RELIANCE JIO INFOCOMM UK LIMITED

FINANCIAL STATEMENTS

2016-17

Independent Auditor's report

To the members of Reliance Jio Infocomm UK Limited

We have audited the financial statements of Reliance Jio Infocomm UK Limited for the year ended 31 December 2016which comprise of the Income Statement, the Balance Sheet, the Statement of changes in Equity and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework"

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the director and auditor

As explained more fully in the Director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the 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 financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31st December 2016 and of its profit/(Loss) for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Director's Report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from preparing a strategic report or in preparing the Director's report.

Peter McDermott (Senior Statutory auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Dated: 21st April, 2017

Income Statement for the year ended 31 December 2016

	Note	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Revenue from operations		993,394	-
Cost of Indefeasible Right of Use Asset for sale		(162,207)	-
Other operating expenses	3	(848,848)	(34,482)
Loss before taxation		(17,661)	(34,482)
Income tax	5	-	-
Loss for the year		(17,661)	(34,482)

All amounts relates to continuing operations. There were no recognised gains and losses for 2016 and 2015 other than those included in the Income Statement.

Balance Sheet As at 31 December 2016

	Note	2016 £	2015 £
Non-current assets			
Property, plant and equipment	6	2,763,353	831,614
Intangible assets	7	782,488	-
		3,545,841	831,614
Current assets			
Trade receivables	8	555,683	-
Cash and bank balances		469,174	211,374
Other current assets	8	648,537	9,183
		1,673,394	220,557
Total assets		5,219,235	1,052,171
Current liabilities			
Trade and other payables	9	2,304,186	(319,461)
Net current assets		(630,792)	(98,904)
Net assets		2,915,049	732,710
Equity			
Share capital	10	3,000,000	800,000
Retained earnings	11	(84,951)	(67,290)
Equity attributable to owners of the Company		29,15,049	732,710

The financial statements of Reliance Jio Infocomm UK Limited(registered number 08630000) were approved by the board and authorised for issue on 21st April, 2017. They were signed on its behalf by

Saji Varghese
Director

Statement of changes in equity For the year ended 31 December 2016

	Share Capital £	Retained Earnings £	Total £
Balance at 1 January2015	300,000	(32,808)	267,192
Loss for the yearended 31 December 2015	-	(34,482)	(34,482)
Total comprehensive income for the year	-	(34,482)	(34,482)
Issue of share capital	500,000	-	500,000
Balance at 31 December 2015	800,000	(67,290)	732,710
Loss for the year ended 31 December 2016	-	(17,661)	(17,661)
Total comprehensive income for the year		(17,661)	(17,661)
Issue of share capital	2,200,000	-	2,200,000
Balance at 31 December 2016	3,000,000	(84,951)	2,915,049

Notes to the financial statements For the year ended 31 December 2016

1. Significant accounting policies

Reliance Jio Infocomm UK Limited (the Company) is a Company incorporated in the United Kingdom with its principal place of business and registered office at 8th Floor, 105 Wigmore Street, London W1U 1QYunder the Companies Act. The group accounts of Reliance Industries Limited are available to the public and can be obtained as set out in note 13.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year ended 31 December 2016.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards. As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, standards not yet effective and related party transactions. Where required, the equivalent disclosures are given in the group accounts of Reliance Industries Limited whose consolidated financial statements include those of the Company and are publicly available and can be obtained as set out in note 12.

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

Going concern

The director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has received a letter of support from its parent, Reliance Jio Infocomm Limited confirming that it will assist the Company to meet its obligations as and when required. Thus, the directors continues to adopt the going concern basis of accounting in preparing the annual financial statements as a result of continued support from the parent company.

Changes in Accounting policies and disclosures

There are no IFRS or IFRIC interpretations that are effective for the first time this financial year which have a material impact on the Company.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services including IP Transit and voice is recognised over the period services are rendered.

Fixed assets

Plant and equipment are carried at cost, less accumulated depreciation and any accumulated impairment losses. Plant and equipment in the course of construction for production, supply and administrative purpose is carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing cost capitalised in accordance with company's accounting policy. Depreciation commences when the assets are ready for their intended use.

The estimated useful lives, residual values and depreciation method are reviewed year end, with the effect of any changes in estimate accounted for on a prospective basis.The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.Fully depreciated assets still in use are retained in the financial statements.

Notes to the financial statements For the year ended 31 December 2016

Depreciation of tangible fixed assets

Depreciation of tangible fixed assets is charged so as to write off the cost of assets, other than assets under construction, using the straight line method over their estimated useful lives, as follows:

Plant and machinery	15 years

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the contractual life to which we can use that Asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

Indefeasible Right of Use asset	15 years

Taxation

Current tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Foreign currency

The company's accounting records are maintained in Pounds Sterling (GBP) and transactions in foreign currencies during the year have been translated into GBP at rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss accounts.

Pension costs

For defined contribution schemes the amount attributable to pension cost payable is capitalised in the books to the extent it is provided as on 31st May 2016 where the respective recipients were working on capital projects. With effect from 1st June, 2016, all pension costs have been charge to Income Statement. Differences between contributions payable in the year and contributions actually paid are shown as accruals in the balance sheet.

Financial Instruments

Financial assets and financial liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Notes to the financial statements For the year ended 31 December 2016

Loans and receivables

Trade and other receivables are initially recognised at fair values plus transaction costs and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term balances when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It is probable that the borrower or debtor will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers or retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets and liabilities are not offset in the balance sheet. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the director is required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Useful lives of property, plant and equipment

As described above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the director determined that there should be no changes in the useful lives of property, plant and equipment.

