RELIANCE MEDIAWORKS (MAURITIUS) LTD
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	2017 Rs	2016 Rs
ASSETS			
Non-current assets			
Investment in subsidiary	5	109,967,550	109,967,550
Investment in associate	6	-	471,289,500
Total non-current assets		**109,967,550**	**581,257,050**
Current assets			
Amount due by fellow subsidiary	7	813,857,034	559,584
Cash and cash equivalents		-	100,834
Total current assets		**813,857,034**	**660,418**
TOTAL ASSETS		**923,824,584**	**581,917,468**
CAPITAL AND RESERVES			
Equity			
Share capital	9	1,000	1,000
Accumulated losses		29,099,487	(487,136,723)
Shareholder's deficit		**29,100,487**	**(487,135,723)**
Current liabilities			
Loan from holding company	7	894,618,898	898,784,241
Amount due to fellow subsidiary		-	-
Other payables	8	105,200	170,268,950
Total current liabilities		**894,724,097**	**1,069,053,191**
TOTAL EQUITIES AND LIABILITIES		**923,824,584**	**581,917,468**

Approved by the Board of Directors and authorised for issue on …………………………..

…………………………………………………………)
)
) **DIRECTORS**
…………………………………………………………)

The notes on pages 6 to 19 form part of these financial statements.

RELIANCE MEDIAWORKS (MAURITIUS) LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017	2016
		Rs	Rs
INCOME			
Revenue from operation		-	-
Other income - Profit on sale of investments		519,280,900	-
		519,280,900	**-**
EXPENSES			
Impairment of amount due by group entities		-	(902,715)
General & administrative expenses		(51,750)	(101,481)
Exchange gain/(loss)		(2,992,940)	76,304,887
PROFIT FOR THE YEAR BEFORE TAXATION		**516,236,210**	**75,300,691**
TAXATION	11	-	-
NET PROFIT/(LOSS) FOR THE YEAR AFTER TAXATION		**516,236,210**	**75,300,691**
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**516,236,210**	**75,300,691**

The notes on pages 6 to 19 form part of these financial statements.

RELIANCE MEDIAWORKS (MAURITIUS) LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Share capital	Accumulated losses	Total
	Rs	Rs	Rs
At 1 April 2015	1,000	(562,437,414)	(562,436,414)
Total comprehensive loss for the year	-	75,300,691	75,300,691
At 31 March 2016	1,000	(487,136,723)	(487,135,723)
Total comprehensive income for the year	-	516,236,210	516,236,210
At 31 March 2017	**1,000**	**29,099,487**	**29,100,487**

The notes on pages 6 to 19 form part of these financial statements.

RELIANCE MEDIAWORKS (MAURITIUS) LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

		2017	2016
		Rs	Rs
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year		516,236,210	75,300,691
Profit on sale of investments		(519,280,900)	-
Adjustment for unrealised foreign exchange (gain)/loss		2,420,440	(76,308,452)
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES		(624,250)	(1,007,761)
(Decrease)/increase in other payables		(170,215,055)	(1,750)
(Increase)/Decrease in advanced to fellow subsidiary		(819,831,930)	(559,584)
NET CASH USED IN OPERATING ACTIVITIES	**(A)**	(990,671,234)	(1,569,095)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to investment in subsidiary			-
Additions to investment in associate			-
Proceeds from sale of subsidiary		990,570,400	
Amount advanced to fellow subsidiary			
Amount due to fellow subsidiary			-
Repayment of loan from related company			-
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES (B)		990,570,400	-
NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B)		**(100,834)**	**(1,569,095)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		100,834	1,669,929
CASH AND CASH EQUIVALENTS AT END OF YEAR		(0)	100,834

The notes on pages 6 to 19 form part of these financial statements.

1. INCORPORATION AND ACTIVITIES

The Company was incorporated in Mauritius on 20 March 2008 as a private company limited by shares. Its registered office is 3rd Floor Cerné House, Chaussée Street, Port Louis, Mauritius.

The Company is a wholly owned subsidiary of Prime Focus Limited, a company incorporated under the laws of India.

The Company is in the Media and Entertainment industry and has investment in Reliance Lowry Digital Imaging Services, Inc.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2016.

Amendments to IAS 1 Disclosure Initiative

The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

As regards, the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

These amendments have no impact on the Group's consolidated financial statements.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation.

