SKIL PORTS & LOGISTICS LTD.

Annual Report & Accounts

for the year ended 31 December 2014

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SKIL PORTS & LOGISTICS LIMITED

("SPL" OR THE "COMPANY")

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

SPL, which is developing a modern port and logistics facility in Mumbai, India, is pleased to announce its preliminary results for the year ended 31 December 2014.

2014 summary

- Secured approximately GBP 48 million* debt facility for the project
- Mr. Sunil Tandon appointed as a Non-Executive Director - track record of building infrastructure projects in India
- Liaison program with local community initiated
- The Company remains confident that the Group has adequate resources in order to complete the facility at Karanja - cash at the end of 2014 standing at £41m

Post year end summary

- Significant work carried out on access roads in order to allow heavy machinery onto site
- Approximately 4 hectares of land having been reclaimed
- Ground improvement and compaction works expected to start shortly
- Local community issues likely to be resolved in the near term and full mobilisation of the contractor's workforce thereafter
- Work on site likely to move to 24 hour operations in the near term - expected to boost productivity by 60-70 per cent

Nikhil Gandhi Executive Chairman of SPL said, "Our goal has always been to build a 'world-class' port and logistics facility in India and the demand from businesses in India for such a facility is evident. I remain confident that the Group has adequate resources in order to complete the port, and I am working to a timeline that sees the facility partially operational by the end of the year.

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CHAIRMAN'S STATEMENT

It is pleasing to be able to report thatwe now have clear visibility of the build out of our port and logistics project. Since the Company's Admission to AIM, our goal has been to build a 'world-class' port and logistics facility in India. The business case for such a facility was very much evident at the time of our IPO and our track record of building such infrastructurewas proven. The Board remains certain that the whole region will benefit from the facility that we are building. The lines of vessels waiting to use ports in the area, coupled with the inherent bottle necks in basic logistics facilities, prove this on a daily basis.

Although things did not proceed as quickly as management would have liked in 2014, much was achieved during the year. As well as closing the Group's Rs 480 Crores (approximately GBP 48 million)debt facility for the project, significant work was carried out on the access roads in order to allow heavy machinery onto the site. In addition, the Company embarked on a liaison program with the local community to ensure that their interests and livelihoods were protected by the development of the project.

We were delighted to welcome the Honourable Chief Minister of Maharashtra, Mr. DevendraFadnavis, as the chief guest at a ceremony and other dignitaries to mark the laying of the foundation stone in December. This was a clear demonstration of the State's commitment to the success of our project. Also in December, Mr. Sunil Tandon was appointed as a Non-Executive Director, bringing an enviable track record of building out infrastructure projects in India and a wealth of experience in high-level Government posts. It was pleasing to report that dredging of the approach channel had commenced and we ended 2014 with positive momentum.

2015 started off strongly and, as reported in the Project Update announcement issued on 22 April 2015, the East approach trestle has been completed as well as approximately 4 hectares of land having been reclaimed. Ground improvement and compaction works are expected to start shortly with work on site likely to move to 24 hour operations in the near term, which the Board expects will boost productivity by 60-70 per cent.

On 22 April, we reported that recent weeks had seen reduced activity on site as local community issues were being resolved. Resolution of these matters should be forthcoming and full mobilisation of the contractor's workforce is expected to resume in the coming weeks. Once work resumes, we will see continuation of reclamation and piling activities. In early Q3, which is predominantly the monsoon season, in addition to continued jetty construction activities, the contractors are scheduled to commence ground improvement works including laying pre-fabricated vertical band drains across the length and breadth of the reclaimed area followed by laying a 3-4 meter surcharge. This process will enable extraction of the moisture from the soil and compaction of the ground to enable it to be ready to handle heavy container loads. The ground improvement process will be followed by laying concrete paver blocks (interlocking concrete blocks) which will form the ultimate surface of the container and bulk cargo storage yards.

The Group has conserved its resources during periods of lower than anticipated activity, with the Group's operational spend accelerating in line with increased activity on site. The Board remains confident that the Group has adequate resources in order to complete the facility at Karanja, with cash at the end of 2014 standing at £41m.

Finally, I would like to thank all SPL shareholders for their support, my fellow Board members for their tireless work during the course of last year and to all SPL staff for their considerable efforts in what has been a difficult period. I would like to conclude by saying that, given the significant progress achieved so far this year and notwithstanding the issues that we have encountered, I remain confident that part of the facility will be operational by this year end and I am well aware that my personal reputation remains at stake until this is achieved.

Nikhil Gandhi
Executive Chairman
SKIL Ports & Logistics Limited

DIRECTORS' REPORT

The directors ("Directors") of SKIL Ports & Logistics Limited ("SPL" or the "Company") present their report and the audited consolidated financial statements of the Company and its subsidiaries for the period ended 31st December 2014.

Status

The Company was incorporated and registered under The Companies (Guernsey) Law, 2008 with registered number 52321 on 24 August 2010. On 7 October 2010 its ordinary shares of no par value were listed on the London Stock Exchange's AIM market ("AIM").

The Company's subsidiaries are Karanja Terminal & Logistics (Cyprus) Limited and Karanja Terminal & Logistics Private Limited, incorporated in August 2010 in Cyprus and in May 2010 in India respectively.

Principal Activity

The principal activity of the Company is to act as a holding company established to develop, own and operate port and logistics facilities.

Statement of Directors' Responsibilities

In accordance with The Companies (Guernsey) Law, 2008, the Directors are responsible for preparing financial statements for each financial year, which give a true and fair view, in accordance with applicable law and regulations. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures noted in the financial statements; 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 Group's transactions and disclose, with reasonable accuracy at any time, the financial position of the Group and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Auditor

Grant Thornton UK LLP have expressed their willingness to continue in office as auditors, and a resolution to re-appoint them will be proposed at the forthcoming annual general meeting. Each of the persons who is a director at the date of approval of the financial statements confirms that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he has taken all steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Signed for and on behalf of the Board on 15 May, 2015

……………………………………
Nikhil Gandhi, Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKIL PORTS & LOGISTICS LIMITED

We have audited the consolidated financial statements of SKIL Ports & Logistics Limited for the year ended 31 December 2014 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable by law and International Financial Reporting Standards as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. 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 audit 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 4 the Directors are responsible for the preparation of the consolidated financial statements which give a true and fair view.

Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board'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 consolidated financial statements sufficient to give reasonable assurance that the consolidated 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 group'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 consolidated financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited consolidated financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the consolidated financial statements:

- Give a true and fair view of the state of the Group's affairs as at 31 December 2014 and of its loss for the year then ended;
- Are in accordance with International Financial Reporting Standards as adopted by the European Union; and
- Comply with The Companies (Guernsey) Law, 2008.
- Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where The Companies (Guernsey) Law, 2008 requires us to report to you, if in our opinion:

- Proper accounting records have not been kept by the Group; or
- The consolidated financial statements are not in agreement with the accounting records; or
- We have not obtained all the information and explanations, which to the best of our knowledge and belief are necessary for the purposes of our audit.

Grant Thornton UK LLP
Statutory Auditor,
Chartered Accountants,
30 Finsbury Square,
London EC2A 1AG,
United Kingdom

15 May, 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the Year ended 31 December 2014

	Notes	**Year ended 31 Dec 14 £000**	Year ended 31 Dec 13 £000
CONTINUING OPERATIONS			
Revenue		**–**	–
		–	–
Administrative Expenses	5	**(1,936)**	(1,921)
OPERATING LOSS		**(1,936)**	(1,921)
Finance Income	6	**2,665**	4,321
Finance Cost		**–**	–
NET FINANCING INCOME		**2,665**	4,321
PROFIT BEFORE TAX		**729**	2,400
Tax expense for the year	7	**(862)**	(1,399)
(LOSS)/PROFIT FOR THE YEAR		**(133)**	1,001
(Loss)/profit for the year attributable to:			
Non-controlling interest		**2**	5
Owners of the parent		**(135)**	996
(Loss)/profit for the year		**(133)**	1,001
Other Comprehensive Income / (expense):			
Items that will not be reclassified subsequently to profit or loss		**–**	–
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**1,641**	(7,941)
Other comprehensive income/(expense) for the year		**1,641**	(7,941)
Total comprehensive income/(expense) for the year		**1,508**	(6,940)
Total comprehensive income/(expense) for the year attributable to:			
Non-controlling interest		**2**	5
Owners of the parent		**1,506**	(6,945)
		1,508	(6,940)
Earnings per share (consolidated):			
Basic & Diluted, for the year attributable to ordinary equity holders (pence)	9	**(0.003)**	0.023

The notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2014

	Notes	**Year ended 31 Dec 14 £000**	Year ended 31 Dec 13 £000
Assets			
Property, plant and equipment	10	**15,508**	6,463
Total non-current assets		**15,508**	6,463
Trade and other receivables	11	**16,320**	10,273
Cash and cash equivalents	12	**41,041**	45,796
Total current assets		**57,361**	56,069
Total assets		**72,869**	62,532
Equity			
Share Premium	14	**71,590**	71,590
Retained earnings	14	**5,134**	5,269
Translation Reserve	14	**(20,000)**	(21,641)
Equity attributable to owners of parent		**56,724**	55,218
Non-controlling Interest		**15**	13
Total equity		**56,739**	55,231
Liabilities			
Non-current			
Borrowings	15	**9,412**	53
Non-current Liabilities		**9,412**	53
Current			
Borrowings	15	**9**	–
Current tax liabilities	16	**5,724**	4,516
Trade and other payables	17	**985**	2,732
Current liabilities		**6,718**	7,248
Total liabilities		**16,130**	7,301
Total equity and liabilities		**72,869**	62,532

The notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the Year ended 31 December 2014

	Notes	**Year ended 31 Dec 14 £000**	Year ended 31 Dec 13 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit Before Tax		**729**	2,400
Non cash flow adjustments	19	**(2,301)**	(4,616)
Operating profit before working capital changes		**(1,572)**	(2,216)
Net changes in working capital	19	**(7,794)**	(8,013)
Net cash used in operating activities		**(9,366)**	(10,229)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(8,861)**	(4,801)
Proceeds from disposals of property, plant and equipment		**–**	15
Finance Income		**2,665**	4,321
Net cash from investing activities		**(6,196)**	(465)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new borrowing		**9,368**	–
Net cash from financing activities		**9,368**	–
Net change in cash and cash equivalents		**(6,194)**	(10,694)
Cash and cash equivalents, beginning of the year		**45,796**	64,180
Exchange differences on cash and cash equivalents		**1,439**	(7,690)
Cash and cash equivalents, end of the year		**41,041**	45,796

CONSOLIDATED STATEMENT OF CHANGESIN EQUITY

for theYear ended 31December 2014

	Share Premium £000	Translation Reserve £000	Retained Earnings £000	Non-controlling Interest £000	Total Equity £000
Balance at 1 January 2014	71,590	(21,641)	5,269	13	55,231
Share capital adjustment	–	–	–	–	–
Transactions with owners	–	–	–	–	–
Profit/(loss) for the year	–	–	(135)	2	(133)
Foreign currency translation differences for foreign operations	–	1,641	–	–	1,641
Total comprehensive income for the year	–	1,641	(135)	2	1,508
Balance at 31 December 2014	**71,590**	**(20,000)**	**5,134**	**15**	**56,739**
Balance at 1 January 2013	**71,590**	**(13,700)**	**4,273**	**8**	**62,171**
Share capital adjustment	–	–	–	–	–
Transactions with owners	–	–	–	–	–
Profit for the year	–	–	996	5	1,001
Foreign currency translation differences for foreign operations	–	(7,941)	–	–	(7,941)
Total comprehensive income for the year	–	(7,941)	996	5	(6,940)
Balance at 31 December 2013	**71,590**	**(21,641)**	**5,269**	**13**	**55,231**

The notes form part ofthese consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

SKIL Ports & Logistics Limited (the "Company") was incorporated in Guernsey under The Companies (Guernsey) Law 2008 with registered number 52321 on 24 August 2010. Its registered office and principal place of business is 1st and 2nd Floors, Elizabeth House, Les RuettesBrayes, St Peter Port, Guernsey GY1 1EW. It was listed on the Alternative Investment Market ('AIM') of the London Stock Exchange on 7 October 2010.

