Annual Report & Accounts
for the Year ended 31 December 2012

CONTENTS

CHAIRMAN’S STATEMENT

I am pleased to report that the construction phase of the Group’s port and logistics facility in Karanja, Maharashtra, India is now upon us. Following the appointment of EPC contractor, after a thorough evaluation process we expect to announce the ground breaking ceremony in July 2013.

As announced at the time of the appointment of the contractor we expect that our project will be completed within 26 months from start of construction and that revenue from partial commencement of logistics facilities will start being produced during the course of 2014. The Group continues to enhance its team of experienced professionals on the ground to assist in each area of the business and we expect to make further selected hires during the course of this year to ensure that the project is delivered within the board’s expected timelines and budget.

The marketing of the facility has already started and we expect to harness further resource in this area in the coming months. Initial feedback has been very positive and endorses the Board’s view that there is pent up demand for such a facility in the region. Nobody can discount the growth that is forecast for India and with the growth comes the increased challenge of not having enough efficient port and logistics facilities to service demand. SKIL Ports & Logistics Limited (SPL) intends to address that demand. The Mumbai region remains vibrant and my team and I remain confident that we will build a world-class facility, which will aid in the growth of the region and the country.

The Group’s cash and cash equivalent balances at the year-end were £ 64.2 million. I am pleased to report that the construction cost of the project remains broadly in line with management’s expectations at the time of the IPO.

My team and I remain committed to SPL. We remain focused on building our facility and to creating shareholder value. I would like to thank our long-term shareholders who have supported us since the IPO and we look forward to rewarding this support in the coming months.

Nikhil Gandhi
Chairman

DIRECTORS' REPORT
for the period ended 31 December 2012

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 year ended 31 December 2012.

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.

Business Review

SKIL Ports & Logistics Limited was formed to build ports and logistics facilities. Its first development is in India in the state of Maharashtra. The need for efficient ports and logistics in India, in the face of a severe demand supply imbalance is a well documented fact. India's fundamental growth depends on it having modern gateways for goods to enter and leave, and infrastructure that complements this. Sadly, India continues to struggle in both these areas. SPL is creating a modern ports and logistics facility in the heart of India's commercial capital and in a state that is a gateway to a number of land-locked states.

At the time of the Company's admission to AIM ("Admission"), SPL's management stated their intention to complete construction of the facility within a 36-month period. The timetable set out at Admission always catered for potential delays arising from the intensely bureaucratic nature of receiving clearances for infrastructure projects in India. SPL's management team has successfully navigated through this delicate process and all necessary clearances needed to start works have been received. The execution of the project is undoubtedly delayed and the management believes that the port and logistics facility will be fully operational in the last quarter of year 2015.

The Group has selected and mandated a leading EPC Contractor to carry out the build phase of the project. The cost of the development is broadly in-line with what was stated at the time of the IPO

The Group has maintained a very conservative cash burn rate and had cash or cash equivalent balances of approximately £ 64.2 million as of 31 December 2012. The Directors expect the cash burn rate to increase significantly as on-site works begin.

The Group continues to analyse a number of strategic avenues to enhance shareholder value but the focus amongst the Directors and SPL management remains to deliver a world-class port and logistics facility in India. The Directors look forward to updating the market with further developments on the Group's path to becoming a leading ports and logistics developer and operator.

Principal risks and uncertainties

The Directors believe that the management of the business and the implementation of the Group's plans are potentially exposed to a variety of risks. The admission document published by the Company in connection with Admission (a copy of which is available on the Company's website at www.skilpl.com) sets out a number of the principal risks that the Directors considered, at the time of Admission, the Company and its business were potentially exposed to. Potential financial risks have also been disclosed in the Company's accounts and specifically the notes thereto.

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.

Annual General Meeting ("AGM")

The AGM will be held at 12 noon on 7th August 2013 at the Company's registered office at 1st and 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW. The notice convening the AGM and the associated form of proxy accompany this document.