The Group has applied these amendments for the first time in the current year. The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. The presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure or revenue; or
b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

As the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment and intangible assets respectively, these amendments have no impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle

The Annual improvements to IFRSs 2012-2014 cycle include a number of amendments to various IFRSs, which are summarised below:

The amendment to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendment clarify that such a change should be considered as a continuation of original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendment also clarifies the guidance for when held-for-distribution accounting is discontinued.

The amendment to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The application of these amendments has had no effect on the Group's consolidated financial statements.

2.2. New and revised IFRSs in issue but not effective yet

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial instruments[2]
IFRS 15	Revenue from Contracts with Customers[2]
IFRS 16	Leases[3]
Amendment to IFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to IAS 7	Disclosure Initiative[1]
IFRS 17	Insurance Contracts[5]
Amendment to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
IFRIC 22	Foreign currency transactions and Advance consideration[2]
Amendments to IAS 40	Transfers of Investment Property[2]
Annual Improvements to IFRS Standards 2014-2016 Cycle[2]	
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[2]

1 Effective for annual periods beginning on or after January 1, 2017, with earlier application permitted
2 Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted
3 Effective for annual periods beginning on or after January 1, 2019, with earlier application permitted
4 Effective for annual periods beginning on or after a date to be determined
5 Effective for annual periods beginning on or after January 1, 2021, with earlier application permitted

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Company are as follows:

(a) Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards.

(b) Revenue recognition

Revenue is recognised to the extent that it is provable that the economic benefit will flow to the Company and revenue and associated costs can be measured reliably. The amount recognised as sales is exclusive of all taxes.

(c) Investment in associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or joint control over those policies. Investment in associate is accounted for using the equity method. Where the Company transacts with an associate, profits or losses are eliminated to the extent of the Company's interest in the relevant associate.

IAS 27 Separate Financial Statements allows an investment that is included in the financial statements of an investor that does not issue consolidated financial statements, to be carried at cost less impairment. Any impairment loss is recognised in the statement of profit or loss and other comprehensive income.

(d) Investment in subsidiary

Investment in subsidiary is shown at cost and provision is only made where, in the opinion of the directors, there is a permanent diminution in value. Where there has been a permanent diminution in the value of an investment, it is recognised as an expense in the year in which the diminution is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

Accordingly, the Company has adopted the policy of measuring its investments at cost. The directors are of the opinion that the carrying value of investment is fairly stated at cost and that it has not suffered any impairment in value.

(e) Consolidated financial statements

The Company has taken advantage of paragraph 4 of the International Financial Reporting Standards IFRS 10 – Consolidated Financial Statements which dispenses it from the need to present consolidated financial statements. The Company is a fully owned subsidiary of Prime Focus Ltd which prepares consolidated financial statements and which complies with International Financial Reporting Standards.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Foreign currency translation

Transactions in foreign currencies are translated into Mauritian Rupees (Rs) at the rate of exchange ruling at the dates of transactions.

Outstanding balances of monetary assets and liabilities expressed in foreign currencies are translated to Mauritian Rupees at the rate of exchange ruling at the end reporting period. Differences in exchange are accounted for in the statement of profit or loss and other comprehensive income.

(g) Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the Company has become party to the contractual provisions of the financial instruments.

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below:-

(i) *Accounts receivable*

Accounts receivable originated by the Company is stated at cost less provision for doubtful debts. An estimate of doubtful debts is made based on a review of all outstanding amounts at end of the reporting period. Debts are written off during the period in which they are identified.

(ii) *Cash and cash equivalents*

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at end of the reporting period.

(iii) *Accounts payable*

Accounts payable treated as current liabilities (payable within the next 1 year) are stated at undiscounted values.

(iv) *Amounts due to and from related entities*

Amounts due to and from related entities are stated at their carrying amounts.

Financial instrument risks

In its ordinary operations, the Company is exposed to various financial risks such as capital risk, interest rate risks, credit risks and liquidity risks. The Company has devised on a central basis a set of specific policies for managing these exposures.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Parent Company, i.e. Prime Focus Limited has given a Letter of Support towards the same.