The consolidated financial statements of SKIL Ports & Logistics Limited comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group"). The consolidated financial statements have been prepared for the year ended 31 December 2014, and are presented in UK Sterling (£).

The principal activities of the Group are to develop, own and operate port and logistics facilities. As of 31 December 2014, the Group had 21 (Twenty One)[prior year 10 (Ten)] employees.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and also to comply with The Companies (Guernsey) Law, 2008.

Going Concern

The financial statements have been prepared on a going concern basis as the Group has adequate funds to enable it to exist as a going concern for the foreseeable future. The Group has received the requisite statutory approvals and has already commenced the construction work at site. The Directors believes that they will have sufficient equity, sanctioned credit facilities from lenders and headroom in the capital structure for the build out of the facility. The group closely monitors and manages its liquidity risk. In assessing the Group's going concern status, the Directors have taken account of the financial position of the Group, anticipated future utilisation of available bank facilities, its capital investment plans and forecast of gross operating margins as and when the operations commence.

Based on the above, the Board of Directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

(b) Basis of Consolidation

The consolidated financial statements incorporate the results of the Company and entities controlled by the Company (its subsidiaries) up to 31 December 2014. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through holding more than half of the voting rights. The financial statements of the subsidiaries are prepared for the same period as the Company using consistent accounting policies. The fiscal year of KTLPL (Karanja Terminal & Logistics Private Limited) ends on March 31 and its accounts are adjusted for the same period as the Company for consolidation.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The results of subsidiaries acquired during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition. Individual financial statements of the subsidiaries are not presented.

Non-controlling interests

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(c) List of subsidiaries

Details of the Group's subsidiaries which are consolidated into the company's financial statements are as follows:

Subsidiary	Immediate Parent	Country of Incorporation	% Voting Rights	% Economic Interest
Karanja Terminal & Logistics (Cyprus) Limited	SKIL Ports & Logistics Limited	Cyprus	100.00	100.00
Karanja Terminal & Logistics Private Limited	Karanja Terminal & Logistics (Cyprus) Limited	India	99.71	99.71

(d) Foreign currency translation

The consolidated financial statements are presented in UK Sterling (£), which is the Company's functional currency. The functional currency for all of the subsidiaries within the Group is as detailed below:

– Karanja Terminal & Logistics (Cyprus) Limited (KTLCL) – Euro
– Karanja Terminal & Logistics Private Limited (KTLPL) – Indian Rupees

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation of monetary items denominated in foreign currency at the year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date).

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than £ are translated into £ upon consolidation.

On consolidation, the assets and liabilities of foreign operations are translated into £ at the closing rate at the reporting date. The income and expenses of foreign operations are translated into £ at the average exchange rates over the reporting period. Foreign currency differences are recognised in other comprehensive income in the translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserves shall be transferred to the Statement of Comprehensive Income.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The Group applies revenue recognition criteria to each separately identifiable component. In particular:

Interest income:-

Interest income is reported on an accruals basis using the effective interest method.

The Group is in process of constructing its initial project, the creation of a modern and efficient port and logistics facility in India. The Group has not yet commenced operations and hence, currently does not have any revenue from operations of its core business activity.

(f) Borrowing costs

Borrowing costs directly attributable to the construction of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

(g) Leases

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(h) Income tax

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity. Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries, associates and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group’s forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

(i) Financial assets

Financial assets are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial asset is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)
- held-to-maturity (HTM) investments
- available-for-sale (AFS) financial assets

All financial assets except for those at FVTPL are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

HTM investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the intention and ability to hold them until maturity. HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes in the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The equity investment is measured at cost less any impairment charges, as its fair value cannot currently be estimated reliably. Impairment charges are recognised in profit or loss. All other AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends are recognised in profit or loss within finance income. Reversals of impairment losses for AFS debt securities are recognised in profit or loss if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For AFS equity investments impairment reversals are not recognised in profit loss and any subsequent increase in fair value is recognised in other comprehensive income.

(j) Financial liabilities

The Group's financial liabilities include trade and other payables and borrowings. Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs. Financial liabilities are measured subsequently at amortised cost using the effective interest method. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(k) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The Group is in the process of constructing its initial project, the creation of a modern and efficient port and logistics facility in India. All the eligible expenditure incurred in respect of terminal port under development is carried at historical cost under Capital Work In Progress.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Parts of the property, plant and equipment are accounted for as separate items (major components) on the basis of nature of the assets.

Depreciation is recognised in the Statement of Comprehensive Income over the estimated useful lives of each part of an item of property, plant and equipment. For items of property, plant and equipment under construction, depreciation begins when the asset is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Thus as long as an item of property, plant and equipment is under construction, it is not depreciated. Leasehold improvements are amortised over the shorter of the lease term or their useful lives.

Depreciation is calculated on a straight-line basis.

The estimated useful lives for the current year are as

Assets	**Estimated Life of assets**
Equipment	3-5 Years
Computers	2-3 Years
Furniture	5-7 Years
Vehicle	5-7 Years

Depreciation methods, useful lives and residual value are reassessed at each reporting date.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

(l) Trade receivables and payables

Trade receivables are financial assets categorised as loans and receivables, measured initially at fair value and subsequently at amortised cost using an effective interest rate method, less an allowance for impairment. An allowance for impairment is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Trade payables are financial liabilities at amortised cost, measured initially at fair value and subsequently at amortised cost using an effective interest rate method.

