

FINANCIAL STATEMENT

2015-2016

GLOBAL MEDIAWORKS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

To,
The Management of
Reliance MediaWorks Limited
Mumbai, India

Report on the Financial Statements

We have audited the translation of accompanying financial statements of Global Media Works (UK) Ltd. ('the Company'), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting fraud and other regularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that we are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Companies Act 2013 to the extent applicable, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Companies Act, 2013 and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013. . Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. In doing so we have also placed reliance upon the financial statements audited by PBG Associates Ltd London and management certified notes and policies.

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

Chokshi and Co LLP

Chartered Accountants
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preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2016 and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following matters in the Notes to the financial statements:-

1. Note no.15 of the Notes to Accounts to the financial statements which respectively indicates that, The management of Reliance MediaWorks Limited the parent company considers it appropriate to prepare the financial statements on a going concern basis on the assumption that the facilities shall not be recalled by providers of finance and that the funds shall be made available by the main shareholder who has undertaken to provide financial support for the foreseeable future. Accordingly no adjustments are required to be made in the carrying value of Assets and Liabilities.

For Chokshi & Co. LLP

Chartered Accountants

Registration Number: 131228W/W100044

Sd/-

Kalpen Chokshi

Partner

Membership No.: 135047

Place : Mumbai

Date: August 30, 2016

Global MediaWorks (UK) Limited

Balance sheet as at March 31,2016

	Note	As at March 31, 2016 (INR)	As at March 31, 2016 (GBP)	As at March 31, 2015 (INR)	As at March 31, 2015 (GBP)
I EQUITY AND LIABILITIES					
1 Shareholders' funds					
(a) Share capital	2	847,000	10,000	847,000	10,000
(b) Reserves and surplus	3	(1,196,029,068)	(12,579,049)	(1,169,141,870)	(12,605,302)
2 Non-current liabilities					
(a) Long-term borrowings		-	-	-	-
(b) Deferred tax liabilities (net)		-	-	-	-
(c) Other long-term liabilities		-	-	-	-
(d) Long-term provisions		-	-	-	-
3 Current liabilities					
(a) Short-term borrowings	4	1,176,631,195	12,373,960	1,147,763,983	12,373,960
(b) Trade payable (refer note 21)		19,021,947	200,043	13,750,951	148,248
(c) Other current liabilities	5	5,792,079	60,912	8,943,572	96,420
(d) Short-term provisions		-	-	-	-
		6,263,153	65,866	2,163,636	23,326
II ASSETS					
1 Non-current assets					
(a) Fixed assets		-	-	-	-
(i) Tangible assets		-	-	-	-
(ii) Intangible assets		-	-	-	-
(b) Non-current investments		-	-	-	-
(c) Deferred tax assets (net)		-	-	-	-
(d) Long-term loans and advances	6	-	-	-	-
(e) Other non-current assets		-	-	-	-
2 Current assets					
(a) Current Investments		-	-	-	-
(b) Inventories		-	-	-	-
(c) Trade receivables	7	684,643	7,200	-	-
(d) Cash and bank balances	8	496,426	5,221	2,163,636	23,326
(e) Short-term loans and advances	9	-	-	-	-
(f) Other current assets		5,082,084	53,445	-	-
		6,263,153	65,866	2,163,636	23,326

Significant accounting policies

1

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

As per report on financial statements of even date attached.

For Chokshi & Co LLP
Chartered Accountants
Firms' Registration No: 131228W/W100044

For Reliance MediaWorks Limited

Sd/-
Kalpen Chokshi
Partner
Membership No: 135047
Place : Mumbai
Date : August 30, 2016