The capital structure of the Company consists of equity comprising issued capital and retained losses.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Categories of financial instruments

	2017	2016
	Rs	Rs
Financial asset		
Amount due by fellow subsidiary	813,857,034	559,584
Financial liabilities		
Amount due to holding company	894,618,898	898,784,241
Amount due to fellow subsidiary	-	-
Other payables	105,200	170,268,950
	894,724,097	1,069,053,191

Financial risk management objectives

The Company's activities expose it to a variety of market risks in the normal course of business including liquidity, interest rate risk and currency risk.

Foreign currency risk management

The Company has financial assets and financial liabilities denominated in foreign currencies. Consequently, the Company is exposed to the risk that the carrying amounts of these foreign currency denominated assets and liabilities may change due to fluctuations in foreign exchange rates.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

Foreign currency risk management (cont'd)

The Company is exposed to foreign exchange risk arising from currency exposure with respect to the United States Dollar (USD).

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial assets 2017 Rs	**Financial liabilities 2017 Rs**	**Financial assets 2016 Rs**	**Financial liabilities 2016 Rs**
Currency				
US Dollar	813,756,200	894,724,097	559,584	1,069,053,191

Sensitivity analysis

The following table indicates the approximate change in the Company's financial assets and liabilities in response to reasonable possible changes in the foreign exchange rates to which the Company has significant exposure at the reporting date. The Company is mainly exposed to United States Dollars (USD).

A 10% increase and decrease in the Mauritian Rupee (Rs) against the relevant foreign currency is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The effect of a 10% increase/ (decrease) will result as follows:

		2017 Rs	2016 Rs
(Increase)	-10%	-8,096,790	-2,932,908
Decrease	10%	8,096,790	2,932,908

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the reporting date and had been applied to the Company's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

Sensitivity analysis (cont'd)

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. Results of the analysis as presented in the above table represent the effects on the Company's financial assets and financial liabilities measured in foreign currencies, translated into Mauritian Rupees at the exchange rate ruling at the reporting date.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At 31 March 2017, all financial instruments were non-interest bearing and the Company was therefore not exposed to any such risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's liabilities are short-term in nature and are payable in the normal operating cycle.

Maturity of financial liabilities

The table below analyses the Company's financial liabilities, which will be settled on a net basis, into relevant maturity payment based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

RELIANCE MEDIAWORKS (MAURITIUS) LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

Maturity of financial liabilities (cont'd)

	Due on demand	Less than 1 year	Between 1 to 5 years	Total
	Rs	Rs	Rs	Rs
As at 31 March 2017				
Loan from holding company	894,618,898	-	-	894,618,898
Amount due to fellow subsidiary	-	-	-	-
Other payables	105,200	-	-	105,200
	894,724,097	-	-	894,724,097

	Due on demand	Less than 1 year	Between 1 to 5 years	Total
	Rs	Rs	Rs	Rs
As at 31 March 2016				
Loan from holding company	898,784,241	-	-	898,784,241
Amount due to fellow subsidiary	-	-	-	-
Other payables	-	170,268,950	-	170,268,950
	898,784,241	170,268,950	-	1,069,053,191

Fair value

The carrying amounts of trade and other receivables, amount due to shareholders, cash and cash equivalents and trade and other payables approximate their fair values.

Under IFRS 13, the fair value has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Except cash and cash equivalents which are classified within level 1, the financial assets and liabilities are classified within level 3.

RELIANCE MEDIAWORKS (MAURITIUS) LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(h) Impairment

At each end of the reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount.

(i) Retirement benefit obligations

The Company does not have any employee, hence has no retirement benefit obligation.

(j) Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if they have the ability, directly or indirectly, to control the Company or exercise significant influence over the Company are subject to common control. In the opinion of the management the list of related parties is given below.

Name of party	Relationship	Sale of Investment during the year	Value paid to RMW USA	Closing balance	(Payable)/receivable particulars
		Rs	Rs.	Rs	
Prime Focus Limited	Holding Company	-	-	(894,618,898)	Loan given by holding Company
PF World Limited	Fellow subsidiary	-	-	508,280	Advances to fellow subsidiary
De-fi Media Limited	Fellow subsidiary	990,570,400	(170,788,000)	813,247,920	Receivable towards sale of subsidiary - Digital Domain - Reliance, LLC

As per the terms of agreement between parties, the loans are unsecured, repayable on demand and non - interest bearing subject to certain other conditions.