(m) Trade receivables for advances

Advances paid to the EPC contractor and suppliers for build out of the facility are categorised as trade receivables for advances. These advances are measured initially at fair value and subsequently at amortised cost using an effective interest rate method, less an allowance for impairment. An allowance for impairment is made when there is objective evidence that the Group will not be able to recover these advances.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(o) Share capital and reserves

Shares are ‘no par value’. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Foreign currency translation differences are included in the translation reserve. Retained earnings include all current and prior year retained profits.

(p) Impairment of financial and other assets

Property, Plant and Equipment

Internal and external sources of information are reviewed at the end of the reporting period to identify indications that the property, plant and equipment may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

Considering the current stage of the Group, it possesses very limited equipment. Going-forward as the Group accumulates property, plant and equipment, these will be stated at cost, net of accumulated depreciation and/or impairment losses, if any. The cost will include expenditures that are directly attributable to property, plant and equipment such as employee cost, if recognition criteria are met. Likewise, when a major inspection will be performed, its costs will be recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria have been satisfied. All other repairs and maintenance will be recognised in the Consolidated Statement of Comprehensive Income as incurred. There is currently no impairment of property, plant and equipment.

(q) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group’s accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group’s financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group’s financial statements.

New standards and interpretations currently in issue but not effective for accounting periods commencing on 1 January 2015 are:

- IFRS 9 Financial Instruments (effective 1 January 2015)

  The IASB aims to replace IAS 39 ‘Financial Instruments: Recognition and Measurement’ (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on or after 1 January 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9’s financial asset classification model to address application issues. The Group’s management have yet to assess the impact of this new standard on the Group’s consolidated financial statements. Management does not expect to implement IFRS 9 until it has been completed and its overall impact can be assessed.

- IAS 10 Events after the Reporting Period (effective 1 January 2015)

Management does not anticipate a material impact on the Group’s consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The following are significant management judgments in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Warrants

The Board of Directors are of the opinion that based on where the group is currently with regards to the build out of its facility that, the warrants granted to the Founder Shareholders and to Cenkos Securities PLC (Nominated Adviser) will not be exercised in the next 12 months and hence are not dilutive.

The Board is not accounting for the warrants that were granted to the Founders Shareholders and to Cenkos Securities PLC (Nominated Adviser) at the time of IPO as they are so significantly out of the money and the chance of them being exercised within the next 12 months period is almost zero. The Board will continue to assess the treatment of these outstanding warrants on a six monthly basis.

Functional Currency

The Company is listed on the London Stock Exchange's AIM market ("AIM"). The Company's subsidiaries are Karanja Terminal & Logistics (Cyprus) Limited and Karanja Terminal & Logistics Private Limited, in Cyprus and in India respectively. SPL which is the managing entity of all the subsidiaries is managed and controlled in Guernsey.

Since the company's investors are predominantly UK based and invested in £, the Board of directors has decided to keep £ as the functional currency of the company. The Board at the time of IPO decided not to hedge its exposure to INR as the project is based in India and the capex, debt, operating expenses and revenue are expected to be in INR.

Capitalisation of expenses related to port and logistics facility

The Group is in the process of constructing its initial project; the creation of a modern and efficient port and logistics facility in India. All the expenditures directly attributable in respect of the port and logistics facility under development are carried at historical cost under Capital Work In Progress as the Board believes that these expenses will generate probable future economic benefits. These costs include borrowing cost, professional fees, construction costs and other direct expenditure. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deductible temporary differences can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

4. SEGMENTAL REPORTING

The Group has only one operating and geographic segment, being the project on hand in India and hence no separate segmental report has been presented.

5. ADMINISTRATIVE EXPENSES

	Year ended 31 Dec 14	Year ended 31 Dec 13
	£000	£000
Employee costs	**176**	75
Traveling expenses	**307**	292
Professional fees	**393**	207
Directors' fees	**304**	323
Communication charges	**12**	20
Operating lease rentals	**170**	820
Other borrowing costs	**401**	75
Foreign exchange gains/loss	**1**	–
Other administration costs	**154**	86
Depreciation	**18**	23
	1,936	1,921

6. FINANCE INCOME

	Year ended 31 Dec 14	Year ended 31 Dec 13
	£000	£000
Interest on demand deposits	**2,624**	4,312
Interest on bank deposits	**41**	9
	2,665	4,321

7. INCOME TAX

The major components of tax expense and the reconciliation of the expected tax expense and the reported tax expense in the Statement of Comprehensive Income are as follows:

	Year ended 31 Dec 14	Year ended 31 Dec 13
	£000	£000
Profit Before Tax	**729**	2,400
Applicable tax rate in India*	**32.45%**	32.45%
Expected tax expense	**236**	779
Adjustment for non-deductible losses of SPL & Cyprus entity against income from India	**220**	238
Adjustment for non-deductible expenses	**406**	382
Actual tax expense	**862**	1,399

*Considering that the Group's operations are presently based in India, the effective tax rate of the Group of 32.45% (prior year 32.45%) has been computed based on the current tax rates prevailing in India. In India, incomes earned from all sources (including interest income) are taxable at the prevailing tax rate unless exempted. However, administrative expenses are treated as non-deductible expenses until commencement of operations. The current income tax expense of £0.86 million (prior year £1.40 million) represents tax on profit/interest arising in India.

The Company is incorporated in Guernsey under The Companies (Guernsey) Law 2008, as amended. The Guernsey tax rate for companies is 0%. The rate of withholding tax on dividend payments to non-residents by companies within the 0% corporate income tax regime is also 0%. Accordingly, the Company will have no liability to Guernsey income tax on its income and there will be no requirement to deduct withholding tax from payments of dividends to non-resident shareholders. There is no corporation tax payable in Guernsey.

In Cyprus, the tax rate for companies is 12.5 % with effect from 1 January 2014.