Sd/-
Satish Kadakia
Authorised Signatory

Place : Mumbai
Date : August 30, 2016

Global MediaWorks (UK) Limited

Statement of profit and loss for the year ended March 31, 2016

		For the year ended March 31, 2016	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2015
	Note	(INR)	(GBP)	(INR)	(GBP)
I. Revenue from operations	10	-	-	-	-
II. Other income		-	-	-	-
Other Income (Rent)		5,764,590	58,500	-	-
Gain due to foreign exchange fluctuation		(29,474,171)	-	80,305,883	-
III. Total revenue		<u>(23,709,581)</u>	<u>58,500</u>	<u>80,305,883</u>	<u>-</u>
IV. Expenses					
Other expenses	10	3,177,616	32,247	175,144,634	1,820,232
Total expenses		<u>3,177,616</u>	<u>32,247</u>	<u>175,144,634</u>	<u>1,820,232</u>
V. Profit / (Loss) before exceptional and extra ordinary item and tax (III- IV)		(26,887,198)	26,253	(94,838,751)	(1,820,232)
VI. Exceptional items					
VII. Profit / (Loss) before extra ordinary item and tax (V- VI)		(26,887,198)	26,253	(94,838,751)	(1,820,232)
VIII. Extraordinary items		-	-	-	-
IX. Profit / (loss) before tax (VII-VIII)		(26,887,198)	26,253	(94,838,751)	(1,820,232)
X. Tax expenses					
Current tax		-	-	-	-
Profit / (Loss) after tax (IX-X)		(26,887,198)	26,253	(94,838,751)	(1,820,232)
Basic		(2,689)	3	(9,484)	(182)
Diluted		(2,689)	3	(9,484)	(182)

Significant accounting policies

1

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

As per report on financial statements of even date attached.

For Chokshi & Co LLP
Chartered Accountants
Firms' Registration No: 131228W/W100044

For Reliance MediaWorks Limited

Sd/-
Kalpen Chokshi
Partner
Membership No: 135047
Place : Mumbai
Date : August 30, 2016

Sd/-
Satish Kadakia
Authorised Signatory

Place : Mumbai
Date : August 30, 2016

Global MediaWorks (UK) Limited

Cash flow statement for the year ended March 31, 2016

	For the year ended March 31, 2016	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2015
	(INR)	(GBP)	(INR)	(GBP)
A. Cash flow from operating activities				
Net loss before tax	(26,887,198)	26,253	(94,838,751)	(1,820,232)
Adjustment for:				
Depreciation and amortization expense	-	-	-	-
Operating profit before working capital changes	(26,887,198)	26,253	(94,838,751)	(1,820,232)
Adjustment for:				
Increase/(decrease) in sundry debtors	(684,643)	(7,200)	28,635,923	287,440
Increase/(decrease) in short term loans and advances	-	-	165,163,242	1,657,866
(Increase) in non current loans and advances	-	-	161,491	1,621
(Decrease)/ Increase in short term borrowings	28,867,211	-	(68,250,147)	167,924
(Decrease)/ Increase in trade payables	5,270,996	51,795	(35,076,812)	(341,867)
(Decrease)/ Increase in Other current liabilities	(3,151,493)	(35,508)	4,333,870	50,149
Increase/(decrease) in short term loans and advances	(5,082,084)	(53,445)	-	-
Operating loss before working capital changes	(1,667,210)	(18,105)	128,816	2,901
Taxes paid (net of refunds)	-	-	-	-
Net cash used in operating activities (A)	(1,667,210)	(18,105)	128,816	2,901
B. Cash flow from investing activities				
Purchase of fixed assets	-	-	-	-
Net cash generated from investing activities (B)	-	-	-	-
C. Cash flow from financing activities				
Loan from related party	-	-	-	-
Net cash flow from financing activities (C)	-	-	-	-
Net increase / (decrease) in cash and cash equivalent	(1,667,210)	(18,105)	128,816	2,901
Cash and cash equivalents as at beginning of the period	2,163,636	23,326	2,034,820	20,425
Cash and cash equivalents as at end of the period	496,426	5,221	2,163,636	23,326

The accompanying notes form an integral part of the financial statements.
As per report on financial statements of even date attached.

For Chokshi & Co LLP
Chartered Accountants
Firms' Registration No: 131228W/W100044

Sd/-
Kalpen Chokshi
Partner
Membership No: 135047
Place : Mumbai
Date : August 30, 2016

For Reliance MediaWorks Limited

Sd/-
Satish Kadakia
Authorised Signatory

Place : Mumbai
Date : August 30, 2016

Global MediaWorks (UK) Limited

Notes to the financial statements for the year ended March, 2016

	As at March 31, 2016 (INR)	As at March 31, 2016 (GBP)	As at March 31, 2015 (INR)	As at March 31, 2015 (GBP)
2 Share capital				
<i>Authorised</i>				
*10,000,000 shares of GBP 1 each	84,700,000	1,000,000	84,700,000	1,000,000
<i>Issued, subscribed and paid-up capital</i>				
*10000 shares of GBP 1 each				
* Face value of the shares denominated in GBP	847,000	10,000	847,000	10,000
	847,000	10,000	847,000	10,000