Notes to the financial statements For the year ended 31 December 2016

3. Other Operating expenses

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Employee Benefit Expenses	93,642	-
Depreciation and Amortisation	49,068	-
IP Transit Cost	281,226	-
Voice charges	60,785	-
Professional fees	5,701	13,070
Payment to auditor	10,000	8,000
Insurance	5,806	2,357
Colocation Charges	318,550	-
Repairs & Maintenance	10,498	-
Foreign Exchange losses	-	744
General expenditure	13,572	10,311
	848,848	34,482

Auditor's remuneration

Fees payable to Deloitte UK and their associates for the audit of the Company's annual accounts were £10,000 (2015: £8,000).

4. Directors' Emoluments and Staff costs

The average monthly number of employees (excluding the directors) during the year was 1 (2015: 1).

His aggregate remuneration comprised:

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Wages and salaries	115,625	104,062
Social security costs	14,837	13,490
Pension costs	10625	9,825
	141,087	127,377

The directors did not receive any remuneration from the company during the year(2015: £nil).

5. Tax

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Corporation tax:		
UK corporation tax at 20.00% (2015: 20.25%)	-	-
	-	-

Notes to the financial statements For the year ended 31 December 2016

Corporation tax is calculated at 20 per cent (2015: 20.25 per cent) of the profit for the year. The charge for the year can be reconciled to the profit in the income statement as follows:

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Profit / (Loss) before tax	(17,660)	(34,482)\
Tax at the UK corporation tax rate of 20% (2015:20.25 %)	(3,532)	(6,982)
Tax effect of expenses that are not deductible in determining taxable profit	(31,526)	-
Change in unrecognised deferred tax assets	35,058	6,982
Tax expense for the year	-	-

The company has an unrecognised deferred tax asset in respect of loss of £21,231 (2015: £13,066) as it is not considered probable that there will be future taxable profits available.

On 8 July 2015 the UK chancellor made an announcement to reduce the rate of corporation tax to 19% from April 2017 and ultimately to 18% by April 2019. The effects of these substantively enacted rate changes have been reflected in these financial statements. The full impact of the further changes proposed have yet to be fully ascertained but it is expected that the Company will have a lower UK effective tax rate on future profits.

6. Property, plant and equipment

	Plant and machinery £	Construction work-in-progress £	Total £
Cost:			
At 1 January 2015	-	455,770	455,770
Additions	-	375,844	375,844
Transfers to Plant and Machinery	-	-	-
Transfers to immediate holding company	-	-	-
At 31 December 2015	-	831,614	831,614
Additions	-	1,974,863	1,974,863
Transfers to Plant and Machinery	2,806,477	(2,806,477)	-
Transfer to Inventory	-	-	-
Transfer to immediate holding company	-	-	-
At 31 December 2016	2,806,477	-	2,806,477
Accumulated depreciation:			
At 1 January 2015	-	-	-
Depreciation for the year	-	-	-
At 31 December 2015	-	-	-
Depreciation for the year	(43,124)	-	(43,124)
At 31 December 2016	(43,124)	-	(43,124)
Carrying amount:			
At 31 December 2016	2,763,353	-	2,763,353
At 31 December 2015	-	831,614	831,614

Notes to the financial statements For the year ended 31 December 2016

7. Intangible assets

	Rights-to-use capacity £	Total £
At 31 December 2015	-	-
Additions	788,432	788,432
At 31 December 2016	788,432	788,432
Accumulated amortization:		
At 31 December 2015	-	-
Charge for the year	(5,944)	(5,944)
At 31 December 2016	(5,944)	(5,944)
Carrying amount:		
At 31 December 2016	782,488	782,488
At 31 December 2015	-	-

The amortisation expense has been included in the line item “depreciation and amortisation expense” in Other Operating Expenses in the Income Statement.

8 Trade and Other Receivables

	2016 £	2015 £
Trade Receivables		
Trade Receivables from related parties	555,683	-
Other Current Assets		
VAT Receivable	483,313	5,381
Amount owed by group undertakings	164,068	3,802
Prepayments	1,156	-
Total Current assets	1,204,220	9,183

9 Current liabilities

	2016 £	2015 £
Trade payables	261,677	304,134
Other payables	151,227	-
Creditors for social security costs	-	3,526
Accruals	1,891,282	11,801
Amounts falling due within one year	2,304,186	319,461

10 Authorised share capital

	2016 £	2015 £
Issued and fully paid:		
3,000,000 ordinary shares of £1 each	3,000,000	800,000

2,200,000 shares were issued to Reliance Jio Infocomm Limited and fully paid in the year ending 31st December, 2016. These were approved by the board on 7th July, 2016, 20th September, 2016 and 23rd December, 2016.

The Company has one class of ordinary shares which carry no right to fixed income.

Notes to the financial statements For the year ended 31 December 2016

11 Retained earnings

	£
Balance at 1st January, 2015	(32,808)
Net profit for the yearended 31 December 2015	(34,482)
Balance at 1st January, 2016	(67,290)
Net loss for the year ended 31 December 2016	(17,661)
Balance at 31st December, 2016	(84,951)

12 CAPITAL COMMITMENTS

Capital expenditure contracted for as at the end of the reporting period but not recognized in the financial statements are as follows:

	2016	2015
	GBP	GBP
Commitments for the acquisition of plant and equipment	1,256,292	-

13 Immediate parent and ultimate controlling party

The Company's immediate parent Company and controlling party is Reliance Jio Infocomm Limited, a Company incorporated in India. The ultimate parent company which includes the Company and for which group accounts are prepared, is Reliance Industries Limited, a Company incorporated in India. The group accounts for Reliance Industries Limited can be obtained from 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400 021, India.