8. AUDITORS' REMUNERATION

The following are the details of fees paid to the auditors, Grant Thornton UK LLP and Indian auditors, in various capacities for the year:

	Year ended 31 Dec 14	Year ended 31 Dec 13
	£000	£000
Audit Fees		
Interim	**9**	9
Annual	**55**	55
Subsidiary Audit Fees	**12**	2
Prior Year Overruns	**7**	4
	83	70

9. EARNINGS PER SHARE

Both basic and diluted earnings per share for the year ended 31 December 2014 have been calculated using the loss attributable to equity holders of the Group of £0.14 million {prior year profit of £0.99 million}.

	Year ended 31 Dec 14	Year ended 31 Dec 13
Profit/(loss) attributable to equity holders of the parent	**£(135,000)**	£996,000
Weighted average number of shares used in basic & diluted earnings per share	**44,000,000**	44,000,000
EARNINGS PER SHARE	**Pence**	Pence
Basic & Diluted earnings per share	**(0.003)**	0.023

As mentioned under note 3, the warrants are not dilutive. There are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

10. PROPERTY, PLANT AND EQUIPMENT

Details of the Group's property, plant and equipment and their carrying amounts are as follows:

	Computers £000	**Office Equipment £000**	**Furniture £000**	**Vehicles £000**	**Capital Work In Progress £000**	**Total £000**
Gross carrying amount						
Balance 1 Jan 2014	10	16	8	44	6,412	6,490
Net Exchange Difference	–	1	–	–	201	202
Additions	4	3	6	–	8,848	8,861
Balance 31 Dec 2014	**14**	**20**	**14**	**44**	**15,461**	**15,553**
Depreciation						
Balance 1 Jan 2014	(7)	(5)	(3)	(12)	–	(27)
Net Exchange Difference	–	–	–	–	–	–
Charge for the year	(3)	(3)	(1)	(11)	–	(18)
Balance 31 Dec 2014	**(10)**	**(8)**	**(4)**	**(23)**	**–**	**(45)**
Carrying amount 31 Dec 2014	**4**	**12**	**10**	**21**	**15,461**	**15,508**

	Computers £000	Office Equipment £000	Furniture £000	Vehicles £000	Capital Work In Progress £000	Total £000
Gross carrying amount						
Balance 1 Jan 2013	10	17	9	47	1,881	1,964
Net Exchange Difference	(1)	(2)	(1)	(6)	(250)	(260)
Disposals	–	–	–	(15)	–	(15)
Additions	1	1	–	18	4,781	4,801
Balance 31 Dec 2013	10	16	8	44	6,412	6,490
Depreciation						
Balance 1 Jan 2013	(4)	(3)	(2)	(4)	–	(13)
Net Exchange Difference	1	–	–	1	–	2
Charge for the year	(4)	(2)	(1)	(14)	–	(21)
Disposals	–	–	–	5	–	5
Balance 31 Dec 2013	(7)	(5)	(3)	(12)	–	(27)
Carrying amount 31 Dec 2013	3	11	5	32	6,412	6,463

The net exchange difference on the Group's property, plant and equipment's carrying amount is a gain of £0.20 million (prior year loss of £0.26 million). The net exchange difference on the Group's property, plant and equipment carrying amount is on the account of the foreign exchange movement. Since the foreign exchange movement was minimal in the previous year, with a lower carrying amount of the Group's property, plant and equipment, the net exchange difference was insignificant and was not provided in the previous year.

a) Net Book Value of assets held under Finance Lease

KTLPL's vehicles are held under finance lease arrangements. The Net Book Value of assets held under finance lease arrangements are as follows:

	Year ended 31 Dec 14 £000	Year ended 31 Dec 13 £000
Vehicles	**21**	31
	21	31

The Port facility being developed in India has been hypothecated by the Indian subsidiary as security for the bank borrowings [Borrowing limit sanctioned INR 480 crore (£48.60 million)] for part financing the build out of the facility.

The borrowing cost in respect of the bank borrowing for financing the build out of facility are capitalised under Capital work in progress. During the year the company has capitalised borrowing cost of £763,000 (prior year £ NIL).

The Indian subsidiary has a contractual commitment of INR 800.74 crore (£81.07 million) towards construction of the port facility over a scheduled construction period of 26 months (ground work commenced in September 2013 and expected completion date on November 2015). There were no other material contractual commitments.

11. TRADE AND OTHER RECEIVABLES

	Year ended 31 Dec 14 £000	Year ended 31 Dec 13 £000
Deposits	**229**	262
Advances	**16,008**	9,940
Debtors		
- Related Party	**60**	47
- Prepayment	**23**	24
	16,320	10,273

Advances include payment to EPC contractor of £14.54 million (prior year £9.92 million) towards mobilisation advances and quarry development. These advances will be recovered as a deduction from the invoices being raised by the contractor over the contract period.

12. CASH AND CASH EQUIVALENTS

	Year ended 31 Dec 14 £000	Year ended 31 Dec 13 £000
Cash at bank and in hand	**3,339**	2,899
Deposits	**37,702**	42,897
	41,041	45,796

Cash at bank earns interest at floating rates based on bank deposit rates. Short-term deposits are callable on demand depending on the immediate cash requirements of the Group, and earn fixed interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is £41.04 million (prior year £45.80 million).

13. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Risk management is carried out by the Board of Directors.

(a) Market Risk

(i) Translation risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market foreign exchange rates. The Company's presentation currency is the UK Sterling (£). The functional currency of SPL is £. The functional currency of its subsidiary Karanja Terminal & Logistics Private Limited (KTLPL) is INR and the functional currency of Karanja Terminal & Logistics (Cyprus) Limited is the Euro.

The exchange difference arising due to foreign currency exchange rate variances on translating a foreign operation into the presentation currency results in a translation risk. The exchange differences arising from the translation of foreign operation into the presentation currency are recognised in other comprehensive income. There are no flows between the parent and KTLPL and therefore, there are no other currency risks or exposures at the reporting date. As stated under note 3 – Functional currency, the board has decided not to hedge its exposure to INR as the project is based in India and the cash balance, capex, debt, operating expenses and revenue are all expected to be in INR and hence no foreign exchange risk exists.