Note 2(a) Reconciliation of the shares outstanding at the beginning and at the end of the period

	March 31, 2016		March 31, 2015	
	No of Shares	Amount in Rs.	No of Shares	Amount in Rs.
<i>Shares issued as at beginning of the period</i>	847,000	10,000	847,000	10,000
<i>Share issued during the period</i>	-	-	-	-
<i>Buyback/ forfeiture/ reduction shares</i>	-	-	-	-
<i>Shares issued as at end of the period</i>	847,000	10,000	847,000	10,000

Note 2(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of GBP 1 per share. Each equity holder entitle to one vote per share. The Company declares and pays dividends in GBP. The dividend proposed by the Board of the Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note 2(c) Shares in respect of each class of company held by its holding company or its ultimate holding company including shares held by subsidiaries or associates of the holding companies or the ultimate holding company in aggregate.

Particulars	%	As at March 31, 2016		As at March 31, 2015	
		Number of Shares	Amount in Rs.	Number of Shares	Amount in Rs.
Reliance MediaWorks Limited	100	847,000	10,000	847,000	10,000

	As at March 31, 2016 (INR)	As at March 31, 2016 (GBP)	As at March 31, 2015 (INR)	As at March 31, 2015 (GBP)
3 Reserves and surplus				
Profit & loss account				
At the beginning of the period	(1,169,141,870)	(12,605,302)	(1,074,303,119)	(10,785,070)
Add: Profit/ (Loss) for the year as per statement of profit & loss	(26,887,198)	26,253	(94,838,751)	(1,820,232)
Less: Appropriations	-	-	-	-
	(1,196,029,068)	(12,579,049)	(1,169,141,870)	(12,605,302)
4 Short-term borrowing				
<i>Loans and advance from related parties (unsecured)</i>				
Loan from Holding company	1,176,631,195	12,373,960	1,147,763,983	12,373,960
	1,176,631,195	12,373,960	1,147,763,983	12,373,960
5 Other current liabilities				
Other current liabilities	5,677,972	59,712	5,538,670	59,712
Rates and taxes	114,107	1,200	3,404,902	36,708
	5,792,079	60,912	8,943,572	96,420

Global MediaWorks (UK) Limited

Notes to the financial statements for the year ended March 31, 2016 (Continued)

	As at March 31, 2016 (INR)	As at March 31, 2016 (GBP)	As at March 31, 2015 (INR)	As at March 31, 2015 (GBP)
6 Long-term loans and advances				
Unsecured, considered good;				
Security deposits	154,140	1,621	150,358	1,621
Less: Provision for the same	(154,140)	(1,621)	(150,358)	(1,621)
	-	-	-	-
7 Trade Receivables				
Unsecured, Considered good				
Debts outstanding for a period exceeding six months	28,017,111	294,640	26,661,900	287,440
Provision for doubtful debts	(27,332,468)	(287,440)	(26,661,900)	(287,440)
	684,643	7,200	-	-
8 Cash and bank balances				
Cash and cash equivalents				
Barclays bank- Current Account	496,426	5,221	2,163,636	23,326
	496,426	5,221	2,163,636	23,326
9 Short term loans & Advances				
Loans and advances to related parties	117,663,086	1,237,396	113,406,479	1,222,627
Others	41,386,572	435,239	40,371,203	435,239
Less: Provision for the same	(159,049,658)	(1,672,635)	(153,777,682)	(1,657,866)
	-	-	-	-
10 Other Expenses				
Rent	618,057	6,272	-	-
Professional fees	264,876	2,688	2,164,974	22,500
Audit Fees	561,678	5,700	817,879	8,500
Miscellaneous expenses	-	-	1,326,888	13,790
Bank Charges	277,703	2,818	264,608	2,750
Provision for Loans and Advances	1,455,303	14,769	170,570,286	1,772,692
	3,177,616	32,247	175,144,634	1,820,232

Global Media Works (UK) Limited

Notes to the financial statements for the year ended March 31, 2016

Background

Global MediaWorks (UK) Limited, ('the Company') is a wholly owned subsidiary of Reliance MediaWorks Limited. The Company is primarily engaged in the business of film distribution and film services in the territory of United Kingdom, Benelux and also has a visual effects and processing lab facility in London.