Signed for and on behalf of the Directors on 28th June, 2013.

Nikhil Gandhi,
Chairman

INDEPENDENT AUDITOR 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 2012 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 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 auditor 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 6 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 2012 and of its profit 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
London
28 June 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2012

	Notes	Year ended 31 Dec 12 £000	Period from 24 Aug 10 to 31 Dec 11 £000
CONTINUING OPERATIONS			
Revenue		–	–
Administrative Expenses	5	(1,118)	(1,609)
OPERATING LOSS		**(1,118)**	**(1,609)**
Finance Income	6	5,114	5,767
Finance Cost		–	–
NET FINANCING INCOME		**5,114**	**5,767**
PROFIT BEFORE TAX		**3,996**	**4,158**
Tax expense for the year/period	7	(1,982)	(1,891)
PROFIT FOR THE YEAR / PERIOD		**2,014**	**2,267**
Profit for the year / period attributable to:			
Non-controlling interest		8	–
Owners of the parent		2,006	2,267
		2,014	**2,267**
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Profit for the year / period		2,014	2,267
Exchange differences on translating foreign operations		(1,876)	(11,824)
Total Comprehensive Income/(Expense) for the year/period		138	(9,557)
Total Comprehensive Income for the year / period attributable to:			
Non-controlling interest		8	–
Owners of the parent		130	(9,557)
		138	**(9,557)**
Earnings per share (consolidated):			
Basic & Diluted, for the year/period attributable to ordinary equity holders (pence)	9	0.046	0.056

The notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

	Notes	Year ended 31 Dec 12 £000	Period From 24 Aug 10 to 31 Dec 11 £000
Assets			
Property, plant and equipment	10	1,951	328
Total non-current assets		**1,951**	**328**
Trade and other receivables	11	363	64
Cash and cash equivalents	12	64,180	63,447
Total current assets		**64,543**	**63,511**
Total assets		**66,494**	**63,839**
Equity			
Share Premium	14	71,590	71,596
Retained earnings	14	4,273	2,267
Translation Reserve	14	(13,700)	(11,824)
Equity attributable to owners of parent		**62,163**	**62,039**
Non-controlling Interest		8	–
Total equity		**62,171**	**62,039**
Liabilities			
Non-current			
Borrowings	15	64	–
Non-current Liabilities		64	–
Current			
Current tax liabilities		3,435	1,661
Trade and other payables	15	824	139
Current liabilities		**4,259**	**1,800**
Total liabilities		**4,323**	**1,800**
Total equity and liabilities		**66,494**	**63,839**

The notes form part of these consolidated financial statements.

The financial statements were approved by the directors and authorised for issue on 28th June 2013 and were signed on their behalf by

Nikhil Gandhi
Chairman

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2012

	Notes	Year ended 31 Dec 12 £000	Period from 24 Aug 10 to 31 Dec 11 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit Before Tax		3,996	4,158
Adjustments	17	(5,105)	(5,217)
Operating profit before working capital changes		**(1,109)**	**(1,059)**
Net changes in working capital		450	75
Net cash used in operating activities		**(659)**	**(984)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,632)	(332)
Finance Income		5,114	5,767
Net cash from investing activities		**3,482**	**5,435**
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of share capital (net of issue cost)		–	71,596
Net cash from financing activities		**–**	**71,596**
Net change in cash and cash equivalents		**2,823**	**76,047**
Cash and cash equivalents, beginning of the year/period		63,447	–
Exchange differences on cash and cash equivalents		(2,090)	(12,600)
Cash and cash equivalents, end of the year/period		**64,180**	**63,447**

The notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2012

	Share Premium £000	Translation Reserve £000	Retained Earnings £000	Non-controlling Interest £000	Total Equity £000
Issue of share capital	76,006	–	–	–	76,006
Cost of issue of share	(4,410)	–	–	–	(4,410)
Transactions with owners	71,596	–	–	–	71,596
Profit for the period	–	–	2,267	–	2,267
Foreign currency translation differences for foreign operations	–	(11,824)	–	–	(11,824)
Total comprehensive income for the period	–	(11,824)	2,267	–	(9,557)
Balance at 31 December 2011	**71,596**	**(11,824)**	**2,267**	**–**	**62,039**
Balance at 1 January 2012	**71,596**	**(11,824)**	**2,267**	**–**	**62,039**
Share capital adjustment	(6)	–	–	–	(6)
Transactions with owners	(6)	–	–	–	(6)
Profit for the year	–	–	2,006	8	2,014
Foreign currency translation differences for foreign operations	–	(1,876)	–	–	(1,876)
Total comprehensive income for the year	–	(1,876)	2,006	8	138
Balance at 31 December 2012	**71,590**	**(13,700)**	**4,273**	**8**	**62,171**

The notes form part of these 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 & 2nd Floors Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW. It was listed on the Alternative Investment Market ('AIM') of 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 2012, and are presented in Great Britain Pounds Sterling (£).

The principal activities of the Group are to develop, own and operate port and logistics facilities. As at 31 December 2012, the Group had 9 (Nine) [prior period 7 (Seven)] 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.

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 for commencement of ground works at its site. The management believes that they will have sufficient equity and headroom in the capital structure for the build out of the facility. Currently the Group has no debt and limited expenses. 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.

Going Concern

Based on the above, the board of directors believes 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 2012. 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.

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 Great Britain Pounds Sterling (GBP) 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 - Euro
Karanja Terminal & Logistics Private Limited - 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 remeasurement 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 GBP are translated into GBP upon consolidation.

On consolidation, the assets and liabilities of foreign operations are translated into GBP at the closing rate at the reporting date. The income and expenses of foreign operations are translated into GBP 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 accrual 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) INCOME TAX

Tax expense recognised in profit or loss comprises of current tax.

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 measured at the reporting date at the amount expected to be recovered from or paid to the taxation authorities. Current tax is payable on taxable profit, which may differ from profit or loss in the financial statements. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(g) 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.

(h) FINANCIAL LIABILITIES

The Group's financial liabilities include trade and other payables. 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.

All interest related charges are included within 'finance costs' or 'finance income'.

(i) 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 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 and direct labour, 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 capitalized as part of that equipment.

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

Depreciation is recognised in the Statement of Comprehensive income on a straight line basis. Leasehold improvements are amortized over the shorter of the lease term or their useful lives.

The Estimated depreciation rates for the current year are as

Assets	Estimated Life of assets
Equipment	3-5 Years
Computers	2-3 Years
Furniture	5-7 Years
Leasehold Improvement	1-2 Years
Vehicle	5-7 Years

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

(j) TRADE RECEIVABLES AND PAYABLES

Trade receivables are financial assets categorized as loans and receivables, measured initially at fair value and subsequently at amortised cost using 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 effective interest rate method.

(k) 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.

(l) 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 period retained profits.

(m) 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 profit and loss as incurred. There is currently no impairment of property, plant and equipment.

(n) 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. These are listed below and are 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 2013 are:

- IFRS 9 Financial Instruments (effective 1 January 2015)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2014)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The following are significant management judgements 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 Founders Shareholders and to Cenkos Securities PLC (Nominated Adviser) will not be exercised nor vested in next 24 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 to 24 months period is almost zero. The Board will maintain to assess the treatment of these outstanding warrants on a six monthly basis. No charge has been recognised as the fair value of these options are considered immaterial.

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, the Board of directors has decided to keep GBP as the functional currency. 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, operating expenses and revenue are expected to be in INR.

Capitalisation of expenses related to port and logistics facility

Management judgment is required for the capitalisation or expensing of costs incurred for the 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 port and logistics facility under development are carried at historical cost under Capital Work In Progress as the management believes that these expenses will generate probable future economic benefits. These costs include professional fees, material charges, construction costs and other direct expenditure.