Currency risk exposure arises from financial instruments that are denominated in a currency that is not the functional currency of the entity in which they are recognised. Therefore as the cash balance is denominated in INR and the functional currency of the entity holding the cash is INR, no currency risk exposure arises.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the cash and cash equivalents available with the Indian entity of INR 3,835 million (£38.83 million) as on reporting date [prior period INR 4,370 million (£45.80 million)]. In computing the below sensitivity analysis, the management has assumed the following % movement between foreign currency (INR) and the underlying functional currency (£):

Functional Currency (£)	31 Dec 2014	31 Dec 2013
INR	+- 10%	+- 10%

The following table details the Group's sensitivity to appreciation or depreciation in functional currency vis-à-vis the currency in which the foreign currency cash and cash equivalents are denominated:

Functional currency	**£ (depreciation by 10%) £000**	**£ (appreciation by 10%) £000**
31 December 2014	3,883	(3,883)
31 December 2013	4,580	(4,580)

If the functional currency (£) had weakened with respect to foreign currency (INR) by the percentages mentioned above, for year ended 31 December 2014 then the effect will be change in profit and equity for the year by £3.88 million (prior period £4.58 million). If the functional currency had strengthened with respect to the various currencies, there would be an equal and opposite impact on profit and equity for each year. This exchange difference arising due to foreign currency exchange rate variances on translating a foreign operation into the presentation currency results in a translation risk.

(ii) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

KTLPL has successfully tied-up rupee term loan of INR 480 crore (£48.60 million) for part financing the build out of its facility. The company has commenced the drawdown of its sanctioned bank borrowing as of the reporting date. The rate of interest on the bank borrowing will be a floating rate linked to the bank base rate with an additional spread of 355 basis points. The present composite rate of interest is 13.50%.

The base rate set by the bank may be changed periodically as per the discretion of the bank in line with Reserve Bank of India (RBI) guidelines. Based on the current economic outlook and RBI Guidance, management expects the Indian economy to enter a lower interest rate regime as moderating inflation will allow the RBI and thus the banks to lower its base rate in the coming quarters. The company has therefore not entered into any derivative instrument to protect from rising interest rates. The Board will monitor the interest rate environment on an on-going basis every six months.

Interest rate sensitivity

At 31 December 2014, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The exposure to interest rates for the Group's money market funds is considered immaterial.

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 1% (2013: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the Year £000		Equity, net of tax £000	
Year	**+1%**	**-1%**	**+1%**	**-1%**
31 December 2023	(15)	15	(10)	10
31 December 2022	(91)	91	(61)	61
31 December 2021	(173)	173	(117)	117
31 December 2020	(253)	253	(171)	171
31 December 2019	(330)	330	(223)	223
31 December 2018	(399)	399	(270)	270
31 December 2017	(453)	453	(306)	306
31 December 2016	(451)	451	(305)	305
31 December 2015	(220)	220	(149)	149
31 December 2014	(71)	71	(48)	48

(b) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group's maximum exposure (£37.70 million) to credit risk is limited to the carrying amount of financial assets recognised at the reporting date. The Group's policy is to deal only with creditworthy counterparties. The Group has no significant concentrations of credit risk.

The Group does not concentrate any of its deposits in one bank or a non-banking finance company (NBFC). This is seen as being prudent. Credit risk is managed by the management having conducted its own due diligence. The balances held with NBFC's and banks are on a short term basis. Management reviews quarterly NAV information sent by NBFC's and monitors bank counter-party risk on an on-going basis.

(c) Liquidity risk

Liquidity risk is the risk that the Group might be unable to meet its financial obligations. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. To date all investments have been funded by cash from the IPO. KTLPL has tied-up rupee term loan of INR 480 crore (£48.60 million) for financing the build out of its facility. The company has started utilisation of bank borrowing.

The Group's objective is to maintain cash and demand deposits to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for build out of the port facility is secured by sufficient equity, sanctioned credit facilities from lenders and the ability to raise additional funds due to headroom in the capital structure.

The Group manages its liquidity needs by monitoring scheduled contractual payments for build out of the port facility as well as forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored and reviewed by the management on a regular basis. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

As at 31 December 2014, the Group's non-derivative financial liabilities have contractual maturities (and interest payments) as summarised below:

	Principal payments		Interest payments	
Payment falling due	**INR in Crore**	**£000**	**INR in Crore**	**£000**
Within 1 year	–	–	29	2,974
1 to 5 years	182.00	18,470	218	22,061
After 5 years	298.00	30,130	71	7,168
Total	**480.00**	**48,600**	**318**	**32,203**

The present composite rate of interest of 13.50% and closing exchange rate has been considered for the above analysis.

In addition, the Company's liquidity management policy involves considering the level of liquid assets necessary to meet the funding requirement; monitoring balance sheet liquidity ratio against internal requirements and maintaining debt financing plans. As a part of monitoring balance sheet liquidity ratio, management monitors the debt to equity ratio and has specified optimal level for debt to equity ratio of 1.

Financial Instruments

Fair Values

Set out below is a comparison by category of carrying amounts and fair values of the entire Group's financial instruments that are carried in the financial statements.

Loans and Receivables
(Carried at amortised cost)

	Note	**Year ended 31 Dec 14 £000**	Year ended 31 Dec 13 £000
Financial Assets			
Cash and Equivalents	12	**41,041**	45,796
Trade and Other Receivables	11	**16,320**	10,273
		57,361	56,069
Financial Liability			
Borrowings	15	**9,421**	53
Trade and other payables	17	**985**	2,732
		10,406	2,785

The fair value of the Company's financial assets and financial liabilities significantly approximate their carrying amount as at the reporting date.

14 EQUITY

14.1 Issued Capital

The share capital of SPL consists only of fully paid ordinary shares of no par value. The total number of shares issued and fully paid up of the company as on each reporting date is summarised as follows:

Particulars	**Year ended 31 Dec 14**	Year ended 31 Dec 13
Shares issues and fully paid:		
Beginning of the year	**44,000,000**	44,000,000
Closing number of shares	**44,000,000**	**44,000,000**

The share premium amount to £71.59 million (prior year £71.59 million) after reduction of share issue costs. Holders of the ordinary shares are entitled to receive dividends and other distributions and to attend and vote at any general meeting.