Basis of Accounting

The financial statements of the Company have been prepared under the historical cost convention on the accrual basis in accordance with the Accounting Standards ('AS') notified in the Companies (Accounting Standard) Rules, 2006 to the extent applicable to the Company.

The Company maintains its books of accounts in Great Britain Pound (GBP), the local currency in United Kingdom. These financial statements have been prepared in GBP and presented in Indian Rupees (Rs.) and GBP. The Management of the Parent Company considers the operations of the Company as being integral to its operations and hence the financial statements have been translated in Indian rupees under the integral method of translation as specified in AS – 11 (Revised) "The Effects of Changes in Foreign Exchange Rates".

1. Significant Accounting Policies

a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

b) Revenue

Sales represents amounts receivable for goods and services net of VAT.

Revenue is recognized to the extent it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. The amount recognized as sales is exclusive of value added tax and net of trade discounts if any.

Revenue on distribution of movies is recognized upon date of releases / exhibition. Revenue from sale of DVD is primarily recognized when there is delivery of goods. Revenue from the laboratory is recognized upon completion of the related processing /printing.

Revenue from processing of digital content is recognized using the proportionate completion method. Use of the proportionate completion method requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended. Efforts expended have been used to measure progress towards completion, as there is a direct relationship between efforts expended and contracted output.

c) Deferred Tax :

Income Tax expense consists of current tax expense and the net change in the deferred tax asset or liability during the period.

Current Income Taxes

The current income tax expense from operations consists of federal and state income taxes payable by the Company under the laws of United Kingdom.

Global Media Works (UK) Limited

Notes to the financial statements for the year ended March 31, 2016

Deferred income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down/up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

d) Foreign currency transactions

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognized in the statement of profit and loss of the period. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognized in the statement of profit and loss.

Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

e) Foreign currency translation

The financial statements are reported in Indian rupees in accordance with AS-11 – ‘The Effects of Changes in Foreign Exchange Rates’ which specifies translation of foreign subsidiaries on the basis of their classification as integral / non-integral to the operations of the Holding Company.

Subsidiaries which are classified as integral: Translation of the local currency financials of integral operations is performed in respect of assets and liabilities other than fixed assets, using the exchange rate in effect at the balance sheet date and for revenue and expense items other than the depreciation costs, using average exchange rate during the reporting period. Net exchange difference resulting from the above translation of the financial statements of integral foreign subsidiaries is recognised in the statement of profit and loss. Fixed assets are translated at exchange rates on the date of the transaction and depreciation on fixed assets is translated at exchange rates used for translation of the underlying fixed assets.

Subsidiaries which are classified as non-integral: Translation of local currency financials of non-integral operations wherein the translation of the local currency balances of the assets and liabilities are translated at the exchange rate in effect at the balance sheet date and for revenue and expense items at the average exchange rate during the reporting period. Net exchange differences resulting from the above translation of the financial statements is accumulated in a ‘Foreign currency translation reserve’, disclosed as Reserves and surplus.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to statement of profit and loss.

f) Leases

The Company recognizes lease rental on a straight line basis over the term of the lease agreement.

Global Media Works (UK) Limited

Notes to the financial statements for the year ended March 31, 2016

g) Impairment

The Company reviews long-lived assets, including intangible assets and Goodwill, for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be fully recoverable. The Company generally evaluates assets (or Cash generating units) for impairment. If the sum of the expected discounted future cash flows is less than the carrying amount of the assets, the Company recognizes an impairment charge in the amount by which the carrying value of the assets exceeds their fair market value.

h) Provisions and contingencies

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognized when the Company recognizes it has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

NOTES TO ACCOUNTS

11. Earnings per share

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	INR	GBP	INR	GBP
Profit (Loss) for the year	(26,887,198)	26,253	(9,48,38,751)	(18,20,232)
No. of Equity Share	10,000	10,000	10,000	10,000
Earning (Loss) Per Share	(2,689.60)	2.62	(9,483.88)	(182.02)
Nominal value per share		1.00		1.00

12. Related party transactions:

Ultimate Holding Company

- Reliance Land Private Limited

Parent Company

- Reliance MediaWorks Limited

Fellow Subsidiary Companies

- ☐ Reliance MediaWorks (USA) Inc.
- ☐ Reliance MediaWorks (Netherland) B.V. (upto December 29, 2015)
- ☐ Reliance MediaWorks (Mauritius) Limited (upto April 07, 2015)
- ☐ Reliance MediaWorks Theatres Limited
- ☐ Big Synergy Media Limited
- ☐ Gener8 India Media Services Limited (formerly known as Reliance MediaWorks Entertainment Services Limited (upto April 07, 2015)
- ☐ Reliance Media Consultant Private Limited (upto February 18, 2016)