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 capitalized at historical cost under Capital Work in Progress in the consolidated financial statement on a straight line basis until the completion of project.

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 12 £000	Period from 24 Aug 10 to 31 Dec 11 £000
Employee costs	277	334
Travelling expenses	345	382
Professional fees	278	688
Directors' fees	88	104
Communication charges	29	28
Other administration costs	92	69
Foreign exchange loss	0	0
Depreciation	9	4
	1,118	**1,609**

6. FINANCE INCOME

	Year ended 31 Dec 12 £000	Period from 24 Aug 10 to 31 Dec 11 £000
Interest on demand deposits	5,087	5,660
Interest on bank deposits	27	107
	5,114	5,767

7. INCOME TAX

The major components of tax expense and the reconciliation of the expected tax expense and the reported tax expense in statement of comprehensive income are as follows:

	Year ended 31 Dec 12 £000	Period from 24 Aug 10 to 31 Dec 11 £000
Profit Before Tax	3,996	4,158
Applicable tax rate in India*	32.45%	32.79%
Expected tax expense	1,297	1,363
Adjustment for non-deductible losses of SPL & Cyprus entity against income from India	268	–
Adjustment for non-deductible expenses	93	528
Short provision in previous year	324	–
Actual tax expense	**1,982**	**1,891**

*Considering that the Group's operations are presently based in India, the effective tax rate of the Group of 32.45% (previous period 32.79%) 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 £1,982,000 (prior period £1,891,000) 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 or gains and there will be no requirement to deduct withholding tax from payments of dividends to non-resident shareholders. There is no corporation, capital gain or inheritance taxes payable in Guernsey.

In Cyprus, tax rate for companies is 10% till 31 December 2012. With effect from 1 January 2013, the tax rate has increased to 12.5%. There is no inheritance tax in Cyprus.

The major components of income tax expense:

	Year ended 31 Dec 12 £000	**Period from 24 Aug 10 to 31 Dec 11 £000**
CURRENT INCOME TAX		
Current income tax charge	1,982	1,891
DEFERRED TAX		
Relating to origination and reversal of temporary differences	–	–
Income tax expense reported in the income statement	**1,982**	**1,891**

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 12 £000	**Period from 24 Aug 10 to 31 Dec 11 £000**
FEES PAID AS		
Statutory auditors(*)		
- Interim review	17	15
- Annual audit	45	30
Non audit service(**)	–	73
Prior Period Overruns	17	–
	79	**118**

(*) charged to the statement of comprehensive income
(**) charged to the share premium account in prior period as part of share issue expenses.

9. EARNINGS PER SHARE

Both basic and diluted earnings per share for the period ended 31 December 2012 have been calculated using the profit attributable to equity holders of the Group of £ 2,006,000 (previous period £ 2,267,000).

	Year ended 31 Dec 12	Period from 24 Aug 10 to 31 Dec 11
Profit attributable to equity holders of the parent	£ 2,006,000	£ 2,267,000
Weighted average number of shares used in basic & diluted earnings per share	44,000,000	40,253,737
EARNINGS PER SHARE	**Pence**	**Pence**
Basic & Diluted earnings per share	0.046	0.056

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	Capital Work In Progress £000	Total £000
GROSS CARRYING AMOUNT					
Balance 24 August 2010	–	–	–	–	–
Additions	6	11	9	306	332
Balance 31 December 2011	**6**	**11**	**9**	**306**	**332**
DEPRECIATION					
Balance 24 August 2010	–	–	–	–	–
Charge for the period	(2)	(1)	(1)	–	(4)
Balance 31 December 2011	(2)	(1)	(1)	–	(4)
Carrying amount 31 December 2011	4	10	8	306	328