14.2 Other Components of Equity

Retained Earnings

Retained earnings of £5.13 million (prior year £5.27 million) include all current year retained profits.

Translation Reserve

The translation reserve of£20.00 million (prior year £21.64 million) is on account of exchange differences relating to the translation of the net assets of the Group's foreign operations which relate to subsidiaries, from their functional currency into the Group's presentational currency being £.

15. BORROWINGS

Borrowings consist of the following:

	Year ended 31 Dec 14 £000	Year ended 31 Dec 13 £000
Current		
Vehicle loan	**9**	–
	9	–
Non-Current		
Bank loan	**9,403**	–
Vehicle loan	**9**	53
	9,412	53

Loan Facility

Karanja Terminal & Logistics Private Limited (KTLPL), the Indian subsidiary has successfully tied-up rupee term loan of INR 480 crore (£48.60 million) for part financing the port facility. The rupee term loan has been sanctioned by 4 Indian public sector banks and the loan agreement was executed on 28th February, 2014. The tenure of the loan is for 10 years with repayment beginning at the end of the third year. The repayment schedule is as follows:

Payment falling due	**Repayment amount INR in Crore**	**£000**
Within 1 year	–	–
1 to 5 years	182.00	18,470
After 5 years	298.00	30,130
Total	**480.00**	**48,600**

The rate of interest will be a floating rate linked to the Canara bank base rate with an additional spread of 355 basis points. The present composite rate of interest is 13.50%. The borrowings are secured by the hypothecation of the port facility and pledge of its shares. The carrying amount of the bank borrowing is considered to be a reasonable approximation of the fair value.

KTLPL has utilised the rupee term loan facility of INR 92.87 crore (£9.40 million) as of the reporting date.

16. CURRENT TAX LIABILITIES

Current tax liabilities consist of the following:

	Year ended 31 Dec 14 £000	Year ended 31 Dec 13 £000
Duties & taxes	**528**	327
Provision for Income Tax	**5,196**	4,189
Current tax liabilities	**5,724**	4,516

The carrying amounts and the movements in the Provision for Income Tax account are as follows:

	£000
Carrying amount 1 January 2014	4,189
Additional Provisions	1,007
Carrying amount 31 December 2014	**5,196**

The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final outcome of assessment by the Income Tax department on these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such determination is made. The company discharges the tax liability on the basis of income tax assessment.

17. TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	Year ended 31 Dec 14 £000	Year ended 31 Dec 13 £000
Current		
Sundry creditor	**877**	2,725
Other payables	**108**	7
	985	2,732

18. RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial of the Company and the subsidiaries listed in the following table:

Name	**Country of Incorporation**	**Field Activity**	**Ownership Interest**	**Type of share Held**
HELD BY The Company (SPL): Karanja Terminal & Logistics (Cyprus) Limited	Cyprus	Holding Company	100%	Ordinary
HELD BY Karanja Terminal & Logistics (Cyprus) Limited: Karanja Terminal & Logistics Pvt. Ltd	India	Operating Company – Terminal Project	99.71%	Ordinary

The Group has the following related parties with whom it has entered into transactions with during the year.

a) Shareholders having significant influence

The following shareholders of the Group have had a significant influence during the year under review:

- SKIL Global Ports & Logistics Limited, which is 100% owned by Mr. Nikhil Gandhi, holds 28.91% of issued share capital of SKIL Ports & Logistics Limited at the year end.
- Pavan Bakhshi holds 2% of issued share capital of SKIL Ports & Logistics Limited at the year end.

b) Key Managerial Personnel of the parent

Non-executive Directors

- Mr. Peter Anthony Jones
- Mr. James Stocks Sutcliffe
- Mr. Sunil Tandon (appointed on 16 December 2014)

Chief Executive Officer and Key Managers

- Mr. Pavan Bakhshi (Managing Director)

c) Key Managerial Personnel of the subsidiaries

Directors of KTLPL (India)

- Mr. Pavan Bakhshi
- Mr. Jay Mehta
- Mr. Jigar Shah
- Mr. Nikhil Gandhi (appointed on 13 March 2014)
  (Mr. Nikhil Gandhi is Chairman)

Directors of KTLCL (Cyprus)

- Mr. Pavan Bakhshi
- Ms. Andria Andreou
- Ms. Olga Georgiades (appointed on 1 May 2014)

d) Other related party disclosure

Entities that are controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual or close family member of such individual referred above.

- SKIL Infrastructure Limited
- JPT Securities Limited
- KLG Capital Services Limited
- Grevek Investment & Finance Private Limited
- Carey Commercial (Cyprus) Limited
- Henley Trust (Cyprus) Ltd

e) Transaction with related parties

The following transactions took place between the Group and related parties during the year ended 31 December 2014:

	Nature of transaction	**Year ended 31 Dec 14 £000**	Year ended 31 Dec 13 £000
Grevek Investment & Finance Pvt Ltd	Interest income	**–**	27
Henley Trust (Cyprus) Ltd	Administrative fees	**5**	–
Carey Commercial (Cyprus) Ltd	Administrative fees	**10**	2
		15	29

The following table provides the total amount outstanding with related parties as at year ended 31 December 2014

Carey Commercial (Cyprus) Limited – Creditor:

	Nature of transaction	**Year ended 31 Dec 14 £000**	Year ended 31 Dec 13 £000
Creditor	Administrative services	**–**	1
		–	1

SKIL Infrastructure Limited – Loan taken:

	Nature of transaction	**Year ended 31 Dec 14 £000**	Year ended 31 Dec 13 £000
Loan	Loan taken	**–**	35
		–	35

Transactions with shareholder having significant influence

SKIL Global Ports & Logistics Limited – Receivable amount:

	Nature of transaction	**Year ended 31 Dec 14 £000**	Year ended 31 Dec 13 £000
Debtors	Advances	**60**	47
		60	47

Transactions with subsidiary

None

Transactions with Key Managerial Personnel of the parent

See Key Managerial Personnel Compensation details as provided below

Transactions with Key Managerial Personnel of the subsidiaries

See Key Managerial Personnel Compensation details as provided below

Advisory services fee

None

Compensation to Key Managerial Personnel of the parent

Fees paid to persons or entities considered to be Key Managerial Personnel of the Group include:

	Year ended 31 Dec 14 £000	Year ended 31 Dec 13 £000
Directors' fees		
– Peter Jones	**45**	45
– James Sutcliffe	**40**	40
	85	85
Short-term employee benefits		
– Pavan Bakhshi	**175**	175
	175	175
Total compensation paid to Key Managerial Personnel	**260**	260

SKIL Global Ports & Logistics Limited (controlled by Mr. Nikhil Gandhi, a director) and Mr. Pavan Bakhshi, a director (together the "Founder Shareholders"), have been granted warrants by the Company to subscribe, for 4,400,000 ordinary shares at nominal consideration at the time of (1) the Multi-purpose Terminal and Logistics Park becoming fully operational and (2) the Group generating annualised consolidated revenues of at least £48 million in any consecutive three month period ending on or prior to 31 December 2015. As stated in note 3, the Board of Directors believes that under the current situation, these founder warrants will not be exercised in the next 12 months and hence no charge is recognised in the current year Statement of Comprehensive Income.

As per the contract agreement entered into with the nominated adviser (Cenkos Securities PLC), they were granted warrants to subscribe for 220,000 ordinary shares exercisable at £2.50 per share at any time within five years ending October 7, 2015. As stated under note 3, the Board of Directors believes that under the current situation, these warrants will not be exercised in the next 12 months and hence no charge is recognised in the current year Statement of Comprehensive Income.

Compensation to Key Managerial Personnel of the subsidiaries

	Year ended 31 Dec 14 £000	Year ended 31 Dec 13 £000
Directors' fees		
KTLPL - India	**44**	60
KTLCL - Cyprus	**3**	3
	47	63

Corporate Deposits

As at 31 December 2014, the Group had £1.12 million (prior year £0.95 million) as demand deposits with related parties.

	Year ended 31 Dec 14 £000	Year ended 31 Dec 13 £000
Grevek Investment & Finance Pvt Ltd	**840**	682
KLG Capital Services Ltd	**118**	115
JPT Securities Limited	**159**	155
	1,117	952

Terms and conditions of transactions with related parties

The demand deposits are unsecured, callable on demand, carrying interest at 5% per annum and settlement occurs in cash.

For the year ended 31 December 2014, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 December 2013: £ NIL). This assessment is undertaken each financial year through examining the financial position of the related party and the marketin which the related party operates.

Ultimate controlling party

The Directors do not consider there to be an ultimate controlling party.

19. CASH FLOW ADJUSTMENTS AND CHANGES IN WORKING CAPITAL

The following non-cash flow adjustments and adjustments for changes in working capital have been made to profit before tax to arrive at operating cash flow:

	Year ended 31 Dec 14 £000	Year ended 31 Dec 13 £000
Non cash flow adjustments		
Depreciation	**18**	23
Finance Income	**(2,665)**	(4,321)
Tax Expenses	**(862)**	(1,399)
Change In Current Tax Liabilities	**1,208**	1,081
	(2,301)	(4,616)
Net changes in working capital		
Change in trade & other payables	**(1,848)**	1,908
Change in borrowings	**101**	(10)
Change in trade & other receivables	**(6,047)**	(9,911)
	(7,794)	(8,013)

20. CAPITAL MANAGEMENT POLICIES AND PROCEDURE

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern
- To provide an adequate return to shareholders

By development of the port and logistics facility and effective & efficient operation of the business commensurate with the level of risk.

During the year, the group has commenced the construction of the port facility. The group has also secured sanction for bank borrowing. It has commenced the drawdown of the credit facility.

With debt and equity funding fully tied-up, the EPC contract being a fixed-price contract and given the group's substantial project execution experience, the Group is protected against any significant cost overruns. Additionally, contingencies have been factored as 5% of the project cost. The Group believes that it is adequately capitalised and will pursue a conservative capital structure during the development and operational phase.

The Board has no immediate plans for paying a dividend and as such would only consider a dividend or share buy-back at a time where the project has significant free cash flow. The capital that was raised at the time of the IPO has been earmarked for the build out of the project and for the general working capital.

Given that the project has gone into the construction phase the Group has started redeeming its deposit from NBFCs. The cash management policy is regularly reviewed at its board meetings.

Capital

The Company's capital includes share premium (reduced by share issue costs), retained earnings and translation reserve which are reflected on the face of the statement on financial position and in Note 14.

21. Operating Lease

The Group has entered into a 30 years lease agreement with the Maharashtra Maritime Board for the development of a port and logistics facility in India. The operating lease payments are capitalised at historical cost under Capital Work in Progress in the consolidated financial statement on a straight-line basis until the completion of construction.

The future minimum lease payments are as follows:

Payments falling due	**Future minimum lease payments outstanding on 31 Dec 2014 £000**	Future minimum lease payments outstanding on 31 Dec 2013 £000
Within 1 year	**173**	168
1 to 5 years	**692**	671
After 5 years	**3,390**	3,455
Total	**4,255**	4,294

The annual lease rent is payable by KTLPL in INR. The exchange rate on the reporting date has been considered for deriving the £ amount for future minimum lease payment.

22. CONTINGENT LIABILITIES AND COMMITMENTS

The group has no (2013: £ NIL) contingent liabilities as at 31 December 2014.

23. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

There is no notable events have occurred subsequent to the balance sheet date.

24. AUTHORISATION OF FINANCIALS STATEMENTS

The consolidated financial statements for the Year ended 31 December 2014 were approved and authorised for issue by the board of directors on 20 May 2015.