Global Media Works (UK) Limited

Notes to the financial statements for the year ended March 31, 2016

- Cinema Ventures Private Limited (formerly known as Reliance Media Ventures Private Limited)(upto July 31, 2015)
- Reliance MediaWorks Creative Services Limited (applied for fast track exit on March 23, 2016)
- Big Cinemas Entertainment LLC
- Big Cinemas Entertainment (DE) LLC
- Big Cinemas Laurel LLC
- Big Cinemas Falls Church LLC
- Big Cinemas Norwalk LLC
- Big Cinemas Galaxy LLC
- Big Cinemas Sahil LLC
- Big Cinemas SAR LLC (upto April 3, 2015)
- Phoenix Big Cinemas Management LLC (upto December 31, 2014)
- Big Cinemas Phoenix LLC (upto December 31, 2014)
- Big Cinemas Exhibition LLC (upto March 4, 2015)
- Big Cinemas IMC LLC
- Big Pictures USA Inc.
- Reliance Media & Marketing Communications LLC (upto March 4, 2015)
- Reliance Lowry Digital Imaging Services Inc. (upto April 7,2015)
- Reliance MediaWorks VFX Inc.
- Reliance MediaWorks Creative Services Limited (upto July 18, 2014)

The Company has entered into the following related party transactions

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	INR	GBP	INR	GBP
Loans taken from Parent Company	-	-	-	-
Loan given to Reliance MediaWorks Netherland B.V.	1,404,340	14,768.65	-	-
Loan outstanding from Parent Company & Fellow Subsidiaries	1,176,631,195	12,373,960	1,147,763,983	12,373,960
Outstanding advance from Reliance MediaWorks Ltd	10,982,815	115,500	10,713,364	115,500
Provision for Loans and Advances to Fellow Subsidiaries	117,663,086	1,237,396	113,406,479	1,222,627

13. Going concern

The management of Reliance Media Works Limited the parent company considers it appropriate to prepare the financial statements on a going concern basis on the assumption that the facilities shall not be recalled by providers of finance and that the funds shall be made available by the main shareholder who has undertaken to provide financial support for the foreseeable future. Accordingly no adjustments are required to be made in the carrying value of Assets and Liabilities.

Provisions and Contingencies

14. There are currently a few claims that have been made against the company Digital Domain Media Group, a company in the United States, pursued a legal action against Reliance Media Works Limited, Reliance Media Works Entertainment Services Limited, Global Media Works (UK) Limited for an amount of GBP 1.7 Million under USA Bankruptcy rules. The directors are disputing this action vigorously.

The Company has surrendered its lease for its UK office and is in litigation with the landlord.

Global Media Works (UK) Limited

Notes to the financial statements for the year ended March 31, 2016

There is also legal action against the company for non- payment of rates, VAT, payroll taxes. Management has been in contact with HM Revenue and Customs in order to determine any outstanding tax liabilities with a view to settling them. However management believes there should be no such liabilities outstanding to pay as the company has ceased trading.

The directors are of the opinion that no liabilities should be payable, as the company has ceased trading.

15. The Company is engaged primarily in Film Services operations during the year hence no reporting with respect to segments has been done.
16. Under the Micro, Small and Medium Enterprises Development Act, 2006 certain disclosures are required to be made relating to Micro, small and medium enterprises. According to information available with the management, none of the vendors are covered under the Act.
17. Global Media Works (UK) Limited ('the Company') is a Company incorporated in United Kingdom and hence information relating to expenses in foreign currency, amounts remitted, earnings in foreign currency, value of imported raw material, spare parts etc., have not been furnished.
18. The figures for the current period have been regrouped / rearranged wherever considered necessary to conform to the current period's presentation.

As per our report of even date attached.

For Chokshi & Co LLP

Firms' Registration No: 131228W / W100044

Chartered Accountants

Sd/-

Kalpen Chokshi

Partner

Membership No. 135047

Place: Mumbai

Date: August 30, 2016

For Reliance MediaWorks Limited

Sd/-

Satish Kadakia

Authorised Signatory

Place: Mumbai

Date: August 30, 2016