	Computers £000	Office Equipment £000	Furniture £000	Vehicles £000	Capital Work In Progress £000	Total £000
GROSS CARRYING AMOUNT						
Balance 1 January 2012	6	11	9	–	306	332
Additions	4	6	–	47	1,575	1,632
Balance 31 December 2012	**10**	**17**	**9**	**47**	**1,881**	**1,964**
DEPRECIATION						
Balance 1 January 2012	(2)	(1)	(1)	–	–	(4)
Charge for the year	(2)	(2)	(1)	(4)	–	(9)
Balance 31 December 2012	**(4)**	**(3)**	**(2)**	**(4)**	**–**	**(13)**
Carrying amount 31 December 2012	**6**	**14**	**7**	**43**	**1,881**	**1,951**

11. TRADE AND OTHER RECEIVABLES

	Year ended 31 Dec 12 £000	Period from 24 Aug 10 to 31 Dec 11 £000
Deposits	298	2
Debtors		
Related Party	35	34
Prepayment	24	24
Other	6	4
	363	**64**

12. CASH AND CASH EQUIVALENTS

	Year ended 31 Dec 12 £000	Period from 24 Aug 10 to 31 Dec 11 £000
Cash at bank and in hand	3,868	4,702
Deposits	60,312	58,745
	64,180	**63,447**

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 £64,180,000 (prior period £63,447,000).

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) Foreign exchange 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 Great Britain Pound.

The functional currency of SPL is GBP. 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. Any difference in cash balances on the account of exchange rate fluctuations between INR/GBP are taken in equity as the translation currency is INR and the presentation currency is GBP. 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, operating expenses and revenue are all expected to be in INR and hence there exist no foreign exchange risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at 31st December 2012 the Group has no debt instruments or interest rate derivatives and therefore, Group has limited interest rate risk other than what it receives in interest with regards to the cash the group has invested in India. Further, majority of the Group's cash is invested in the fixed rates of deposits in India and thus there would not be a material impact on the Group's equity.

(b) Credit risk

Credit risk is the risk that counterparty fails to discharge an obligation to the Group. The Group's maximum exposure 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 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. The group receives a fixed interest and thus has limited interest rate risk. 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. To date all investments have been funded by cash from the IPO and the Group has no debt. The Group has adequate cash to pay its creditors.

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 12 £000**	**Period from 24 Aug 10 to 31 Dec 11 £000**
Financial Assts			
Cash and Equivalents	12	64,180	63,447
Trade and Other Receivable	11	363	64
		64,543	63,511
Financial Liability			
Trade and payables	15	824	139
		824	139

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 12	Period from 24 Aug 10 to 31 Dec 11
Shares issues and fully paid:		
Beginning of the year/period	44,000,000	–
shares issued during the year/period	–	44,000,000
Closing number of shares	**44,000,000**	**44,000,000**

The share premium amount to £71,590,000 (previous period £71,596,000) 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 £ 4,273,000 (prior period £2,267,000) include all current year retained profits.

Translation Reserve

The translation reserve of £13,700,000 (prior period £11,824,000) is on account of exchange differences relate 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 functional currency being GBP.

15. TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	Year ended 31 Dec 12 £000	Period from 24 Aug 10 to 31 Dec 11 £000
Current		
Sundry creditors	816	139
Borrowings - vehicles	8	–
Current Liabilities	824	139
Non Current		
Borrowings - vehicles	64	–
	64	**–**

16. RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial statements 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	99.70%	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 at the year end.

b) Key Managerial personnel

Non-executive Directors

- Mr. Peter Anthony Jones
- Mr. James Stocks Sutcliffe

Chief Executive Officer and Key Managers

- Mr. Pavan Bakhshi (Managing Director)

c) Other related party disclosures

- SKIL Infrastructure Ltd.
- JPT Securities Limited.
- Grevek Investment & Finance Private Limited.