On June 01, 2016, the Company sold it's total investment in Digital Domain – Reliance, LLC for a consideration of $ 29,000,000 (Rs. 990,570,400) to De-fi Media Limited. As on March 31, 2017, $ 24,000,000 (Rs. 813,247,920) receivable outstanding and included in other current assets.

(k) Provision

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provision is reviewed at each end of the reporting period and adjusted to reflect the current best estimate.

(l) Stated Capital

Ordinary shares are classified as equity.

(m) Expenses

All expenses are accounted for in the statement of profit & loss and other comprehensive income on an accrual basis.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. INVESTMENT IN SUBSIDIARY

	2017	2016
	Rs	Rs
At 1 April	109,697,550	109,967,550
Additions	-	-
At 31 March	109,697,550	109,967,550

Details of subsidiary in which the Company has direct interest are:-

Name	% Holding 2017	% Holding 2016	Country of incorporation	Principal activity
Reliance Lowry Digital Imaging Services Inc	90	90	United States of America	High end digital processing of movie content

The directors are of the opinion that the value of the investment in subsidiary is fairly stated at cost and it has not suffered any impairment in value.

6. INVESTMENT IN ASSOCIATE

	2017	2016
	Rs	Rs
At 1 April	471,289,500	471,289,500
Sale of investment	471,289,500	-
At 31 March	-	471,289,500

6. INVESTMENT IN ASSOCIATE (CONT'D)

Details of associate company in which the Company has direct interest are:-

Name	% Holding 2017	% Holding 2016	Country of incorporation	Principal activity
Digital Domain - Reliance, LLC	Nil	30	United States of America	Visual effects and digital imagery creation for movies

On June 01, 2016, the Company sold it's total investment in Digital Domain – Reliance, LLC for a consideration of $ 29,000,000 to De-fi Media Limited. As on March 31, 2017, $ 24,000,000 receivable outstanding and included in other current assets.

The directors are of the opinion that the value of the investment in associate is fairly stated at cost and it has not suffered any impairment in value.

7. LOAN FROM/TO GROUP ENTITIES

	2017	2016
	Rs	Rs
Loan from holding company	894,618,898	898,784,241
Amount due by fellow subsidiary	813,756,200	559,584

The amounts due to holding company and due from fellow subsidiary are interest free, unsecured and repayable on demand.

8. OTHER PAYABLES

	2017	2016
	Rs	Rs
Amount payable toward acquisition of investment in subsidiary and associate	-	170,215,500
Accruals	105,200	53,450
	105,200	170,268,950

9. SHARE CAPITAL

	2017 and 2016
	Rs
1,000 ordinary shares of no par value	1,000

The ordinary shares carry right to vote and rights to dividends.

10. EARNINGS/(LOSS) PER SHARE

The calculation of earnings/(loss) per share is based on profit for the year of Rs 516,236,210 (2016: loss Rs 75,300,691) and on 1,000 shares for the year ended 31 March 2017.

	2017	2016
	Rs	Rs
Net profit/(loss) after tax	516,236,210	75,300,691
No. of shares	1,000	1,000
Diluted/basic earnings/(loss) per share	516,236	75,301

11. TAXATION

Income tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Income tax is calculated at the rate of 15% (2015: 15%) on profit for the year as adjusted for income tax purposes. However, no provision for income tax has been made in the financial statements as the Company has accumulated tax losses of Rs105,046(2015: Rs5,425,364) to offset against its future taxable income. Tax losses are subject to a 5 year limitation.

The estimated accumulated tax losses are available for offset against future taxable profits of the Company up to the financial year ended:

	Tax losses	**Expiry dates**
	Rs	
Year ended 31 March 2016	(105,046)	31 March 2021
	(105,046)	

12. SUBSEQUENT EVENTS

On 1 June 2016, the Company disposed of 30 % of interest held in Digital Domain – Reliance LLC, an associate company, at a consideration of USD 29,000,000.

13. **GOING CONCERN**

At 31 March 2017, the Company had a shareholder's surplus of Rs 29,099,487 and net current liabilities of Rs 80,867,063. The financial statements have been prepared on a going concern basis based on the assumption that the facilities shall not be recalled by providers of finance and that funds shall be made available by the main shareholder who has undertaken to provide financial and other support to the Company for the foreseeable future to enable it to continue its operations. The directors consider it appropriate to prepare the financial statements on that basis.