Service tax matter under appeal		
Accounting Year 2006–07 to 2008–09	**392,470**	392,470
Accounting Year 2009–10	**886,694**	886,694
	2,377,504	2,377,504

17 **Employee Benefits**

Disclosure as per Accounting Standard on "Employee Benefits" (AS 15):

Particulars	As At March 31, 2015	As At March 31, 2014	As At March 31, 2015	As At March 31, 2014
	Gratuity (Funded)		Compensated Absences (Unfunded)	
	₹	₹	₹	₹
Reconciliation of opening and closing balances of the present value of the defined benefit obligation				
Obligation at year beginning	**NIL**	NIL	**NIL**	NIL
Current service cost	**NIL**	NIL	**NIL**	NIL
Interest cost	**NIL**	NIL	**NIL**	NIL
Past Service Cost	**NIL**	NIL	**NIL**	NIL
Actuarial (gain) / loss	**NIL**	NIL	**NIL**	NIL
Benefits paid	**NIL**	NIL	**NIL**	NIL
Obligations at the year end				
Change in plan assets	**Not Applicable**	Not Applicable	**Not Applicable**	Not Applicable
Plan assets at year beginning, at fair value	**NIL**	NIL	**NIL**	NIL
Expected return on plan assets	**NIL**	NIL	**NIL**	NIL
Actuarial gain / (loss)	**NIL**	NIL	**NIL**	NIL
Contributions	**NIL**	NIL	**NIL**	NIL
Benefits paid	**NIL**	NIL	**NIL**	NIL
Plan assets at the year end, at fair value				
Reconciliations of present value of the obligation and the fair value of plan assets	**NIL**	NIL	**NIL**	NIL
Fair value of plan assets at the end of the period				
Present value of the defined benefit obligations at the end of the year	**NIL**	NIL	**NIL**	NIL
Liability/(Asset) recognised in the Balance Sheet				
Cost for the year				
Current Service cost	**NIL**	NIL	**NIL**	NIL
Interest cost	**NIL**	NIL	**NIL**	NIL
Expected return on plan assets	**NIL**	NIL	**NIL**	NIL

Actuarial (gain)/loss	**NIL**	NIL	**NIL**	NIL
Net Cost recognised in the Profit and Loss Account				
Assumptions used to determine the benefit obligations :				
Interest rate	**NIL**	NIL	**NIL**	NIL
Estimated rate of return on plan assets	**NIL**	NIL	**NIL**	NIL
Expected rate of increase in salary				
First five years	**NIL**	NIL	**NIL**	NIL
Thereafter	**NIL**	NIL	**NIL**	NIL
Actual return on plan assets				

18 Segment Reporting

The Company is engaged in one line of business activity, i.e. Network Planning and Designing and hence, it has only one reportable segment.

19 Related Party Disclosures

A. Following transactions were carried out in the ordinary course of business with the parties referred to in (B) below:

	Holding Company [with I below] As At March 31, 2015 ₹	Fellow Subsidiary [with II below] As At March 31, 2015 ₹	Other Fellow Subsidiaries [with III below] As At March 31, 2015 ₹
Sub–contracting charges	NIL	NIL	NIL
	(NIL)	(NIL)	(NIL)

* Amount in brackets represent figures pertaining to previous year

B. Relationships

I. Holding Company

GTL Limited

(It was Ultimate Holding Company upto February 17, 2010 and it became Holding Company from February 18, 2010)

II. Fellow Subsidiary

GTL Network Services Malaysia Sdn Bhd (formerly known as ADA Cellworks Sdn Bhd)

(It was Holding Company upto February 17, 2010 and it became Fellow Subsidiary from February 18, 2010)

III. Other Fellow Subsidiaries (With effect from February 18, 2010)

i. GTL Tanzania Limited (Formerly known as A R Infrastructure (T) Limited)

ii. GTL Kenya Limited (Formerly known as A R Infrastructure Kenya Limited)

iii. GTL International Lanka (Pvt) Ltd (Formerly known as IGTL Solutions Lanka (Private) Limited)

iv. IGTL Solutions Middle East FZ–LLC

v. PT. GTL Indosia (Merged with PT ADA Cellworks – Indonesia)

vi. GTL USA INC (Formerly known as GTL Canada INC)

vii. PT ADA Cellworks – Indonesia (Merged into PT. GTL Indonesia)

viii. ADA Cellworks Pte ltd – Singapore

ix. GTL International (Nigeria) Ltd (Formerly known as GTL Nigeria Limited)

x. Global Rural Netco Limited

xi. Global Proserv Limited

xii. Global Towers Limited

20 Earnings per share as per Accounting Standard 20 on "Earnings per Share"

	As At March 31, 2015 ₹	As At March 31, 2014 ₹
Profit for the year (₹) (A)	**(222,097,550)**	1,129,314
Number of shares:		
At the beginning of the year	**90,000**	90,000
At the end of the year	**90,000**	90,000
Weighted Average Number of Equity Shares (B)	**90,000**	90,000
Earnings per Share – Basic (₹) (A/B)	**(2,467.75)**	12.55
Earnings per Share – Diluted (₹) (A/B)	**(2,467.75)**	12.55
Nominal Value of an Equity Share (₹)	**10**	10

21 GTL Limited, the Holding Company, at its Board Meeting held on April 20, 2010, proposed to merge the Company into its fold. However, no action has so far been taken in this direction by the Holding Company and during the year, the Company has carried on its activities in a regular manner and accordingly, the accounts of the Company have been prepared on a going concern basis. Considering the fact that as and when the proposal to merge the Company with its Holding Company is taken up, the Company at least would be able to realise its assets and discharge its liabilities in the normal course of business and there may not be any need to make adjustment relating to the recoverability and classification of asset amount or amounts and classification of liabilities.

22 Information, to the extent not disclosed, with regard to other matters specified in Part II of Schedule VI to the Act is NIL or not applicable to the Company for the year ended March 31, 2015.

23 The previous year's figures, wherever necessary, reclassified and recast, to conform to the current year's classification.

As per our report of even date attached

For **V.NAIR & ASSOCIATES**
Chartered Accountants
Firm Registration No. 106835W

VENUGOPAL NAIR
Proprietor
Membership No. 39445

Place : Mumbai
Date : April 30, 2015

For and on behalf of the Board
ADA Cellworks Wireless Engineering Private Limited

Milind Prabhakar Bengali
Director

Laxmikant Yeshwant Desai
Director

Place : Mumbai
Date : April 30, 2015

www.gtllimited.com

“Global Vision”, Electronic Sadan–II, MIDC, TTC Industrial Area,
Mahape, Navi Mumbai – 400 710, Maharashtra, India.
Tel: +91 22 2761 2929 | Fax: +91 22 2768 9990
CIN No. : L40300MH1987PLC045657