The following transactions took place between the Group and related parties during the year ended 31 December 2012:

Transactions with shareholder having significant influence

SKIL Global Ports & Logistics Limited – Receivable amount:

	Year ended 31 Dec 12 £000	Period from 24 Aug 10 to 31 Dec 11 £000
Debtors	35	34
	35	34

Transactions with subsidiary

None

Transactions with key management personnel of the parent

See Key Management Personnel Compensation details as provided below

Advisory services fee

None

Key management personnel compensation

Fees paid to persons or entities considered to be key management personnel of the Group include:

	Year ended 31 Dec 12	Period from 24 Aug 10 to 31 Dec 11
Directors' fees	85	85
– Peter Jones	45	45
– James Sutcliffe	40	40
Consultancy charges		
– Salaries	–	–
Short-term employee benefits	–	–
– Pavan Bakhshi	175	175
– Total compensation paid to key management personnel	175	175

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 by 31 December 2015 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 no. 3, the Board of Directors believes that under the current situation, these founder warrants will not be exercised in the next 24 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 no. 3, the Board of Directors believes that under the current situation, these warrants will not be exercised in the next 24 months and hence no charge is recognised in the current year Statement of Comprehensive Income.

Corporate deposits

As at 31 December 31, 2012, the Group had £ 1,732,665 (previous period £ 975,594) as demand deposits with related parties.

1. Name: Grevek Investment & Finance Private Limited
   Amount of deposit: INR 153,065,000 (£ 1,732,665, previous period £ 417,944)
   Nature: Unsecured; Callable on Demand
   Interest Rate: 5 per cent per annum
   Nature of Relationship: Mr. Nikhil Gandhi has a controlling interest in Grevek Investment & Finance Private Ltd.

Ultimate controlling party

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

17. 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 12 £000	Period from 24 Aug 10 to 31 Dec 11 £000
Adjustments		
Depreciation	9	4
Finance income	(5,114)	(5,767)
Miscellaneous	–	546
	(5,105)	**(5,217)**
Net changes in working capital		
Change in trade and other receivables	(299)	(64)
Change in trade and other payables	749	139
	450	**75**

18. CAPITAL MANAGEMENT POLICIES AND PROCEDURE

The Group's capital management objectives are:

- To ensure the Group's ability to continue as 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.

The Group currently has no debt. The Group will source debt once all the requisite approvals are in place and construction begins. The Group believes that it is adequately capitalised and will pursue a conservative capital structure during the development and operational phrase. 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 Group's project in Navi Mumbai and for the general working capital of the Group.

As building of the project has not commenced the Group manages its capital by depositing its funds with various banks and NBFCs (Non-Banking Financial Companies). The Group seeks to maximize its interest income through this route in preparation for the build out of the project. Once the project build out commences the cash usage rate will increase and the management will seek to manage the cash usage in a conservative manner while always maintaining enough head room to employ debt securities or hybrid securities. The cash management policy is reviewed at 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.

19. OPERATING LEASE

The future minimum lease payments are as follows:

	Future minimum lease Payments outstanding on 31 Dec 2012 £000
Payments falling due	
Within 1 year	193
1 to 5 year's	967
After 5 year's	4,255
Total	**5,415**

20. CONTINGENT LIABILITIES AND COMMITMENTS

The group has provided bank guarantee of £ 12,452 (prior period 'Nil') in favour of Maharashtra Pollution Control Board for its terminal project. The group has no other contingent liabilities as at 31 December 2012. The Group does not have any capital commitments as at 31 December 2012 (prior period 'Nil').

21. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Following notable events have occurred subsequent to the balance sheet date:

1. The Expert Appraisal Committee of the Ministry of Environment, New Delhi recommended the project for final environmental clearance.
2. Appointment of EPC contractor.

22. AUTHORISATION OF FINANCIALS STATEMENTS

The consolidated financial statements for the year ended 31 December 2012 were approved and authorized for issue by the board of directors on 28 June 2013.